

July 2011

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SHAREHOLDER NEWS



KONIAG, INC.

VISION: CULTURAL PRIDE, CORPORATE EXCELLENCE. MISSION: TO SUSTAIN GROWTH AND PROVIDE INCREASING DIVIDENDS WHILE CELEBRATING COMMUNITY AND CULTURE.

KONIAG SHAREHOLDERS DECIDE FATE OF “LEFT-OUTS”

Koniag Shareholders will be presented with another opportunity to vote on issuing stock to those that were eligible for original enrollment to the Koniag Region, but for a variety of reasons, did not become enrolled by the deadline. The Board of Directors supported another Shareholder vote based on a request of Shareholders during the 2010 Annual Meeting.

These people have become known as the “Left-outs.” Although they were entitled to become Koniag Shareholders, they have not received any benefits. Their reasons for not getting their paperwork submitted in time varied and often had to do with actions beyond their control.

“For some of these people it was a mistake by the Bureau of Indian Affairs, others were adopted and only learned of their Alutiiq heritage later in life,” said Will Anderson, President and CEO of Koniag, Inc. “In a gesture of fairness and equity, the Board strongly feels these people deserve inclusion to the Koniag family.”

This vote came before the Koniag Shareholders in 2005, but requirements under ANCSA mandated that half of all outstanding shares support the measure. While the majority of the voting shares supported the measure to issue a new class of stock to these individuals, the votes did not meet the requirements under ANCSA and did not pass. In 2006, Congress amended ANCSA which now requires the majority

of the voting shares to pass.

“The Koniag Board and management saw strong support among Shareholders when it was brought before them in the 2005 proposition. The proposition failed due to the requirements of ANCSA at the time and we believe that these people should become Koniag Shareholders and receive the benefits they are entitled to,” Anderson said. “Given the changes Congress has made to the ANCSA rules, the Board understands the importance of giving Shareholders another opportunity to decide on the enrollment of the Left-outs.”

Koniag records indicate there are 24 individuals that qualify to receive Koniag stock. While the number of Shareholders would increase, the impact on Shareholder dividends would be minimal. Koniag Shareholders will receive a special edition newsletter next month that explains the “Left-outs” in more detail. @



CLARUS FLUID GROWS BUSINESS AND RELATIONSHIP WITH NAVY



PART OF THE KONIAG FAMILY OF COMPANIES

Clarus Fluid Intelligence (CFI) has developed rapidly as a company and this growth can be attributed to the quick acceptance by the U.S. Navy.

The Koniag subsidiary has worked with the Navy since 2002, initially providing fluid-reprocessing service. As the relationship grew, so did the work. CFI now specializes in lubrication and hydraulic system flushing operations for Navy ships and submarines, along with U.S. Coast Guard vessels.

All these vessel systems contain contamination, which means the lubrication and hydraulic systems on machinery has failed or will likely fail unless it's cleaned and restored. This service came about because CFI realized the Navy needed additional help in this area. The fluid-reprocessing sometimes still happens as a result of the flushing operations, but it's now secondary. During this time, CFI has become integral to Navy maintenance operations.

"The Navy has been relying on our core competency and they invite us to sit with them and help engineer solutions to the issues that they have because we have an advanced knowledge base and a fresh approach in technology and understanding," said Joe Koreis, CFI president and CEO.

Offered to Navy ships to diagnose root-cause lubrication problems, the services combine a strong understanding of the lubricant with an in-depth mechanical knowledge. The company's cutting-edge testing equipment analyzes oil contamination levels in real time during flushing operations, and its experienced technicians possess an intimate understanding of the lubricant conditions.

"We developed knowledge about better ways of cleaning the systems. We innovated many new techniques and procedures. In fact, some of them have become requirements written into the technical procedures where the Clarus Fluid Intelligence (CFI) has developed rapidly as a company and this growth can be attributed to the quick acceptance by the U.S. Navy.

The innovations and techniques all stemmed from the trust built between CFI and the Navy. After nearly a decade of providing successful solutions, CFI has formed a strong relationship with the agency.

"Trust has been built through extremely successful projects. Very challenging projects but with a high level of success," Koreis said.

With all of the great techniques and equipment CFI has, success would not be possible if it were not for the exceptional people



U.S. Navy photo by Photographer's mate 3rd class Jayme C. Pastoric.

U.S.S. John C. Stennis.

involved. The culture of CFI is one that develops a very high performance workforce with much emphasis on advancing the highest performance standards in the industry. As Koreis said "over half of our continuing training efforts is on non-work-related subjects that further develop our culture, the work related part is the easiest".

Clarus Fluid Intelligence is based in Bellingham, Wash. and is a Small Business Administration 8(a) certified company. CFI understands the advantages that come from being a part of the Koniag family of companies, more importantly, Koniag's responsibility to its Shareholders and Descendants.

"The support that Koniag has given to us from the beginning has really sustained us," Koreis said. @



The aircraft carrier USS Ronald Reagan and ships from the carrier strike group transit the Pacific Ocean during a 2011 training exercise.

PRESIDENT'S MESSAGE

BY WILL ANDERSON, PRESIDENT/CEO



We're excited summer is here and it is shaping up to be a busy season for Koniag – in Kodiak and throughout our family of companies.

I'm pleased to report that the Koniag Board of Directors, at its meeting in May, approved placing the "Left-outs" enrollment question before Koniag Shareholders at this year's annual meeting. This vote, if approved, would amend the Articles of Incorporation and

allow Koniag to issue a new class of stock to individuals who qualify to be Shareholders but did not get their original enrollment to the corporation in the early 1970s.

Surveys among Koniag Shareholders in the past consistently indicated Shareholders support the issuance of stock to qualified individuals.

The Board believes Koniag Shareholders will support the proposition at this year's annual meeting. Between now and when you receive your annual report and proxy statement, Koniag will send Shareholders additional information to ensure this complicated issue will be explained in the simplest terms so you can make an informed decision.

As we celebrate the 40-year anniversary of the Alaska Native Claims Settlement Act, it gives me pride that we may finally award these individuals the rights to which they are entitled.

This "Left-outs" proposition and election of Board members will take place at our annual meeting at the Dena'ina Center in Anchorage on October 8. You will note the meeting occurs roughly one month earlier than previous years. The Board of Directors moved the meeting in an effort to get the corporation's financial information in the hands of Shareholders as quickly as possible.

Koniag has made strides within our accounting department to ensure the audited financial material can be accurately and efficiently processed expediently so our Shareholders have the most current and relevant information when making decisions about the future direction of our corporation. It is our objective to maintain this schedule in future years.

We would like to see as many Shareholders as possible at the annual meeting. It occurs roughly a week before the Alaska Federation of Natives Convention which is also being held at the Dena'ina Center this year. 2011 is a big year for the Alaska Native community as we celebrate 40 years since the passage of ANCSA. Never before have our corporations been stronger financially or more committed to preserving our culture. I'm confident that with our ambitious growth targets and allegiance to our Core Values, Koniag's prosperity will continue to exceed expectations for the next 40 years.

Will Anderson
President/CEO

LEARN ALUTIIQ LANGUAGE ON YOUR SMART PHONE!

Learning the Alutiiq language is now made simple thanks to a new app for your smart phone. The Ag'waneq (Afognak) Language Program app is now available for download. The app was made possible by Native Village of Afognak in partnership with the Native Village of Port Lions with support from Afognak Native Corporation and in collaboration with the Alutiiq Museum.

DIRECTIONS

iPhone, iPad & iPod touch Apps

Visit the App store icon on your screen, search for gFlashPro (\$4.99), download gFlashPro, within the gWhiz catalog select "Search" type in "Alutiiq" to access available card sets, or visit iTunes: <http://ax.itunes.apple.com/us/app/gflashpro-flashcardstests/id297332787?mt=8#ls=1>

BlackBerry Apps

Visit Blackberry App World, search for gFlash Pro (\$4.99) Download gFlashPro, select "Search" type in "Alutiiq" to access available card sets, or visit Blackberry App World: <http://appworld.blackberry.co>



OUR CONDOLENCES

With deepest sympathy to the family members of our Shareholders

John Burnham
Timothy Farnan

Darryl Squartsoff
Mara Lukin

Peter Noya

Dorothy Pestrikoff



The Cape Alitak petroglyphs will be on display at the Alutiiq Museum until May 2012.

ANCIENT CARVINGS HELP BRING PAST TO LIFE

Artists hope their art creates an impression. Now, Sven Haakanson is taking it a step farther and creating impressions of the art. For 10 years, Haakanson, the executive director of the Alutiiq Museum, has been researching petroglyphs in Cape Alitak, located on the southern end of Kodiak.

Petroglyphs are carvings made into rocks – and Cape Alitak is an archeologist’s dream. Haakanson said in other locations in Alaska, petroglyphs have been taken from the site or destroyed, but most of the art remains intact at Cape Alitak. The rocks are rich with images of whales, fishes, faces and other figures, carved by Alutiiq ancestors.

“The Cape Alitak petroglyphs are the largest known cluster of stationary rock art in Alaska,” said Haakanson. “Until recently, they had never been systematically recorded.”

Since most people will never set foot in Cape Alitak, Haakanson decided to make the carvings more accessible. He and his team worked to record the petroglyphs that were made anywhere from 250 to 1,500 years ago. Last summer, the team documented the artwork with support from a National Park Service grant. The systematic process proved to be maddening since the carvings are beginning to fade from view because of wind and water erosion. But patience helped the archaeologists map, photograph and make rubbings of the petroglyphs for the museum.

“Our ancestors made these. It goes thousands of years, and we have this artwork surviving. This is our Picasso. This is our Rembrandt. They’re inspiration.”

- Sven Haakanson

Haakanson then recreated the petroglyphs for a new exhibit at the Alutiiq Museum. Recreating the petroglyphs proved to be more difficult than Haakanson thought, but he spent evenings and weekends dedicated to the task. Haakanson was forced to figure out how to create a petroglyph in the rock. After beginning to use a handheld rock and hammer, he substituted them for a chisel and pneumatic air pounder. When he perfected his technique, it took about two hours to recreate each petroglyph. He even invited his two daughters to help.

Now museum patrons are encouraged to touch and make their own rubbings of the full-scale petroglyph models.

“They are larger than most people realize. We also wanted our visitors to be able to interact with the petroglyphs. Most people can’t visit Cape Alitak, so we are bringing a flavor of the Cape and its Alutiiq artwork to Kodiak,” Haakanson said.

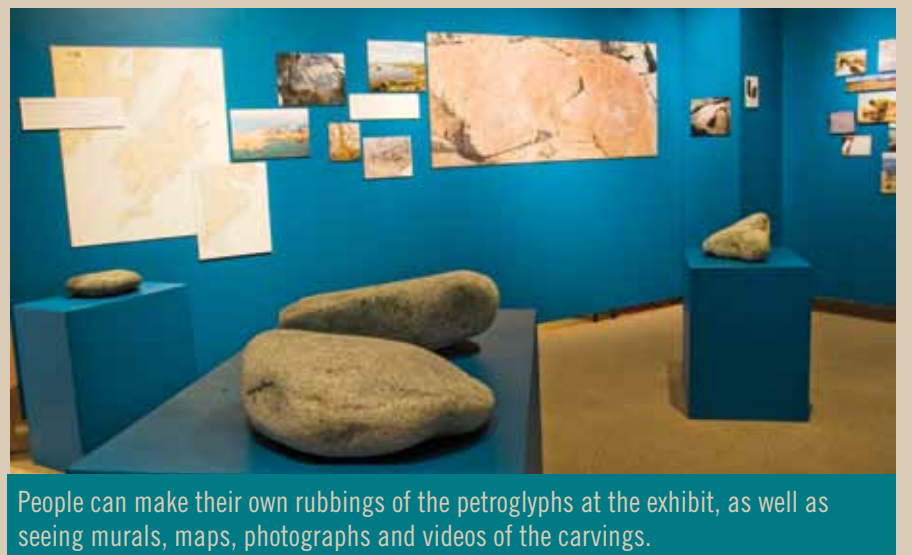


Alutiiq Museum Executive Director Sven Haakanson has spent 10 years studying petroglyphs in Cape Alitak.

The year-long exhibit is part of an ongoing project by Koniag, Inc. to preserve and study the culture. Along with the 12 replica petroglyphs, people can also examine murals, maps, photographs and video that helps to bring the carvings – and the past – to life. Petroglyphs also possess special meaning for Koniag since its icons are the primary images for its logo and other graphic components.

“Our ancestors made these. It goes thousands of years, and we have this artwork surviving. This is our Picasso. This is our Rembrandt. They’re an inspiration,” Haakanson said. “And a museum’s role is to inspire artists.”

The Cape Alitak petroglyphs will be on display at the Alutiiq Museum until May 2012. The National Park Service Tribal Historic Preservation Program and Ocean Beauty Seafoods are sponsoring the exhibit. @



People can make their own rubbings of the petroglyphs at the exhibit, as well as seeing murals, maps, photographs and videos of the carvings.

ANCHORAGE SHAREHOLDER PICNIC

Thanks to all of those who turned out for the 2011 Koniag Shareholder Picnic in Anchorage. The event was held July 9th at Goose Lake Park. It featured good food, good games and great fun! Over 250 Shareholders, Descendants, family and friends participated.



Tom Panamaroff and Terry Wolf



Children's Tug of War



Sack Race – Carleigh Flickinger with Andrea Squartsoff (Anchorage Shareholder Committee Member)



Will Anderson, Gordon Pullar Sr. and Perry Eaton



Marie Jones with Sue and Bill Jager



Staff: Tricia Hunter with daughter Paige Maroney and Alysha Johnson



Whipped Cream Feed



Tim Shugak

SHAREHOLDERS PLAY VITAL ROLE IN KONIAG COMMITTEES

Harold Squartsoff knows the importance of being on the Koniag Shareholder Committee. He's served on it before and is now halfway into his second two-year stint. The committees allow Koniag Shareholders to become involved in the corporation and maintain ties with the Kodiak region.

The Koniag Board of Directors formed the committees to increase communication between the corporation and the Shareholders. The quarterly Shareholder committee meetings are held in Anchorage, Kodiak and Seattle. During meetings, they identify and discuss issues of immediate and long-term importance to Shareholders. Topics range from financial review to cultural programs.

"The lands manager gave a presentation during the last meeting. Additional information is passed on from other Koniag employees to Shareholder committees, and we pass the information onto Shareholders in our community. If people have questions for us, we try to get that information from employees," Squartsoff said. "We try to spread information both ways."

The information discussed at the Shareholder committee meetings is also communicated to the Board of Directors by Jacqueline Madsen and Debbie Lukin. Squartsoff says he's noticed changes in procedures after committee meetings, helping set the course for Koniag.

"They see value in the questions and concerns shareholders and the committee has, and it gets to the board and they'll make changes on what they're doing," he said.

At a recent meeting of the Anchorage Shareholder Committee, members developed valuable recommendations on the information they would like to see in the Annual and Shareholder reports. Specifically, the committee recommended more detailed financial information on Koniag's operating companies, the investment strategies for these companies and how dividends are determined. The committee also recommended the information be presented in easy-to-understand language so Shareholders can adequately evaluate the information.

"These recommendations are precisely what we want to see from our Shareholder committees," said Will Anderson, president and CEO of Koniag. "We want to make sure our



Anchorage Shareholder Committee

Back row, Left-Right: Brian Kewan, Don Poulos, Bruce Robertson, Daryl Griggs, Holly Poulos, JoAnn Minor & Dave Minor (guest)

Front Row, left-right: Laurel Earl, Andrea Squartsoff, Michelle Vagner, Jacqueline Madsen, June Pardue, Laura Galliher

Shareholders clearly understand the direction of our corporation and these recommendations will help us provide the information in a format that accomplishes these goals."

Squartsoff is the retired director of an Indian Health Service program. His professional background helps him serve effectively on the Shareholder committee. He doesn't hesitate to say everyone should volunteer.

"Any Shareholder should be part of the committee at some point in time because it's a great experience to understand your corporation and what it's all about," Squartsoff said.

Each committee consists of up to 15 volunteers who are voting Shareholders or Koniag descendants. Those interested in volunteering for a committee or learning more about the program can contact Jacqueline Madsen via email. @

ANCHORAGE COMMITTEE MEMBERS

Crystal Boskofsky	Don Poulos
Louise Earl	Holly Poulos
Laura Galliher	Bruce Robertson
Daryl Griggs	Andrea Squartsoff
Amber Jenkins	Harold Squartsoff
Brian Kewan	Michelle Vagner
Vicki Kleuver	Dwayne Young
June Pardue	

SHAREHOLDER UPDATES

NEW DESCENDANTS

James Richardson, II
 Jesse Nakasone
 Calvin McCarthy
 Tamara Swenson
 Jesse Drebin
 Jordan Drebin
 Leah Drebin
 Robert Bergmann, Jr.
 Janeen Kairaiuak
 Danielle Ackerman

Ann Hart
 Shaunna Squartsoff-Kramer
 Samantha Matthews
 Victoria Anderson
 Coltan Harris
 Courtney-Jay Knowles
 Albert Pagitt
 Erin Pippett
 Ashleigh Sharp

NEW SHAREHOLDERS

Theresa Vick
 Mariah Leavitt
 Ryan Percy
 Dennis Eluska
 Triston Simeonoff
 Dana Kewan

KONIAG'S DEVELOPMENT PROGRAM HELPS WITH JOB TRAINING



Roy Elie-Wolkoff is a general maintenance technician for CH2M Hill.

Duane Garner attended the CH2M Hill training camp held at the SAVEC campus in King Salmon, Alaska.

Getting a job on the North Slope with an oil and gas company is a competitive process. Hundreds of people apply for a limited number of positions, so Koniag helps Shareholders and descendants with training to gain an advantage against other applicants.

“Many North Slope jobs only require technical training yet pay exceptionally well,” said Koniag President Will Anderson. “And the shift schedule works well for village residents.”

CH2M Hill holds training camps annually. For the past couple of years Koniag, Afognak Native Corp., Sun’aq Tribe of Kodiak and the Kodiak Area Native Corporation (KANA) have assisted in recruiting applicants for the program. Only 20 people were accepted into the April training camp held at the SAVEC campus in King Salmon, Alaska, including three Koniag Shareholders and descendants.

“Safety is the priority on the North Slope, so other people don’t have the same fundamentals that we have, but we had great guidelines and what to expect”

- Dwayne Gundersen



Dwayne Gundersen (left) and Duane Garner (right) learned about safety and scaffolding at the training.

Shareholders and Descendants Dwayne Gundersen, Roy Elie-Wolkoff and Duane Garner were part of the three-week training and have recently started working for CH2M Hill. All three participants have been hired as general maintenance technicians.

During the training, they learned about scaffolding and safety – two important aspects of their jobs. They know how instrumental the training was in obtaining their jobs.

“Safety is the priority on the North Slope, so other people don’t have the same fundamentals that we have, but we had great guidelines and what to expect,” Gundersen said.

Gundersen is grateful for the opportunity offered by Koniag and takes pride in representing the Native corporation.

Koniag provided sponsorship for Shareholders and descendants for the training. They also encourage interested applicants to obtain funding assistance through the Koniag Education Foundation (KEF), which has limited funds for Career Development Scholarships; their respective tribal council and village corporation; and KANA. @



From (left) Kenneth Millard, George Andrew, Dwayne Gundersen, Duane Garner, Keanu Lestenkof, Ryan Kimball (CH2M Hill Instructor), Wendy Hansen and Myrna Hill.

July 2011

KONIAG, INC.

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Perry Eaton, Director
Lois Fields, Director
M. Brent Parsons, Director
Conrad Peterson, Director
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KONIAG CALENDAR OF EVENTS 2011

Koniag, Inc. appreciates feedback from Shareholders and strives to hold regular meetings in various communities throughout the year. Those meetings are included in the following calendar. More information can be found at www.Koniag.com.

DATE	TIME	EVENT	LOCATION
July 28-30		KI Board Meeting	Koniag Board Room, Kodiak, AK
August 6	10 a.m. – 2 p.m.	Anchorage Shareholder Committee Mtg.	KDC Board Room, Anchorage, AK
August 14	12 p.m. – 3 p.m.	Kodiak Shareholder Picnic	Ft. Abercrombie, Miller Point, Kodiak, AK
August 20	12 p.m. – 3 p.m.	Kenai-Soldotna Informational Mtg.	Soldotna Sports Center, 538 Arena Drive, Soldotna, AK
August 27	11 a.m. – 2 p.m.	Seattle Informational Mtg.	Cedarbrook Lodge, 18525 36th Avenue South, Seattle, WA
September 5		Labor Day Holiday	Offices Closed
September 8	8:30 a.m. – 4 p.m.	Fall Roundtable	Koniag Board Room, Kodiak, AK
September 10	10 a.m. – 2 p.m.	Seattle Shareholder Committee Mtg.	TBA, Seattle, WA
September 11	12 p.m. – 3 p.m.	Seattle Shareholder Picnic	Carkeek Park, Group Shelter #1, Seattle, WA
September 13	12 p.m. – 2 p.m.	Akhiok Informational Mtg.	School
September 13	5 p.m. – 7 p.m.	Old Harbor Informational Mtg.	Sitkalidak Lodge
September 14	5 p.m. – 7 p.m.	Ouzinkie Informational Mtg.	Cultural Center
September 17	11 a.m. – 2 p.m.	Oakland Informational Mtg.	Hilton Garden Inn, 510 Lewelling Blvd., San Leandro, CA
September 18	12 p.m. – 2 p.m.	Portland Informational Mtg.	Embassy Suites Portland (Airport), 7900 NE 82nd Ave, Portland, OR
September 21	5 p.m. – 7 p.m.	Larsen Bay Informational Mtg.	Larsen Bay Tribal Council Building
September 22	5 p.m. – 7 p.m.	Port Lions Informational Mtg.	Native Village of Port Lions Tribal Building
September 24	11 a.m. – 2 p.m.	Kodiak Informational Mtg.	Koniag Building, 194 Alimaq Dr., Kodiak, AK
October 7		KI Board Meeting	KDC Board Room, Anchorage
October 8	9:30 a.m.	Koniag Annual Meeting	Dena'ina Civic & Convention Center, 600 W 7th Ave, Anchorage, AK
October 18		Alaska Day Holiday	Offices Closed
October 17-22		Alaska Federation of Natives (AFN) Conference	Anchorage
October 23-24		KI Board Meeting	KDC Board Room, Anchorage
October 26	5:30 p.m. - 8:00 p.m.	Kodiak Shareholder Committee Mtg. (tent.)	Koniag Board Room
October 29	10 a.m. – 2 p.m.	Anchorage Shareholder Committee Mtg. (tent.)	KDC Board Room, Anchorage
November 5	10 a.m. – 2 p.m.	Seattle Shareholder Committee Mtg. (tent.)	TBA, Seattle, WA
November 11		Veterans Day Holiday	Offices Closed
November 24-25		Thanksgiving Holiday	Offices Closed
December 2-3		KI Board Meeting	TBA
December 10	TBA	Anchorage Shareholder Christmas Party (tent.)	TBA
December 26		Christmas Holiday Observed	Offices Closed