



# KAVILCO NEWS

## DIRECT DEPOSIT

- Your money is credited to your bank account on the distribution date.
- Access your money the same day by check, ATM or debit card.
- Eliminate the risk of lost or stolen checks.
- Eliminate delays caused by relying on the mail.
- **NO COST** to sign up or receive Direct Deposit.
- Request a Direct Deposit form by calling Kavilco toll free 1-800-786-9574 or visit our website and print the form.

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## Dividend Declaration



Louis A. Thompson,  
President/CEO

I am pleased to announce that on March 6, 2009, the Board of Directors declared a cash dividend of **\$25.00 per share**. This dividend was paid to shareholders of record as of March 9, 2009. The dividend was payable on March 20, 2009. **Your dividend check is enclosed with this newsletter unless you have direct deposit.**

Please remember we were in a global recession last year; a year plagued with massive losses in the global equity markets, numerous bankruptcies and bailouts of financial institutions, and a major credit seizure which reduced the value of our portfolio by \$2 million. There wasn't a mutual fund, managed pension or endowment that wasn't touched by this massive economic fallout.

Despite the "doom and gloom" of the past year, this dividend reflects **undistributed earnings from 2008**, remaining equal with the March 2008 distribution!

A Registered Investment Company (RIC) must distribute at least 90% of their earnings to avoid being subject to a 40% Federal income tax rate. For shareholders with 100 shares your dividend is \$2,500. If Kavilco was not a RIC and had to pay income tax your dividend after tax would be \$1,500. Therefore, you receive an **additional \$1,000** because Kavilco does not have to pay Federal income tax.

For an expanded discussion, see the **Portfolio** section in this newsletter.



# Portfolio

The **economic and financial** picture remains bleak. There are no compelling signs of an early end to the U.S. and global recessions. Reports issued so far this year—ranging from auto sales to homebuilding to employment, and to manufacturing—suggest that the Gross Domestic Product (measure of goods and services in our economy) may fall by 5% or more in the first quarter of 2009. It is a disturbing economic picture by any account.

**Housing** remains the key part of the recovery equation. Housing was among the first sectors to struggle in the current sever-down cycle, with progressively worse construction and sales numbers being released since the slump first surfaced three years ago. Unfortunately, housing starts are off 80% in three years with no end in sight.

With each passing day, the **equity market** hits a new low. It is particularly discouraging that the market has performed so poorly during a month when the administration announced its initiatives to

stabilize the financial and housing sectors (translation: spend trillions of dollars on anything in hopes of reversing the economic malaise).

**“On the equity front, capital preservation is our paramount focus for the time being.”**

On the equity front, capital preservation is our paramount focus for the time being. The yield on our money market fund is 1.11%. We anticipate a further reduction in this rate. In order to offset this decline we are gradually investing in **high-yielding stock**. The best and safest sector to pick up yield is in the utility sector.

On the bond front, **our biggest concern is default**. We are actively monitoring our bond portfolio for any events that may cause any of the companies we have investments in to come under severe economic stress. Needless to say, every pillar of the economy has been shaken by the recession. However, our corporate bond investments are in pretty good shape today, but it is tomorrow that could cause us some difficulties.



## Important Reminders About Distributions

Shareholders are strongly encouraged to keep Kavilco informed of their most recent contact information. Prior to each distribution, there is a date on which Kavilco must close all shareholder records to further changes, as required by corporate policy. This is called a **Record Date** and it generally falls 3-4 weeks before a distribution.

Shareholders may not change their information after the Record Date until the distribution is completed. It is important to make any changes to a shareholder record prior to the Record Date of any distribution. Payments to shareholders might be delayed for any of the following reasons:

**Change of Address** was not submitted prior to Record Date.

**Change of Name** has not been submitted to Kavilco's Shareholder Records.

**Direct Deposit** form contains inaccurate information.

Kavilco's website has a Frequently Asked Questions page which answers many shareholder questions and provides links to additional information. **Please keep your shareholder information current.** Contact Kavilco with any changes at our toll free number 800.786.9574.

## Kavilco Incorporated

600 University Street, Suite 3010  
Seattle, WA 98101-1129  
Phone: 206-624-6166  
Toll Free: 800-786-9574  
Fax: 206-624-8953

Field Office  
One Copper Crescent Drive  
PO Box KXA-Kasaan  
Kasaan, Alaska 99924  
Phone: 907-542-2214  
Fax: 907-542-2215

**Kavilco**  
INCORPORATED

We're on the web!

[www.kavilco.com](http://www.kavilco.com)

The Kavilco Incorporated name was created with much thought. KA came from Kasaan, VIL represents the Indian Village of Kasaan and CO represents the Company.

The Kavilco plaque reads "Hale Alaska Indian Descendants All," which stands for HAIDA. Also on the plaque is a picture of mountains, long house, totem and water. The mountains represent future revenues, as well as the hunting areas. The long house and totem represent the past. The blue water is the fishing area around the Village of Kasaan from which our ancestors gathered their food and made a living.

Kavilco's mission statement is to honor the vision and unselfish actions of our Kasaan Haida ancestors and elders; the goals of Kavilco Incorporated are to provide dividends and to preserve the assets for all generations.

## In Kasaan

**Kavilco's and KHHF's Board of Directors** discussed how to proceed on the restoration of the Whale House and Totem Park, both temporarily and in the long-term. It was determined that the Whale House has priority over the totem poles.

Issues affecting the restoration included long-term consequences and expenses.

- Vandalism remains a serious concern.
- What will be done with the old poles and long house wood?
- Is the Totem Park really accessible to the public and shareholders currently in the area?

- What construction materials, preservatives, paint, tools would be used? Would traditional or modern construction methods be used?
- How are other communities addressing their historical structures?

We are waiting for a structural evaluation and recommendations from MRV Architects and BBFM Engineers before we move forward.

Funding sources remain a major factor in the restoration and we will continue to pursue grants and possibly economic stimulus funds once we know the final

scope and cost of our Joint Project.

Please feel free to call me at the Field Office in Kasaan, 907.542.2214, or toll free at our Seattle office 800.786.9574.

Sincerely,



Louis A. Thompson,  
President/CEO