

# OUZINKIE NATIVE CORPORATION

2010 ANNUAL REPORT TO SHAREHOLDERS

SEPTEMBER 2011



## 38th Annual Shareholders Meeting

Dear ONC Shareholder:

Following is an annual review of your Corporation's activities during the year 2010.

We look forward to your participation at ONC's upcoming 38th Annual Meeting of Shareholders to be held on Friday, October 7, 2011 beginning at 10:00a.m at the Ouzinkie Tribal Cultural Center.

A potluck will follow the Annual Meeting at the Tribal Cultural Center at 4:00 p.m. There will be door prizes and shareholder cash drawings.

## SHAREHOLDER CASH DRAWINGS

Only those shareholders that have voted either by proxy or in person will be eligible for the following cash drawings at this years potluck.

- One-Grand Prize \$2,000
- One-First Prize \$1,000
- Two-Second Prizes \$ 500
- Ten-Third Prizes \$ 100

## Shareholder Distributions

ONC has paid shareholders quarterly dividends at \$15 per share for 2010. Exxon distribution in December at \$5 per share and a Christmas bonus dividend of \$5 per share was added to the Dec. distribution.

The 2011 dividends are being paid at \$15 per share each quarter.

If you are interested in having federal tax voluntarily withheld from your dividends please notify the ONC office in writing at least thirty days prior to the scheduled distribution date to ensure accurate withholding. Also direct deposit is available for your dividends no more waiting for them in the mail they are available immediately with direct deposits.

## ONC Board of Directors

Jackie Muller Sr.	Chairman
James Skonberg Sr.	Vice Chair
Evelyn Mullan	Secretary
Gene Anderson	Member
Darren Muller Sr.	Member
Theodore Panamarioff	Member
Cliff Panamarioff	Member
Herman Squartsoff	Member
Howard Torsen	Member

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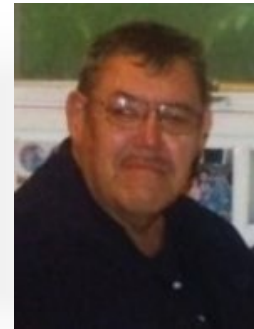
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## ONC STAFF

Michael O'Connor- Pres. & CEO  
Debra Garner-Ouzinkie Office Manager  
Joan Chichenoff-Ouzinkie Admin. Asst.  
Jennifer Torsen-Anchorage Admin. Asst.  
Larissa Panamarioff- Ouzinkie Office Asst.  
Roger Johnson-Ouzinkie Fuel/Maint.  
Vicki Panamarioff-Janitor



**Michael O'Connor**



**Jackie F. Muller Sr.**

## **Joint Letter from the President & CEO and Chairman of the Board**

Dear Shareholder,

This past year has seen additional confirmation that strategies set in motion several years ago are working as planned. ONC's government contracting operations are well on their way to replacing timber as the company's primary source of revenues, profits and distributions.

While timber prices were up in 2010 and still are as of this writing, there is no guarantee the timber markets will stay up. ONC has about 7 years worth of timber remaining that can be harvested, so it has been a major goal of the company to be able to eventually eliminate reliance on timber as a source of revenues, profits and distributions.

2010 was a rewarding year to be invested in the stock market, but recent instability, especially to the downside, gives cause for some concern going forward. However, ONC's portfolio of stocks and bonds is hedged to minimize any market declines.

In 2010, the ONC board made the decision to sell 10% of its 71.4% ownership interest in the O'Malley Ice Arena to other long-time investors. The proceeds were used to buy out the 30% ownership interest in the Platinum Building that ONC did not already have. ONC is now the sole owner of the Platinum Building.

The O'Malley Gardens has been improving steadily over the past year, due mostly to more aggressive marketing and increased court time rental to more basketball leagues and also the installation of energy efficient lighting.

KGS (Katmai Government Services) is Ouzinkie's 100% owned subsidiary that provides a diverse range of professional services and highly skilled professionals to the Federal Government.

2010 saw a dramatic increase at KGS, more than doubling our 2009 revenue. 2011 is shaping up to be another great year with many opportunities and challenges to overcome. 2010 saw KGS branching away from dependence upon the Small Business Administration's 8(a) program with its first full and open competition wins. KGS continues to expand its capabilities to ensure that profits are available to ONC shareholders over the long-term future years to come.

To this end KGS has developed an increasingly diverse range of services which it offers to the US Government, including live training, construction, simulation and training, electronics manufacturing and scientific/engineering services.

KGS's shareholder hire program and ONC internship program continue to grow and meet with success. We are training the next generation of ONC shareholders to be the future leaders of Katmai. The entire Katmai Team works very hard to achieve positive results for ONC.

Kodiak Kenai Cable Company (KKCC), owned by Old Harbor and Ouzinkie had submitted a proposal to the federal government to expand the existing fiber optic cable system from Kodiak to Dutch Harbor, King Salmon, Dillingham, Bethel, Nome, Kotzebue, Barrow and Prudhoe Bay. Since the government chose not to fund this project, KKCC sought other sources of funding and partners. Unfortunately, KKCC was unable to reach satisfactory deals with lenders and partners to advance this project so it is put on hold for the time being.

Kodiak Microwave System, owned by KKCC, is currently installing equipment for voice and data microwave communications to Ouzinkie and Port Lions. The microwave system is expected to become operational in October 2011. It will tie into the fiber optic system on Kodiak Island, thereby enabling the residents of these two communities to enjoy the same high speeds and dependability as residents of Kodiak. This service will be available to the remaining communities on Kodiak Island in the future.

Also on the infrastructure front, the new airstrip on Spruce Island is complete (landing lights are being installed this year). Phase II of the Ouzinkie Replacement Dock project is underway. When the dock project is complete, we hope to have the Alaska Marine Highway System add Ouzinkie as a port-of-call as well as possible small cruise ships.

We continue to monitor our investments and are excited about some of the new opportunities that have come before us. The ONC board continues its endeavor of providing for its shareholders and encourages you to come to the board with your ideas or suggestions or you can contact me personally at: 907-227-7205 or email at: jackiem\_sr@yahoo.com.

As always, ONC encourages any shareholder or descendent of a shareholder wishing to further their education to apply for a scholarship from the John Panamarioff Sr. Scholarship Program that ONC offers. Forms are available online at: [www.ouzinkienativecorporation.com](http://www.ouzinkienativecorporation.com) or by calling the ONC office in Ouzinkie at: 1-800-680-2208. The ONC website is currently in the process of being updated.

On behalf of the Board of Directors, Staff and Subsidiaries of Ouzinkie Native Corporation, we wish everyone the best and hope everyone is having a pleasant summer.

In closing, we would like to take this opportunity to personally express our deepest condolences to the families of ONC Shareholders who have passed on in 2010 and 2011.

Warmest Regards to Everyone.



Michael G. O'Connor  
President & CEO



Jackie F. Muller Sr.  
Chairman

## 2010 Scholarship Awards

Scholarships were awarded to the following shareholders and shareholder descendants:

University of Alaska - Anchorage	Amber Jenkins	1,500.00
University of Alaska - Anchorage	Andrea Panamarioff	1,500.00
Red Cross of Alaska	Caroline Elie	891.95
Winona State University	Chelsea LaPorta	3,000.00
University of Alaska - Anchorage	Danica Clarion	3,000.00
CAREER ACADEMY	Danielle Santillana	3,000.00
University of Alaska - Anchorage	Darin Pestriloff	1,500.00
Peninsula College/University of Ak. Kodiak	Emily Garner	3,000.00
University of Alaska - Anchorage	Gerald Pestrikoff Jr.	1,500.00
University of Alaska - Anchorage	Geremy Clarion	2,250.00
Rural Alaska Fuel Services	Hazwoper Refresher	1,929.00
University of Alaska - Kodiak	Jason Opheim	3,000.00
University of Alaska - Anchorage	Jennifer Beans	750.00
Pacific Lutheran University	Jessica Dotson	3,000.00
Excelsior College	Laura D. Muller	1,830.00
National Council on Strength & Fitness	Patricia Elie-Wolkoff	775.00
University of Alaska - Anchorage	Patrick Pestrikoff	2,250.00
UAA-Culinary Arts	Peter Squartsoff	2,900.00
University of Wisconsin-Stout	Santino LaPorta	1,500.00
University of Alaska - Kodiak	Sara Squartsoff	1,500.00
Career Academy	Sarah A. Miles	3,000.00
University of Hawaii Manoa	Scott Wandersee	1,500.00
Career Academy	Shawn Wolkoff	3,000.00
Fort Lewis College	Tabitha Fischer	3,000.00
Career Academy	Terry Wolkoff	<u>3,000.00</u>
		54,075.95



### Shareholders Remembered



The Ouzinkie Native Corporation Board and staff would like to express their deepest sympathies to the families and friends of the following shareholders who have passed away in 2010 and 2011.

In **2010** we lost: Leona Mae Barfield, Mary Lou Torsen, Steve Yagashoff, Zack Chichenoff, Andy Boskofsky Sr., Anna Pestrikoff, Antoinette Rudick, Marcella Smalley, Gladys Chichenoff, and Joseph P. Beans.

In **2011** we lost : Eunice M. Foster, Alice Squartsoff, Evelyn Rae Peterson, Alicia Daigle, Dorothy Pestrikoff Bel-leau and Mara Lukin.

**Ouzinkie Native Corporation**  
**37th Annual Shareholders Meeting Minutes**  
**October 15, 2010**

**Call to Order:**

Chairman Jackie Muller Sr. called the annual meeting to order at 10:15 a.m. at the Ouzinkie Cultural Center in Ouzinkie Alaska.

**Roll Call:**

**Present:** Jackie Muller Sr., James Skonberg Sr., Gene Anderson, Darren Muller Sr., Vickie Novak, Herman Squartsoff, Evelyn Mullan, Howard Torsen, and Clifford Panamarioff.

A full quorum was present.

**Opening Prayer:**

Opening prayer was lead by Herman Squartsoff followed by a moment of silence for the deceased shareholders.

**Agenda:**

**Motion 1:** Gene Anderson moved, 2<sup>nd</sup> by Sandra Muller, to accept the October 15, 2010 Annual Shareholders Meeting Agenda. Motion carried.

**Introduction of Guests:**

Shelly Andrew – Landye Bennett Blumstein, Jim Hasle – Mikunda Cottrell, John Sturgeon and Keith Coulter - Koncor, Carl Marrs – Kodiak Kenai Cable Company, David Stephens, Laura Brewer, and Candance Hendrickson – Katmai Government Services, Phil Younker – Securities Investments, and Duncan Fields – Shoreside Consulting.

**Registration:**

**Motion 2:** Evelyn Mullan moved, 2<sup>nd</sup> by Theodore Panamarioff Jr., to open registration. Motion Carried.

Chairman Jackie Muller Sr. opened registration for shareholders who had not yet voted, or who may want to pull their proxies to vote by ballot.

**Minutes:**

Secretary Evelyn Mullan read the minutes of the 36<sup>th</sup> Annual Shareholders meeting held on September 25, 2009.

**Motion 3:** Katherine Ellanak moved, 2<sup>nd</sup> by Theodore Panamarioff Jr., to accept the minutes of the 36<sup>th</sup> Annual Meeting held on September 25, 2009. Motion carried.

**Motion 4:** Theodore Panamarioff Jr. moved, 2<sup>nd</sup> by Howard Torsen to close registration. Motion Carried.  
**Registration Closed**

**Inspectors Report on Quorum:**

Shares available to vote: 33,413.24  
Shares presents: 24,599.14  
Quorum: 73.6%

**Nominations:**

Herman Squartsoff nominated Jackie Muller  
Arthur Haakanson nominated John Squartsoff  
James Skonberg Sr. nominated Gene Anderson  
Clifford Panamarioff nominated Vickie Novak  
Howard Torsen nominated Theodore Panamarioff Jr.  
Angeline Campfield nominated Willis Garner

**Motion 5:** James Skonberg Sr. moved, 2<sup>nd</sup> by Howard Torsen, to close nominations. Motion Carried.  
**Nominations Closed**

**Recess for Voting:** Chairman Jackie Muller Sr. recessed the meeting for voting at 10:40 am.

**Motion 6:** Herman Squartsoff moved 2<sup>nd</sup> by Howard Torsen to close voting. Motion Carried. **Voting Closed**

Chairman Jackie Muller Sr. announced that voting is now closed, and called the meeting back to order at 11:00 am.

**Audit Report:**

Jim Hassel with Mikunda Cottrell highlighted the significant financial activities of Ouzinkie Native Corporation and its Subsidiaries from the Consolidated Financial Statements of December 31, 2009 and 2008.

**Legal Report:** No legal activities to report

**Koncor:**

John Sturgeon with Koncor gave a report on the timber markets and the re-forestation. He also announced the retirement of Will Haag who had been employed for a period of 28 years and introduced Keith Coulter who was recently hired to replace Will Haag.

Keith introduced his wife and they shared their educations and backgrounds. He encouraged hunters to be careful when using the ONC hunting trucks provided to the shareholders for hunting elk on Afognak. He suggested getting a map of the roads on Afognak and carrying spare communication radios.

**Katmai Government Services, LLC - SBA 8(a) Government Contracting:**

David Stephens has been employed for 4 year now as the CEO of KGS. David presented a slide show of Katmai Business Divisions, companies, locations of companies, what the companies do, and the growth and future prospects of the companies.

Laura Brewer explained the two intern one-year programs that are offered through KGS which is Internet Technology Intern and an Accounting Intern. This year Jeremy Clarion is doing the IT internship, and Roslyn Delgado is doing the Accounting Internship. Laura also reminded the shareholders about the skill set data base for shareholder hiring.

**Securities Report**

Phil Younker Jr., ONC's financial advisor, gave an annual update on ONC's portfolio.

**Kodiak Kenai Cable Company**

Carl Marrs shared his background and is currently the CEO for Old Harbor Native Corporation. He reported that they are currently looking at the possibility of getting a Micro-wave at Monashka Bay and Mt. St. Herman next spring to get cell phone service to Ouzinkie. For Port Lions they are going to try 2 dishes from Sharatin to Port Lions for service next fall. They will then look at Narrow Cape to Old Harbor. It will be awhile before such service is extended to Akhiok and Larsen Bay.

### **Fisheries Report**

Duncan Fields with Shoreside Consulting went over his report consisting of Marmot Bay Hard-on-Bottom Trawl Closure, Mid-Water (pelagic) trawling and Chinook By-catch in Marmot Bay, and Ouzinkie Community Holding Company. He also presented a list of the Fisheries goals and Objectives accomplished from 1992 to 2010.

**Motion 7:** Theodore Panamarioff Jr. moved 2<sup>nd</sup> by Howard Torsen to donate \$10,000 to the Alaska Standing Together PAC. **Motion Carried.**

### **ONC Operations Report**

CEO Michael O'Connor gave a report on the benefits of a shareholder which consist of death benefits, dividends, scholarships, discounted Era travel coupons. He also reported the organizations that ONC donates to for the benefit of shareholders.

### **2010 Election – Election Judges Report:**

Linda Getz announced the following results of the 2010 Election of Directors:

<b>Candidates</b>	<b>Votes</b>
Gene Anderson	17,792.33
Jackie F. Muller Sr.	18,107.40
Vickie Novak	13,578.21
Theodore W. Panamarioff Jr.	21,015.92
Fred M. Chernikoff III	724.98
Ernest Torsen	1,249.80
Willis Garner	210.00
Melodi Anderson	300.00
Earnest Torsen	489.99
Jennifer Torsen	328.80

*Jackie F. Muller Sr.*, *Gene Anderson* and *Theodore W. Panamarioff Jr.* receiving the highest number of votes will each serve three-year terms, expiring in the year 2013.

Chairman Jackie Muller Sr. expressed his appreciation to Vickie Novak for her term of service and welcomed Theodore W. Panamarioff Jr. to the board of directors.

Vickie Novak thanked everyone and expressed that she was honored to serve as a board of director for the past three years.

### **Shareholder Comments**

Janell Shanagin thanked the board for providing her a scholarship for her schooling.

Sophia Clarion asked about changing the number of shares required to run for the board of directors. ONC secretary Evelyn Mullan announced that there is a survey that will be going out in a few days to shareholders to see if they agree with the current policy of a minimum of 75 shares required to run for a board seat or if they disagree with the current policy.

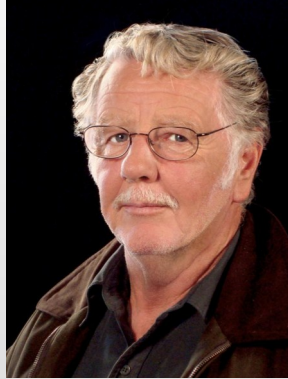
### **Adjournment:**

**Motion 8:** Evelyn Mullan moved that the Annual Meeting of Shareholders on October 15, 2010 be adjourned.

## *Directors Terms Expiring This Year*



Evelyn Mullan



James Skonberg Sr.



Howard Torsen

## *2010 Annual Shareholders Meeting*

