

April – June 2006 Quarterly Newsletter

Annual Meeting and Election Date Set

The 33rd Ouzinkie Native Corporation Annual Meeting of Shareholders will be held Friday September 22, 2006, scheduled for 10:00am at the Ouzinkie Cultural Center.

Notice of Deadline to Submit Statement of Intent

Any shareholder wishing to submit a statement of intent to run for the Board of Directors may do so by contacting the Ouzinkie ONC office to request the appropriate statement of intent form. Statements of intent must be received at the Ouzinkie ONC office by 4:00pm August 18, 2006 in order to be included in the ONC Annual Proxy Statement Materials. Contact the office at (907) 680 2208 or (800) 680 2208 if you have any questions about submitting a statement of intent.

All persons who duly submit a statement of intent shall be identified in the Corporation's proxy statement as candidates for election at the meeting of shareholders, and shall be listed on the Corporation's proxy form as candidates.

The Explanation of the Death Benefits Settlement Trust

To correct limited awareness and misconceptions about the Death Benefits program, the following information is provided.

In response to the financial hardship on families when an ONC shareholder passes away, the Ouzinkie Native Corporation (ONC) board of directors authorized the creation of an entity known as the **Death Benefits Settlement Trust**. The trust was established in 1993, and is a separate legal entity from ONC. The trust was amended on February 18, 2000 regarding eligibility requirements. All ONC shareholders of record on that date are eligible for the Death Benefit.

The Trust has its own Board of Trustees, currently consisting of 3 ONC directors and 2 community (Ouzinkie) members. The Trust provides a minimum Death Benefit of \$500 and maximum Death Benefit of \$25,000, depending on the number of shares of ONC stock held by the deceased shareholder at the time of his/her death. This Death Benefit is paid to the heir(s) and family members of shareholders meeting the February 18, 2000 eligibility requirement. However, if burial related expenses are requested to be paid by ONC directly to the service providers, such amounts will be deducted from the Death Benefit paid to beneficiaries. Death Benefits are not paid when a shareholder who *inherited* ONC shares *after* February 18, 2000 passes away.

When a shareholder passes away, the surviving family members are to contact ONC at either the Ouzinkie or Anchorage office to obtain Affidavit forms. The family members are to complete the Affidavits and return them along with Wills, etc., to ONC. The documents are then turned over to the Death Benefits Settlement Trust Board of Trustees. From these documents, the Trustees make the decision of paying the Death Benefit. *It is extremely important that shareholders have a Last Will and Testament* in order to speed the decision making process of the Trustees. Further, it is suggested the shareholders' *Last Wills and Testaments* identify the beneficiaries to receive the Death Benefit. Please note that **ONC Stock Wills** do *not* determine who will receive the Death Benefit, although such documents are taken into consideration by the Trustees. The Trustees have absolute discretion for the decision of paying the Death Benefit, not ONC.

Beginning January 1, 2006, the Trustees are allowed to deduct amounts owed by a deceased shareholder for fuel, groceries, etc., purchased on credit from ONC or its affiliates from the Death Benefit, as ONC funds this trust.

On a final note, taxes on Death Benefits paid to beneficiaries are the sole responsibility of the beneficiaries, not the Trust or ONC.

Condolences

The Ouzinkie Native Corporation Board and Staff would like to express their deepest sympathies to the family and friends of Floyd Anderson Sr.

Presidents Report

Investments in Securities

For the first half of 2006, ONC's portfolio of stocks and bonds increased nearly 4%. In recent months, the major markets have been very volatile reflecting persistent high oil prices, rising interest rates, and political concerns about Iran and North Korea's nuclear intentions.

Investments in Timber

During the Spring of 2006, Trans-Pac Alaska, LLP was harvesting timber on Afognak Native Corporation (ANC) lands, so ONC saw limited timber sales during the period. On the brighter side, Trans-Pac completed its 2006 harvest of timber on ANC lands in mid-June. For the remainder of 2006, Trans-Pac will be harvesting timber solely from ONC lands.

Trans-Pac Alaska is in the process of buying out its logging contractor, Whitestone Logging. This is viewed positively by ONC, as Whitestone's production efforts have been hampered by insufficient equipment and other factors. Trans-Pac has the capital needed to overcome such production problems.

Koncor forest Products Company continues to manage ONC's timber sale contract with Trans-Pac Alaska. Koncor continues to report no improvement in either timber prices or timber volumes.

ONC owns approximately 65% of Koncor.

Investments in Recreation

[O'Malley Ice Arena, LLC](#) - The ChangePoint Church group in Anchorage sought an appropriation from the State of Alaska in the 2006 Capital Spending Bill, and is pursuing low cost funds from a bond sale by the Alaska Industrial Development & Export Authority, which ChangePoint would use to develop a huge domed sports facility in Anchorage. The domed sports facility would have several indoor soccer fields, softball fields, and a 400 meter running track, so it would be in direct competition with the O'Malley Gardens. The management of the O'Malley Gardens, LLC is exploring options, because management believes it is improper policy for the State of Alaska, or a State agency, to provide public funds to build a facility that competes directly with a privately financed facility.

ONC owns 62% of O'Malley Gardens, LLC.

[Katmai Wilderness Lodge, LLC](#) - Although bookings for the 2006 season slightly trail bookings for the 2005 season, revenues are actually ahead of the 2005 pace, due to guests booking longer stays at the lodge. In July 2006, the lodge will take delivery of a new 30' aluminum landing craft type skiff, which will carry more guests and provide more "elbow room" than the 22' skiff it replaces.

ONC owns 80% of this business and it is listed For Sale.

Polaris Gaming Group - ONC continues to receive quarterly distributions from the Polaris Gaming Group and will continue to do so for another 3 and a half years. ONC received all of its investment in Polaris Gaming Group to the commencement of quarterly distributions from the Angel of the Winds Casino, developed for the Stillaguamish Tribe in Washington State.

ONC owns 22.05% of PGG.

Ouzinkie Log Cabins, Inc. - As reported previously, ONC decided to keep the log cabins and continue renting them out. Ouzinkie Log Cabins, Inc. is wholly owned by ONC.

Investments in Real Estate

Roseville (CA) Building - This building was sold at the end of March 2006. ONC's return on investment was very attractive and met the projections reported in the last Newsletter.

San Juan Capistrano (CA), LLC - This project is nearly ready for occupancy and consists of two Class A office buildings totaling about 105,000 square feet of rentable space. The developer in this project is [Mammoth Equities](#), which will become a tenant renting 15,000 square feet in this facility.

ONC owns 5% of this project.

Chandler (AZ) I, LLC - Mammoth Equities is developing a new 3-story Class A office building in Chandler, Arizona (a Phoenix suburb) consisting of 59,638 rentable square feet of space. The total development cost is expected to be about \$14.2 million. The ONC board decided to invest in this project.

ONC owns 7.5% of Chandler I, LLC.

Chandler (AZ) II, LLC - Mammoth Equities plans to develop a multi-use building consisting of 108,095 rentable square feet, which will also be located in Chandler, Arizona. The total development cost of this project is expected to be about \$20.5 million, and ONC is participating as an investor.

ONC owns 5% of Chandler II, LLC.

Platinum Building - Tenants are moving into this Class A office building in South Anchorage at this time. ONC will move in by July 20, 2006. The building is 82% leased at this time. The address of this building is at the top of this News Letter. ONC's Anchorage office phone and fax numbers have not changed, and are also at the top of this News Letter.

ONC owns 70% of this building.

Kenai Cottages, LLC - As of this writing, no lots have actually been sold yet, but earnest money agreements are being negotiated with potential buyers of two lots. There are 27 lots available in this newly created subdivision alongside the Kenai River adjacent to the old Wards Cove Cannery property near the mouth of the Kenai River.

ONC owns 50% of this property.

Wasilla Center Development, LLC - Four of the investors in WCD are licensed commercial real estate brokers and they continue to seek potential buyers for the 12.68 acre property. They have expanded their notification of professional site locators working for national chains in the "lower 48" that may want to expand into Alaska. Most of the property has been cleared of trees and the site will be leveled before the coming winter to make it more attractive to potential buyers.

ONC owns 25% of this property.

Investments in Services

ChemTrack, LLC - This environmental remediation services firm, based in Anchorage, bid on several projects around the State this spring and early summer. However, ChemTrack has had limited bidding success so far this year, but is hopeful about its prospects on other projects coming up for bid during the remainder of this year. In September, ChemTrack will be giving serious consideration to bidding construction projects in the Washington, D.C. area as an 8(a) certified contractor. If it does go forward in construction, it will likely do so with a construction management firm that already has experience in Washington, D.C. area construction.

ONC owns 51% of this business.

Kodiak Kenai Cable Company - A "ground breaking" ceremony will be held in Seward on July 17, 2006 where the marine cable laying portion of the fiber optic project will begin. The cable laying ship will be in Seward on that date. The "ground breaking" ceremony is designed to stimulate the public's awareness and interest in the coming availability of fiber optic technology to communities on the Kenai Peninsula and on Kodiak Island. The fiber optic cable will connect Seward to Kodiak, and Kodiak to Homer, Kenai, and Anchorage. Marine cable laying is expected to be complete by mid-October 2006 and the system is expected to be in service by mid-December 2006.

ONC owns 10% of this project.

International Logistics Support Corporation, LLC - Marketing efforts for ILSC's services, which include (but are not limited to) repairing flight data recorders and bubble memories, have been in full swing since 8(a) certification was received in March 2006. Contracting officers with the U.S. Dept. of Defense (DoD) at several military bases have been briefed on ILSC's capabilities. The Federal Government's budget cycle is October 1 to September 30. Although the end of the current federal budget cycle is nearing, it appears likely that ILSC will receive federal contracts prior to September 30. ILSC is even more optimistic about securing additional contracts in the 2007 federal budget cycle.

ONC owns 51% of ILSC.

Shareholder Birthdays

June

1 - Karen Foster
2 - Melodi Anderson, Chandra Cardno
3 - Robert Chernikoff

July

1 - Andrea Boskofsky
3 - Denise Ashwood, Althea Barone, Kathleen Subry
4 - Curtis Chernikoff

August

1 - Peter Chichenoff, Frances Thompson
2 - Katrina Boskofsky
3 - Dax Panamarioff

4 - Love Panamarioff, Katherine Panamarioff
5 - Janet Lestenkoff, Andrea Taylor, Rikki Torsen
6 - Brocklyn Wegdahl
8 - Caroline Elie, Viola Johnson, Donna Schmitz
9 - Philip Katelnikoff, Jordes Spellman
13 - Antoinette Rudick
16 - Norma Selanoff
18 - Donald Foster Jr.
19 - Howard Beans, Laura Boskofsky, Tim Panamarioff Sr.
20 - Martha Anderson
21 - Duke Delgado Jr.
23 - Martha Delgado
26 - Haakan T. Haakanson, Peter Shanagin
27 - Stanley Johansen, Darice Shoemake
28 - Peter Meads
29 - Darryl Friel, Earl Miller
30 - Lori Florence, Maressa Nelson

5 - Allen Boskofsky, Jodie Pahmeier
7 - Debra Stolle
8 - Arlene Oshel, Vicki Panamarioff
9 - Herman Squartsoff, Chris Opheim Jr.
11 - John Berndt
12 - Eric Ressel
13 - Stormy Panamarioff
15 - Jo Ann Torsen
16 - Leona Barfield, Steve Yagashoff
17 - Dora Pestrikoff, Shirley Wolkoff
18 - Renee Vail
20 - Roy Moe
21 - Gene Anderson
22 - Joyce Kuder, William F. Torsen
23 - Nadina Brown, Mary J. Schmidt, Tricia Squartsoff
26 - Lisa Chernikoff, Lita Ecklund, Nicolleen Hughs, Daniel J. Smith
28 - John Squartsoff
30 - Dorothy Morrison
31 - Chris Tweten

4 - Donna Dennis, Hawkan J. Haakanson
6 - Arthur Haakanson, Clinton Haakanson, David Pestrikoff
7 - Theresa Geditz
8 - Rhonda Moe
9 - Esther K. Chernikoff, Mary & Polly Katelnikoff
11 - Alice Lewis, Angela McKenzie, Trenton Nelson
12 - Audrey Holien
18 - Jackie Muller Sr., Jeanette Wesley
20 - Doneen Griggs, Teddy Panamarioff
21 - Jeanette Chernikoff
22 - Sophia Clarion
23 - Martha Flores
24 - Ken Anderson, Douglas Lohse
25 - Craig Opheim, Devin Skonberg
26 - Donna Cawley, Donna Dittmer, Lydia Lochard, Theresa Thompson
27 - Angeline Campfield
29 - Frederick Deveau Jr.
30 - Franklin Davis, Nicholas Pestrikoff Sr., Harold Squartsoff
31 - Roberta Kelly, Michael Smith