

JOINT PROXY STATEMENT

Koniag, Inc.
P.O. Box 746
Kodiak, AK 99615

Afognak Native Corp.
P.O. Box 14
Kodiak, AK 99615

Akhiok-Kaguyak, Inc.
Akhiok Rural Station
Akhiok, AK 99615

Karluk Native Corp.
P.O. Box 2682
Kodiak, AK 99615

Leisnoi, Inc.
P.O. Box 641
Kodiak, AK 99615

Nu-Nachk-Pit, Inc.
Larsen Bay
Alaska 99624

Old Harbor Native Corp.
P.O. Box 35
Old Harbor, AK 99643

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INTRODUCTION

The Boards of Directors of Koniag, Inc., and of the village corporations, Afognak Native Corp., Akhiok-Kaguyak, Inc., Karluk Native Corp., Leisnoi, Inc., Nu-Nachk-Pit, Inc. and Old Harbor Native Corp. (merging village corporations), are soliciting proxies for use at the upcoming annual or special meetings of their stockholders. At these meetings, you the stockholders will vote on a plan to merge Koniag, Inc. and the merging village corporations into one corporation, called Koniag, Inc., and at the Koniag Annual Meeting you will elect four new Koniag, Inc. directors. This proxy statement and the attached financial packet has information to help you decide how to vote on these important issues. At least half of all the stockholders of Koniag and of each merging village corporation must vote yes on merger before any village corporation can merge under the plan. It is important to vote. If you do not vote, by proxy or in person, you will be counted as voting against merger.

Attached are a proxy for your shares in Koniag, Inc., and, if you are a shareholder in Afognak Native Corp., Akhiok-Kaguyak, Inc., Karluk Native Corp., Leisnoi, Inc., Nu-Nachk-Pit, Inc., or Old Harbor Native Corp., a proxy for your shares in that corporation. Please complete, date and sign the proxy or proxies and return them in the enclosed envelopes as soon as possible. For Koniag, Inc. and all village corporations but Afognak Native Corporation, a proxy must be physically received before 5:00-p.m. on December 1, 1980, at Coopers and Lybrand, 430 West Seventh Avenue, Anchorage, Alaska, 99501, to be effective. Proxies for shares in Afognak Native Corporation must be physically received by Coopers and Lybrand in Anchorage before 5:00 p.m. on December 1, 1980 or physically delivered to Coopers and Lybrand representatives in Kodiak before the vote is taken.

A. Stockholder Meetings

The annual or special meetings will be held as follows:

Koniag, Inc. (annual meeting)	Date: 12/6/80 Time: 10:00 a.m. Place: Elks Club, Kodiak, Alaska
Afognak Native Corporation (special meeting to vote on merger)	Date: 12/4/80 Time: 10:00 a.m. Place: Elks Club, Kodiak, Alaska
Akhiok-Kaguyak, Inc. (special meeting to vote on merger)	Date: 12/4/80 Time: 10:00 a.m. Place: Elks Club, Kodiak, Alaska
Karluk Native Corporation (special meeting to vote on merger)	Date: 12/4/80 Time: 10:00 a.m. Place: Elks Club, Kodiak, Alaska
Leisnoi, Inc. (special meeting to vote on merger)	Date: 12/4/80 Time: 10:00 a.m. Place: Elks Club, Kodiak, Alaska
Nu-Nachk-Pit, Inc. (special meeting to vote on merger)	Date: 12/4/80 Time: 10:00 a.m. Place: Elks Club, Kodiak, Alaska
Old Harbor Native Corporation (special meeting to vote on merger)	Date: 12/4/80 Time: 10:00 a.m. Place: Elks Club, Kodiak, Alaska

B. The Merger Plan

Merger is the combination of two or more corporations into one of those corporations, called the surviving corporation. The surviving corporation acquires the assets and assumes the liabilities of the merging corporations, and the separate corporate forms of the merging corporations end. The Alaska Native Claims Settlement Act (hereafter "ANCSA") and the Alaska Business Corporation Act govern mergers among Alaska Native corporations.

You will find the official plan of merger attached as Appendix A. Its major points are explained below.

Transfer of Assets and Liabilities to Koniag, Inc.

The plan of merger provides that, in exchange for new Koniag, Inc. stock issued to the shareholders of the merging village corporations, those corporations will transfer all their assets and liabilities to Koniag, Inc. except as described below.

Land

Up to ten acres of land per enrollee will be reserved by the merging village corporation and transferred to a village IRA council or other new village organization. The new village organization can hold this land or distribute it to its shareholders as it sees fit. The maximum acreage to be reserved for the new village organization is as follows:

Afognak Native Corp.	5,140 acres	
Akhiok-Kaguyak, Inc.	1,470 acres	
Karluk Native Corp.	<u>1,860 acres</u>	186 : \$35,340
Leisnoi, Inc.	2,960 acres	~
Nu-Nachk-Pit, Inc.	<u>2,030 acres</u>	203 : \$39,570
Old Harbor Native Corp.	3,350 acres	~

Money

The plan of merger provides that the merging village corporations will reserve Alaska Native Fund money received after June 30, 1980, and before merger. Most of this money would be distributed by Koniag, Inc. directly to shareholders as soon as possible after the merger is effective. The remainder would be distributed to the new village organization for operational expenses.

<u>Corporation</u>	<u>Direct Distribution to Shareholders</u>	<u>Approximate Amount Distributed to New Village Organization*</u>
Afognak Native Corporation	\$2,100/100 shares	\$97,660
Akhiok-Kaguyak, Inc.	\$2,100/100 shares	\$27,930
Karluk Native Corporation	\$2,100/10 shares**	\$35,340
Leisnoi, Inc.	\$2,100/10 shares**	\$56,240
Nu-Nachk-Pit, Inc.	\$2,100/10 shares**	\$38,570
Old Harbor Native Corporation	\$2,100/100 shares	\$63,650

*Based on the September 30, 1980 Alaska Native Fund distribution, calculated at \$190 per enrollee.

**These corporations authorized only ten shares per original shareholder instead of 100.

WHO APPROVES THE MERGER?

The Boards of Directors have approved this plan and recommend it to you, the shareholders, for approval. The holders of more than half of the shares of each of the corporations must vote for merger for it to happen.

WHAT HAPPENS TO THE MERGING VILLAGE CORPORATIONS?

At the effective date of merger (when the State of Alaska issues the Certificate of Merger), the village corporations in the merger would be merged with Koniag, Inc., and would no longer exist as separate corporations. All their assets, liabilities, rights and obligations, except the land and money described above, would be acquired or assumed by Koniag, Inc., the surviving corporation.

WHAT HAPPENS TO KONIAG, INC.?

Koniag, Inc., on the effective date of the merger, as the surviving corporation, would acquire the assets and resources of the village corporations which approve the merger, and assume their liabilities and obligations, including any obligations to make ANCSA 14(c) conveyances

on transferred lands, to pay debts, and the like. Koniag would acquire rights or title to about 789,610 acres of land if each village corporation approves merger. The Board will remain at 13 at-large members.

WHAT HAPPENS TO EXISTING STOCK IN KONIAG, INC.?

There would not be any change in the voting or distribution rights of Class A or Class B shares now held by Koniag, Inc. shareholders. Because there would be more shares of Koniag, Inc. outstanding after merger, the voting power of each existing share, and the percentage of ownership of Koniag, Inc. each share represents, would be lessened to some extent by the merger. However, Koniag, Inc. would become a much larger corporation after consolidation of the assets of the village corporations. There is no guarantee or representation that a share in Koniag, Inc. would increase in value as a result of the merger. However, management believes that the shareholders of Koniag, Inc. will benefit from the merger.

WHAT HAPPENS TO STOCK IN AFOGNAK NATIVE CORP., AKHIOK-KAGUYAK, INC., KARLUK NATIVE CORP., LEISNOI, INC., NU-NACHK-PIT, INC., AND OLD HARBOR NATIVE CORP.?

On the effective date of merger, the shares of village corporations which approve merger would be automatically exchanged for new shares in Koniag, Inc. New certificates would be issued. The table below shows how many shares would be issued to each shareholder, and the total shares issued, if merger is approved.

<u>Corporation</u>	<u>Existing Shares for Koniag, Inc. Shares</u>	<u>Total New Koniag, Inc. Shares</u>
Afognak Native Corp.	100 for 100	51,400
Akhiok-Kaguyak, Inc.	100 for 100	14,700
Karluk Native Corp.	10* for 100	18,600
Leisnoi, Inc.	10* for 100	29,600
Nu-Nachk-Pit, Inc.	10* for 100	20,300
Old Harbor Native Corp.	100 for 100	<u>33,500</u>
		168,100

*These corporations authorized only ten shares per original shareholder instead of 100.

The new shares of Koniag, Inc. stock issued in exchange for merging village stock would be Class B stock. Owners of Class B stock, like the at-large shareholders who now hold Class B stock, are entitled to direct distribution of Alaska Native Fund and 7(i) moneys, in addition to dividends, if any, received by all Koniag, Inc. shareholders. Class B shares have the same voting rights as Class A shares. These new shares, like existing Koniag shares, would not have any pre-emptive rights (rights of first refusal on new shares).

Koniag, Inc. would issue these shares of Class B stock to village corporation shareholders in consideration for their shares in the merging village corporations. Each village corporation has different assets and liabilities, and each village corporation has a different number of shareholders. The Boards of Directors of Koniag, Inc., Afognak Native Corp., Akhiok-Kaguyak, Inc., Karluk Native Corp., Leisnoi, Inc., Nu-Nachk-Pit, Inc., and Old Harbor Native Corp., believe that the terms of the merger are fair. However, the Boards have not attempted to put a value on either the Koniag shares or the village corporation shares, nor has any independent third party been requested to do so. Therefore, it is not known whether each village corporation's shares are equal in value to the Koniag shares, land and money given in exchange, or whether the consideration Koniag receives from any village corporation is equivalent to that received from any other. This proxy statement has information on all the merging corporations to help you evaluate the merger for yourself. Financial data on the merging corporations is included as Appendix B.

C. How Does Merger Affect You As A Shareholder?

If you own Koniag, Inc. stock and merging village corporation stock, and if merger is approved,

You would receive:

- (a) 100 shares of Koniag, Inc. Class B stock (in addition to 100 shares of Koniag, Inc. Class A stock you already own).*
- (b) \$2,100* upon merger and later direct distribution of other Alaska Native Fund and 7(i) moneys.
- (c) Greater shareholder control over Koniag, Inc. affairs.

*Calculations based on your owning 100 shares of Afognak Native Corp., Akhiok-Kaguyak, Inc. or Old Harbor Native Corp.; or 10 shares of Karluk Native Corp., Leisnoi, Inc., or Nu-Nachk-Pit, Inc.

You would give up:

- (a) Your shares in your village corporation (it would no longer exist).
- (b) Shareholder control of village corporation affairs and of most village corporation lands.

Your new village organization would receive:

- (a) Up to ten acres per shareholder.
- (b) The right to withhold consent to mineral exploration, development and removal within the boundaries of the received land.
- (c) Alaska Native Fund moneys received after June 30, 1980 and before merger and not distributed directly to you.

If you own Koniag, Inc. stock only (Class B shares), and if merger is approved,

You would receive:

- (a) A proportionate share, through Koniag, Inc., in the assets and liabilities of the merging village corporations. Your percentage ownership interest in Koniag, Inc. after merger would be less than your percentage ownership in Koniag before merger. Koniag would, however, be a larger, stronger corporation.

You would retain:

- (a) All voting and dividend rights in your Koniag stock.
- (b) All rights to distributions under the Alaska Native Fund and Section 7(i) of the Alaska Native Claims Settlement Act.

If you own Koniag, Inc. stock (Class A) and non-merging village corporation stock, if merger is approved,

You would receive:

(a) A proportionate share, through Koniag, Inc., of the assets and liabilities of the merging village corporations. Your percentage ownership in Koniag, Inc. after merger would be less than your percentage ownership before merger. However, Koniag would be a larger, stronger corporation.

You would retain:

- (a) All voting and dividend rights in Koniag, Inc.
- (b) All shares in your non-merging village corporation.

D. Why Merge?

Merger is not a new idea. Koniag, Inc. and the village corporations have discussed it for some time. In 1976, Congress amended ANCSA to provide specifically for merger of Native corporations. The NANA Regional Corporation and all its village corporations (except one) merged in 1976. Just this year, Ahtna Regional Corporation and all its village corporations (except one) merged. Both plans of merger differed from this one. Several village corporations throughout the state have also merged, including Akhiok, Inc. and Kaguyak, Inc.; and Natives of Afognak, Inc. and Port Lions Native Corp.

The Boards of Directors of Koniag, Inc., Afognak Native Corp., Akhiok-Kaguyak, Inc., Karluk Native Corp., Leisnoi, Inc., Nu-Nachk-Pit, Inc., and Old Harbor Native Corp., believe that the common interests of their shareholders will be best served by merger for several reasons.

First, by consolidation of land and financial resources, the new merged corporation will have greater opportunities to manage those consolidated resources for the benefit of the shareholders. As shown by the maps following page 17 of this statement, land holdings now are divided among Koniag, Inc. and the village corporations. If merger is approved, the new corporation will own all the lands and land rights now owned by the merging village corporations (except the ten acres per shareholder held by the new village organizations). This land, totaling about 789,610 acres, includes valuable timber land. Koniag will also acquire the merging village corporations' investments and ownership in businesses. Remember also that the new corporation will acquire the merging village corporations' liabilities. Although there is no guarantee of profits and dividends, the Boards of Directors of Koniag, Inc., Afognak Native Corp., Akhiok-Kaguyak, Inc., Karluk Native Corp., Leisnoi, Inc., Nu-Nachk-Pit, Inc., and Old Harbor Native Corp., believe that the opportunities for success will be much greater for the larger consolidated corporation. (See the pro forma combined summary of operations and the pro forma combined balance sheet in Appendix B.)

Second, by merger, the new larger corporation will be able to consolidate management efforts and reduce administrative burdens. Now, Koniag, Inc. and each of the merging village corporations have their own Boards of Directors, officers, accountants, lawyers, and other paid staff. In some cases the separate management staffs are very costly. By merging, the new larger corporation will have one management staff. The Boards of Directors of Koniag, Inc. and the merging village corporations believe that a consolidated management effort will be more efficient in providing good management for our shareholders' assets.

Finally, as Natives with a common interest, we must look to the future. Under certain terms of ANCSA, Native corporations receive various advantages and protections not available to other profit corporations. Undeveloped Native lands are not subject to real property tax until January 1, 1992 under current law. Stock in Native corporations cannot be sold to outsiders or put on the market until January 1, 1992.

These protections expire in 1992 and Native corporations will be treated like other profit corporations. The Boards of Directors of Koniag, Inc. and the merging village corporations believe that now is the time for preparing for the future. The Boards believe that by consolidating our assets and our efforts now, the new merged corporation will be best able to handle the additional burdens which will be imposed in 1992 and thereafter. (There is pending in Congress proposed legislation which will alter these laws. See Section J for further discussion of these proposed amendments.)

These are some of the reasons why the Boards of Directors of Koniag, Inc. and the merging village corporations believe that merger is the right thing to do.

Please read this entire statement very carefully and make your own decision. If you agree that merger is the right thing to do, be sure to sign and date the enclosed proxy or proxies and return it (or them) as quickly as possible. REMEMBER, IF YOU DO NOT SIGN A PROXY AND YOU DO NOT ATTEND THE KONIAG ANNUAL OR YOUR VILLAGE CORPORATION SPECIAL MEETING, YOU WILL BE COUNTED AS VOTING AGAINST THE MERGER.

E. Subsistence Use of Koniag, Inc. Lands

At the Koniag, Inc. Board of Directors Meeting at which the plan of merger was approved, the Koniag Board also adopted a policy recognizing the interest of Koniag shareholders in continued subsistence use of lands now owned by Koniag, Inc. or to be received by Koniag as a result of the merger. The Board resolved to consider such subsistence uses prior to taking any action for disposal or other use of Koniag, Inc. lands.

F. How Does The Merger Come About?

The Boards of Directors of Koniag, Inc., Afognak Native Corp., Akhiok-Kaguyak, Inc., Karluk Native Corp., Leisnoi, Inc., Nu-Nachk-Pit, Inc., and Old Harbor Native Corp., have approved the plan of merger. It must now be voted on by the shareholders of each corporation, at its annual or special meeting. All shareholders are entitled to vote, including non-Native shareholders who inherited shares.

AT EACH MEETING, THE MERGER MUST BE APPROVED BY THE HOLDERS OF MORE THAN HALF OF ALL THE SHARES IN THE CORPORATION TO BE EFFECTIVE.

This means that approval is required from more than half of all shareholders, not just those who give proxies or vote at the meeting. If you do not vote, you will be counted as voting against the merger.

If the shareholders of Afognak Native Corp., Akhiok-Kaguyak, Inc., Karluk Native Corp., Leisnoi, Inc., Nu-Nachk-Pit, Inc., Old Harbor Native Corp., and Koniag, Inc., approve the merger, it will become effective as soon as the merger documents are filed with and approved by the State of Alaska. If Koniag, Inc. shareholders do not approve the merger, it will not happen. If Koniag, Inc. shareholders and the shareholders of any merging village corporation approve the merger, even if other merging village corporation shareholders do not approve it, the merger will become effective as to Koniag, Inc. and the approving village corporation. At any time a Board of Directors may vote to abandon the merger before it becomes effective. The merger also amends the Koniag, Inc. Articles of Incorporation to conform to the merger.

If you are a shareholder in Koniag, Inc. and in one of the village corporations seeking to merge, you can vote at both meetings, in person or by proxy. You may vote your shares different ways. For example, if you favor merger for Koniag, Inc. and the other merging village corporations, but do not favor it for your village corporation, you can vote "yes" on your Koniag proxy and "no" on your village corporation proxy.

The shares outstanding in each corporation are:

	<u>Number of Shares</u>	<u>Number Needed to Approve Merger</u>
Koniag, Inc.	333,100	166,551
Afognak Native Corporation	51,400	25,701
Akhiok-Kaguyak, Inc.	14,700	7,351
Karluk Native Corporation	1,860	931
Leisnoi, Inc.	2,960	1,481
Nu-Nachk-Pit, Inc.	2,030	1,016
Old Harbor Native Corporation	33,500	16,751

The record date for Koniag, Inc., when the shareholder rolls closed was October 20, 1980.

G. Common Directors--Potential Conflict of Interest

Some members of the Board of Directors of Koniag, Inc. are also members of the Boards of Directors of the merging village corporations. They voted on the question of merger at their village corporations' Board of Directors meetings and at the Koniag, Inc. Board of Directors meeting. Prior to the vote on merger at the Koniag, Inc. Board of Directors meeting, the Directors discussed the potential conflict of interest of those members. The Koniag, Inc. Board members who are also members of the Boards of Directors of the merging village corporations, and their votes are listed below:

1. Karl Armstrong, Leisnoi, Inc., voted for merger as a Leisnoi, Inc. Director, and voted for merger as a Koniag, Inc. Director. Mr. Armstrong is also the Executive Vice President of Koniag, Inc.

2. Sven Haakanson, Old Harbor Native Corp., voted for merger as an Old Harbor Native Corp. Director, and voted for merger as a Koniag, Inc. Director.

3. Allen Panamaroff, Karluk Native Corp., voted for merger as a Director of Karluk Native Corp., and voted for merger as a Koniag, Inc. Director.

4. Richard Wamser, Afognak Native Corp., voted against merger as a Director of Afognak Native Corp., and voted for merger as a Director of Koniag, Inc.

5. Jack Wick, Nu-Nachk-Pit, Inc., voted for merger as a Nu-Nachk-Pit, Inc. Director, and voted for merger as a Koniag, Inc. Director.

Certain directors of merging village corporations are also employees of Koniag, Inc. In addition to Karl Armstrong, Executive Vice President of Koniag, Inc., mentioned above, these directors are:

Carlene Mahle, Director of Leisnoi, Inc., and Senior Accountant for Koniag, Inc., who voted for merger.

Gene Sundberg, Director of Afognak Native Corp. and Vice President for Lands of Koniag, Inc., who voted for merger.

Marie Unger, Director of Leisnoi, Inc., and Executive Assistant of Koniag, Inc., who voted for merger.

The Koniag, Inc. Board (13 members) voted unanimously (12-0) to approve the merger. The Afognak Native Corp. Board (9 members) voted 6 to 2 to approve the merger. The Akhiok-Kaguyak, Inc. Board (7 members) voted 7 to 0 to approve merger. The Karluk Native Corp. Board (9 members) voted 6 to 1 to approve merger. The Leisnoi, Inc. Board (9 members) voted 9 to 0 to approve the merger. The Nu-Nachk-Pit, Inc. Board (9 members) voted 7 to 0 to approve the merger. The Old Harbor Native Corp. Board (9 members) voted 5 to 0 to approve the merger.

H. Proxies and Voting

On your proxy you will see a place to vote for or against merger. The Boards of Directors of Koniag, Inc., Afognak Native Corp., Akhiok-Kaguyak, Inc., Karluk Native Corp., Leisnoi, Inc., Nu-Nachk-Pit, Inc., and Old Harbor Native Corp., urge you to vote for merger on the proxy even if you plan to come to the annual meeting. Remember to date, sign and return your proxy to Coopers and Lybrand in Anchorage on or before 5:00 p.m., December 1, 1980 (or to Coopers and Lybrand in Kodiak prior to the special meeting on December 4 if you are an Afognak Native Corporation shareholder).

You may revoke a proxy you returned to a village corporation by, before the vote is taken notifying the village corporation in writing, or signing a subsequent proxy before 5:00 p.m., December 1, 1980, or attending the annual meeting and notifying the person registering stockholders that you wish to revoke your proxy.

You may revoke a proxy you returned to Koniag, Inc. before the vote is taken by notifying Koniag, Inc., P.O. Box 746, Kodiak, Alaska, 99615, in writing, or signing a subsequent proxy before 5:00 p.m., December 1, 1980, or attending the annual meeting and notifying the person registering stockholders that you wish to revoke your proxy.

If you revoke your proxy, you may vote your shares in person at the annual meeting. All proxies properly executed and received prior to the cut-off date, and not revoked, will be voted as indicated on the proxy. FAILURE TO VOTE IS A VOTE AGAINST MERGER.

Cumulative Rights

When voting for Koniag directors, each shareholder has the number of votes equal to the number of shares owned times the number of directors to be elected. Four directors will be elected at the Koniag Annual Meeting on November 15, 1980. If you own 100 shares of Koniag, Inc., for example, you have 400 votes for director. With cumulative voting, you may cast your votes all for one person, or distribute them among as many candidates as you wish, in the amounts you wish. This method of voting was designed to protect the interests of minority shareholders. A proxy should indicate whether you give the proxy the authority to cumulate your votes.

I. Dissenter's Rights

Under Section 30 (b) of ANCSA, any rights accorded under Alaska law to dissenting shareholders in a merger may not be exercised in any merger effected before December 19, 1991. (Alaska law provides dissenting shareholders in other merging non-Native corporations with the right to force sale of their shares.)

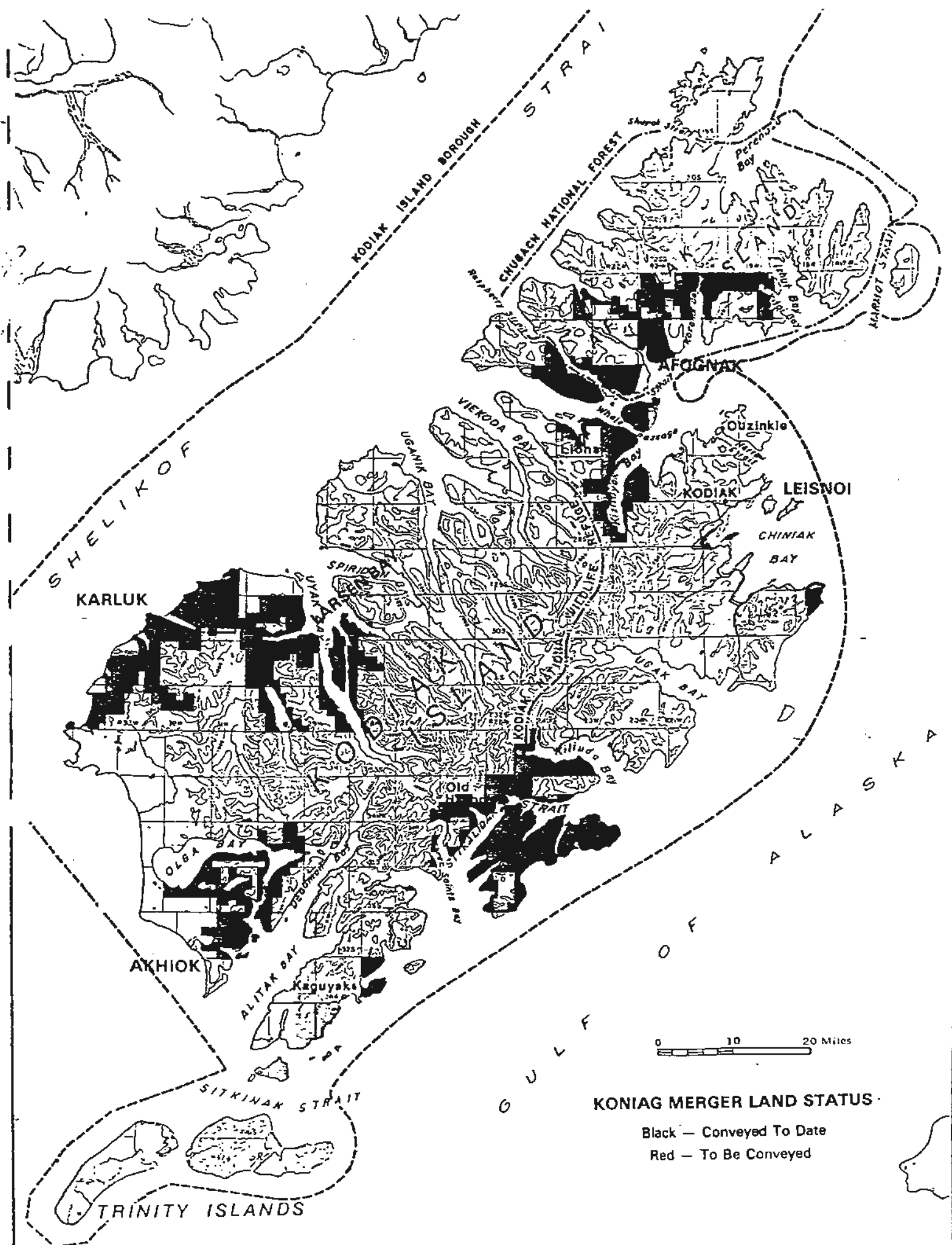
J. ANCSA and Merger

ANCSA, which became law on December 18, 1971, provided for a settlement of all aboriginal land claims by Alaska Natives. ANCSA was amended by Congress several times in the past and may be amended again.

Koniag, Inc. and the village corporations in the Koniag region operate under ANCSA, the federal law, as well as the Alaska Business Corporation Act, the state law governing corporations. Parts of ANCSA are important to consider in making your decision about merger.

Land

Under ANCSA, Koniag and the village corporations are entitled to large amounts of federal land. Koniag, Inc. receives, in addition to its land, the subsurface rights to land conveyed to the village corporations, or in lieu subsurface in the event the surface is in a wildlife refuge. Following this page you will find maps of the land selected by or conveyed to Koniag, Inc., Afognak Native Corp., Akhiok-Kaguyak, Inc., Karluk Native Corp., Leisnoi, Inc., Nu-Nachk-Pit, Inc., and Old Harbor Native Corp., including the contemplated Afognak Island land trade (see Section K).

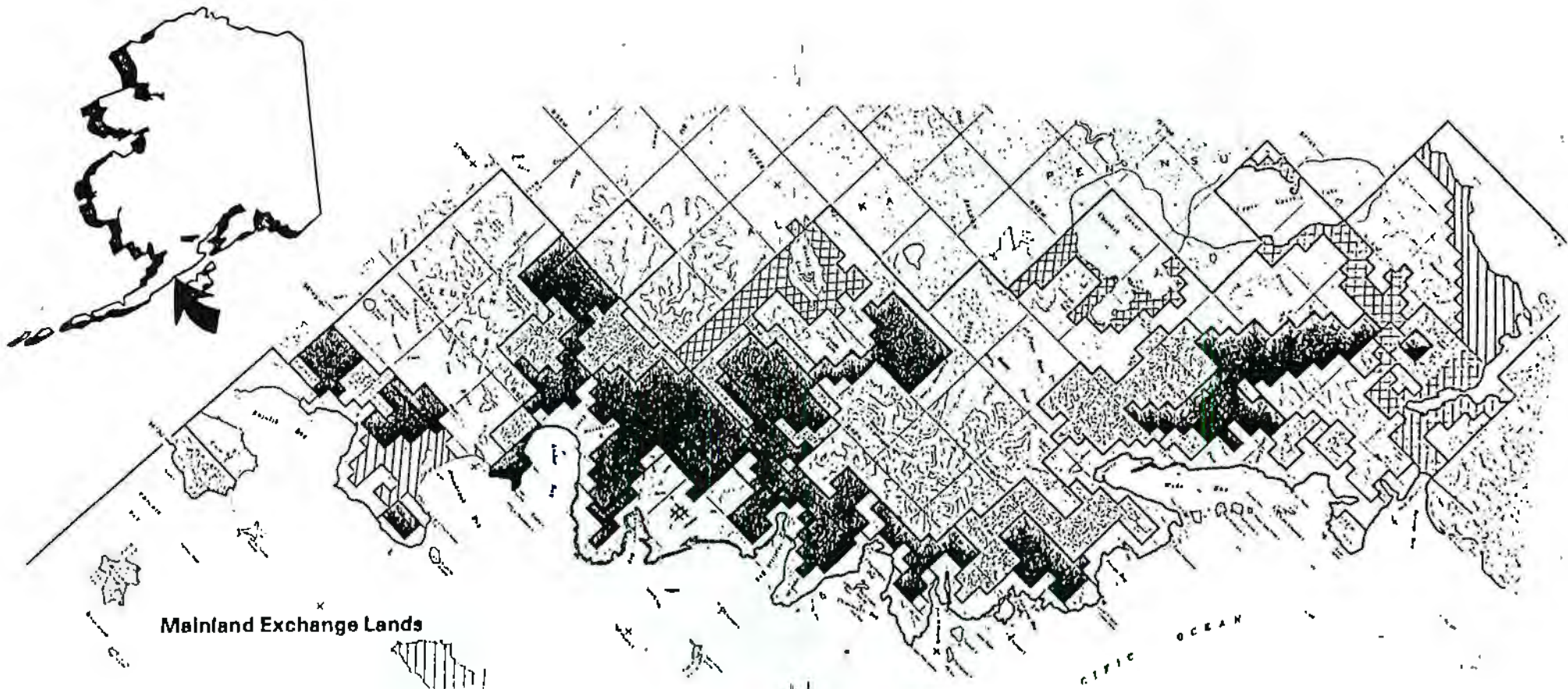


KONIAG MERGER LAND STATUS

- Black — Conveyed To Date
- Red — To Be Conveyed

D-2 IMPACT ON KONIAG AND KONIAG VILLAGES LAND ON THE MAINLAND

- Yellow — Village surface and Koniag subsurface exchanged for surface and subsurface lands on Afognak
- Green — Koniag subsurface in lieu are retained for oil and gas purposes only
- Red — Drilling Block #1: Surface conveyed to Afognak Native Corp., subsurface conveyed to Koniag, Inc.



Once transfer is effected — all surface lands within the withdrawal are returned to the Federal Government and become part of the Alaska Peninsula Wildlife Refuge under the jurisdiction of the U.S. Fish and Wildlife Service.

Land entitlements for the merging corporations are:

<u>Village Corporation</u>	<u>Acres Entitled</u>	<u>Interim Conveyance</u>	<u>Date</u>
<u>Merging</u>			
Afognak Native Corp.	230,400	185,878.83	6/20/77-6/30/78, 7/26/79, 6/20/80
Akhiok-Kaguyak, Inc.	138,240	63,358.00	8/11/78, 11/21/78
Karluk Native Corp.	92,160	83,767.00	6/30/78
Leisnoi, Inc.	115,200	3,394.00	4/9/79
Nu-Nachk-Pit, Inc.	115,200	72,144.27	8/24/78
Old Harbor Native Corp.	115,200	102,008.29	3/8/79-9/14/79
<u>Non-Merging</u>			
Ouzinkie	115,200	46,296.02	4/13/77-8/3/77
Natives of Kodiak	23,040	21,734.00	6/2/78
<u>Village Corporation 12(b) Entitlement</u>			
(To be allocated to village corporations by Koniag, Inc.)	103,766		
<u>Koniag, Inc.</u>			
Surface	53,451	843.78	
Subsurface	1,101,857	<u>389,860.36</u>	
Total Surface Conveyed to Date		579,424.19	
Koniag Subsurface Conveyed to Date		389,860.36	

Section 14(c) of ANCSA

Section 14(c) of ANCSA provides, in part, that the village corporations must convey to municipal governments and private individuals certain lands the village corporations received under ANCSA. These lands include lands occupied by any Native or non-Native occupant as a primary place of business, primary place of residence, subsistence campsite, or headquarters for reindeer husbandry. In addition, the village corporations must convey to a municipal corporation in the Native village, or the State of Alaska in trust for such corporation, title to land necessary for community expansion, airport sites, and the like. The exact scope of the village corporations' obligations under this section has yet to be determined. However, it is safe to say that the village corporations' landholdings may be reduced by their obligations under this provision of ANCSA.

Section 14(f) of ANCSA

Section 14(f) of ANCSA provides that each village corporation may withhold consent for mineral exploration, development or removal within the boundaries of the Native village. It also provides that this power to withhold consent will transfer to another organization of Native village residents in the event of merger. As you can see, the merger plan provides for this power to go to the village IRA or a new village organization, set up to handle the retained land and money. The plan defines land within the boundaries of the Native village as that land retained by the village IRA or other organization. Koniag, Inc. will have the power to sell or otherwise develop all land transferred to Koniag, Inc. if the merger is approved.

Section 22(g) of ANCSA

Section 22(g) of ANCSA provides that when the surface estate of lands in a unit of the National Wildlife Refuge System is conveyed to a Native corporation, those lands must be conveyed subject to the laws and regulations governing use and development of lands in such refuge. That means that lands conveyed from the Kodiak Island National Wildlife Refuge are subject to more restrictions than lands conveyed to Native corporations from other areas. The precise extent of those restrictions has not yet been determined. Koniag village corporations will receive the following acreage from the Kodiak Island National Wildlife Refuge: Akhiok-Kaguyak, Inc., 138,240 acres; Karluk Native Corp., 69,120 acres; Nu-Nachk-Pit, Inc., 69,120 acres; and Old Harbor Native Corp., 44,000 acres.

Money

Shareholders in Koniag, Inc. have certain rights under ANCSA to distributions of cash from the Alaska Native Fund, and from the mineral and timber revenue which regional corporations must share with each other under Section 7(i) of ANCSA.

Koniag, Inc. receives money from the Alaska Native Fund, under Section 7 of ANCSA. After September 30, 1980, Koniag will receive approximately \$1,291,774 from that Fund. Of this amount, Koniag will be required to distribute one-half, \$645,887, to existing village corporations and Class B shareholders.

Under Section 7(i) of ANCSA, Koniag receives payments from other regional corporations based on revenues received from those corporations' subsurface and timber holdings. One-half of 7(i) money received by Koniag, Inc. must be distributed to existing village corporations and Class B shareholders.

Stock

ANCSA required Koniag, Inc. and the village corporations to issue shares to Natives enrolled in them. Stockholders have the right to control management of their corporations through voting, and the right to receive dividends and distributions. Until 1992, under current law, stock in Koniag, Inc. and the village corporations cannot be alienated (transferred) in any way except by inheritance, or court orders of divorce or child support.

Proposed Amendments to ANCSA

Pending in Congress is legislation (the D-2 bill) which contains proposed amendments to ANCSA which are important to consider. In addition to the Afognak Island Land Trade (see Section K) there are provisions modifying the tax moratorium on Native-owned lands and the stock alienation provisions of ANCSA.

ANCSA provides that Native-owned lands, as long as they are not developed or leased to third parties, will not be subject to real property taxes for a period of 20 years after passage of the Act (or until December 31, 1991). The D-2 bill, if passed, would amend that provision to provide that any undeveloped and unleased Native-owned lands would be exempt from real property taxes until 20 years after conveyance to the Native corporation, rather than 20 years after passage of ANCSA. The practical effect of this amendment would be to extend the tax moratorium on most Koniag and Koniag village corporation lands for at least four to five more years.

The proposed amendments to ANCSA also contain a provision modifying the stock alienation restrictions of ANCSA. The proposed amendments provide that prior to December 18, 1991, by vote of a majority of the stockholders in a Native corporation, additional restrictions on stock alienation can be imposed on Native corporation stock. These additional restrictions could include denial of voting rights to any holder of stock who is not a Native or a descendant of a Native, and the granting to Native corporations a first right to purchase a stockholder's stock prior to transfer to any other party.

Merger

ANCSA was amended in 1976 to provide for merger of Native corporations. It permits more shares to be issued to persons who are already shareholders, and it provides for transfer of the village corporations' right to withhold consent for mineral exploration, development and removal to another village organization. It also provides that shareholders who dissent from merger cannot use the statutory remedies in Alaskan law if the merger is effective before December 18, 1991.

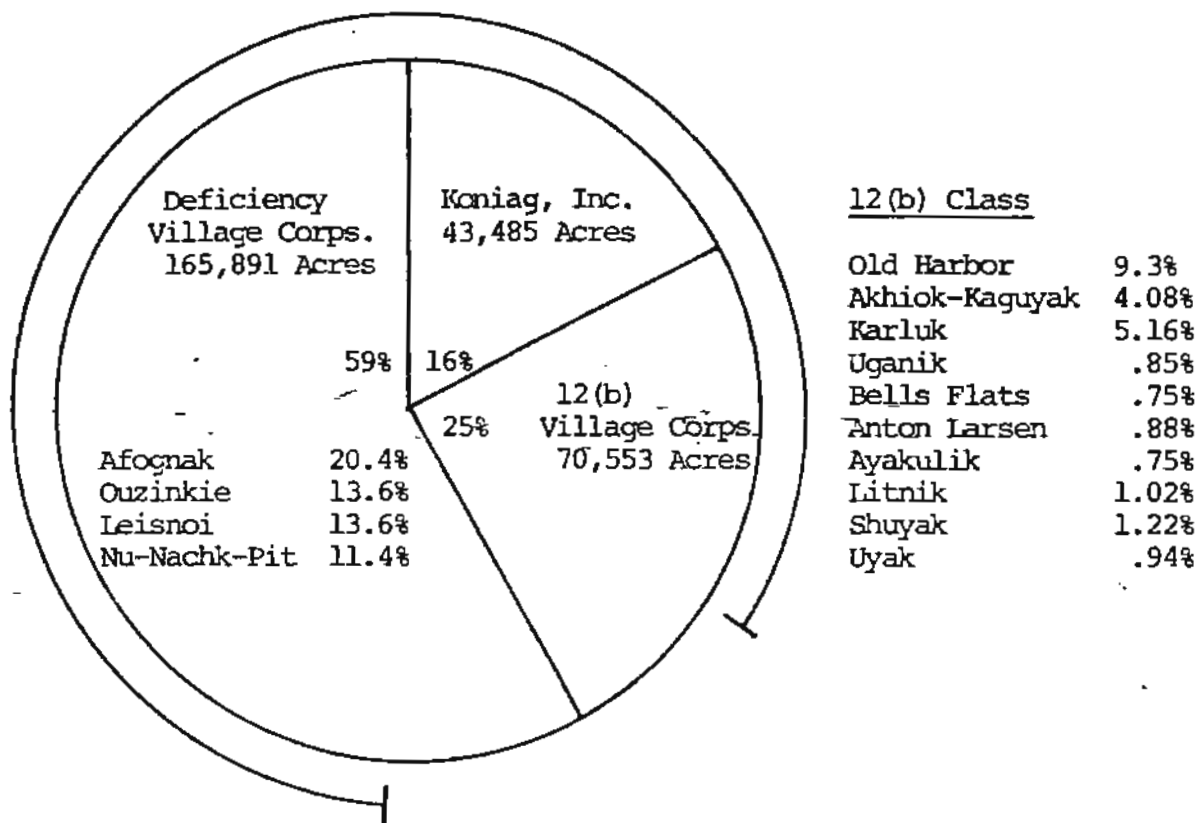
K. Afognak Island Land Trade

Pending in the United States Congress as part of the larger Alaska National Interest Lands Legislation (D-2 bill), is the proposed Afognak Island Land Trade (the Koniag Exchange). That proposed land trade is the result of over two years of negotiation by Koniag, Inc. with the United States Department of the Interior, the United States Forest Service, and other interested parties. The proposed land trade is of extreme economic importance to shareholders of Koniag, Inc. and the Koniag village corporations. Its major provisions are described below, and the maps following page 17 show the lands involved.

1. Koniag, Inc. will relinquish its rights to hard rock mineral development on 340,000 acres on the Alaska Peninsula but will retain rights to oil and gas development on those lands.

2. Koniag, Inc. and certain Koniag village corporations will relinquish rights to 340,861 acres of surface estate on the Alaska Peninsula in exchange for 279,929 acres of surface estate on Afognak Island. This surface estate on Afognak Island has significant timber resources.

Koniag and its village corporations must form a joint venture to receive the 279,929 acres on Afognak Island. The percentage ownership of the joint venture by Koniag and the village corporations is described in the following chart.



As the above chart also shows, if merger is approved for all merging village corporations, Koniag, Inc. the surviving corporation, will own 79.94% of the Afognak Island Joint Venture.

The approximate percentage shown on the pie chart for each village identified on the chart as a "12(b) village corporation" is based on the assumption that the Koniag Board of Directors will not designate the four village corporations which are identified in the chart as "deficiency village corporations" also as "12(b) village corporations." If the four "deficiency village corporations" were to be designated also as "12(b) village corporations," the approximate percentage shown on the pie chart for each village corporation listed on the chart as a "12(b) village corporation" would be diluted.

L. Other Mergers

Koniag management has been instructed by the Board of Directors to pursue negotiations for merger with Natives of Kodiak, Inc., Anton Larsen, Inc., Ayakulik, Inc., Bells Flats Natives, Inc., Litnik, Inc., Shuyak, Inc., Uganik Natives, Inc., Uyak Natives, Inc., and Ouzinkie Native Corp. If those negotiations are successful, Koniag and the Boards of Directors of those corporations will present a plan of merger to their respective stockholders for approval.

M. Potential Land Trades

Koniag, Inc., on behalf of the village corporations of Akhiok-Kaguyak, Inc., Karluk Native Corp., Nu-Nachk-Pit, Inc., and Old Harbor Native Corp., has discussed potential land trades with the Department of the Interior. Those four village corporations own land within the Kodiak Island National Wildlife Refuge. The U.S. Fish & Wildlife Service has expressed an interest in obtaining some of those lands in exchange for other lands owned by the United States. The negotiations are now in preliminary stages and no agreements have been reached nor have specific lands for trade been identified. Koniag, Inc. intends to continue to pursue these discussions if merger is approved.

N. Leisnoi, Inc.

Leisnoi, Inc. (the village of Woody Island) was certified in 1974 as an eligible Native village under ANCSA. (Under ANCSA, in order for a village to receive land and money conveyances it must be certified as eligible.) Leisnoi, Inc. has received money distributions like other village corporations and has been conveyed some land. Litigation has been filed against Leisnoi, Inc. and Koniag, Inc., challenging the propriety of Leisnoi's certification as an eligible village. So far, Leisnoi, Inc. and Koniag, Inc. have been successful in this litigation and final resolution of the case is expected in the next twelve months. The Justice Department has asked the Secretary of the Interior to look into whether further proceedings concerning Leisnoi, Inc.'s eligibility should be conducted. The Secretary of the Interior has made no decision whether to do so. There is a possibility that as a result of the litigation or action by the Secretary of the Interior that the certification of Leisnoi, Inc. might be reconsidered or reversed. If certification were to be reversed, after merger between Koniag, Inc. and Leisnoi, Inc., Koniag, Inc. would not receive the land entitlements of Leisnoi, Inc. However, former Leisnoi, Inc. shareholders would retain the new stock they received under the merger.

O. Information on Directors and Nominees

Four Kodiak Director seats will be filled by the shareholders at this annual meeting. The present Board of Directors has nominated four people to fill these seats: Nancy Anderson, Harry Carter, Pete Olsen, and Jacob (Jack) Wick.

Nominees

Nancy Anderson, 51, has lived in Kodiak since 1950. Elected to the first permanent Board of Directors of Kodiak in 1974, she has served on the Board ever since, attending every scheduled meeting. She also serves on the Finance and Executive Committees, and is on the Board of KISI. Mrs. Anderson is employed as the Secretary of Natives of Kodiak, Inc., of which she is a member and a past President. She has also been active in the Kodiak Area Native Association (KANA), from 1969 to 1979, serving on its Board and several of its committees. Mrs. Anderson founded the Kodiak Chapter of the Alaska Native Sisterhood. Mrs. Anderson has five children; she and her husband, Floyd, fish from their gillnet sites on Uganik Bay every summer.

Harry Carter, 48, is a resident of Anchorage, where he is the Acting Director of Job Corps for the Alaska Federation of Natives (AFN). Mr. Carter was elected to the first permanent Board of Directors of Kodiak in 1974, and has served as Vice Chairman of the Board since that time. He has attended every Board meeting in the past year. He has been the Chairman of the Cape Chiniak Impact Center Joint Venture since 1976, and has been a member of the Finance, Search, and Elections Committees of the Kodiak Board. He is enrolled to Leisnoi, Inc. Mr. Carter has also been a Commissioner of the Land Use Planning Commission, the Rural Affairs Commission, and the Commercial Fisheries Entry Commission. Mr. Carter was one of the founders of KANA and its first President. He served as Executive Director of AFN during the enactment of ANCSA, and was one of the architects of ANCSA. Mr. Carter is married and has four children.

Pete Olsen, 59, has lived in the Kodiak-Afognak area since 1940. He is a life-long commercial fisherman, and owns his own seiner. He was elected to the Kodiak Board for a three-year term in 1976. While on the Kodiak Board, he also served as a Director of Kazim and a member of the Personnel Policy Committee. He is enrolled to Afognak Native Corporation, and has served on its Board (and the Board of Natives of Afognak, Inc. before its merger) since 1974. He is presently the President of Afognak Native Corporation. Mr. Olsen is married and he and his wife, Nina, have eight children. He is a veteran, having served in the U.S. Army for three years during World War II.

Jacob (Jack) Wick, 34, lives in Larsen Bay, where he is a commercial fisherman. A member of the Koniag Board of Directors since its formation, he has served as Chairman of the Board from 1973 to the present. Mr. Wick attended 87% of the Koniag Board meetings. He has also served as a Director of KISI and Kazim. Mr. Wick was employed as Koniag's President from 1975 until 1979. He is enrolled to Nu-Nachk-Pit, Inc., which he has served as President and Chairman of the Board. Mr. Wick was also Chairman of the AFN Board for two terms during its reorganization period.

Continuing Directors

Karl Armstrong, Perry Eaton, Allen Heitman, Sven Haakanson, Joseph Llanos, Frank Pagano, Allen Panamaroff, Nicholas Pestrikoff, and Frank Peterson will continue to serve on the Koniag Board, as their terms have not expired.

Karl Armstrong, 53, was born in Kodiak. He was one of the five incorporators of Koniag, Inc., and has served on the Board as its Secretary since 1972. He has been a member of the Koniag Management Staff since 1972, currently as Executive Vice President. He is also Vice Chairman of the Cape Chiniak Impact Center Joint Venture. Mr. Armstrong is enrolled to, and the President of, Leisnoi, Inc., which he was instrumental in organizing and incorporating. A member of the Boards of AFN and the Alaska Native Foundation, Mr. Armstrong is also Vice President of the TUNDRA TIMES, and President of the newly-organized Kodiak Chapter of the Alaska Native Brotherhood. Mr. Armstrong's term expires in 1981.

Perry Eaton, 35, is a resident of Anchorage, where he is the Vice President of United Bank Alaska. He has served on the Koniag Board from 1973 to 1977, and from 1978 to the present. He is Koniag, Inc.'s Treasurer, the Chairman of the Finance Committee, and a KISI Board member. Mr. Eaton's father, Henry Eaton, is employed by Koniag as its Director of Economic Development, and the General Manager and a Director of Kazim. Mr. Eaton is enrolled to the Ouzinkie Native Corporation. Mr. Eaton is married and has two children. His term expires in 1981.

Sven Haakanson, Sr., 46, is a resident of Old Harbor, where he is a commercial fisherman, as well as the President of Old Harbor Native Corporation. Mr. Haakanson was one of the five incorporators of Koniag, Inc., and has served on the Board ever since. He is Chairman of the KISI Board. He has also been a Board member of KANA, and a member of the Old Harbor Tribal Council. He and his wife, Mary, have four children. His term expires in 1981.

Allen Heitman, 55, was born and raised in Kodiak, and now lives in Seattle, where he is a Building Engineer for Olympic Savings & Loan. He has served on the Koniag Board from 1973 to 1975, and from 1977 to the present. He organized the Washington-Koniag Native Association, which he served as President in the early and mid-70's. He was also the Manager of the Seattle office of Koniag during enrollment. Mr. Heitman has three children. His term expires in 1982.

Joseph Llanos, 56, lives in Chugiak, where he is the President and owner of Alaska Diversified Contractors, Inc., and AMBUKO/Alaska, Inc. Mr. Llanos was elected to the Koniag Board in 1979 for a three-year term, expiring in 1982. He and his wife are enrolled to Ouzinkie Native Corporation.

Frank Pagano, 56, is married, and he and his wife, Ellen, have three children. Now a resident of Anchorage where he is employed by the FAA as a Civil Rights Specialist, he and his wife are originally from Kodiak and Woody Island. He has served on the Koniag Board since 1976, and has been a member of the Kazi Board as well. Before election to the Koniag Board, Mr. Pagano served for three years on the Board of Leisnoi, Inc. His term expires in 1982.

Allen Panamaroff, 35, is a resident of Karluk, where he is a commercial fisherman, and President of the Karluk Native Corporation. He has been a member of the Koniag Board of Directors since 1973, serving as Treasurer in 1977-78, and as a member of the Finance Committee. He has also served on the Board of KISI, as has his brother, Alex Panamaroff, Jr. Mr. Panamaroff is President of the Karluk Village Council, and Chairman of the Kodiak Area Community Development Corporation. He has been on the Board of KANA for many years. He and his wife, Barbara, have four children. His term expires in 1982.

Nicholas Pestrikoff, 45, is a resident of Ouzinkie, where he is a commercial fisherman. He has been a Board member of Koniag since 1974, and has served on the Finance and Audit Committees. He was a member of the KISI Board and now serves on the Board of Kodiak Swiftsure. Mr. Pestrikoff has also served on the Board of Ouzinkie Native Corporation since 1974. He and his wife, Lilly, have five children. His term expires in 1982.

Frank Peterson, 40, lives in Larsen Bay, where he is the Grant Coordinator for the Tribal Council. Elected to the Koniag Board in 1978, he has served on the Finance and Audit Committees. Mr. Peterson has been the Executive Director and President of KANA, and the Assistant Director for Health Affairs for AFN. He served on the staff of Representative Nick Begich, and staffed the Indian Desk for the Department of Commerce. He is married and has three children. His term expires in 1981.

P. Experts

1. Accountants for the Corporations

Koniag, Inc.	Coopers & Lybrand
Afognak Native Corp.	Touche Ross & Company
Akhiok-Kaguyak, Inc.	Coopers & Lybrand
Karluk Native Corp.	Peat, Marwick & Mitchell
Leisnoi, Inc.	Peat, Marwick & Mitchell
Nu-Nachk-Pit, Inc.	Coopers & Lybrand
Old Harbor Native Corp.	Coopers & Lybrand

Non-audit fees for professional services performed by Coopers and Lybrand for Koniag, Inc. for fiscal year 1980 represented approximately 40% of their aggregate fees. Representatives of Coopers and Lybrand and Touche Ross & Company will be at the meetings and available for questions concerning services they provided.

2. No Independent Evaluation of Merger

No independent third party opinions have been sought concerning the fairness of the terms of the merger, or the relative values of the village corporation shares for which Koniag, Inc. shares are to be exchanged.

No expert opinions on the values of the shares were obtained for several reasons, including the following:

- (a) Management believes that it cannot obtain a consistent and reliable appraisal of the land and natural resources which are a major portion of the corporations' assets, due to the nature of the lands and resources and the lack of market information about them.
- (b) Valuation would require appraisal of more than 800,000 acres of land, at prohibitive cost, just to provide what management believes would be speculative information, and such valuation would require at least three years to conclude.
- (c) The value of corporate stock depends on intangible factors as well as tangible factors. The intangible factors include anticipated future profits, management abilities, prior business performance, and the like. In management's view, given the nature of the corporations involved, these intangible factors are not subject to accurate valuation.

3. Tax Consequences of Merger

In the opinion of Duncan, Weinberg & Miller, P.C., counsel for Koniag, Inc., the merger will constitute a reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code, no gain or loss will be recognized to Koniag, Inc. or any village corporation by virtue of the merger, no gain or loss will be recognized by any village corporation stockholder upon the exchange of stock of a village corporation for that of Koniag, Inc., the tax basis of the Koniag, Inc. stock received by each village corporation stockholder will be the same as the tax basis of the shares of village corporation stock exchanged therefore, and the tax basis and holding period to Koniag, Inc. of the assets it will be acquiring in the merger will be the same as the village corporations' tax basis and holding period for such assets.

As a shareholder, your tax position will not change because of approval of the merger. Money received from the Alaska Native Fund is not taxable, whether you receive it from your village corporation, a new village organization, or Koniag, Inc. No opinion is expressed as to the tax consequences of possible distributions of land by successor organizations.

4. Legal Review

This proxy statement and other proxy materials have been reviewed and approved by legal counsel for Koniag, Inc., Duncan, Weinberg & Miller, P.C.

Q. Solicitation of Proxies

In addition to soliciting proxies through this proxy statement, the managements of Koniag, Inc. and the merging village corporations intend to solicit proxies by several other methods. These will include announcements over radio, meetings and discussions with shareholders, letters of explanation, and individual proxy solicitation.

The cost of the various forms of solicitation, including this proxy statement, will be borne by Koniag, Inc., and is estimated at \$125,000.

R. Litigation Affecting Koniag, Inc.

Aleut Corp., et al., v. Arctic Slope Regional Corp., et al., No. A75-53
Civil, in the U.S. District Court for the District of Alaska.

This case involves litigation among the twelve land-based regional corporations over the interpretation of Section 7(i) of ANCSA. That Section provides that 70% of revenues received by regional corporations from the timber resources and subsurface estate shall be shared among the other regional corporations (except the 13th Regional Corporation) on the basis of enrollment to the regional corporations. The litigation involves disputes over whether almost \$14 million received by one regional corporation (Arctic Slope Regional Corp.) should be subject to the sharing requirements of Section 7(i) and, in addition, involves claims of several regional corporations for over several million dollars of expenses which those regional corporations seek to deduct from revenue received prior to sharing the net amount with other regional corporations. The outcome of this litigation will have an effect on how much money Koniag, Inc. is required to distribute to other regional corporations, as well as how much money Koniag, Inc. is entitled to receive from the other regional corporations, 50% of which must be distributed to village corporations and Class B shareholders.

Ukpeagvik Inupiat Corp., v. Arctic Slope Regional Corp., No. F80-12, in
the U.S. District Court for the District of Alaska.

The village corporation for the village of Barrow (Ukpeagvik Inupiat Corp.) is suing Arctic Slope Regional Corp. demanding that Arctic Slope distribute certain funds to the Barrow Village Corporation under Section 7(j) of ANCSA. That section requires a regional corporation to distribute money to village corporations and at-large shareholders under a certain formula. Koniag, Inc. has taken the same position concerning distribution of those funds as has the defendant in this case, Arctic Slope Regional Corp. The resolution of this case may affect Koniag, Inc.'s distribution policies under Section 7(j). Therefore, Koniag, Inc. is contemplating entering the case as a party or as a friend of the court to explain Koniag's position on such distributions.

Jackson & Fenton v. United States of America, et al., Case No. 80-3141,
and Paul v. Andrus, Case No. 77-3373, in the United States Court of
Appeals for the Ninth Circuit.

In this case, certain lawyers, Barry Jackson, Thomas Fenton, and Frederick Paul, have sued the United States, all regional corporations, and other parties claiming they are entitled to compensation from the Alaska Native Fund, for work they allegedly performed in achieving passage of ANCSA. If these lawyers prevail, the amount of money distributed from the Alaska Native Fund to regional corporations would be reduced. So far the plaintiffs have been unsuccessful in their claims and their cases are now before the United States Court of Appeals for the Ninth Circuit.

S. Descriptions of the Corporations

For a complete account of the business activities of Koniag, Inc., and its subsidiaries, please see the Koniag, Inc. Annual Report.

Jointly-Owned Businesses

Koniag, Inc. and the merging village corporations jointly own portions of two businesses, Kodiak Island Seafoods, Inc. (hereafter "KISI"), and the Cape Chiniak Joint Venture.

KISI operates a large cannery, fishing vessels, and a store in Larsen Bay. Ownership is as follows:

	<u>Shares</u>	<u>Percentage</u>
Koniag, Inc.	234,000	23.54%
Leisnoi, Inc.	100,000	10.06%
Nu-Nachk-Pit, Inc.	230,000	23.14%
Old Harbor Native Corp.	230,000	23.14%
Karluk Native Corp.	200,000	20.12%

The company has experienced operating losses in the past. (See Appendix B). Although a small profit is anticipated in fiscal year 1981, management has determined that if the cannery plant continues operation under current conditions, it will lose additional money in fiscal year 1982 and thereafter. An alternative custom canning proposal is being considered to reduce these losses. Management is also investigating a sale of the facility or a joint venture. If all four of the above-listed merging village corporations approve merger, KISI will be wholly-owned by Koniag, Inc.

The Cape Chiniak Impact Center Joint Venture was formed by Koniag, Inc., all of the village corporations in the Koniag Region, Natives of Kodiak, Inc., and the uncertified village corporations (whose interests are contingent on certification). The purpose of the joint venture is to develop the Cape Chiniak Impact Center, formerly a U.S. Air Force tracking station. While legal title to the site is held by Leisnoi, Inc., equitable title is held by the Joint Venture. Initially, plans called for use of the site as a base for off-shore drilling operations. Thereafter, the property was to be used as a Job Corps Center. The lease agreement for the Job Corps Center terminated September 30, 1980. Management is pursuing other uses for the property, including sale, and will continue to do so if merger is approved.

AFOGNAK NATIVE CORPORATION
514 Shareholders

Afognak Native Corporation is the result of a merger between Natives of Afognak, Inc. and Port Lions Native Corporation. This is general information on some aspects of the corporation; please see the attached financial information as well.

Lands

Afognak Native Corp. is entitled to conveyance of 230,400 acres under ANCSA, of which it has received 137,713.83 acres on Kodiak and Afognak Islands, and 48,165 acres on the Alaska Peninsula. If the Afognak Island Land Trade becomes law, Afognak's lands and land entitlements on the Alaska Peninsula will be traded for its share in the Afognak Island Lands Joint Venture. Much of Afognak Native Corp. land has commercially valuable timber. Recently, in connection with general corporate planning, corporation management has retained Mr. Joe Bobb, of Joe Bobb Enterprises of Eugene, Oregon, to perform a timber cruise of all the corporation's timber. This cruise is not yet complete. Management has no other reliable valuations of corporate property. Corporation lands also have important recreational uses (deer and elk hunting).

Businesses

The corporation sold timber rights on approximately 1,200 acres of its land on Afognak Island and has received payments for those rights totaling \$2,226,387. The timber sale contract has expired and no further payments will be received.

The corporation sold the assets of Northern Lights Seafood, Inc. in June 1980, and incurred a loss on disposal of \$142,279. The corporation sold the assets of Island Air Service, Inc., in September 1980, and will incur an estimated loss on disposal of \$35,406.

Investments

The corporation owns an interest in the Cape Chiniak Joint Venture (described above). As of June 30, 1980, the corporation has \$2,977,767 in liquid investments, including \$1,177,060 in Alaska Native Funds to be distributed if merger is approved.

14(c) Claimants

Certain persons have requested conveyance of certain corporation lands under Section 14(c) (1) of ANCSA, and the corporation is considering those requests.

AKHIOK-KAGUYAK, INC.
147 Shareholders

Akhiok-Kaguyak, Inc. resulted from the merger of Kaguyak, Inc. and Natives of Akhiok, Inc. This is general information on some aspects of the corporation; please see the attached financial information as well.

Lands

Entitled to 138,240 acres under ANCSA, the corporation has received 63,358 acres. No attempt has been made to value the land received, which lies within the Kodiak National Wildlife Refuge, and is therefore restricted in use. The corporation lands include shoreline along important fishing waters, and land with significant recreational value (bear hunting). As a result of a survey conducted recently by the Bureau of Land Management, the location of lands which Akhiok-Kaguyak, Inc. is entitled to select may change.

Businesses

None.

Investments

The corporation owns a portion of the Cape Chiniak Joint Venture (see description above). As of June 30, 1980, the corporation had \$777,713 in liquid investments, including \$336,630 in Alaska Native Funds to be distributed if merger is approved.

14(c) Claimants

Certain persons have requested conveyance of set net sites on corporate property under Section 14(c) (1) of ANCSA, and the corporation has rejected those requests. There is a possibility of further litigation on the issue.

Afognak Island Land Trade

If the Afognak Island Land Trade becomes law and the Afognak Island Lands Joint Venture is established, the corporation will own a share of that joint venture.

KARLUK NATIVE CORPORATION
186 Shareholders

Karluk Native Corporation is the village corporation for Karluk. This is general information on some aspects of the corporation; please see the attached financial information as well.

Lands

Entitled to 92,160 acres under ANCSA, the corporation has received 83,767 acres, some of which lies within the Kodiak National Wildlife Refuge, and is therefore restricted in use. No attempt has been made to value the land, which includes shoreline along important commercial fishing areas, and along Karluk Lagoon and the Karluk River, important recreational areas.

Businesses

None.

Investments

The corporation owns 20.12% of KISI and a portion of the Cape Chiniak Impact Center Joint Venture (see descriptions above). As of June 30, 1980, the corporation had \$723,030 in liquid investments, including \$425,940 in Alaska Native Funds to be distributed if merger is approved.

Afognak Island Land Trade

If the Afognak Island Land Trade becomes law and the Afognak Island Lands Joint Venture is established, the corporation will own a share of that joint venture.

LEISNOI, INC.
296 Shareholders

Leisnoi, Inc. is the the village corporation for the village of Woody Island. The certification of Woody Island as a village under ANCSA is being challenged in federal court. This is general information on some aspects of the corporation; please see the attached financial information as well.

Lands

Leisnoi, Inc. is entitled to receive 115,200 acres under ANCSA, and of that amount 3,394 acres have been conveyed. Selected lands include property close to the city of Kodiak along the Kodiak road system, and on Woody Island and Long Island. No attempt has been made to place a value on the corporation's lands. The property conveyed is the Cape Chiniak Impact Center, to which Leisnoi, Inc. holds legal title and the Cape Chiniak Joint Venture holds equitable title.

Businesses

Leisnoi owns 75% of Land Surveying Services, Inc., a corporation based in Kodiak, Alaska. This corporation has conducted no significant business since its inception.

Investments

Leisnoi, Inc. owns 10.06% of KISI, and a share of the Cape Chiniak Impact Center Joint Venture (see descriptions above).

Leisnoi, through its wholly-owned subsidiary, WUF-1, has also joined with wholly-owned subsidiaries of Ouzinkie Native Corporation, Natives of Kodiak, Inc., and Yak-Tat-Kwan, Inc. (Yakutat) in a joint venture, Koncor Forest Resource Management Company. The venture agreement provides for the venturers to contribute assignments of timber rights on certain specified lands. By December 31, 1979, Yak-Tat-Kwan, Inc., Natives of Kodiak, Inc., and Ouzinkie Native Corp. had assigned timber rights to the joint venture which the venturers have agreed to value at \$190,800,000 (\$3,000 per acre). To date, Leisnoi has not received title to any lands specified in the joint venture, to be assigned to Koncor, which include land on Kodiak, Woody and Long Islands. It has, however, recognized a portion of the venture's losses.

As of June 30, 1980, Leisnoi also has \$775,044 in liquid investments, including \$677,840 in Alaska Native Funds to be distributed if merger is approved.

Afognak Island Land Trade

If the Afognak Island Land Trade becomes law and the Afognak Island Lands Joint Venture is established, the corporation will own a share of the joint venture.

NU-NACHK-PIT, INC.
203 Shareholders

Nu-Nachk-Pit, Inc. is the village corporation for the village of Larsen Bay. This is general information on some aspects of the corporation; please see the attached financial information as well.

Lands

Entitled to 115,200 acres, the corporation has received 72,144.27 acres under ANCSA thus far. No attempt has been made to place a value on these lands, which lie within the Kodiak National Wildlife Refuge, and therefore are restricted in use. The corporation's lands extend along the shores of Uyak Bay, an important commercial fishing area, and along part of the Karluk River and Karluk Lake, a major recreational resource.

Businesses

None.

Investments

Nu-Nachk-Pit, Inc. has invested in two business ventures: the Cape Chiniak Impact Center Joint Venture, and KISI. The corporation owns a portion of the Cape Chiniak Joint Venture, and 23.14% of KISI. KISI's cannery and store are located in Larsen Bay.

As of June 30, 1980, Nu-Nachk-Pit, Inc. has \$787,882 in liquid assets, including \$464,870 in Alaska Native Funds to be distributed if merger is approved.

Afognak Island Land Trade

If the Afognak Island Land Trade becomes law and the Afognak Island Lands Joint Venture is established, the corporation will own a share of that joint venture.

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OLD HARBOR NATIVE CORPORATION
335 Shareholders

Old Harbor Native Corporation is the village corporation for the village of Old Harbor. This is general information on some aspects of the corporation; please see the attached financial information as well.

Lands

Entitled to 115,200 acres of land under ANCSA, the corporation has received 102,008.29 acres, including much of Sitkalidak Island. No attempt has been made to place a value on the land, which includes shoreline on waters important for commercial fisheries, and potential grazing areas. Portions of the land received lie within the Kodiak National Wildlife Refuge, and are therefore restricted in use.

Businesses

None.

Investments

The corporation owns a portion of the Cape Chiniak Impact Center Joint Venture and 23.14% of KISI (see descriptions above). As of June 30, 1980, the corporation had \$1,254,233 in liquid investments, including \$767,150 in Alaska Native Funds to be distributed if merger is approved.

Contracts and Obligations

The corporation contracted for a feasibility study for a proposed processing plant in Old Harbor. The corporation has been billed for \$308,004.97 in connection with the study; the corporation has paid \$157,322.28, and the amount owed is in dispute.

Afognak Island Land Trade

If the Afognak Island Land Trade becomes law and the Afognak Island Lands Joint Venture is established, the corporation will own a share of that joint venture.