

**QUARTERLY REPORT
TO
THE DENALI COMMISSION**

From

ALASKA GROWTH CAPITAL BIDCO, INC.

**For the Quarter Ended
September 30, 2006**

ALASKA GROWTH  CAPITAL

Third Quarter Progress Report – 2006
DENALI COMMISSION
Award # 0095-DC-2003-E1 & 0016-DC-2003-E3

Alaska Growth Capital made significant progress in the third quarter of 2006. Total financing year-to-date is \$28,699,425.

FINANCING VOLUME THROUGH THIRD QUARTER

While the total amount of financing disbursements to businesses in communities classified as “Distressed” by the Denali Commission was \$2,945,000, the total amount of financing to all rural communities was \$16,265,000. Total financing volume by market segment is summarized below:

	Total Loan Volume	Rural (off road system)	To Minority businesses	To "distressed" communities
Loans	\$28,699,425	\$16,265,000	\$11,378,000	\$2,945,000
Total Financings	\$28,699,425	\$16,265,000	\$11,378,000	\$2,945,000
% of Total	100%	57%	40%	10%

ACTUAL PERFORMANCE AGAINST PERFORMANCE MEASURES FOR 2006

AGC has two sets of performance accountability metrics. One set of metrics is from the original Grant #0016. This grant agreement provides four performance metrics. The second set of metrics comes from a newer 2004 Grant #0095. This grant agreement increased the required performance level for three of the four metrics in Grant #0016. It also added two new metrics. The tables shown below report actual performance in relationship to the combined metrics from both grant agreements.

Three performance measures will not be reported on until year-end (4th quarter) because data from AGC clients are required to measure performance against these metrics and this data is only collected annually.

During the first nine months of the year, AGC has already exceeded the “satisfactory” level for two of the three categories measured and has exceeded the “outstanding” level for one metric.

Measure: *Total annual financing disbursements to businesses in communities defined as "distressed" by the Denali Commission.*

	<u>Minimally Acceptable</u>	<u>Satisfactory</u>	<u>Outstanding</u>
Grant agreement 1	1,342,904	1,549,505	2,169,300
Grant agreement 2 (in addition to #1)	<u>526,767</u>	<u>607,808</u>	<u>850,928</u>
Total	1,869,671	2,157,313	3,020,228
Actual performance through 2006-3rd Qtr.			\$2,945,000
Percentage of "Outstanding"			98%

Measure: *Total annual financing disbursements to Alaskan - owned businesses in communities defined as "distressed" by the Denali Commission.*

	<u>Minimally Acceptable</u>	<u>Satisfactory</u>	<u>Outstanding</u>
Grant agreement 1	1,136,304	1,342,904	1,962,707
Grant agreement 2 (in addition to #1)	<u>283,001</u>	<u>334,455</u>	<u>488,819</u>
Total	1,419,305	1,677,359	2,451,526
Actual performance through 2006-3rd Qtr.			\$2,945,000
Percentage of "Outstanding"			120%

Measure: *Number of technical assistance engagements provided to businesses that operate in "distressed" communities. A "technical assistance engagement" is defined as a minimum of 8 hours of assistance provided by Alaska Growth Capital. These engagements will cover a broad range of topics, as defined by the needs of the business.*

	<u>Minimally Acceptable</u>	<u>Satisfactory</u>	<u>Outstanding</u>
Grant agreement 1	20	31	42
Grant agreement 2	<u>8</u>	<u>12</u>	<u>16</u>
Total	28	43	58
Actual performance through 2006-3rd Qtr.			50
Percentage of "Outstanding"			86%

DETAILED PORTFOLIO INFORMATION

The following is a table that outlines detailed information about the loans disbursed to businesses in “distressed” communities during the reporting period. It also outlines approved loans that are about to close and will be disbursed within the next reporting period.

Funds Disbursed This Quarter on New Loans Closed Defined as “Denali Distressed” Communities.

Amount	Company	Location	Loan Purpose
\$185,000	Nome Outfitters	Nome	Refinance existing debt, working capital
360,000	Selawik IRA Fuel Project	Selawik	Working capital
\$545,000	TOTAL		

New Loans in the Closing Process This Quarter Defined as “Denali Distressed” Communities.

Amount	Company	Location	Loan Purpose
\$850,000	North Star Gas	Bethel	Purchase fuel service asset, refinance existing note, working capital
\$850,000	TOTAL		

Management

- There were no staff changes during the third quarter.

Staffing

Our staff currently includes the following:

- David Hoffman, CEO
- Jeff Batton, Vice President, Corporate Development
- Patrick Williams, Loan Officer (Alaska Native)
- John Delano, Senior Loan Officer
- Benjie Sumulong, Loan Officer
- Karen Horner, Controller
- Hugh Short, Vice President of Consulting Services (Alaska Native)
- Jered Stewart, Client Services Associate (Alaska Native)
- Sherry Selby, Processing Supervisor/Compliance Officer
- Teo Ransum, Loan Processor
- Shelly Hutchison, Office Administrator
- Rebecca McMullen, Receptionist (Alaska Native)
- Amber Bowman, Loan Processor
- Lynda Muise, Loan Servicing

PERFORMANCE DASHBOARD

The following graphs show progress towards internal goals and grant measures. The graphs show total (actual) closed and “in closing” (pending) versus budget. The budget line includes performance measures set by internal goals and grant measures as outlined in the Denali Commission Award.

PERFORMANCE DASHBOARD ALASKA GROWTH CAPITAL September 30, 2006

