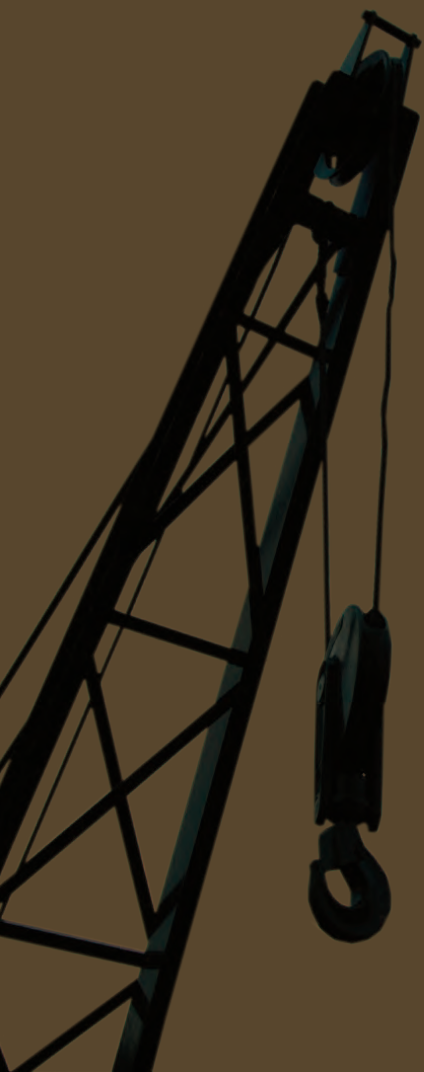
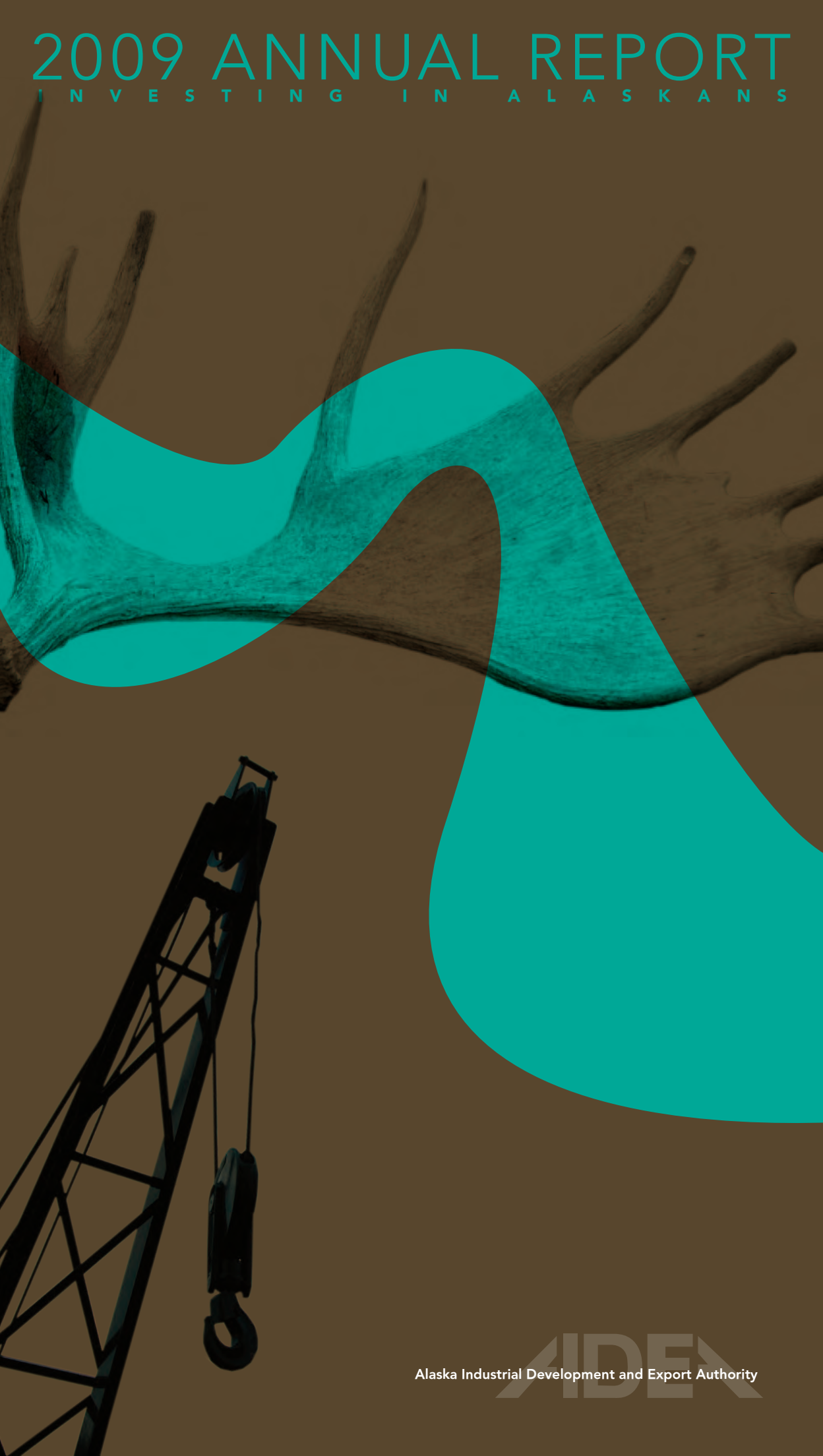


2009 ANNUAL REPORT

I N V E S T I N G I N A L A S K A N S



Mission

Promote, develop and
advance economic growth
and diversification in Alaska
by providing various means
of financing and investment.

Vision

To actively partner with
Alaskans as a dynamic
resource in statewide
economic development.

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Report To Alaskans

December 18, 2009

Fiscal Year (FY) 2009 was a challenging year for our nation's economy. During these tumultuous times, AIDEA continues to be a successful economic driver for our state as we work to

advance Alaska's prosperity. In FY 2009, more than 960 permanent jobs and 88 construction jobs were created through our programs.



Pat Galvin

In FY 2009, AIDEA's Revolving Fund net assets increased by \$28.2 million. Based on this strong performance, AIDEA's Board declared a \$23.4 million dividend at its December 2009 meeting. Since 1996 and including this dividend declaration, AIDEA has provided the State of Alaska with over \$274 million in dividends. These dividends

are used to support much-needed programs, services and projects throughout the state.



Ted Leonard

The year, however, was not without challenges. The financial earthquake that hit global markets impacted activity levels in our Loan Participation program. The good news is that even with this lower activity in FY 2009, AIDEA's credit programs continued to generate and retain jobs in businesses and industries throughout Alaska. In FY 2009, AIDEA purchased \$26.7 million of loans through our Loan Participation Program and funded a \$3.3 million loan for Snettisham Project avalanche repairs. We also committed an additional \$20.2 million to be funded in FY 2010. As a result of AIDEA's Loan Participation Program, since FY 2002 more than 4,720 permanent jobs and 2,900 construction jobs have been created.

The Conduit Revenue Bond program continues to be a successful means by which AIDEA provides businesses and non-profits access to long-term, affordable capital. In FY 2009, the Authority issued \$90.1

million in conduit revenue bonds for the Greater Fairbanks Community Hospital Foundation. The Foundation used these funds for refunding and reoffering their bond debt. Since the inception of our Conduit Revenue Bond Program, AIDEA has issued more than \$1.1 billion in bonds and has funded 309 projects.

In FY 2009, AIDEA's Development Finance Program continued to expand its project base. In our ongoing work to expand the Ketchikan Shipyard, a new landing grid was installed. As a result, the shipyard is now able to more efficiently build and move ships through its facility. AIDEA's shipyard expansion project enabled Alaska Ship and Drydock, Inc. to build and deliver the first steel marine vessel manufactured in Alaska for export in the international shipbuilding market. On December 1, 2009, a delivery ceremony celebrating the newly constructed *Chevron Legacy* was held at the shipyard. Ketchikan Shipyard and other projects listed in this Annual Report continue to have a positive and growing impact for Alaskans.

In late FY 2008, AIDEA began a strategic process to strengthen our ability to promote, develop and advance economic growth and diversification in Alaska. In FY 2009, AIDEA's Board and staff worked diligently through this process to improve our programs, identify new finance tools and improve AIDEA's capacity to invest in economic development infrastructure. We believe that the improvements identified in this process will make the Authority an even more dynamic resource in statewide economic development.

On behalf of AIDEA's Board, management and staff, we thank Governor Parnell, Alaska's lawmakers and all Alaskans for their continued support of AIDEA and the vital role AIDEA plays in the economy of our great state.

Sincerely,

Pat Galvin

Commissioner of Revenue
AIDEA Board Chairman

Ted Leonard

CMA, SPHR
Executive Director



Governor's Letter

Dear Alaskans,

My administration's priority is to position Alaska's economy for growth and our families for opportunity. A strong economy requires investment — and the jobs it creates.

The Alaska Industrial Development and Export Authority (AIDEA) provides the opportunity for that investment. For more than three decades, AIDEA projects have pumped hundreds of millions of dollars into Alaska's economy and have provided jobs to thousands of Alaskans. The contributions and investments AIDEA has made in all parts of our state are far more expansive than I could detail here.

I have personally seen the benefits AIDEA brings to our state. In December 2009, I traveled to Ketchikan, where I participated in the delivery ceremony for the *Chevron Legacy*, the first steel marine vessel manufactured in Alaska. The *Chevron Legacy* was built at the Ketchikan Shipyard, which is in the midst of a \$77 million expansion managed by AIDEA.

Thanks to that capital infusion, Alaska is building a manufacturing economy in a region of our state that desperately needs jobs. AIDEA is a great example of what public-private partnerships can achieve.

In addition to the growth and infrastructure generated, AIDEA also returns a dividend of several million dollars each year to the people of Alaska. This annual return is an indicator of AIDEA's prudent business practices and sound investing principles.



I extend my sincere thanks to AIDEA's Board, management and staff for their dedication in strengthening Alaska's economy and families. Their efforts to stimulate the growth of business and infrastructure within our state helps build a stronger Alaska, creates opportunities for families, and ensures a bright future for the citizens of this great state.

Sincerely,
Governor Sean Parnell

A rectangular, light brown paper tag with a red circular fastener and a piece of twine tied around it. The tag features the text "AIDEA PROGRAMS" in a large, dark blue, sans-serif font, and "INVESTING IN ALASKANS" in a smaller, dark brown, sans-serif font below it.

AIDEA PROGRAMS INVESTING IN ALASKANS

Loan Participation Program

This program provides permanent financing, both taxable and tax-exempt, to borrowers through a qualified originator for the purpose of developing, acquiring or enhancing Alaska business enterprises. The Loan Participation Program provides the benefit of long-term fixed or variable rate financing on the portion of the loan purchased by AIDEA. AIDEA does not originate loans, but is able to purchase up to 90 percent of a commercial loan to a maximum of \$20 million. Originated by a financial institution eligible to participate in AIDEA's credit programs, the term of the AIDEA portion of the loan can exceed the bank's term, thereby lowering scheduled payments. The project being financed must be in Alaska.

- \$26.7 Million Funded in Fiscal Year (FY) 2009
- \$20.2 Million Committed but not Funded in Fiscal Year (FY) 2009
- Creating and Retaining More Than 285 Jobs
- \$368 Million Loan Portfolio

Ketchikan Dock Company

Prior to May 2008, the City of Ketchikan was losing cruise traffic to other ports in Alaska and Canada. To create the infrastructure required for a world-class cruise ship facility, the Ketchikan Dock Company, LLC (KDC) was formed. This unique group includes: Holland America Line Inc., Princess Cruises Lines Ltd., Royal Caribbean Cruises Ltd. and locally owned Survey Point Holdings, Inc.

AIDEA participated at 90 percent with Wells Fargo Bank in a \$13,000,000 business loan to KDC. The result is a facility that accommodates the increase in cruise ship calls, and provides for the needs of other vessels serving Ketchikan.

Features:

- 1,100 linear feet of moorage
- 135 linear feet of floating moorage
- Improved ADA accessibility
- 200 linear feet of tender moorage
- Restroom facilities
- Fresh water hookups
- Large paved space for bus and taxi staging
- Lighting and landscaping

Sustainability matters. The City of Ketchikan already has an existing revenue stream, which funds the new dock's operations. Thanks to that and KDC having a long-term lease with the City, dock services are provided to cruise ships with no additional costs to the industry.

Plans are in the works to further develop an adjacent property with retail and attraction businesses. This new construction will produce more economic activity and job growth, enhancing the revival already begun.



“The pier has created a much-needed economic boost for the Newtown area of Ketchikan. New businesses are opening their doors and jobs are being created. This is good for our community and would not have been possible without AIDEA.”

Bob Berto, Manager
Ketchikan Dock Company, LLC

SpringHill Suites

Connect. Relax. Explore. Conveniently located in the heart of Midtown, the U-Med district welcomed University Lake SpringHill Suites by Marriott in August 2009. The 159-suite hotel, developed by NANA Development Corporation, will delight and accommodate both professional and leisure visitors. SpringHill Suites guests are just minutes away from the Alaska Native Medical Center, Providence Alaska Medical Center, Alaska Pacific University and the University of Alaska Anchorage.

Mix business with pleasure. SpringHill Suites offers wireless Internet throughout the hotel, a business center and a fitness area featuring an indoor swimming pool. Present design concepts to clients nationwide using state-of-the-art videoconferencing in the SpringHill Suites meeting room. Each suite pairs the luxury of home with the functionality of an office, including: a large work desk, king- or queen-sized beds, spa-inspired showers and in-room kitchenettes.

In February 2009, AIDEA committed to finance \$12.6 million of the total permanent financing. Wells Fargo Bank provided financing during the construction period and will provide \$1.4 million in permanent financing.



“We have been working for many years to make this project a reality. Our Board has recognized the importance of developing a hotel to better serve the medical, university and Alaska

Native communities for years to come. Without AIDEA’s assistance, we could not have completed this project and we are very appreciative of their support,” said NANA Development Corporation President Helvi Sandvik.



The new SpringHill Suites is one of Marriott International’s most successful and fastest-growing brands.

“We are thankful to AIDEA and Wells Fargo for their financial support of the new University Lake SpringHill Suites by Marriott, particularly with the difficult financing environment we faced this past year.”

Helvi Sandvik, President
NANA Development Corporation



Development Finance Program

Creating and Retaining 735 Jobs.

AIDEA assists Alaskan business through its ability to develop, own and operate facilities within the state, with the purpose of advancing the prosperity of a region. Manufacturing facilities, roads, ports, airports, infrastructure for tourism destination facilities or other public use facilities essential for regional economic

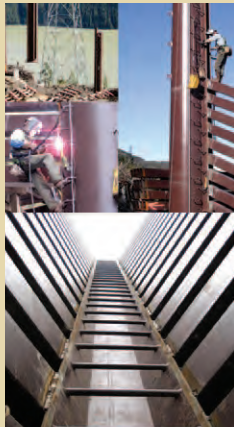
well-being are considered eligible projects. The project and its development must be economically advantageous to the state and public welfare, must contribute to economic growth, and be economically and financially able to produce revenue to repay the amount financed.

Snettisham Hydroelectric Facility

AIDEA owns the Snettisham Hydroelectric Project, located in a rugged area 28 air miles southeast of Juneau. Snettisham is a 78 MW hydroelectric project that provides most of the Juneau area's electrical energy.

On January 12, 2009, an avalanche damaged several transmission towers supporting the transmission line, cutting off Snettisham's abundant and low-cost hydroelectric power. The sudden loss of Snettisham power caused Alaska Electric Light and Power (AEL&P) to immediately switch to diesel generation, which sustained Juneau without interruption as crews worked

to repair the line. Hydroelectric power was restored on February 1.



AEL&P has undertaken measures to reduce the risk of avalanche impact to the Snettisham transmission line: A tower location that sustained damage from unprecedented, massive avalanche activity in the last two years has been bypassed, and a large avalanche diverter has been installed to protect a key tower. Additionally, avalanche forecasting for the transmission line route in conjunction with avalanche control operations along the line are now provided regularly.

DeLong Mountain Transportation System

The Red Dog mining district contains one of the world's most significant zinc deposits. AIDEA owns the DeLong Mountain Transportation System that connects the Mine to the Port Site located 52 miles away on the Chukchi Sea. This key infrastructure component enabled Teck, the operator, to develop the Red Dog Mine.

In 2009, more than 550 people - employed by Teck at the Mine and Port Site - produced and shipped nearly 1.4 million tons of Red Dog Mine concentrate. Sixty percent of these employees are NANA shareholders.

The opportunity for a sustainable future is present with the Aqqaluk Deposit, a rich ore deposit

that will produce 20 more years of operating life for the Red Dog Mine and continuing jobs for the region. The permitting process has been underway and work to open the deposit is expected to commence in 2010.



In 2008, NANA received \$212 million in royalty payments from Teck. These funds are shared with other Alaska Native corporations in accordance with Alaska Native Claims Settlement Act (ANCSA) 7(i). Additionally, NANA Joint Venture companies received \$110 million

in payments from Teck. AIDEA is proud of its role in helping to bring this world-class mine to northwest Alaska and the resulting economic opportunity to the people of the region and the state.

Federal Express Aircraft Maintenance Facility

AIDEA constructed and owns the FedEx hangar at Ted Stevens Anchorage International Airport. Its purpose is to support FedEx operations and to strengthen Alaska's role as an international air crossroads.

suppression pump house and water storage facility. AIDEA recently financed a fire protection system upgrade within the hangar to assure that the facility meets all required building codes and operational best practices.



This landmark facility can accommodate a Boeing 747 as well as other wide-body aircraft. The hangar is supported by an adjacent fire

management and Municipality of Anchorage officials in efforts to expand Airport cargo capacity and attract new cargo business.

Ketchikan Shipyard

Owned by AIDEA, operated by Alaska Ship & Drydock, the Shipyard is a center of economic activity in Ketchikan. The Shipyard builds and services all types of vessels with a primary focus on vessels operating in Alaska waters. Ketchikan Shipyard also serves as the primary maintenance facility for the Alaska Marine Highway System.

Ketchikan Shipyard is in the midst of a multi-year, \$77 million expansion. When this development is complete, the Shipyard will simultaneously be able to build or service multiple vessels at two drydocks and three on-shore work berths. These expanded capabilities will support an expanded year-round workforce.

In spring 2009, the new landing grid was completed. The Shipyard is now able to efficiently move ships from the fabrication berth to its new, 200-foot floating drydock for launching. In December 2009, this new system was used for the first time with the launching of the *Chevron Legacy*, a new marine fueling station to be located in Vancouver, British Columbia.



With state-of-the-art manufacturing techniques, Alaska Ship & Drydock is nearing completion of the M/V *Susitna*, an advanced ship design that Alaska Ship & Drydock and the Office of Naval Research are building to operate as a ferry serving the Mat-Su Borough. The *Susitna* will launch in early 2010.

In 2009, Ketchikan Shipyard operations generated an estimated \$15 million impact to the city and borough. AIDEA's Shipyard expansion project also provides significant economic activity to the area.

Skagway Ore Terminal

AIDEA purchased the Skagway Ore Terminal in 1990 to promote year-round economic activity in Skagway, Alaska. The terminal is used to receive, store and ship mineral concentrates. Skagway Ore Terminal currently leases 40,000 square feet of concentrate storage capacity to Capstone Mining Corp. The terminal has the potential of adding an additional 60,000 square feet.

The Municipality of Skagway released its Port Development Plan in late 2008. In 2009, sights were set to expand port facilities and economic growth opportunities for Skagway. The plan was modified and submitted for potential Transportation Investment Generating Economic Recovery (TIGER) grant funding through the federal stimulus program.

In 2009, Capstone Mining Corp. shipped more than 28,000 dry metric tonnes of high grade copper-gold concentrates through the terminal. Skagway Ore Terminal serves as a great example of what can be done to get a non-performing asset back in operation, produce employment for Alaskans and generate a return on the AIDEA investment.



Locations of AIDEA Development Finance Projects

Federal Express Maintenance Facility

LOCATION: Anchorage

DeLong Mountain Transportation System (DMTS)

LOCATION: Northwest Arctic Borough

Skagway Ore Terminal

LOCATION: Skagway








Snettisham Hydroelectric Project

LOCATION: Juneau

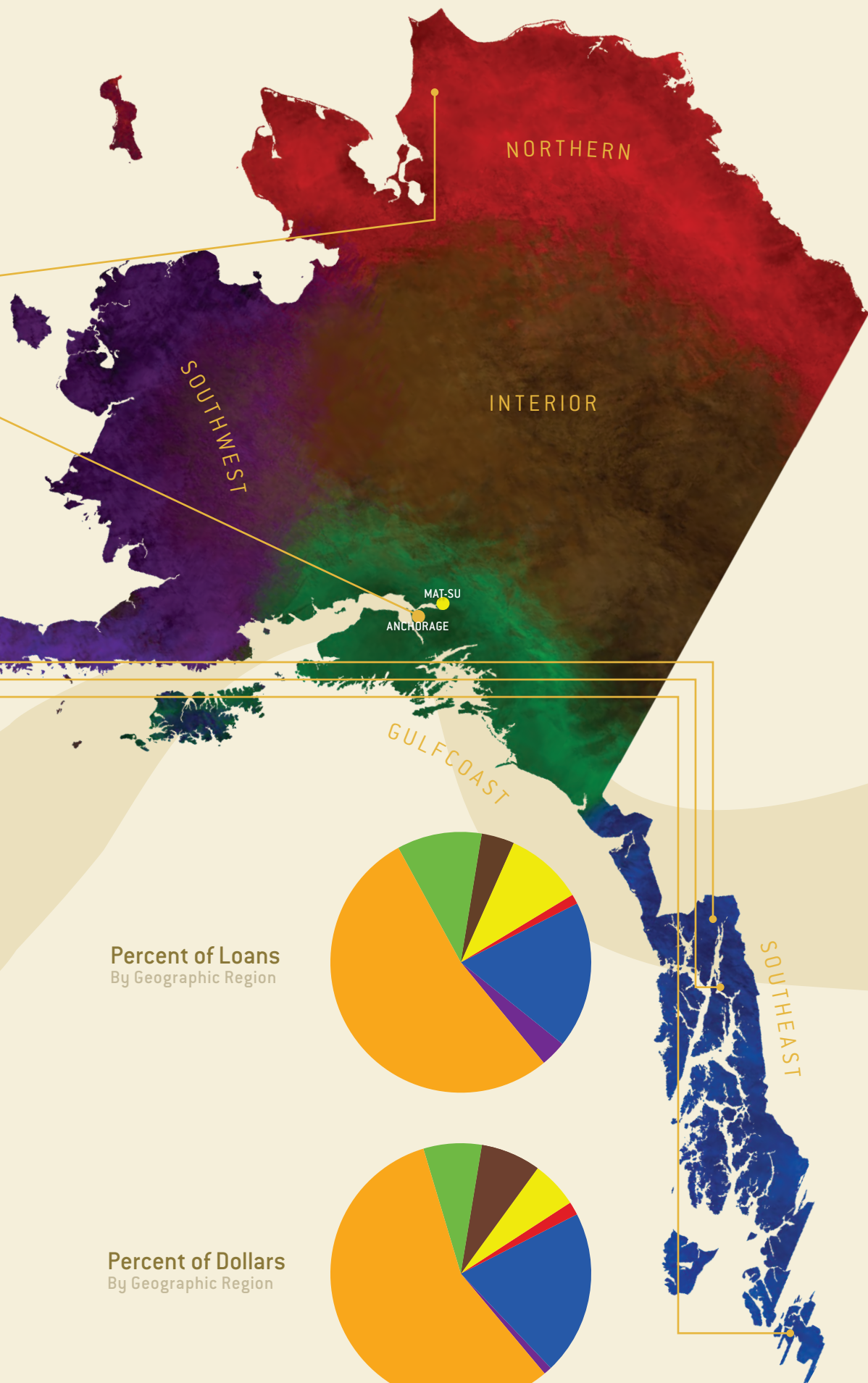
Ketchikan Shipyard

LOCATION: Ketchikan

Loan Participations Diversification By Geographic Region

TERRITORY	# LOANS	% OF LOANS	BALANCE	% OF DOLLARS
 ANCHORAGE	131	53%	\$206,083,451	57%
 GULFCOAST	26	11%	26,365,502	7%
 INTERIOR	10	4%	27,084,677	7%
 MAT-SU	24	10%	21,253,806	6%
 NORTHERN	3	1%	6,014,106	2%
 SOUTHEAST	45	18%	74,409,895	20%
 SOUTHWEST	8	3%	3,689,269	1%
	247	100%	\$364,900,706 *	100%

*Does not include \$3.3 million for Snettisham Project avalanche repairs.



Business & Export Assistance Program

AIDEA provides loan guarantees through its Business and Export Assistance Program. The Loan Guarantee Program is designed to assist small to medium-sized Alaska businesses. AIDEA's support can make project financing of working capital, inventory and other assets possible for those borrowers who might not otherwise obtain commercial financing. Guarantees are available to eligible Alaska businesses for real property, tangible personal property, working capital and export transactions. AIDEA is authorized to guarantee up to 80 percent of a loan, to a maximum of \$1 million. Loans must be originated by an eligible financial institution. The guarantee

extends to the principle balance, accrued interest and liquidation expenses. AIDEA assistance allows unsecured loans up to \$100,000 for qualified borrowers and projects.

Through AIDEA, small and medium enterprises (SMEs) have access to the U.S. Export-Import Bank (Ex-Im Bank). The Ex-Im Bank has a partnership with AIDEA that helps Alaska SMEs make greater use of Ex-Im Bank's financing programs. The programs include working capital guarantees, export credit insurance, medium and long-term guarantees and direct loans to foreign buyers.

Conduit Revenue Bond Program

AIDEA acts as a conduit for the issuance of tax-exempt and taxable revenue bonds. A business enterprise, or non-profit corporation, may request the adoption of an eligibility resolution for tax-exempt financing by submitting a preliminary application. If AIDEA's Board adopts an eligibility resolution for the project, the applicant and AIDEA enter into a Memorandum of Agreement. Neither AIDEA's assets nor credit are at risk in this program. The creditworthiness of the project, borrower strength and any credit enhancements are essential to the underwriting and placement of revenue bonds.

- \$90.1 Million Issued in Fiscal Year (FY) 2009
- 309 Projects Funded and More Than \$1.1 Billion Issued Since Program Inception

AIDEA Loan Programs administered by the Alaska Department of Commerce, Community and Economic Development, Division of Investments:

Rural Development Initiative Fund (RDIF)

The goal of AIDEA's RDIF Loan Program is to provide long-term private sector employment by financing business start-up and expansion in communities with a population of 5,000 or less and not connected by road or rail to Anchorage or Fairbanks, or 2,000 or less connected by road or rail. RDIF loans may be made for working capital, equipment, construction or other commercial purposes, and must result in the creation of new jobs or the retention of existing jobs in the eligible community. The maximum loan amount is \$100,000 to a person or up to \$200,000 to two or more people for a maximum term of 25 years, and a rate of 1 percent below prime.

- \$764,000 Funded in Fiscal Year (FY) 2009
- Creating and Retaining 15 Jobs
- \$6.8 Million Funded and 448 Jobs Created and Retained Since Inception

Small Business Economic Development Program (SBEDP)

The goal of this program is to provide long-term private sector employment by financing business start-up and expansion for companies that are a small business as defined by the Small Business Administration. Applicants are required to match loan funds with cash or other private financing. SBEDP loans must result in the creation of new jobs or the retention of existing jobs in eligible areas. The maximum loan amount is \$300,000 for a maximum term of 20 years on fixed asset loans and five years for working capital loans; the loan amount may not exceed 90 percent of the collateral value. The interest rate is fixed.

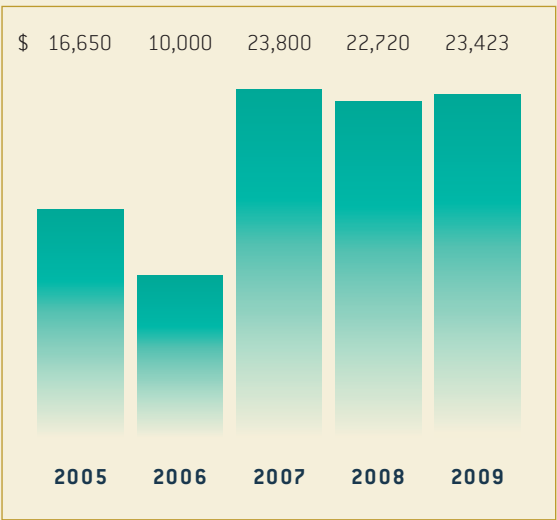
- \$376,000 Funded in Fiscal Year (FY) 2009
- Creating and Retaining 19 Jobs
- \$13.1 Million Funded and 983 Jobs Created and Retained Since Inception

For more information on the RDIF Loan Program and Small Business Economic Development Program, please visit www.dced.state.ak.us/investments.

AIDEA

**DIVIDEND
HISTORY
BY YEAR
DECLARED**
(in thousands)

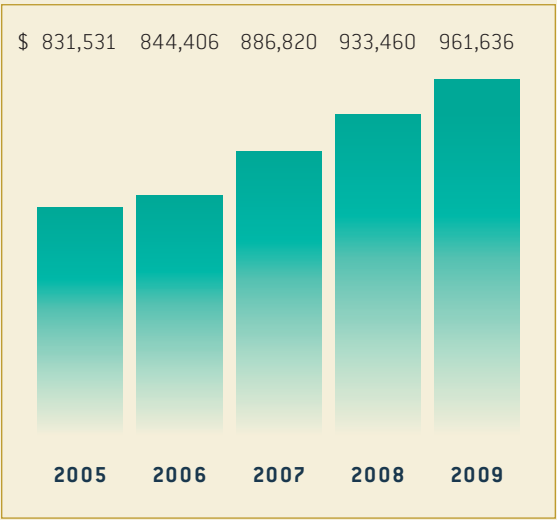
CALENDAR YEAR



AIDEA Revolving Fund

NET ASSETS
(in thousands)

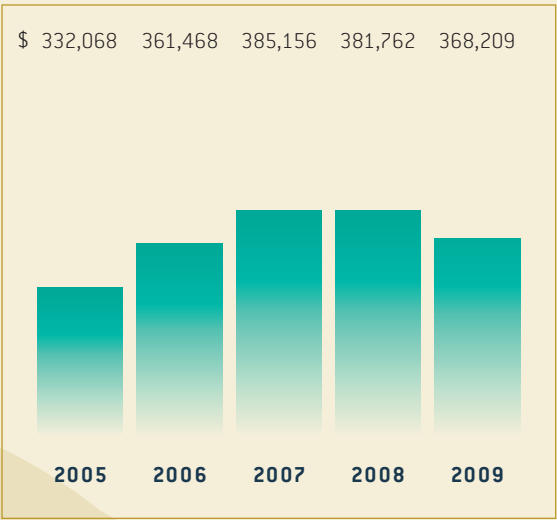
FISCAL YEAR



AIDEA Revolving Fund

TOTAL LOANS
(in thousands)

FISCAL YEAR



Alaska Industrial Development and Export Authority

Revolving Fund Unaudited Financial Highlights (in thousands)

BALANCE SHEET

	2009	2008
Assets:		
Investment securities and cash	\$ 362,364	327,666
Loans, net	359,840	373,144
Development projects	343,651	345,674
Other assets	14,503	15,021
Snettisham Project assets	90,161	91,808
Total assets	1,170,519	1,153,313
Liabilities and net assets:		
Liabilities		
Revolving fund bonds	111,220	118,955
Other liabilities	7,502	9,090
Snettisham Project liabilities	90,161	91,808
Total liabilities	208,883	219,853
Net assets	961,636	933,460
Total liabilities and net assets	\$ 1,170,519	1,153,313

REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2009	2008
Operating revenues:		
Interest on loans	\$ 23,545	25,253
Interest on direct financing leases	16,863	17,106
Investment interest	15,462	17,614
Net increase in fair value of investments	2,047	3,131
Other income	6,651	5,540
Snettisham Project restricted income	4,369	4,445
Total operating revenues	68,937	73,089
Operating expenses:		
Interest	3,715	9,039
General and administrative	10,063	8,954
Provision for loan losses	(360)	(488)
Depreciation	2,353	2,119
Other project expenses	2,926	3,553
Snettisham Project interest expense	4,369	4,445
Total operating expenses	23,066	27,622
Operating income	45,871	45,467
Other revenues, net	4,996	11,173
Dividend to State of Alaska	(23,800)	(10,000)
Extraordinary item-NPO/OPEB write-off	1,109	—
Increase in net assets	\$ 28,176	46,640

Board Of Directors

Pictured from top, left to right.

Leo von Scheben

Commissioner, Department of Transportation and Public Facilities, State of Alaska

Emil Notti

Commissioner, Department of Commerce, Community and Economic Development, State of Alaska

John R. Winther, Vice Chairman

CEO, Prowler Fisheries

Michael T. Felix

President, AT&T Alascom

Patrick Galvin, Chairman

Commissioner, Department of Revenue, State of Alaska



AIDEA Management Team



Ted Leonard, CMA, SPHR
Executive Director



Chris Anderson
Deputy Director—Credit



Sara Fisher-Goad
Deputy Director—Operations



Mike Harper
Deputy Director—Rural Energy



James Hemsath, PE, PMP
Deputy Director—Business Development



Valorie Walker
Deputy Director—Finance



Karsten Rodvik
Project Manager—External Affairs

For AIDEA's complete Audited
Financial Statements for Fiscal Year
2009, log on to www.aidea.org
or call 907.771.3000

Exemption from taxation

The Alaska Industrial Development and Export Authority is a political subdivision of the State of Alaska performing an essential governmental function and as such is not subject to federal or state income taxation. In accordance with AS 44.88.140 (a), the Authority submits the following information describing the nature and extent of the tax exemption of the Authority's property: All furniture, fixtures and equipment utilized by Authority personnel and real property occupied by the Authority offices within the Municipality of Anchorage are exempt from Municipality of Anchorage property taxes. All real and personal property associated with or part of projects developed, originally owned or operated under the Economic Development account located within cities, municipalities and/or boroughs are exempt from any respective real and personal property taxes.

Alaska Industrial Development and Export Authority





AIDEA

Alaska Industrial Development and Export Authority

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