

BUILDING EXCELLENCE

"Tallgrass continues to execute our Strategic Plan to transform and grow our customer base; grow our project list; grow through diversification; grow our partnerships; and optimize our business. The investments we have made in 2016 in a passionate and dedicated team will help us meet our commitments to build value for the Osage Nation and its citizens."

-Tim Tall Chief, Chairman

2016

A YEAR IN REVIEW

We are encouraged by our results in 2016. Our investment in our team, our customers, and our process and policies during the year are key stepping stones toward a profitable 2017.

During 2016 we focused on:

- Growing our capabilities – The capabilities of our two 8(a) companies have expanded through 1) Mentor Protégé arrangements with Cyntergy, a highly respected architectural, engineering and construction firm in Tulsa, and Data3, an innovative technology firm with expertise in managed hosting and application development and 2) identification of key teaming partners to expand our reach, relationships and expertise.
- Business development – We have met key contracting officers, military personnel and commercial customer decision makers. These efforts have expanded our market outside of Tinker Air Force base to a more regional, even national, level. We have developed relationships in Ft. Worth, Little Rock, Kansas City, and Washington D.C.
- Quality and process – Tallgrass has developed policy, procedures and standards to ensure the best quality, efficiency and customer satisfaction.
- Team Development – Tallgrass has expanded our team to include management for our two 8(a) businesses, construction project managers and engineers to support on-going and future projects; and business development personnel. This dedicated and committed team is an integral part of our success in 2016 and beyond.

In 2016 our auditors issued a clean financial statement opinion and internal control report. We are excited to report that total revenues increased to \$1,583,000 from \$982,000 in 2015. We already have revenues of \$5,000,000 in hand for 2017. Gross margin on our projects is holding steady at 10% to 12% in our construction division. Although reporting a combined net loss of \$495,671 for 2016, Management and the Board believe this loss, representing our investment in staff and overall expanded capabilities, resulted in increased project backlog and future revenues. We finished 2016 with a project backlog of over \$10 million dollars. This backlog, our new partnerships and our expanded capabilities will fuel continued growth and profitability through 2017 and beyond.



Tallgrass
AN OSAGE ENTERPRISE

Our Team



James E. Holder
CEO for Tallgrass
Economic
Development



Jill S. Jones
Operating General
Manager of Tallgrass
Technology Solutions



Dustin K. Alphin
Director of Tallgrass
Construction Services



Stephanie D. Wykoff
Executive Assistant
for the Tallgrass
Companies



Scott Adamson
Project Manager for
Tallgrass Construction
Services



Ryan Whitacre
Project Engineer for
Tallgrass Construction
Services



Robert Stewart
Project Superintendant
for the Tallgrass
Construction Services

Consultant



Sharon Bertram
Compass Consulting, CEO
40% Native Owned
Contract CFO | Strategic Consulting

Tribal Advantage

Tribal Advantage – 8(a) | HUBZone | ISBEE

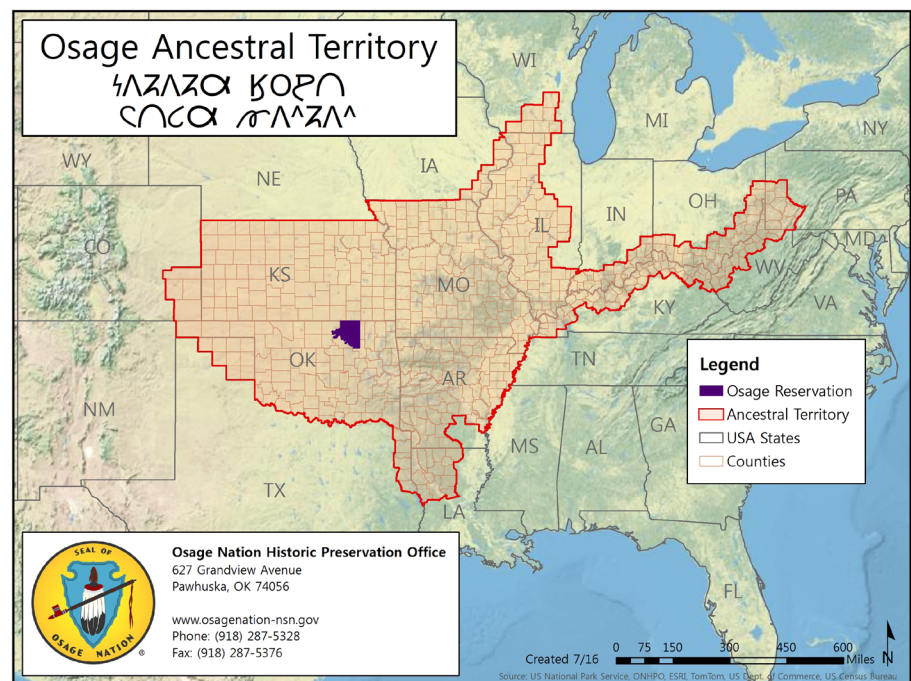
The business subsidiaries of Tallgrass Economic Development, LLC are wholly owned and registered with the Secretary of the Osage Nation. These subsidiaries are certified as economically and socially disadvantaged small businesses under the U.S. Small Business Administration guidelines because of their tribal ownership. This allows tribal subsidiaries to attain certification as 8(a) small businesses, which enables the company to compete on projects set aside by the Government specifically for the 8(a) program.

The tribal 8(a) is more comprehensive than an individually owned 8(a) because of its increased capacity for direct awards from federal agencies, as well as the tribe's ability to create multiple 8(a) subsidiaries in various business segments.

Tallgrass companies are also certified with the SBA HUBZone program, which denotes our location in an economically and socially disadvantaged area of former tribal lands. This certification enables the company to compete on projects set aside for the HUBZone program.

Additionally, the Buy Indian Act requires that agencies which serve Native American constituents, such as Bureau of Indian Affairs and Indian Health Service, set aside projects for Indian Small Business Economic Enterprises (ISBEE). Tallgrass subsidiaries are self-certified as ISBEE based on their Native owned status.

Many industry partners, large businesses, and Government agencies prefer doing business with tribal 8(a)s because they recognize the solid backing and financial stability of the companies within the tribal government and business structure. They also recognize that a portion of revenue from tribal 8(a) business ventures goes back to support the operations of the tribal government and cultural programs which in turn benefits tribal members as a community.



Projects

Completed Projects

B2280 Repair Hangar Door



Camp Bowie Wash Platform



In Progress

507 Pavement Repair

549,527

Total Project

32,000

Estimated Profit

B 1066 HVAC Repair

807,950

Total Project

51,100

Estimated Profit

B 3102 Renovate Flight Test Facility

2,153,962

Total Project

136,500

Estimated Profit

B 3105 Renovate Flight Test Aircrew Equip Facility

807,522

Total Project

51,100

Estimated Profit

Current Status as of 12.31.2016

Tallgrass Construction Services for Projects Completed and Started in 2016						
	507 Pavement Repair	Building 1066 HVAC Repair	Building 2280 Hangar Door Repare	Building 3102 Renovate Flight Test Facility	Building 3105 Renovate Flight Test Aircrew Equip Facility	Camp Bowie Energy Wash Platform
OPERATING REVENUES						
INCOME						
Construction Revenue	8,533	13,321	704,963	173,786	85,463	687,715
COGS						
Cost of Goods Sold	7,706	10,018	600,690	145,391	71,697	557,791
GROSS PROFIT	827	3,303	104,273	28,395	13,766	129,924
G&A EXPENSES						
G&A Expenses	35	0	142	71	71	645
NET INCOME	792	3,303	104,131	28,324	13,695	129,279
Status	Started 10/16	Started 10/16	Completed	Started 10/16	Started 10/16	Completed

Partners



DATA3 is a Tulsa based company that specializes in providing IT business services, application development, and managed hosting

Paragon Business Solutions, Inc. provides environmental, quality, and construction management and is centrally located in the Midwest.



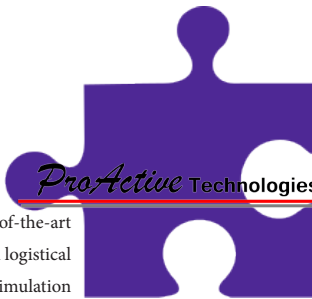
Paragon Business Solutions, Inc.



DEFCON CYBER is a risk management solution integrated with the NIST Cybersecurity Framework

We believe our partners are critical to future growth. Teaming arrangements are a great way for small businesses to build credibility and demonstrate proficiency to the government and other contractors. Building strong relationships with partners is critical and enables Tallgrass Construction and Tallgrass Technology to bid on larger projects "bundling" our internal capabilities and the capabilities of our partners. In addition, as a small business, we have the opportunity to learn from successful companies and their management teams.

ACL Airshop is a leading worldwide provider of cargo control and air freight management products and services for the aviation industry.



ProActive Technologies provides state-of-the-art hardware and software design engineering and logistical and management support services to the simulation and training marketplaces for Government and private industry.



Area of Expertise

- Construction Management
- Architecture & Engineering
- Civil Engineering
- Environmental Remediation
- Design – Build
- Application Development
- Cyber Security
- Business Continuity
- Managed Hosting Services
- Technology Training & Support
- Audio Visual Equipment
- Logistics
- Facilities Maintenance

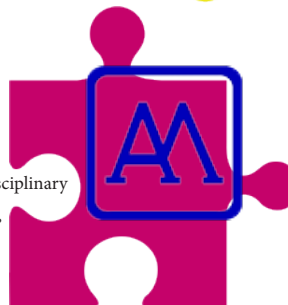


Cyntergy is a twenty year old firm that serves clients nationally, regionally and locally. They are a full-service architecture, engineering, and construction service firm that places an emphasis on relationships and excellence.

Beasley Technology, Inc. provides a range from VoIP solutions, CCTV, and structured cabling to interactive classroom technology.



A & M Engineering is a HUBZone certified company that has provided the unique combination of multi-disciplinary professional engineering, construction, and environmental services for more than 30 years.

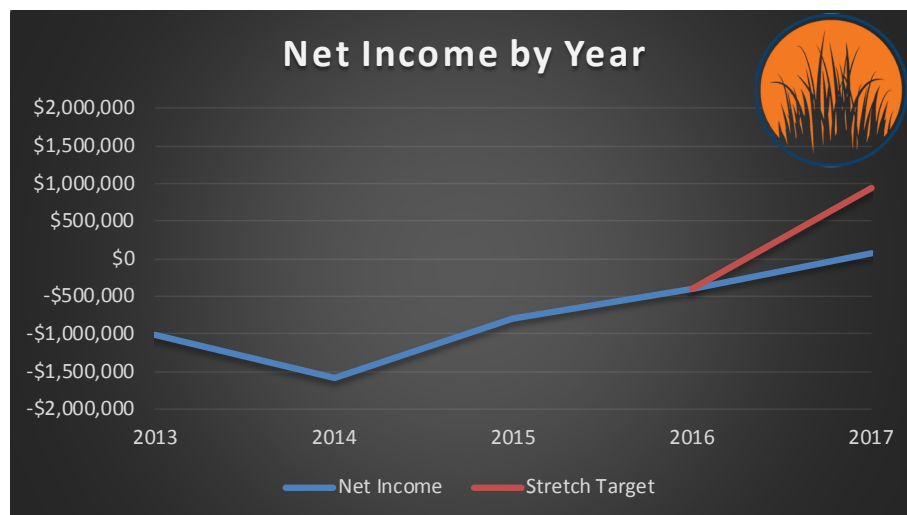


Financials - Tallgrass

Combined Statement of Net Position as of December 31, 2016			
	Osage Total	TED, LLC	Combined
ASSETS			
CURRENT ASSETS			
Checking/Savings	2,310,197	856,755	3,166,952
Accounts Receivable	16,391	33,172	49,563
OTHER CURRENT ASSETS			
Other Current Assets	51,274	137,249	188,523
FIXED ASSETS			
Capital Assets (net of accumulated depreciation)	1,238	22,992	24,229
OTHER ASSETS			
Equity Interest in Component Unit	-	1,932,739	1,932,739
Intangible Assets	14,583	-	14,583
TOTAL ASSETS	2,393,683	2,982,907	5,376,590
LIABILITIES & EQUITY			
CURRENT LIABILITIES			
Current Liabilities	406,795	26,525	433,320
LONG TERM LIABILITIES			
Long Term Liabilities	115,307	-	115,307
TOTAL LIABILITIES	522,102	26,525	548,627
NET POSITION	1,871,581	2,956,382	4,827,963

PROGRESS YEAR OVER YEAR

Our new management team and board completed the turnaround and launched a new company in 2016 (Tallgrass), and is looking forward to a profitable year in 2017



Combined Statement of Revenue and Expenses for the Period Ending December 31, 2016			
	Osage Total	TED, LLC	Combined
OPERATING REVENUES			
INCOME			
Revenue	1,287,301	1,502	1,288,803
EXPENSES			
COGS			
Cost of Goods Sold	1,111,285	-	1,111,285
GROSS PROFIT	176,016	1,502	177,518
COST OF OPERATIONS			
	575,589	324,879	900,468
NET ORDINARY INCOME	(399,573)	(323,377)	(722,950)
OTHER INCOME			
Decrease in Equity Component Unit	-	(67,261)	(67,261)
Gain/Loss on Sale of Investment	243,371	-	243,371
Interest & Dividends	49,220	-	49,220
Other Income	1,949	-	1,949
NET INCOME (LOSS)	(105,033)	(390,368)	(495,671)

Financials - Bluestem Ranch

Bluestem Ranch, LLC Statement of Net Position as of September 30, 2016	
ASSETS	
CURRENT ASSETS	
Checking/Savings	1,959,220
OTHER CURRENT ASSETS	
Other Current Assets	3,733
FIXED ASSETS	
Capital Assets (net of accumulated depreciation)	-
OTHER ASSETS	
Other Assets	14,291
TOTAL ASSETS	1,962,953
LIABILITIES & EQUITY	
CURRENT LIABILITIES	
Current Liabilities	30,214
TOTAL LIABILITIES	30,214
NET POSITION	1,932,739
TOTAL LIABILITIES & NET POSITION	1,962,953



Bluestem Ranch, LLC Statement of Revenues, Expenses and Changes in Net Position for the Period Ending September 30, 2016	
	Combined
OPERATING REVENUES	
INCOME	
Ranch Revenue	-
EXPENSES	
COGS	
Total of COGS	1,000
GROSS PROFIT	(1,000)
COST OF OPERATIONS	66,645
NET ORDINARY INCOME	(67,645)
OTHER INCOME	
Interest & Dividends	384
NET INCOME (LOSS)	(67,261)



A Look Ahead

As we look ahead, we do so with great anticipation of what is to come. In 2016, we were finally able to complete the work involved in closing the doors of companies operated by Osage LLC, and we began the very important task of launching a vibrant new company – Tallgrass Economic Development, LLC. With a new board and management team, Tallgrass is focused on a more conservative business strategy; that of investing in our own companies and in building a staff of people who will be operating our subsidiaries for decades to come.



To that end, we started the year with two people on our team and ended the year with 8 team members, three of whom are Native, and one of which is an Osage tribal member. As we win contracts we will be adding team members in the areas of project management, sales, marketing, accounting, and technical areas of expertise required to support our business units. We will continue to look for experienced and talented tribal members who can join our team and contribute to our growth.

Tallgrass is 100% owned by the Osage Nation, but with a very different business philosophy and strategy than Osage LLC. Our business model is to build lasting relationships with contracting and procurement personnel in a wide variety of government agencies around the country; relationships that will produce opportunities for Tallgrass in the future. This strategy is one that has been successfully implemented by dozens of other tribally-owned business enterprises throughout the U.S. This approach focuses on pursuing “set-aside” contracts thru the 8(a) and HUBzone programs, as well as other disadvantaged programs available to Tallgrass and our growing stable of experienced business partners.

As with any new company, we are eager to win contracts, and so we work fervently each day to do just that. We couple those efforts with implementing systems and policies designed to create consistency in all that we do. In short, we are building solid companies at Tallgrass; we are doing what we are trained to do, what we have experience in doing from our careers in business. Our board works closely with our management team in designing and implementing the strategy that I have articulated in this letter. We work as a team of caring and concerned individuals who have come together for this singular purpose – to create a lasting legacy for the people of the Osage Nation.

A handwritten signature in black ink, reading "James E. Holke".

Backlog as of March 2017

\$15M Sales Backlog