September 9, 2010

Dear fellow shareholder:

I wrote you in early August about this September’s shareholder information meetings that will be focused on the Board’s planning for Cube Cove and promised to provide you additional information about maximizing the return on the investment we as shareholders have made.

We have put together this informational brochure to help you prepare for our September meetings. Cube Cove represents a substantial part of our Shee Atiká, Inc. assets, and our shareholders have told us through our shareholder surveys that you expect us to produce income from this important asset. Right now, Cube Cove generates nothing for our shareholders.

The Board’s goal for these shareholder meetings is simple: we want to provide you with enough information so you can help us develop our plans for Cube Cove. Following the meetings, the McDowell Group will contact our shareholders for their opinions, and you will have the opportunity on a confidential, no-names basis to tell us how you feel about a possible Cube Cove transaction.

Your Board thanks you for your participation and help. Please contact the Shee Atiká office (907 747-3534 or toll free 800 478-3534) or info@sheeatika.com if you want to discuss this important issue.

Sincerely,

Kenneth M. Cameron
Board Chairman and President/CEO
Cube Cove Land

Years ago, Shee Atiká Inc. (SAI) received the surface estate land at Cube Cove (within the Admiralty Island National Monument), as well as land at Katlian Bay (near Sitka) and Alice and Charcoal Islands (within the Sitka city limits). SAI now faces some very important decisions regarding our Cube Cove land. Please take a few minutes to read this document explaining our options as we consider how to obtain the greatest value from our Cube Cove land.

Growing Number of Shareholders

SAI has more shareholders than ever before. Our corporation began with 1,853 original shareholders in 1974 and has grown to approximately 3,200 shareholders today. We can expect continual growth in the number of shareholders as our current shareholders gift and/or will their shares.

“The growth in the number of our shareholders has been a direct result of our successful SABT scholarship program. You can qualify for the full benefit with just one share and this has increased the gifting of shares. Our long term goal is to continue the SABT program for future generations of shareholders, and we expect the number of shareholders to continue to grow.” Francine Eddy Jones, Director/Board Treasurer

Financial Goals

In keeping with our corporate mission statement to "preserve and enhance our culture for all generations of shareholders, and to provide benefits to shareholders consistently and on an equitable basis," one of the board’s primary goals is to grow the Shee Atiká Fund Endowment (SAFE), which provides income distributions, and the Shee Atiká Benefits Trust (SABT), which provides educational and funeral benefits, so that we are prepared to meet the demands of both our current and future generations.

This requires SAI to increase our cash income, especially given our growing number of shareholders. At the start of the recent economic downturn, the board prudently moved a majority of our investments to cash, which avoided much of the decline that other investors experienced and allowed us to preserve much of our capital. In order to continue to meet our financial goals in the future, all of SAI’s assets (including Cube Cove, one of SAI’s largest assets) must produce income.

“With the number of shareholders now at 3,200 and growing, we face continual pressure to ensure that we generate sufficient income to provide benefits today and for our future generations. Therefore we are continually evaluating how to increase our profitability across all our companies and entities.” Pamela Steffes, Board Vice-Chairman

2003 Survey

The 2003 McDowell Group survey of our shareholders indicated that a clear majority (63 percent) of shareholders want our Cube Cove land to generate income. Since 2003, SAI has reviewed various options for Cube Cove.
After the 2003 Survey confirmed for your Board the importance of generating income from Cube Cove, we have been looking into this question and explored various options.

Marta Ryman, Director

Cube Cove Land Options to Generate Income

Second Growth Timber Harvest
In the 1980s, our company fought a long and bitter legal battle to log our Cube Cove land. This decade-long battle went to the U.S. Supreme Court and brought Shee Atiká to the edge of bankruptcy at a cost of approximately $20 million. Logging at Cube Cove was completed 10 years ago, and it will be another 70 to 100 years before the trees are ready to log again.

We really were bankrupt in the mid-1980s but just didn’t give in. Those of us on the Board spent many sleepless nights worrying about where Shee Atika would get the money to pay off all the debts we had from the Sierra Club litigation. If it had not been for the NOLs, we would never had paid those debts and would not be around today.

Kenneth M. Cameron, Board Chairman

If we decide in the future to proceed with a second growth timber harvest, we can expect another expensive legal battle. Additionally, the environmental laws have become more restrictive and more expensive since our initial harvest.

In any event, there will be no income generated from the trees while they grow. A second growth timber harvest in 70 to 100 years is uncertain and a high-risk source of potential income for future generations due to expected legal costs and the undetermined value of the harvest.

We have heard various estimates for how long it might be until the timber at Cube Cove is ready to harvest again. I spent 30 years in the Forest Service, and I can tell you that no one really knows. Some of the new growth is almost 30 years old, but a lot of it is only 10-15 years old since that is when most of the harvesting took place. We have looked at whether we should try to speed up the second growth through thinning, fertilizer, etc., but this just doesn’t seem to make financial sense since you have to wait so long to get your money back and the regrowth will happen naturally.

Harold Donnelly, Director

Property Development
We have evaluated various property development options including: hunting/fishing lodges, eco-tourism, and carbon credit transfers. Each option had many disadvantages with only limited income.
potential. Development costs would run high for remote construction, energy generation, and transportation of both supplies and people. Even in the best of times, a tourism-based operation would be unlikely to provide adequate income.

In addition, we should expect another expensive legal battle from environmental groups if we proceed with plans for development such as subdivision into lots, development of lodges, or subsurface mining of our land at Cube Cove, which sits in the Admiralty Island National Monument/Kootznoowoo Wilderness.

"It wasn’t our fault that Congress put us in the middle of a National Monument, but we have to suffer the consequences. I personally doubt we will ever be able to harvest Cube Cove a second time. The environmental groups came very close to stopping us the first time by claiming Cube Cove was a part of the National Monument, and the environmental laws have only gotten more restrictive."

Loretta Ness, Director/Board Secretary

Other Options

There are several other options that either individually, or in some combination, could provide SAI with greater, more immediate opportunities for cash income from Cube Cove land. The options include: cash sale, land trade, or bid credit transaction.

CASH SALE
A land sale would provide cash assets in the near future. These funds would be invested in the Shee Atiká Fund Endowment to grow the trust. While no investment is guaranteed, this option has less risk and provides SAFE with funds to invest now. Even with a conservative investment strategy, the income generated would provide more immediate and potentially more long-term returns than waiting for a second-growth timber harvest or by developing the property.

LAND TRADE
A land trade might be possible but has many challenges. There is a shortage of available land in Southeast Alaska. This option will require more time to complete, will offer more opportunity for legal challenges, and will likely require one or more Environmental Impact Statements. Each of these issues will cost the corporation time and money. However, SAI will still explore whether suitable land is available and will consider the possibility of a land trade as part of our due diligence process.

BID CREDITS
A bid credit transaction is essentially a combination of a cash sale and a trade. A value would be determined in dollars for SAI’s Cube Cove land, and SAI would then receive a credit from the government for that land value. The credit could then be used to purchase surplus government property at fair value. Several other ANCSA corporations have successfully completed bid credit transactions and we are evaluating their experiences.

"We have been looking into whether a bid credit type of transaction could provide real value to SAI’s shareholders. We know that CIRI was able to use its bid credits to acquire very valuable property at a favorable price, and they made a lot of money."

Gene Bartolaba, Director

Fair Value

The Shee Atiká Board will not pursue any transaction for Cube Cove unless we receive the full and fair value of Cube Cove while also guaranteeing that the subsistence rights of our shareholders to use the land is maintained.
SAI has conducted a preliminary market analysis of Cube Cove and is in the process of conducting a full appraisal of our surface estate at Cube Cove. The preliminary analysis showed a possible range of per acre values of $3,000 to $4,000. The per acre value in the final appraisal could be higher or lower.

**Positive Political Environment**

Our Cube Cove land is of great interest to the United States, and the US Forest Service has repeatedly told Shee Atiká that the Federal Government is very interested in acquiring these lands. In fact, one of the Forest Service’s top national priorities is the reacquisition of Cube Cove property, which would complete the Admiralty Island National Monument.

This provides a strong motive for the Federal Government to pay fair market value. Recent discussions with the US Forest Service lead us to believe that the Federal Government will proceed favorably with a Cube Cove transaction.

> Although the Government would probably like us to let them have Cube Cove at a cheap price, we are not going to let that happen. Cube Cove is a missing piece for the National Monument, and it is important for them to get it. We know this, and it will put us in the best negotiating position.”

*Shirley Yocum, Director*

**Land Ownership**

Your board fully understands the deeply held emotional attachment many shareholders have for our land. Cube Cove has provided some opportunities for hunting, fishing, and gathering by our shareholders. However, due to the remote location, access to Cube Cove can be difficult and costly, and not many of our shareholders are able to use and enjoy Cube Cove. Regardless, in any land transaction, we will work to ensure that we maintain the subsistence rights of our shareholders to use the Cube Cove land.

> Shee Atiká has been a powerful force to protect our shareholders’ subsistence rights ever since the first subsistence battles were fought in the 1980s. We want to preserve the rights of our shareholders to use Cube Cove for subsistence in the future, even if we do a deal with the Federal Government.”

*Marion Williams Berry, Director*

Additionally, your board has taken steps to forever preserve our Katlian Bay land. Our 3,200 acres of land at Katlian Bay near Sitka is of enormous cultural, traditional, and subsistence significance to shareholders. The Katlian Bay area has been used by our people for many generations prior to ANCSA. SAI has hallmarked the Katlian Bay land for permanent corporate ownership by placing it in a land bank. This ensures that the Katlian Bay land remains in our ownership for all future generations of our shareholders.

> Land bank status for Katlian Bay means that it has been permanently set aside for use of multiple generations of Shee Atiká’s shareholders. Even if we do a deal with the government regarding Cube Cove, the land bank status of Katlian will not be affected.”

*Gene Bartolaba, Director*
Shareholder Information Meetings and 2010 Shareholder Survey

The SAI board has recently hired the McDowell Group to conduct a shareholder opinion survey regarding Cube Cove. Survey results will aid the Board as we determine how to best utilize our Cube Cove land in accordance with our mission statement to “preserve and enhance our culture for all generations of shareholders, and to provide benefits to shareholders consistently and on an equitable basis.”

This informational pamphlet is the beginning of our educational process. We will provide additional information at the upcoming shareholder meetings in Anchorage, Juneau, Sitka, and Seattle (see the scheduled dates and times below). A McDowell Group representative will be on hand at each of the meetings to briefly explain the survey process.

Surveys will be mailed to all shareholders in early October. Shareholders are encouraged to complete and return the survey in the postpaid envelope provided. There will also be a secure online option for shareholders who wish to complete their survey via the Internet.

McDowell Group surveyors will attempt to reach shareholders by telephone if a paper or online survey is not received by late October. Each shareholder will be allowed to complete only one survey and McDowell Group team members will closely monitor the results to ensure a high level of security and accuracy for the survey process.

In order to encourage as many shareholders as possible to complete this important survey, the Board of Directors has authorized a $25 incentive to be paid to each shareholder who completes the survey.

"Your Board gets very valuable input from the McDowell Group surveys, and we use the results of the surveys to help plan our future steps. We need you to help your Board by providing us your input through the survey process."

Kenneth M. Cameron, Board Chairman

If you have any questions about the survey process please contact Bob Koenitzer, McDowell Group Survey Manager at 907-586-2990 or at robert.koenitzer@mcdowellgroup.net

If you have questions concerning the information contained in the pamphlet please contact Dr. Kenneth M. Cameron, President/CEO and Chairman of the Board for SAI at 907-747-3534 or toll free 800-478-3534 or at ken@sheeatika.com.

The future of our Cube Cove land is a very important topic. Please plan to attend the shareholder informational meetings regarding this important decision.

**Anchorage:** Saturday, Sept. 18th, 9am at Dena’ina Civic Center

**Juneau:** Sunday, Sept. 19th, 12:30pm at Westmark Baranof, Treadwell Room

**Sitka:** Thursday, Sept. 23rd, 7pm, Sheet’ka Kwaan Community House

**Seattle:** Saturday, Oct. 2nd, 9am, Hilton Seattle Airport Conference Center