



CHOGGIUNG, LTD.

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FALL 2010

Shareholder Newsletter

Limited Entry Permits Continue to Trickle Out of Bristol Bay

According to a number of studies generated by the Bristol Bay Economic Development Corporation (BBEDC) in preparation for the December 2010 Board of Fisheries meeting, local ownership of limited entry permits has continued to decline since the program began in 1975. Currently 22 percent of driftnet permits are owned by Bristol Bay residents. The percentage of ownership is higher for set net permits in the 40 plus percent range.

It goes without saying a lot of our shareholders are fishermen who want their children to have an opportunity to own boats & permits and participate in the biggest salmon fishery in the world. With this in mind, the Choggiung board spent time discussing the issue on how to reverse this at a recent board meeting.

Additionally, a vast majority of the region has serious concerns about the proposed Pebble Mine and its potential impact on the watershed. A lot of opposition has been directed towards the project. Meanwhile, the Pebble Partnership continues to argue that Bristol Bay is an economically distressed region and needs the jobs to keep the region sustainable.

However, from an economic development perspective, we do have a thriving industry in the region. It's called the Bristol Bay salmon industry. The best way to maximize the value of the fishery is to keep permits in the region. If you have any ideas on the topic, we'd like to hear them.

Shareholders interested in serving on the Choggiung Ltd. Board of Directors must complete and return the enclosed declaration of candidacy form by Monday, November 22, 2010.

Choggiung Ltd. 37th Annual Shareholder's Meeting will be held on Saturday, February 26, 2011 at the Dillingham Elementary School Gym. Three Board of Directors will be elected to fill three year terms. Proxy statements will be mailed to shareholders in mid January.

Subsidiaries

CIC Opens Restaurant

Choggiung Investment Corporation (CIC) has experienced plenty of activity this past year. We are excited to announce the opening of the Bayside Diner, a full service restaurant located at the Bristol Inn hotel. The restaurant was implemented to provide a much needed, year round dining option with the goal of increasing hotel occupancy. We are pleased with the success of the early stage of operations and the resulting increase in hotel occupancy rates. The diner receives plenty of compliments for the good food and cozy 50s style décor, which includes old photos of Dillingham.

The Bristol Inn has seen a profitable year, due in part to a rate increase implemented in May 2010. We continue to upgrade the hotel with the latest improvement in the conference room which received new media equipment and a facelift. Putting it all together we are now able to provide meeting space with catering services by the Bayside Diner.

CIC, which conducts business in commercial office leasing, residential apartment rentals, and storage rentals. As the sole owner of Quvaq, LLC dba The Bristol Inn and Bayside Diner, CIC also provides administrative support and maintenance for the hotel and restaurant.



The Bayside Diner opened in May, just in time for the busy summer season. The diner serves breakfast, lunch and dinner, 7 days a week.

CIC is a wholly owned subsidiary of Choggiung, Ltd. All Choggiung buildings and land under the buildings are owned by

Choggiung installs wind turbine at the Courthouse

A Proven 15 kilowatt wind turbine was recently installed near the Dillingham courthouse. At 50 feet tall, with blades spanning 33 feet in diameter, the wind turbine is the newest landmark on Dillingham's horizon.

The blades, made of a glass thermoplastic composite, are hinged on a rotor plate and only needs a wind of 5 mph to start rotation. The blades are held in position by dampers that allow the blades to form a cone shape in high winds which enables the turbine to limit its speed. The frame contains a service brake and permanent magnet rotor assembly.

The wind turbine's total cost was \$120,000 to get operational. With the \$20,000 grant from the U.S. Dept. of Agriculture toward the purchase and a

\$30,000 energy tax credit the cost is down to \$70,000.

Using current energy figures, the cost of the wind turbine will have a 5 year return on the investment. With a 30 year useful life span, Choggiung can save \$375,000 in energy costs.

The courthouse building is owned by Choggiung Investment Corporation and leased to the State of Alaska.

Future plans include a public web page where visitors can see the data being gathered by the anemometer.



John Bennett, Jr. and William Tennyson, Jr. get ready to pour concrete for the foundation of the wind turbine.



Inland Empire Fire Protection, Inc.



In June of 2010, the Choggiung Board of Directors voted to purchase Inland Empire Fire Protection (IEFP). The purchase was completed on July 1, 2010

Based in Spokane, Washington, the fire protection company serves customers, including general contractors and property owners, throughout the Pacific Northwest, Utah, Idaho and Montana.

IEFP designs, installs, inspects, maintains and repairs fire protection sprinkler and alarm systems for large and small scale projects including commercial, industrial, and multi-family residential buildings. The company is only one of several in the United States that will be 8(a) certified.

In addition to millions of dollars of backlog, IEFP recently won a \$432,000 bid to install the sprinkler system for a Yahoo! office building in Washington.

Learn more about our newly acquired business by visiting www.iefireprotection.com.

Since opening in late January 2010, business at Bay Power Sports is beginning to get on track. Under management of Rick Huffman, departments are being organized and the business is coming together. The store continues to gain a sense of local needs and makes adjustments as needed.

Bay Power Sports offers small engine repair, snow machine, out-board, ATV and motorcycle sales, rentals and trade ins. If you need something that isn't in stock, special orders can be made.

If you live in Dillingham, stop by the store and browse our new selection of gear and accessories or visit our website at www.baypowesports.com.



The HRM Sports, located on the Nushagak River, purchases four Land Use Permits from Choggiung Ltd. The sports fishing guide operation also ties into Bay Power Sports, the hotel and restaurant. Future plans include the East Creek Lodge at Snake Lake.



The first year of operations for Choggiung's newly acquired guiding operation went as well as can be expected with the unanticipated trials.

Steve Heib, HRM Sports Manager, encountered several obstacles throughout the unusually sopping wet season. With a low Chinook salmon return to the Nushagak River, the Alaska Department of Fish & Game restricted the fishing to catch and release; when Chinook escapement was not being met they closed king fishing 19 days early. During the silver salmon season, the unfortunate airplane accident involving HRM Sport's main client, GCI, Inc., shut the camp down for the year.

Despite all the tribulations of this season, management is recruiting business and remains optimistic of bookings for next summer. New marketing of the camp will focus on the Alaska experience and the variety of fishing available.

Land Department

Gravel Pit

We are pleased to report that Choggiung won the bid to supply gravel for the Wood River Road project. Quality Asphalt Paving (QAP) finished the first phase of the job, hauling over 365,500 tons of gravel out of the pit. Paving will begin in summer 2011.

Choggiung Ltd. and BBNC, as land owners of the 9.5 mile pit, have an agreement where Choggiung manages the pit and profits are split between the 2 corporations.



Land Use Program

After seeing a record number of land users in 2006 the Nushagak River Land Use Program continues its downward trend in 2010.

Several factors have played a role in the decline of visitors to the area. In 2008 we experienced the crash in the nations economy; in 2009 there was the spring flood that destroyed some camps. This year suffered another low Chinook salmon return, forcing the Alaska Department of Fish & Game to shut down sport fishing in the Nushagak River.

Prior to 2008, 46 permits operated within the land use program; in 2010 only 35 operated.

It is uncertain how many operators can afford to return for the 2011 season year. It appears that camps that offer more than only king fishing will survive the down turn.

Moose Habitat Enhancement

BBNA Forestry and Subsistence Program, Choggiung Ltd. and the Dillingham office of USDA Natural Resources Conservation Service implemented a federally-funded moose habitat improvement project along the Nushagak River upstream from Portage Creek.

The project entails partially cutting willows and laying the willow on its side to promote new growth which is lower to the ground and higher in nutrients for moose.

As the land owner, Choggiung Ltd. signed an agreement with NRCS and BBNA Forestry Program, who is the contractor in hiring the workforce and conducting the project.

The crew, along with Doug Calaway, Choggiung's CEO, and staff from BBNA, reached the Choggiung camp near

Portage Creek in late March. They were split into 2 groups and worked for 3 days. As they were cutting the willows they reported seeing moose already attracted to the area.

With the next project to begin in spring of 2011, willows will be cut in several more designated areas totaling over 125 acres.



The wood cutting crew (left) prepare to leave Dillingham for Portage Creek. They are looking forward to the next phase of the project which is scheduled for early spring.

Choggiung to Adopt Wood Cutting Policy

Over the last few years it has become apparent that wood cutting on Choggiung and surrounding lands have been under considerable pressure and misuse. In addition, there is confusion as to the policies for woodcutting and where to cut wood. It is Choggiung's responsibility, as stewards of our land, to protect this valuable asset for our shareholders.

In response to concerns regarding this resource, we are instituting a new woodcutting program similar to our successful Nushagak River Land Use Program to protect our wood resource.

Before implementing the program, an informal community meeting was held on October 14th to provide information about the new policy and to get feedback from local wood users.

With fees yet to be determined, Choggiung will charge non-shareholders an annual fee for harvesting up to 12 cords. Choggiung Ltd. and BBNC Shareholders will be charged a very



small fee for personal use of up to 12 cords. If shareholders are harvesting wood for sale, for use at a commercial property or harvesting more than 12 cords for personal use they will need to purchase a commercial use permit. Only a Choggiung Ltd. shareholder can hold a commercial permit. Both commercial and private permit holders are required to keep a record of the number of cords cut. Records must be returned prior to renewal of the permit.

Other stipulations are that only dry/dead spruce trees can be cut. All of the tree trunk up to a 4" diameter must be taken with the exception of the limbs. Anyone violating the rules could lose

their wood cutting privileges for the current year and the following year.

To monitor the program, a wood cutting patrol contract will be awarded to the 2 bidders. The patrol crew will be split into 2 sections: The East side and West side of the Aleknagik Lake Road. Each individual will be given a GPS and a video camera to record their patrol and observations. The GPS will denote Choggiung, native allotment and park lands.

Wood cutting fees will be used to offset patrolling costs.

The adopted policy can be found on Choggiung's website in November.



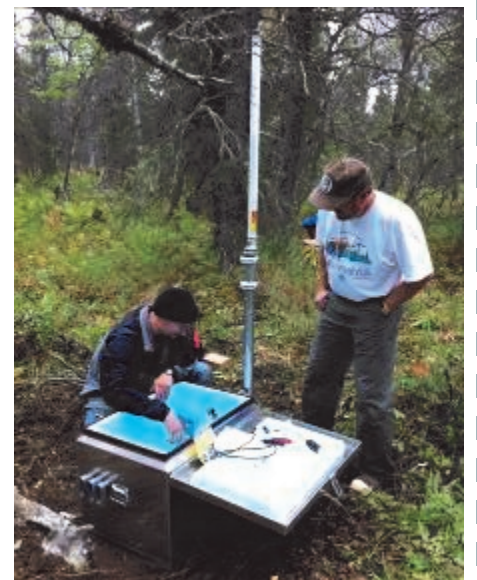
Geophysical Institute will Monitor Volcanic Activity

Over the Labor Day weekend, scientists, engineers and students from the Geophysical Institute at the University of Alaska Fairbanks installed a volcano monitoring system on Choggiung lands along the Aleknagik Lake Road. The project is a NOAA-funded effort to better understand volcanic eruptions in the Aleutian Chain and the hazards their ash clouds present to commercial air traffic. Volcanoes produce very

low frequency sounds, so the system is made up of special microphones to capture their sounds. Humans cannot hear these sounds, but they do travel great distances.

Results from the project will be shared with students in the Dillingham City School District, as well as the UAF-Bristol Bay Campus. For questions concerning the project, please contact the lead scientist, Dr. Curt Szuberla at the Geophysical Institute (907) 474-7347.

Lead engineer, Jay Helmericks (kneeling) and dr. Steve McNutt of the Alaska Volcano Observatory work on installing a communications node.





CHOGGIUNG EDUCATIONAL ENDOWMENT FOUNDATION

Congratulations to the 2010-2011 scholarship recipients from the Choggiung Educational Endowment Foundation Board of Directors and staff.

The Carl “Bumpy” Larson Memorial Scholarship, which goes to the highest scoring continuing student was awarded to Colette T. Meraz. Amanda McGill, the highest scoring beginning student, was awarded the William Tennyson, Sr. Memorial Scholarship.

Other scholarship recipients were Jennifer Montgomery, Lahna Johnson, Samantha Larson-Blair, John Thomas, Chad Tennyson, Kala Gillan, Kyle Hardin, Jennifer Bennis, Sidney Nelson, Cynthia Oyer, Charles Smeaton, Jr., Natasha Nielsen, Mindy Heyano and Dawn Kehm.

Career/Work Enhancement scholarships were awarded to Kyrstin Hardin, Cheri Johansen, Carol Luckhurst, and Evan Sergie.

Congratulations to Evan Sergie for successfully com-

pleting a six week construction equipment technology training with Northern Industrial Training in Palmer.

CEEF Full-time Post Secondary scholarship applications are being accepted for the 2010-2011 school year. Applications are reviewed once a year with the deadline of **May 2, 2011**. Don't miss out on this excellent opportunity; get your application in early!

Career/Work Enhancement scholarship applications are accepted year round or until funds are depleted. Career/Work Enhancement Scholarships are limited to \$500 per qualified applicant per year.

For an application or more information, email mbarnes@choggiung.com, call (907) 842-5218 or toll free (888)-377-2464.

Applications can also be downloaded at www.choggiung.com.



Congratulations to CEEF scholarship recipient Colleen Johnson, who graduated from Fort Lewis College with her B.A. in Psychology. The photo was taken in Durango, Colorado at her graduation ceremony with her father, Ronald Johnson, sister, Ronna Johnson, and her mother, Elizabeth Johnson.

If you were a CEEF scholarship recipient and have completed your schooling, or if you know of a Choggiung shareholder who has succeeded in an educational endeavor, we would love to share your accomplishments. Email Mary Barnes at mbarnes@choggiung.com or call our office at (907) 842-5218 or toll free in Alaska (888) 377-2464.

New Companies Bring New Staff

We would like to extend a warm welcome to the following staff at Choggiung's administrative offices:



Shareholder, Sophie Sorensen was hired as receptionist/file clerk in June 2010. She does an excellent job assisting staff in administrative duties, answering phones and greeting guests.

Charlie Crouch began working at Inland Empire Fire Protection in early July when Choggiung purchased the company. He was recently named CEO of the Spokane based fire suppression company. You may recall that Charlie was previously employed by Nuna Services in 2006.



Rick Huffman, manager of Bay Power Sports, began work in June of 2010. Rick says he is enjoying Dillingham and can't wait until it snows. He is busy taking on the new challenge of operating a retail business in Rural Alaska.



Steve Heib was hired as HRM Sports manager in December 2009 soon after the company's purchase. Steve sees to the overall operation and marketing of the sports fishing guide business.

Misty Densmore is Choggiung's finance assistant; she was hired in August 2010 as support for the additional accounting work created by HRM Sports, Bay Power Sports and Bayside Diner.



Shareholder of the Year

Each year the Choggiung Board of Directors recognizes an exemplary individual as Choggiung's Shareholder of the Year.

Any Choggiung Ltd. shareholder can make a nomination. If you know of someone who should to be recognized for their achievements or contributions contact our office at (907)842-5218 or toll free (888) 337-CHOG (in Alaska) for a nomination form.

Nominations will be accepted until January 7, 2011. The Shareholder of the Year will be announced at the Annual Shareholder's meeting on February 26, 2011.

Choggiung Ltd. and Subsidiaries EMPLOYMENT OPPORTUNITIES

Bayside Diner

Restaurant Manager
Wait Staff
Cook

Bristol Inn

Front Desk Clerk

Inland Empire Fire Protection

Call 509-534-1097

For more information call Choggiung Ltd. at (907) 842-5218 or toll free (888) 377-2464. Employment applications are available for download on our website at: www.choggiung.com



Staff Directory

Doug Calaway, CEO

Rick Tennyson, Land Manager

April Roehl, Finance Manager

Marina Jo Nelson, Finance Technician

Misty Densmore, Finance Assistant

Mary Barnes, Project Assistant

Sophie Sorensen, Receptionist/File Clerk

Constantine Backford, Maintenance Supervisor

JJ Smeaton, Maintenance Technician

Verna Lee Heyano, Hotel Manager

Rick Huffman, Bay Power Sports General Manager

Steve Heib, HRM Sports Manager

Charlie Crouch, Inland Empire Fire Protection CEO

**Choggiung Ltd.
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