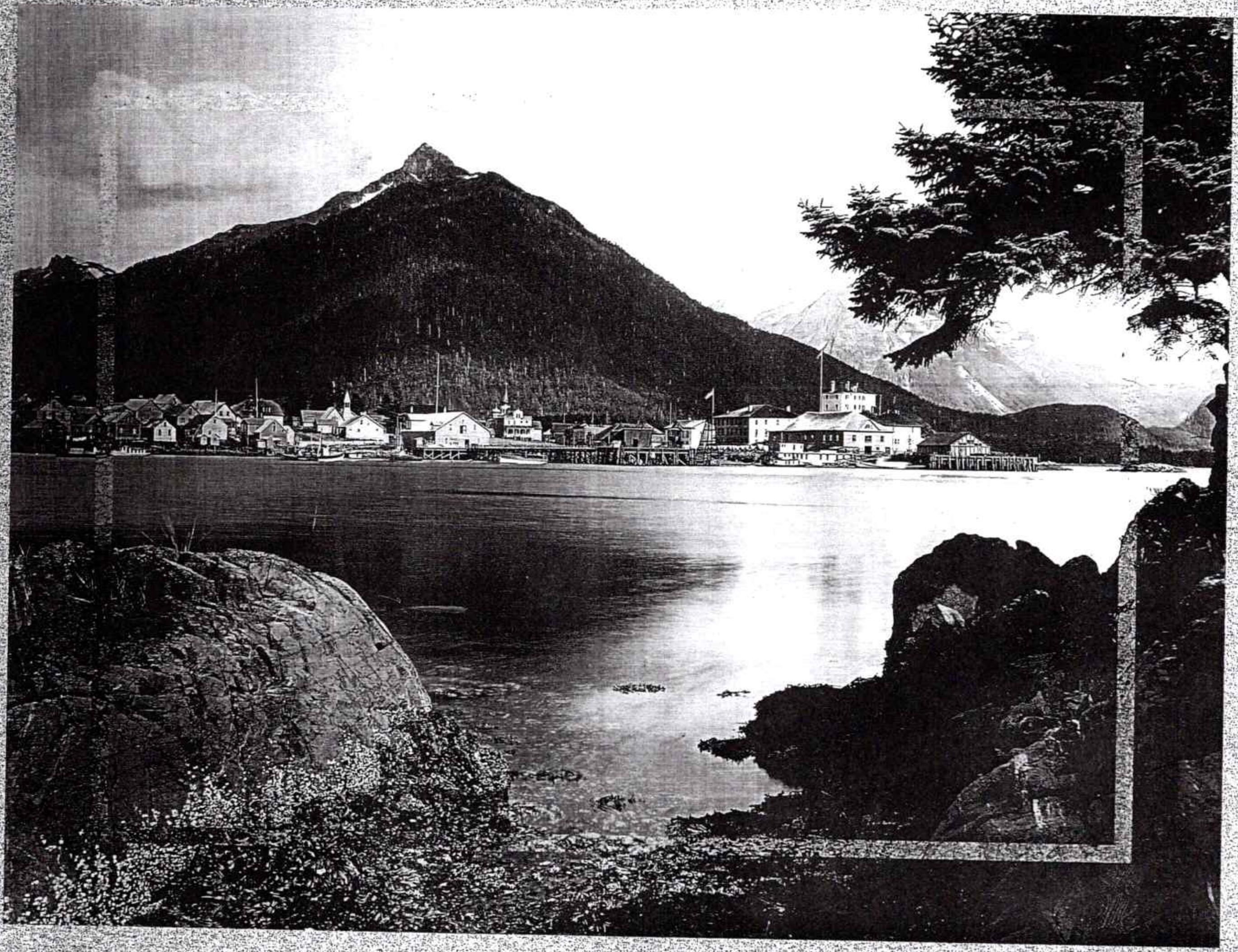


THE
SHEE ATIKÁ
GROUP

YEAR 2000 ANNUAL REPORT

CORPORATE INFORMATION

Managing Officer

Robert G. Loiselle
President & Chief Executive Officer

Staff

Faleene Sele
Operations Manager

Lillian Nielsen Young
Shareholder Services Manager

Gary Bernhardt
Maintenance Director

Kay D. Simmons
Executive Assistant

Carol Breece
Administrative Assistant

Mary Katasse Sackett
Receptionist

Corporate Office

201 Katlian, Suite 200
Sitka, Alaska 99835

907-747-3534

800-478-3534 (in Alaska)

800-344-2128 (outside Alaska)

Independent Auditors

Peterson Sullivan P.L.L.C.
601 Union St., Suite 2300
Seattle, WA 98101

Corporate Counsel

Sorensen & Edwards, P.S.
1201 Third Avenue, Suite 2900
Seattle, WA 98101-3025

Stock Transfer Agent

Dapcevich Accounting Service
221 Lincoln Street
Sitka, Alaska 99835

Shee Atiká Benefits Trust Scholarship Committee

Phillip C. Nielsen, Chairman

Andrew Johnson, Vice Chairman

Lavina Adams

Kathryn Eddy

Phyllis Moore

Gillian Havrilla

Cover photo of Sitka, ca 1890,
courtesy of the Sitka National Historic Park

THE SHEE ATIKÁ GROUP

YEAR 2000 ANNUAL REPORTS OF

SHEE ATIKÁ, INCORPORATED

SHEE ATIKÁ FUND ENDOWMENT

SHEE ATIKÁ BENEFITS TRUST

CONTENTS

Board of Directors

Left to right

Marta Ryman, Chairman

Marion Berry Vice Chairman

Harold Donnelly Jr., Treasurer

Ethel Staton, Secretary

Gene Bartolaba

Kenneth M. Cameron

Francine Eddy Jones

Loretta Ness

Shirley Yocum

Shee Atiká, Incorporated

MANAGEMENT REPORT

We are pleased to report the thirteenth consecutive profitable year for Shee Atiká, Incorporated (SAI). The audited financial statements for the year ended December 31, 2000 are set forth on the following pages.

Operations

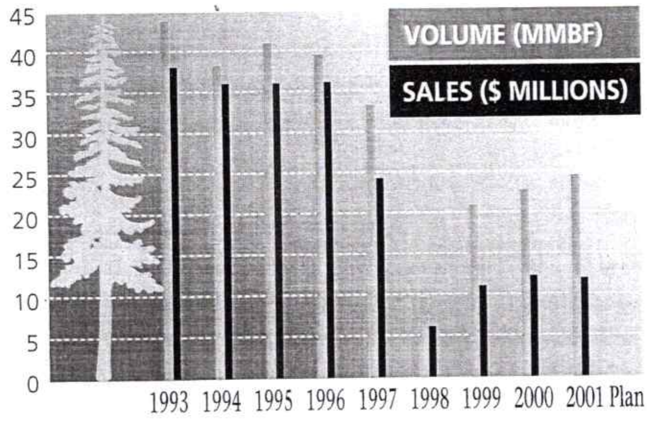
SAI's net income was $3,172,441, compared to $1,747,737 in 1999. Most of the increase is due to an income tax benefit of $1,986,000 resulting from sale of the Katlian Bay timber to Rayonier, Inc. (see "Katlian" below). Income from operations actually declined due to a reduction in income from Atikon Forest Products and a reduction in interest income resulting from the $7.5 million that was transferred to the two trusts early in the year. The Shee Atiká Fund Endowment (SAFE) received $6 million and the Shee Atiká Benefits Trust (SABT) received $1.5 million.

Atikon Forest Products, Inc. is our joint venture company with Koncor Forest Products. Atikon owns and has been harvesting the timber on Shee Atiká's land at Cube Cove. Although 22.8 million board feet of timber was harvested in 2000, nearly the same as for 1999, deteriorating timber markets in the Far East caused a decline in our share of Atikon's earnings, from $1.25 million in 1999 to $820,000 in 2000.

Atikon's operation will continue to provide positive cash flow in 2001, but a further deterioration in markets will likely cause profits to decline. The expected volume of 26 million board feet in 2001 will complete the initial harvest of Shee Atiká's Cube Cove timber.

Atikon's contribution to Shee Atiká's bottom line will end this year. The company is well positioned to move forward without these revenues, though their absence will be notable for some period. This is especially true given the large additional contributions made to SAFE ($6 million) and SABT ($1.5 million) in 2000.

In addition to Atikon, SAI's principal assets include investments of $8.8 million in government agency securities, about $300,000 in cash and cash equivalents, the Shee Atiká Lodge, the Totem Square Building, about 30 acres on Alice and Charcoal Island along with several buildings, the theater building in Sitka; and about 26,000 acres of land, 23,000 acres on Admiralty Island and 3,000 acres at Katlian Bay near Sitka.

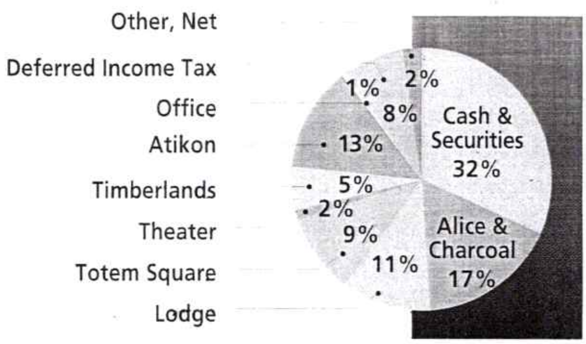


Atikon Forest Products

SHEE ATIKÁ, INCORPORATED

Alice and Charcoal Islands

In 1999 the corporation developed a new master plan for Alice Island and in 2000 the decision was made to proceed with the first phase of this development: the construction of five, two and three-bedroom townhouses. This phase includes road and utility work on Alice and Charcoal Islands with the goal of making sufficient improvements that we can turn these responsibilities over to the city. Plans call for building an additional eighteen townhouses as market absorption allows.



Shee Atiká, Incorporated
Asset Allocation
$28.3 Million
December 31, 2000

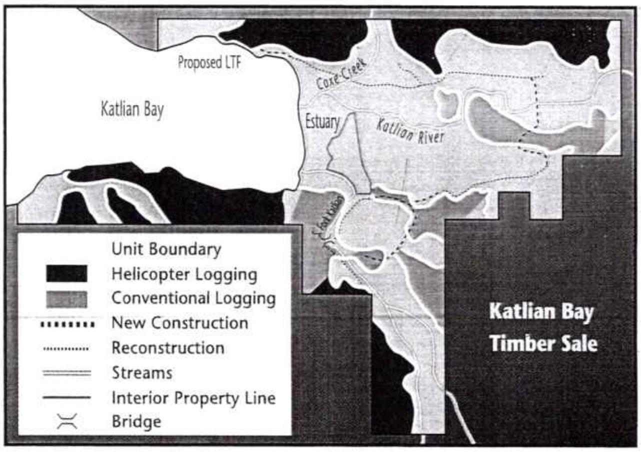
Cube Cove

As we have discussed previously, the U.S. Forest Service has expressed an interest in acquiring the Cube Cove lands in order to consolidate ownership within the Admiralty Island National Monument. We are working jointly with Sealaska Corporation, owner of the subsurface estate, in pursuing alternatives for the sale of those lands. A shareholder survey conducted in 2000 revealed that a majority of shareholders were willing to part with those lands if a satisfactory price could be obtained. Shareholder opinions were influenced by the fact that the timber will take seventy years or more to reach maturity, and until then there is little opportunity any income can be derived from the Cube Cove lands.

The process of arriving at a satisfactory transaction with the government could take several years to complete, if at all.

Katlian Bay

In December the corporation concluded a sale of the merchantable timber at Katlian Bay north of Sitka to Rayonier, Inc., a multinational forest products company with many years of experience in Alaska. The Katlian drainage was heavily logged by Alaska Pulp Corporation in the early 1960s. Much of the current harvesting will be done by helicopter, allowing for the selection of individual trees. This will minimize both the environmental and visual impact of the harvest. Shee Atiká is also requiring more stringent buffer zones around fish streams than those required by state law.



Besides the cash payment for the timber, the sale also allowed us to generate net operating losses (NOLs) for tax purposes because the timber was worth more in 1979 when it was conveyed to Shee Atiká than it is worth currently. This paper loss generated over $2 million in tax benefits. Some of these were used to offset income in 2000 and the remaining tax benefits were booked as assets, which will be used in future years. This sale also allowed us to make a special distribution to shareholders in December.

Totem Square Complex

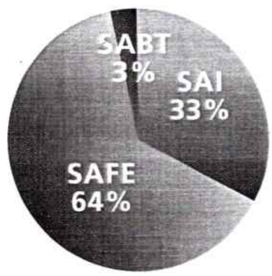
A portion of the Totem Square Complex (formerly the Sheffield Hotel) will resume operation this summer as a commercial hotel. This property was acquired from Westmark in 1991 and remodeled to provide a combination of retail and office space on the first floor and office space on a portion of the second floor for Shee Atiká, Incorporated. The top two and one-half floors have served the University of Alaska as a student dormitory.

Beginning in May this dormitory space will resume operation as a hotel – the Totem Square Inn. The rooms are being refurbished this spring, with new wall coverings, furniture and fixtures. A total of 58 rooms will be available and the property will be managed by Westmark, managers of the Westmark Shee Atiká Lodge. Demand at the Shee Atiká Lodge over the last several years has demonstrated the need for these additional rooms during the summer tourist season. These rooms will be available to the University during the school year.

Financial Condition

The combined net worth of SAI, SAFE and SABT remained essentially unchanged in 2000 after deducting cash distributions to shareholders of $3.7 million.

As of December 31, 2000 SAI's net worth was $27,958,123, SAFE's net worth was $54,416,076, and SABT's net worth was $2,797,416. Combined, the net worth of SAI, SAFE and SABT totaled over eighty-five million dollars ($85,171,609) at December 31, 2000.



Combined Net Worth
SAI, SAFE & SABT
$85.2 Million

Despite the creation of over $5 million in NOLs from the sale of Katlian Bay timber, Shee Atiká, Incorporated will only enjoy a few more years of tax-free earnings. After that for every dollar earned, we will pay up to 40 cents in income taxes.

In order to minimize the amount of tax paid, in February the Board made an additional contribution of $6 million to the Shee Atiká Fund Endowment, where the earnings from those funds can effectively be sheltered from taxes at the trust level. Unfortunately, distributions from both the trust and the corporation are taxable to the shareholders.

The addition of $6 million to the trust will also enhance the trust's ability to pay distributions to shareholders. Sufficient capital will be left at Shee Atiká, Incorporated so that the corporation can continue to operate and pursue business opportunities. The Board also added $1.5 million to the Shee Atiká Benefits Trust (SABT) to raise the level of benefits to an increased number of participants.

Normally, the distributions to the two trusts would be deemed a taxable distribution to the shareholders, even though they received no cash. This inequitable provision of the tax code could force shareholders to pay taxes on money they never received. Fortunately, the tax loss from the sale of the Katlian Bay timber created a situation where Shee Atiká had "negative earnings and profits" for 2000 and the distributions to the trusts were treated as return of capital and therefore were not taxable.

Without the timber sale tax loss, the distributions would have been taxable, at a collective cost to shareholders of more than $1.5 million in personal income tax. In all likelihood, this would have made the transfers to the trusts impractical. Thus, when you add the cash received from the Katlian timber sale to the corporate income tax and personal income tax benefits, the total benefit to shareholders is in the area of $4 million.

Cash Distributions

Shareholders receive cash distributions twice yearly. The payments are made on the third Monday in May (beginning in 2001) and on the first Monday following Thanksgiving Day. During 2000 shareholders received cash distributions of $18 per share from SAFE and a special, one-time distribution of $2 per share from SAI. We expect that SAFE will continue to provide most of the cash distributions in future years.

Support of Native Organizations

SAI supports many local Native organizations through financial aid and "in kind" donations. We believe this is part of our responsibility to our heritage and culture. The organizations we supported during 2000 included the Alaska Federation of Natives, ANB Camp #1, ANS Camp #4, Alaska Native Heritage Center, Sitka Native Education Program, Mt. Edgecumbe High School activities, N.A.T.I.V.E. Program, Inc., Sitka Tribe of Alaska, SEARHC, Gajaa Heen Dancers, Noow Tlein Dancers, Sheetka Kwaan Dancers and Southeast Cultural Center.

Shareholder Education and Communication

We continued our tradition of shareholder information seminars in 2000. In conjunction with our regular September information meetings, the seminar featured a comprehensive review of Shee Atiká's land and real estate holdings. This format was popular with shareholders and we will continue it this year.

In addition, we will continue reporting to shareholders on a regular basis through the *Shee Atiká News* and the publication of our quarterly and annual reports.

We are continuing to upgrade our Web site, sheeatika.com to provide both up to date information on corporate activities and forms for shareholder use.

We also plan to continue our enormously popular shareholder Christmas parties, which give shareholders, the Board and management the opportunity to visit, renew old acquaintances and get to know each other in a festive and informal setting.

Finally, late last year we completed a two-year project to produce a definitive and objective history of Shee Atiká, Incorporated – *Earning a Place in History*. This well-illustrated and written eighty-eight page book was produced by Peter Metcalfe of Juneau. Peter is a well-known scholar and writer on Southeast Alaska Native history. The book details the fascinating history of Shee Atiká's struggle to gain its rightful entitlement under the Alaska Native Claims Settlement Act. Your Board very much wanted to complete this work while many of the original participants in this saga were still around to provide first-hand accounts of the corporations trials and tribulations and eventual success.

We encourage you to call, write, or visit whenever you have questions, comments, or when you just want to talk about the corporation or the trusts. Our door is always open.

On behalf of the Board of Directors and the entire staff, it continues to be a pleasure serving you.

Marta C. Ryman
Chairman of the Board

Robert G. Loiselle
President and Chief Executive Officer

Independent Auditors' Report

PETERSON SULLIVAN P.L.L.C.
601 Union Street Suite 2300 Seattle WA 98101 (206) 382-7777 Fax 382-7700
Certified Public Accountants

To the Board of Directors and Shareholders

Shee Atiká, Incorporated

Sitka, Alaska

We have audited the accompanying balance sheets of Shee Atiká, Incorporated as of December 31, 2000 and 1999, and the related statements of operations, capital, and cash flows for the years then ended. These financial statements are the responsibility of Shee Atiká, Incorporated's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shee Atiká, Incorporated as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Peterson Sullivan PLLC

January 24, 2001

Balance Sheets

December 31, 2000 and 1999

ASSETS	2000	1999
Current Assets		
Cash and cash equivalents	$ 314,031	$ 723,994
Receivables and other current assets	677,302	465,608
Total current assets	991,333	1,189,602
Other Assets		
Land, buildings and equipment	12,683,633	12,505,618
Investment in Atikon	3,689,718	2,869,824
Long-term investments	8,815,022	16,075,405
Deferred income tax benefit	2,158,000	170,000
	27,346,373	31,620,847
Total assets	$ 28,337,706	$ 32,810,449

LIABILITIES AND CAPITAL	2000	1999
Current Liabilities		
Accounts payable	$ 379,583	$ 252,782
Capital		
Common stock, no par or stated value, authorized 250,000 shares		
Class A, issued and outstanding 182,109 shares in 2000 and 182,390 shares in 1999		
Class B, issued and outstanding 2,991 shares in 2000 and 2,710 shares in 1999		
Contributed capital	5,956,000	5,956,000
Retained earnings	22,002,123	26,601,667
Net worth	27,958,123	32,557,667
Total liabilities and capital	$ 28,337,706	$ 32,810,449

See Notes to Financial Statements

Statements of Operations

Years Ended December 31, 2000 and 1999

	2000	1999
Revenue		
Hotel	$ 3,941,386	$ 3,735,782
Share in net income of Atikon	819,894	1,250,080
Interest income	357,924	873,407
Commercial building rentals	725,749	690,258
Other	369,402	267,527
	6,214,355	6,817,054
Costs and Expenses		
Hotel	2,948,288	2,886,644
General and administrative	1,376,992	1,258,869
Commercial building	282,183	313,436
Contributions	62,809	20,833
Depreciation	357,642	342,535
	5,027,914	4,822,317
Income Before Income Tax Benefit (Provision)	1,186,441	1,994,737
Income tax benefit (provision)	1,986,000	(247,000)
Net Income	$ 3,172,441	$ 1,747,737

Statements of Capital

Years Ended December 31, 2000 and 1999

	Shares of Common Stock Class A	Shares of Common Stock Class B	Contributed Capital	Retained Earnings	Total Net Worth
Balances, December 31, 1998	182,803	2,297	$5,956,000	$ 24,853,930	$ 30,809,930
Net transfers from voting to nonvoting shares	(413)	413			
Net income for the year				1,747,737	1,747,737
Balances, December 31, 1999	182,390	2,710	5,956,000	26,601,667	32,557,667
Net transfers from voting to nonvoting shares	(281)	281			
Net income for the year				3,172,441	3,172,441
Distributions					
Shareholders				(370,200)	(370,200)
Shee Atiká Fund Endowment				(5,967,517)	(5,967,517)
Shee Atiká Benefits Trust				(1,434,268)	(1,434,268)
Balances, December 31, 2000	182,109	2,991	$5,956,000	$ 22,002,123	$ 27,958,123

See Notes to Financial Statements

Statements of Cash Flows

Years Ended December 31, 2000 and 1999

	2000	1999
Cash Flows From Operating Activities		
Cash received from:		
Hotel operations	$ 3,983,012	$ 3,692,143
Dividends received from Atikon		2,450,000
Interest	368,150	847,879
Commercial building rentals	744,069	673,777
Other	19,409	366,527
	5,114,640	8,030,326
Cash paid to:		
Contractor, suppliers and employees	4,545,472	4,555,477
Net cash provided by operating activities	569,168	3,474,849
Cash Flows From Investing Activities		
Purchases of property and equipment	(535,663)	(290,685)
Long-term investments	(73,268)	(4,075,405)
Net cash used in investing activities	(608,931)	(4,366,090)
Cash Flows From Financing Activity		
Distributions to shareholders	(370,200)	
Net decrease in cash and cash equivalents	(409,963)	(891,241)
Cash and cash equivalents, beginning of year	723,994	1,615,235
Cash and cash equivalents, end of year	$ 314,031	$ 723,994

Non-Cash Activity

As discussed in Note 3, during 2000, Shee Atiká distributed long-term investments with a fair value of $7,333,651 and related accrued interest receivable of $68,134 to Shee Atiká Fund Endowment and Shee Atiká Benefits Trust.

Reconciliation of net income to net cash provided by operating activities:

	2000	1999
Net income	$ 3,172,441	$ 1,747,737
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	357,642	342,535
Share of net income of Atikon	(819,894)	(1,250,080)
Dividend received from Atikon		2,450,000
Income tax provision (benefit)	(1,988,000)	212,000
Change in operating assets and liabilities		
Receivables and other current assets	(279,821)	13,350
Accounts payable	126,800	(40,693)
Net cash provided by operating activities	$ 569,168	$ 3,474,849

See Notes to Financial Statements

Notes to Financial Statements

SHEE ATIKÁ, INCORPORATED

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Shee Atiká, Incorporated ("Shee Atiká") is an urban corporation organized pursuant to the Alaska Native Claims Settlement Act ("ANCSA"). ANCSA, as amended, provides for the selection of 26,030 acres of land by Shee Atiká. It receives the surface estate in such land, and the regional corporation, Sealaska Corporation, receives the sub-surface estate. Shee Atiká has received conveyance to approximately 23,000 acres of timberland located on Admiralty Island, 3,000 acres at Katlian Bay and 30 acres on Alice and Charcoal Islands located near Sitka.

One hundred shares of Shee Atiká's voting common stock were issued pursuant to ANCSA to each Native person enrolled. Under Alaska Statute, shareholders have certain voting rights including an ability to require a corporation to distribute assets in total liquidation of the corporation. Nonvoting common stock is issued to any person who acquires Shee Atiká's stock and is not a "Native" or "Descendant of a Native" within the meaning of ANCSA. However, ANCSA generally prohibits transfers of stock.

NATURE OF OPERATIONS

One of Shee Atiká's major sources of revenue has been its share in the results of operations of a 49%-owned affiliate, Atikon Forest Products, Inc. ("Atikon"). In a prior year, Atikon acquired from Shee Atiká all of its timber located on Admiralty Island. Atikon harvests the timber which is then sold primarily as round logs to customers in Japan and Korea. Atikon's income is affected by the demand for forest products in Japan and Korea, the availability of alternative sources of round logs, and foreign currency exchange rates. Almost all of the timber on Admiralty Island that is currently economically feasible for harvest is expected to be harvested within two years.

Shee Atiká's hotel and commercial buildings are located in Sitka and revenues from these buildings depend on local economic factors.

SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

The estimated value of the land, including structures, along with cash received under ANCSA (amounting to $250,000) are recorded as contributed capital. All other land, buildings and equipment are stated at cost.

Depreciation of buildings and equipment is provided on the straight-line method over the estimated lives of the assets.

INVESTMENT IN AFFILIATE

Shee Atiká's investment in Atikon is stated at cost adjusted for Shee Atiká's share of its undistributed profits or losses and dividends received.

Note 1, continued

CASH/LONG-TERM INVESTMENTS

Shee Atiká considers all highly liquid securities purchased with a maturity of three months or less to be cash equivalents for purposes of the statements of cash flows. Some cash equivalents have been designated to be set aside as assets reserved for future investment ("long-term investments").

Long-term investments consist of debt securities and are stated at amortized cost because management has classified them as held-to-maturity investments. Amortized cost approximates market value.

Shee Atiká regularly has cash and cash equivalents in excess of federally insured limits.

INCOME TAXES

Shee Atiká accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in Shee Atiká's financial statements or income tax returns. In estimating future tax consequences, Shee Atiká generally considers all expected future events other than enactments of changes in income tax laws or rates.

NOTE 2 BUILDINGS AND EQUIPMENT

	2000	1999
Hotel building and equipment	$ 7,952,456	$ 7,645,282
Commercial buildings and equipment	3,651,662	3,630,023
Buildings on Alice and Charcoal Islands	1,994,837	1,835,023
Land	5,940,902	5,940,902
Other	308,239	261,209
	19,848,096	19,312,439
Less accumulated depreciation	(7,164,463)	(6,806,821)
	$ 12,683,633	$ 12,505,618

NOTE 3 LONG-TERM INVESTMENTS

Shee Atiká has designated certain assets to be invested in the long-term. These assets consist of debt securities issued by agencies of the U.S. Government and mortgage-backed debt securities guaranteed by agencies of the U.S. Government.

Debt securities held at December 31, 2000, mature as follows:

	Securities Issued by U.S. Government Agencies	Mortgage-backed Securities	Total
2001	$ 4,989,975	$ —	$ 4,989,975
2002	396,875		396,875
2003	241,250		241,250
2010		430,980	430,980
2020		823,128	823,128
2029		1,932,814	1,932,814
Total	$ 5,628,100	$ 3,186,922	$ 8,815,022

Mortgage-backed securities represent an interest in an underlying pool of mortgages. As these mortgages are paid down or refinanced, the holder of the security receives a proportionate share of the principal repayment as well as regular interest payments. The rate of repayment of the principal depends on the movement of interest rates among other factors. The estimated average life of these securities is generally significantly shorter than the stated maturity dates shown above.

As discussed in Note 5, in prior years Shee Atiká established two settlement trusts. During 2000, Shee Atiká transferred securities with an amortized cost of $6,177,861 to Shee Atiká Fund Endowment. The fair value of these securities was $5,910,331, so Shee Atiká realized a loss of $267,530 on this transfer. This was a non-cash loss. Shee Atiká also transferred $57,186 of accrued interest as part of this distribution. Also during 2000, Shee Atiká transferred securities with an amortized cost of $1,441,639 to Shee Atiká Benefits Trust. The fair value of these securities was $1,423,320, so Shee Atiká realized a loss of $18,319 on this transfer. This was also a non-cash loss. Shee Atiká also transferred $10,948 of accrued interest as part of this distribution.

NOTE 4 INCOME TAXES

The income tax benefit (provision) consists of (amounts in these tables are stated in thousands of dollars):

	2000	1999
Current (provision)	$ (2)	$ (35)
Deferred benefit (provision)	1,988	(212)
Income tax benefit (provision)	$ 1,986	$ (247)

The actual income tax benefit (provision) for income taxes differs from the amount computed by applying a 40% effective tax rate to pretax income because of the following:

	2000	1999
Expected tax expense	$ (475)	$ (678)
Use of net operating loss carryforwards		311
Share in net income of Atikon	328	425
Depletion generated for tax purposes, but not book purposes	2,141	
Dividends received from Atikon, net of statutory exclusion		(167)
Change in valuation allowance	195	(13)
Other	(203)	(125)
Income tax benefit (provision)	$ 1,986	$ (247)

The significant components of the deferred income tax asset for years ended December 31 are as follows (in thousands):

	2000	1999
Excess of tax basis in buildings and equipment	$ 1,078	$ 1,193
Net operating loss carryforwards	1,978	
Alternative minimum tax credit carryforwards	180	170
Other	(202)	(122)
Deferred tax asset	3,034	1,241
Less valuation allowance	(876)	(1,071)
Net deferred tax asset	$ 2,158	$ 170

Note 4, continued

As of December 31, 2000, Shee Atiká has net operating tax loss carryforwards of approximately $4,945,000. The tax loss carryforwards expire in 2020 while the alternative minimum tax credit carryforwards do not expire. Management believes that it is more likely than not that the net deferred tax asset will be realized.

NOTE 5 SETTLEMENT TRUSTS

Shee Atiká established two settlement trusts which are entities authorized by ANCSA and organized under the laws of Alaska to provide certain benefits to Shee Atiká's shareholders. However, the trusts are separate from Shee Atiká even though the trustees are the same people who are members of Shee Atiká's Board of Directors. The trustees are responsible for investing the assets of the trusts, using income to accomplish the trusts' primary purpose, and making distributions to unit holders who are also Shee Atiká shareholders. Further, the trusts are prohibited by ANCSA from operating a business.

The first settlement trust, the Shee Atiká Fund Endowment ("SAFE"), was established to maintain assets and pay distributions from its income to SAFE's beneficiaries. SAFE has net assets of approximately $54,400,000 at December 31, 2000.

The second settlement trust, Shee Atiká Benefits Trust ("SABT") was established to provide scholarships and funeral benefits to Shee Atiká's shareholders who are also beneficiaries of the trust. SABT has net assets of approximately $2,800,000 at December 31, 2000.

NOTE 6 CONTINGENCY

The U.S. Environmental Protection Agency has proposed changes in its regulations relating to log transfer facilities. These changes include the possible requirement for remediation of underwater bark deposits. Shee Atiká's log transfer facility at Cube Cove on Admiralty Island, which was used by Atikon, may fall within the guidelines for facilities requiring remediation. It is not known at this time what measures might be required or any related cost.

Shee Atiká Fund Endowment (SAFE)

MANAGEMENT REPORT

Dear Unit Holder:

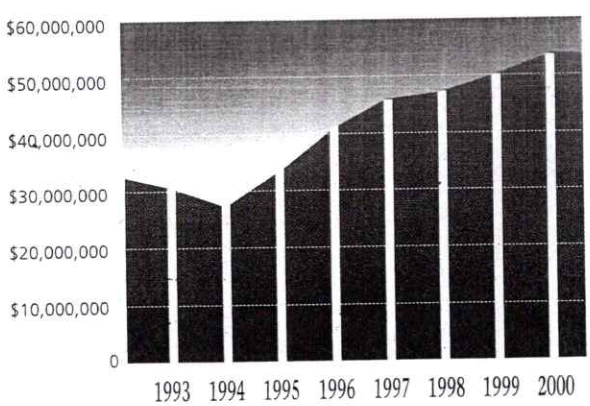
The recent downturn in the investment markets unfortunately confirms our warnings of the last several years. The strong bull market of the 1990s could not last forever. Our portfolio is well balanced to accommodate these volatile investment conditions. While the investment results were disappointing, our long-term approach to investing has not changed and will serve us well over time.

The results for the year 2000 are set forth on the following pages. We have tried to make this report as easy to read as possible, but it is somewhat technical in nature. You may want to refer to some of the definitions on the inside back cover to help you.

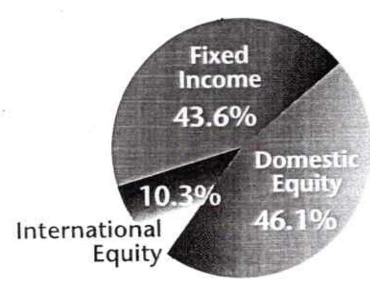
Investing Activities

SAFE's net assets increased by $815,323 during 2000. The components of this increase are: dividends received of $609,785; interest earned of $1,378,775; gains on sales of securities (stocks and bonds) of $1,734,488; decrease in value of securities not sold during the year (unrealized decrease in value) of $3,848,613; less expenses of $287,112, plus a tax benefit of $1,228,000. Note that the tax benefit adds to income. The tax benefit derives from the fact that the unrealized gain in the portfolio decreased in 2000, thus reducing the deferred tax liability from $2.1 million in 1999 to $870,000 in 2000. The tax benefit is the change in the deferred tax liability.

Continued page 18



Shee Atiká Fund Endowment
Net Assets



Shee Atiká Fund Endowment
Asset Allocation
December 31, 2000

Investing Activities, continued

The investment return for the portfolio as calculated by the trust's investment advisor, Wurts and Associates, was a negative four-tenths of one percent (-0.4%), nearly breakeven before expenses and distributions. This compares to a 1999 investment return of 16%. These returns reflect well on our mixed portfolio of stocks (equities) and bonds (fixed income). Our fixed income portfolio did well with a total return of over 11%, offsetting the poor returns from the stock portfolio. By comparison, the S&P 500 (entirely stocks) return for 2000 and 1999 was -9.1% and 21% respectively.

The asset allocation at year-end was roughly 46% in the stocks of U.S. corporations, 44% in bonds, and 10% in stocks of foreign corporations. The Board has directed that we move from the prior asset allocation of 60% stocks (including foreign investments) and 40% bonds to 70% stocks and 30% bonds. This change will improve returns over the long run and is appropriate for SAFE's long-term time horizon. However, given the present volatility of the equity markets, we have adopted a go-slow approach to making this change.

There were no major changes in investment managers in 2000. We did, however, begin investing in S&P 400 Midcap Depository Receipts. These are very similar to our investments in the S&P 500 Depository Receipts, an index of large-cap companies, except that they are invested in the stocks that make up the S&P 400 index, an index of mid-sized companies. Our plan is to invest $100,000 per month in these Midcap SPDRs. This approach is called "dollar-cost averaging." You don't invest all at once and if prices are falling, you get to average out the cost of your investment with the lower priced shares.

Each portfolio is managed by a separate investment manager (with the exception of the SPDRs, which are not actively managed — by design— and are held in trust with our other investments at U.S. Bank). The investment managers make all investment decisions in accordance with written policies and guidelines established by the trustees. The trustees review the performance of the investment managers and the other investments at least once every three months.

Additional Contribution

At a meeting held on February 27, 2000 the Shee Atiká, Incorporated Board of Directors voted to contribute an additional $6 million to SAFE from the corporation. SAFE offers far better tax protection for many of Shee Atiká's assets and will provide greater earnings and distributions over the long term.

SHEE ATIKÁ FUND
ENDOWMENT

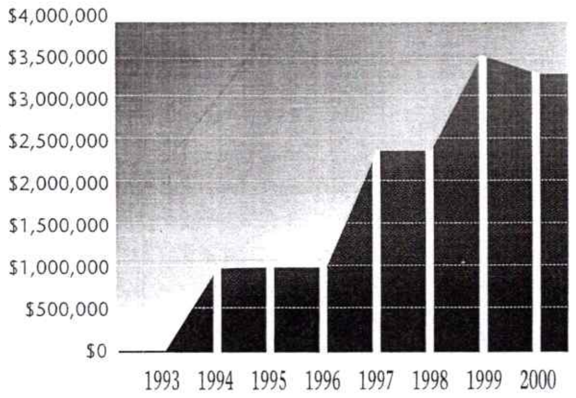
Cash Distributions

Unit Holders received cash distributions from SAFE of $3,331,800 during 2000. If you owned 100 units you received $1,800, or $18 per unit.

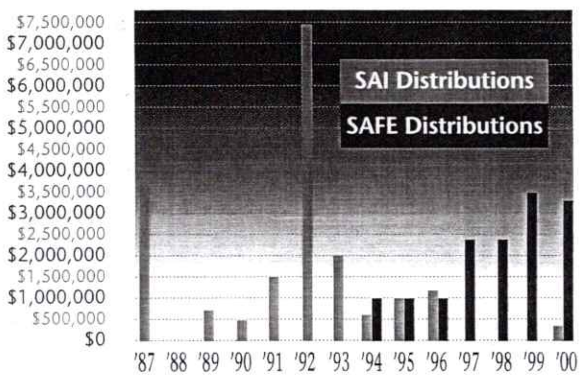
We expect that SAFE will continue to provide most of the cash distributions in future years.

The Board's policy regarding cash distributions is as follows:

1. To provide consistent, dependable cash distributions to shareholders twice each year. The Board intends to pay cash distributions on the same dates each year.
2. To provide cash distributions of the largest sustainable amount possible without jeopardizing the future of either SAI or SAFE. This means that the Board not only wants to continue paying cash distributions, it wants to continue paying them without having to reduce the annual amount that is paid each year.
3. To gradually increase the amount shareholders receive. The Board will not necessarily increase the amount of the annual cash distribution each year, but will increase the annual rate whenever it believes that the increased rate can be sustained over the long term.



SAFE Distributions



Shee Atiká Distributions
SAI & SAFE Combined
$33.95 Million Through 2000

Net Asset Value

The net asset value of SAFE at December 31, 2000 was $54,416,076 compared to a net asset value of $50,965,036 at the end of the previous year. The increase of $3,451,040 is after the payment of $3,331,800 in cash distributions during the year and a contribution from Shee Atiká, Incorporated of $5,967,517.

Taxes and Indexing

The trust has the potential of being a very efficient vehicle for producing income with a minimum of tax paid. The reason for this is that distributions to shareholders are deductible from the trust's income for tax purposes. This is not the case with distributions from Shee Atiká, Incorporated, which is taxed on its net income whether or not the income is distributed.

Of course, if we distribute all of the trust's income in order not to pay tax, the trust will not keep pace with inflation. If it does not keep pace, each year the distributions will be worth less and less. Thus we need to keep part of the earnings in the trust for inflation proofing.

Continued page 20

Taxes and Indexing, continued

However, there are two kinds of income, realized and unrealized. Income is "realized" when a stock or bond is sold at a profit. This realized income is taxable. Unrealized income is when that same stock or bond goes up in value but is not sold – you keep it. This gain, since you have not "realized" it, is not taxable.

So, we need more unrealized income and less realized income to minimize taxes. Many of the active managers buy and sell on a continual basis, generating (in a good market) a great deal of realized income. The use of index funds, which hold the stocks of a given index, such as the S&P 500, minimizes turnover and often gives as good a return as the active funds. The only time stocks change in an index fund is when the index changes.

An added benefit of index funds and securities is that the management fees are very low since there is little buying and selling going on. This also improves return.

Both the S&P 500 Depository Receipts and the S&P 400 Midcap Depository Receipts are index securities now held by SAFE. Their use last year reduced income taxes from over $400,000 in 1999 to about $12,000 in 2000, an improvement overshadowed by the poor investment return on equities. Nonetheless, this strategy is still sound and will pay off in the long run.

Finally, be assured, our goal is a higher after-tax return, not just minimizing taxes.

Outlook

As mentioned earlier, after five consecutive years of above average returns, we have finally experienced that below average annual return we have been cautioning about in this space each year. Our investment strategy basically produced a break-even year, with good performance in fixed income offsetting poor performance in equities. And that is how asset allocation is supposed to work. Don't put all your eggs in one basket.

As we begin 2001, it is clear we are in a period of slow economic growth, if not an outright recession. Interest rates, tax cuts and the global economic picture will all have an impact on what you will read here next year. You can be sure that we will continue to search for ways to improve our overall performance, consistent with our long-term asset allocation strategy.

We have set forth a considerable amount of detail in the following financial statements and footnotes for those who desire to gain a better understanding of SAFE. We are here to help you in any way possible. Please call, write or visit if you have questions or comments. The door is always open.

Marta C. Ryman
Chairman of the Board

Robert G. Loiselle
President and Chief Executive Officer

Independent Auditors' Report

PETERSON SULLIVAN P.L.L.C.
601 Union Street Suite 2300 Seattle WA 98101 (206) 382-7777 Fax 382-7700
Certified Public Accountants

To the Board of Trustees

Shee Atiká Fund Endowment

Sitka, Alaska

We have audited the accompanying statements of net assets of Shee Atiká Fund Endowment as of December 31, 2000 and 1999, and the related statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of Shee Atiká Fund Endowment as of December 31, 2000 and 1999, and the results of its operations and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of net cash income distributable to beneficiaries for the years ended December 31, 2000 and 1999, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in relation to the basic financial statements taken as a whole.

Peterson Sullivan PLLC

January 24, 2001

Statements of Net Assets

December 31, 2000 and 1999

ASSETS	2000	1999
Investments, at market value	$ 54,635,867	$ 52,088,850
Interest and dividends receivable	148,047	199,655
Cash and cash equivalents	551,180	906,712
Total assets	$ 55,335,094	$ 53,195,217

LIABILITIES	2000	1999
Income taxes payable	12,067	68,000
Deferred income taxes	870,000	2,100,000
Investment management fees payable and other	36,951	62,181
	919,018	2,230,181
Net assets	$ 54,416,076	$ 50,965,036

SHEE ATIKÁ FUND ENDOWMENT

See Notes to Financial Statements

Statements of Operations

For the Years Ended December 31, 2000 and 1999

	2000	1999
Investment Income		
Interest	$ 1,378,775	$ 1,467,973
Dividends	609,785	563,290
Net realized gain on sales of investments	1,734,488	3,860,909
	3,723,048	5,892,172
Expenses		
Management and professional fees	250,198	353,224
Custodian fees	36,914	37,614
Income tax expense (benefit)	(1,228,000)	986,000
	(940,888)	1,376,838
Realized investment income in excess of expenses	4,663,936	4,515,334
Change in unrealized gain (loss) on investments	(3,848,613)	1,934,962
Increase in net assets resulting from operations	$ 815,323	$ 6,450,296

Statements of Changes in Net Assets

For the Years Ended December 31, 2000 and 1999

	2000	1999
Increase in net assets resulting from operations	$ 815,323	$ 6,450,296
Transfer from Shee Atiká, Incorporated	5,967,517	
Distributions to beneficiaries	(3,331,800)	(3,516,900)
Total increase	3,451,040	2,933,396
Net assets, beginning of year	50,965,036	48,031,640
Net assets, end of year	$ 54,416,076	$ 50,965,036

See Notes to Financial Statements

Schedules of Net Cash Income Distributable to Beneficiaries

For the Years Ended December 31, 2000 and 1999

	2000	1999
Realized investment income in excess of expenses	$ 4,663,936	$ 4,515,334
Adjustments for differences between cash and accrual basis accounting		
Interest and dividend income — tax basis	(18,177)	(34,863)
Management and custodian fees	(25,230)	(17,669)
Deferred income tax expense	(1,230,000)	579,000
Assignment of current taxes to principal per Section 13.2 of trust agreement	2,000	407,000
Allocation of net realized gain on sales of investment to principal	(60,729)	(759,602)
Net cash income	3,331,800	4,689,200
Distribution percentage	100%	75%
Total distributions to beneficiaries	$ 3,331,800	$ 3,516,900
Distribution per unit	$ 18.00	$ 19.00

See Notes to Financial Statements

SHEE ATIKÁ FUND ENDOWMENT

Notes to Financial Statements

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Shee Atiká Fund Endowment ("SAFE") is an irrevocable settlement trust, formed in 1992 by Shee Atiká, Incorporated ("SAI"), to establish a fund to maintain assets and pay distributions from trust income to beneficiaries (unit holders) who are also shareholders of SAI. Members of the Board of SAI act as the trustees.

SAI is an urban corporation organized pursuant to the Alaska Native Claims Settlement Act ("ANCSA"). ANCSA, as amended, authorizes the conveyance of assets by a Native corporation to a settlement trust.

SAFE's voting trust units were issued to SAI's shareholders in direct proportion to their shares of voting common stock. Nonvoting trust units were issued to any person who had acquired SAI's shares and who is not a "Native" or a "Descendant of a Native" within the meaning of ANCSA in direct proportion to their shares of nonvoting common stock. The trust units are not generally transferable. At December 31, 2000, there were 185,100 trust units (of which 182,109 were voting and 2,991 were nonvoting) held by over 2,500 beneficiaries.

In 1999, the Settlement Trust Agreement required that 75% of the estimated net cash income, as defined, be distributed to the beneficiaries, semi-annually. Beginning in 2000, a minimum of 75% and a maximum of 100% of net cash income is to be distributed. Distributions are pro rata based on the number of trust units owned.

After the fifteenth anniversary of SAFE, the trustees may modify the terms of the trust agreement. The modifications may include changing the percentage of net cash income that is distributed, modifying the principal distribution provisions or even terminating SAFE and distributing all principal and accrued income to the beneficiaries.

BASIS OF ACCOUNTING

SAFE maintains its books on the accrual basis of accounting.

CASH AND CASH EQUIVALENTS

SAFE considers money market funds and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. SAFE has cash and investments in excess of government sponsored insurance limits.

Note 1, continued

INVESTMENTS

- Investments in common stocks and corporate bonds are carried at a value based on the applicable price on an exchange, or the bid price on the last trading day of the year. These investment securities are traded on various U.S. exchanges and are therefore subject to the market volatility in those exchanges.
- Investments in mutual funds are based on redemption prices quoted by the fund on the last day of the year. The international mutual funds invest in securities of various entities in many different countries to mitigate risk.
- Investments in Unit Trusts (Standard & Poor's 500, Standard & Poor's Mid-Cap, and NASDAQ 100) are also carried at a value based on the applicable price on a U.S. exchange.
- Investments in mortgage-backed and other asset-backed securities are traded by market-makers and are carried at values determined by brokerage houses on the last day of the year.
- Real estate mortgage investment conduits ("REMICS") are carried at a value determined by a recognized investment valuation service because no organized trading market exists for these securities. The values, as determined, are based on various assumptions at a point in time and, therefore, the actual results may differ significantly when the securities are sold. Additionally, since no organized trading market exists, liquidity may be impaired under certain market conditions.

The difference between cost and market value of securities held at year-end represents unrealized gains or losses on investments. Realized gains or losses from securities transactions are determined for federal income tax and for financial reporting purposes on the basis of the cost of the specific securities and are recorded on the trade date.

INCOME TAXES

SAFE provides for deferred income tax expense on significant temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 INCOME TAXES

The provision for (benefit from) income taxes is composed of (in thousands):

	2000	1999
Current income tax expense	$ 2	$ 407
Deferred income tax expense (benefit)	(1,230)	579
	$ (1,228)	$ 986

Current taxable income differs from the increase in net assets resulting from operations as a result of the following (in thousands):

	2000	1999
Increase in net assets resulting from operations	$ 815	$ 6,450
Change in unrealized appreciation of investments	3,849	(1,935)
Distributions to beneficiaries	(3,332)	(3,517)
Income tax expense (benefit)	(1,228)	986
Other	(43)	52
Current taxable income	$ 61	$ 2,036

The effective rate to determine deferred income tax expense was approximately 30%. This rate is lower than the statutory rate for trusts because it represents an average rate which takes into account the lower long-term capital gains rates applicable to some of the sales of securities. In 2000 and 1999, SAFE's taxable income was predominantly long-term capital gains. Accordingly, current income tax expense is calculated at a rate lower than the statutory rate for trusts.

A deferred income tax liability has been provided for unrealized gains in investments.

NOTE 3 INVESTMENT EXPENSES

SAFE pays custodial fees to U.S. Bank at an annual rate of 0.05% of SAFE's average daily net assets at market value, and $25 for each security transaction. SAFE pays management fees to its investment managers computed at an annual rate varying from 0.35% to 0.60% of SAFE's average daily net assets under their management at market value.

NOTE 4 INVESTMENTS

Investments are summarized as follows:

	2000 Market Value	2000 Cost	1999 Market Value	1999 Cost
Common stocks	$ 15,645,032	$12,673,517	$ 17,088,541	$ 11,969,029
Corporate bonds	2,342,283	2,295,044	708,319	708,427
Mutual funds				
American Euro Pacific Growth International Fund	5,622,742	5,130,482	6,843,589	4,496,628
Pimco Total Return Bond Fund	5,694,855	5,511,914	5,080,753	5,162,014
Unit Trust holding shares in all companies in the Standard & Poor's 500 companies	9,059,581	9,531,494	8,480,569	8,072,076
Unit Trust holding shares in all companies in the Standard & Poor's Mid-Cap companies	501,509	501,207		
Unit Trust holding shares in all companies in the NASDAQ 100 companies	59,367	100,480		
REMICS and mortgage-backed debt securities guaranteed by an agency of the U.S. Government	10,353,963	10,366,199	6,369,140	6,626,446
Mortgage-backed and other asset-backed debt securities	5,356,535	5,626,057	7,517,939	8,041,523
	$ 54,635,867	$51,736,394	$ 52,088,850	$ 45,076,143

REMICS are debt securities that are repaid from cash flows from property mortgages. REMICS have many different interest rates, average lives, prepayment sensitivities, and final maturities. Mortgage-backed debt securities are issued by a trust that holds a fixed pool of property mortgages.

Generally, REMICS and mortgage-backed debt securities guaranteed by an agency of the U.S. Government are guaranteed only by that agency and are not obligations nor are they guaranteed by the full faith and credit of the U.S. Government.

Mortgage-backed and other asset-backed debt securities are issued by a variety of companies generally headquartered in the United States.

Shee Atiká Benefits Trust

MANAGEMENT REPORT

Dear Unit Holder:

We are pleased to set forth the results of operations of the trust for the year ending December 31, 2000. We have tried to make this report as easy to read as possible, but it is somewhat technical in nature. You may want to refer to some of the definitions on the inside back cover to help you.

Investing Activities

The decrease in net assets is attributable to the decline in the value of the trust's investments (a paper loss), reflecting the generally poor investment markets in 2000. Interest, dividends and capital gains distributions contributed $172,095, net realized gain on the sale of assets added $14,295, plus other income of $5,188, offset by the change in the unrealized decline in the value of investments of $191,077, less expenses of $20,541.

Shee Atiká Benefits Trust Asset Allocation

The asset allocation at year-end was roughly two-thirds equity (stock) investments and one-third fixed income (bond) investments. The two equity funds employed are the Rainier Investment Management Core Equity Fund and S&P 500 Depository Receipts (SPDRs). The fixed income investments are U.S. Government agency mortgage-backed securities.

As was the case with the Shee Atiká Fund Endowment, our equity funds performed poorly in 2000, while our bonds performed well.

At a meeting held on February 27, 2000, the Board of Directors of Shee Atiká, Incorporated authorized the contribution of an additional $1.5 million to the trust from Shee Atiká, Incorporated. This contribution will help fund the increased level of benefits approved by the Board in 1999 (see discussion below), as well as deal with the ever-increasing number of applicants.

Scholarships

Shareholders have repeatedly emphasized the importance of education. Accordingly, we have continued to place great importance on our scholarship program. This program has grown by over 100% since it was initiated in 1989. During the 2000 fiscal year we gave scholarships to 135 shareholders totaling $202,198.

Continued page 30

Scholarships, continued

All Class A and Class B shareholders are eligible for scholarships in the amount of up to $2,000 per academic year per shareholder for undergraduate and vocational technical training. The maximum benefit for graduate studies (MA, MS, MBA, Ph.D., law school, medical school, dental school and the like) is $4,000 per year.

It is the intent of the scholarship program to encourage attendance at college, trade or vocational school, or for other training reasonably designed to help a shareholder with job preparation or job enhancement. Scholarships are also available to encourage training in the traditional arts, crafts and customs of a shareholder's culture or heritage.

The Scholarship Committee continues its excellent work in reviewing applications and making awards. After many years of dedicated service, Eric Morrison of Anchorage stepped down from the committee. Gillian Havrilla of Anchorage replaced Eric on the Committee and Phil Nielsen of Sitka took his place as Chairman. Andrew Johnson of Seattle serves as Vice Chairman. Other committee members are Lavina Adams of Sitka, Katherine Eddy of Juneau and Phyllis Moore of Sitka. Lillian Young, Shee Atiká's Shareholder Services Manager, serves as administrator for the program.

As always, we are sincerely grateful for the hard work of the committee and our administrator. We would like to especially thank Eric Morrison for his many years of exemplary service.

Funeral Benefits

The funeral benefit program makes a one-time cash payment to the family of any deceased Shee Atiká shareholder. The benefit is an amount up to $1,000 to cover funeral and related expenses, plus an additional $250 to cover the tax liability associated with the benefit. The program is available to the families of all shareholders, and continues to be an important and welcome benefit at a time of grief.

We paid funeral benefits totaling $23,165 in 2000.

Outlook

As we begin 2001, it is clear we are in a period of slow economic growth, if not an outright recession. Interest rates, tax cuts and the global economic picture will all have an impact on what you will read here next year. You can be sure that we will continue to search for ways to improve our overall performance, consistent with our long-term asset allocation strategy.

SABT is the simplest of the three entities owned by Shee Atiká shareholders. Nonetheless, this report contains certain financial and technical data. Please let us know if you have any questions about this material. We are here to help you in any way possible. Please call, write or visit if you have questions or comments. The door is always open.

Marta C. Ryman
Chairman of the Board

Robert G. Loiselle
President and Chief Executive Officer

Independent Auditors' Report

PETERSON SULLIVAN P.L.L.C.
601 UNION STREET SUITE 2300 SEATTLE WA 98101 (206) 382-7777 FAX 382-7700
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees

Shee Atiká Benefits Trust

Sitka, Alaska

We have audited the accompanying statements of net assets of Shee Atiká Benefits Trust as of December 31, 2000 and 1999, and the related statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of Shee Atiká Benefits Trust as of December 31, 2000 and 1999, and the results of its operations and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States.

Peterson Sullivan P.L.L.C.

January 24, 2001

SHEE ATIKÁ BENEFITS TRUST

Statements of Net Assets

December 31, 2000 and 1999

ASSETS	2000	1999
Investments, at market value	$ 2,697,133	$ 1,596,893
Interest and other receivables	11,423	18,600
Cash and cash equivalents	88,980	
Total assets	2,797,536	1,615,493
LIABILITIES		
Accounts payable	120	6,942
Net assets	$ 2,797,416	1,608,551

Statements of Operations

December 31, 2000 and 1999

	2000	1999
Investment income		
Interest, dividends, and capital gain distributions	$ 172,095	$ 55,607
Net realized gain on sale of investments	14,295	28,373
Other income	5,188	
	191,578	83,980
Administrative expenses	20,541	19,873
Realized investment income in excess of expenses	171,037	64,107
Change in unrealized gain on investments	(191,077)	134,572
Increase (decrease) in net assets resulting from operations	$ (20,040)	$ 198,679

Statements of Changes in Net Assets

December 31, 2000 and 1999

	2000	1999
Increase (decrease) in net assets resulting from operations	$ (20,040)	$ 198,679
Transfer from Shee Atiká, Incorporated	1,434,268	
Distributions to beneficiaries		
Scholarships	(202,198)	(193,306)
Funeral benefits	(23,165)	(20,250)
Total distributions	(225,363)	(213,556)
Total increase (decrease)	1,188,865	(14,877)
Net assets, beginning of year	1,608,551	1,623,428
Net assets, end of year	$ 2,797,416	$ 1,608,551

See Notes to Financial Statements

Notes to Financial Statements

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Shee Atiká Benefits Trust ("SABT") is an irrevocable settlement trust formed in 1997 by Shee Atiká, Incorporated ("SAI"). SABT was established to provide educational and funeral benefits to beneficiaries (unit holders) who are also shareholders of SAI. Members of the Board of SAI act as the trustees.

SAI is an urban corporation, organized pursuant to the Alaska Native Claims Settlement Act ("ANCSA"). ANCSA, as amended, authorizes the conveyance of assets by a Native corporation to a settlement trust.

SABT's voting trust units were issued to SAI's shareholders in direct proportion to their shares of voting common stock. Nonvoting trust units were issued to any person who had acquired SAI's shares and who is not a "Native" or a "Descendant of a Native" within the meaning of ANCSA, in direct proportion to their shares of nonvoting common stock. The trust units are not generally transferable. At December 31, 2000, there were 185,100 trust units (of which 182,109 were voting and 2,991 were nonvoting) held by over 2,500 beneficiaries.

The Settlement Trust Agreement allows annual distributions up to 100% of net cash income, as defined, and up to 20% of principal, to provide educational and funeral benefits. There is no minimum required distribution.

After the tenth anniversary of SABT, the trustees may modify the terms of the trust agreement. The modifications may include changing the percent of net cash income that may be used to provide benefits, modifying the principal distribution provisions, or terminating SABT and distributing all principal and accrued income to the beneficiaries.

SIGNIFICANT ACCOUNTING POLICIES

SABT maintains its books on the accrual basis of accounting.

Investments in mutual funds are stated at redemption prices quoted by the fund on the last day of the year. The investment in the Unit Trust (Standard & Poor's 500) is stated at a value based on the applicable price on a U.S. exchange. Investments in mortgage-backed debt securities are guaranteed by U.S. Government agencies and are stated at the closing bid price on the last day of the year. Each of these investments is subject to market volatility.

The difference between cost and market value of securities held at year-end represents unrealized gains or losses on investments. SABT does not recognize deferred taxes on any unrealized investment gain or loss because it expects to distribute most (if not all) of its taxable income each year. This policy is also expected to minimize any taxes currently payable.

Realized gains and losses from securities transactions are determined for federal income tax and for financial reporting purposes on the basis of the cost of the specific securities and are recorded at trade date.

SABT considers money market funds and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. SABT regularly has cash and investment balances in excess of government sponsored insurance limits.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 INVESTMENTS

Investments are summarized as follows:

	2000		1999	
	Market Value	Cost	Market Value	Cost
Mutual Funds				
Rainier Core Equity Fund	$ 1,010,846	$ 934,452	$ 1,101,093	$ 885,447
Harbor Bond Fund			495,800	542,191
Unit Trust Holding Shares in all companies in Standard & Poor's 500 companies	667,029	754,282		
Mortgage-backed debt securities guaranteed by U.S. Government agencies	1,019,258	1,002,156		
	$ 2,697,133	$ 2,690,890	$ 1,596,893	$ 1,427,638

Mortgage-backed securities guaranteed by an agency of the U.S. Government are guaranteed only by that agency and are not obligations nor are they guaranteed by the full faith and credit of the United States Government.

Definitions

Class A Shareholder – a shareholder who is Alaska Native, as defined by the Alaska Native Claims Settlement Act, or their legal descendants. Only Class A shareholders can vote in ANCSA corporate elections.

Class B Shareholder – a non-Native who has inherited shares. While Class B shareholders cannot vote in ANCSA corporate elections, they receive the same benefits as Class A shareholders.

Equity Investment - Any investment that gives the investor an ownership position in something. A share of stock is our primary example. When we purchase stock we buy an ownership share in a corporation. We buy it because we believe that its value will increase. Some stocks pay dividends and some do not.

Fixed Income Investment - Usually called a bond, which is the most common type of fixed income investment. A fixed income investment is any investment that is in the form of a loan. When a bond is purchased, the investor is loaning his money. A Treasury note, bill, or bond is a loan to the U.S. Government. A corporate bond is a loan to the corporation issuing the bond.

Federal Reserve – The central banking system of the U.S., composed of the Federal Reserve Board, the 12 Federal Reserve Banks, and the national and state member banks. Its primary purpose is to regulate the flow of money and credit in the country. The Federal Reserve's monetary policies have a powerful effect on interest rates.

Gifting Shares – an option provided through the so-called "1991 Amendments" to ANCSA that allows a shareholder to give shares to legal descendents. An amendment was necessary to allow such a transaction since shares cannot be sold, and prior to the 1991 amendments, the only way shares could be passed on to descendents was through inheritance following a death.

Index Funds – investments in a pool of stocks (equities) that mirror an index such as the S&P 500 or the Dow Jones Industrials. By indexing, an investor usually buys the stocks of the same companies that comprise an index (through a mutual fund or index shares), and remains invested, thereby minimizing stock transactions and taxable short-term gains. The value of such investments will grow at the same rate as the index. In other words, if the S&P 500 gains 10% in value in a given period of time, the index funds will grow at the same rate.

Net Asset Value - This is the "net worth" or the "equity value" of a trust. The net asset value is equal to the market value of all assets less the liabilities of the trust.

SAFE - Shee Atiká Fund Endowment. SAFE is a trust fund, often referred to as the "settlement trust" or the "permanent fund." All of these terms mean the same thing and will be referred to as SAFE.

SABT - Shee Atiká Benefits Trust. Established by shareholder vote in 1997, and funded in 1998 following receipt of a satisfactory IRS ruling. The earnings of this trust provide shareholder education and funeral benefits. Like SAFE, SABT is a settlement trust.

SAI - Shee Atiká, Incorporated, the for-profit Alaska Native Claims Settlement Act (ANCSA) urban corporation of Sitka, Alaska. SAI is a separate legal entity, operating under different rules and tax regulations than the two settlement trusts, SAFE and SABT.

Security or Investment Security - These terms can mean either stocks or bonds, or both.

SPDRs - Standard & Poors Depository Receipts, nicknamed "spiders," is an index fund that mirrors the composition of the S&P 500, an assortment of 500 publicly traded companies.

Deferred Tax Assets - Deferred tax assets are tax benefits (such as unused net operating tax losses, or NOLs) that are expected to be used in the future. Deferred tax liabilities are the result of income being recognized in the financial statements, but not yet in the tax return (such as increases in the market value of investments, where income taxes aren't paid until the investment is sold). The changes in deferred tax assets and liabilities between years are reflected in the income statement as a deferred tax benefit or a deferred tax provision.

Trust - A legal entity created by a person or organization. SAFE and SABT are settlement trusts created by SAI under the terms of the Alaska Native Claims Settlement Act. A trust is governed by different principles and rules than a corporation.

Trust Agreement - Rules that govern the trust. The trust agreement takes the place of Articles of Incorporation and Bylaws that govern the activities of a corporation.

Trustee - A member of the board of trustees. Like a corporation, a trust is managed by a board. In trust law a board member is a "trustee." In corporate law a board member is a "director." Therefore, a trust board is called a "board of trustees" and a corporate board is called a "board of directors." The persons who serve on the board of trustees of SAFE and SABT are the same persons who serve on the board of directors of SAI.

Unit - An ownership share in a trust, and means the same as "share" when referring to a corporation.

Unit Holder - A part owner of a trust, it means the same as "shareholder" when referring to a corporation. Sometimes, "unit holders" are referred to as "beneficiaries" because they mean the same thing. All SAI shareholders are also unit holders of SAFE and SABT.

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