KAVILCO NEWS

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Kavilco INCORPORATED

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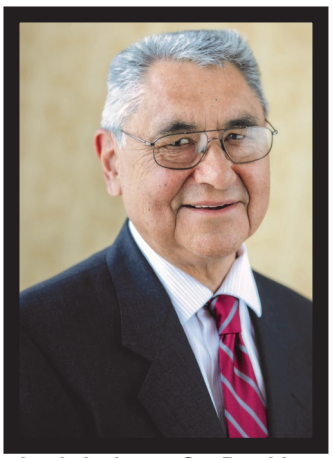
Dividend Declaration

On November 8 2018, the board of directors declared a cash dividend of **$70.00 per share**. This includes $4.61 per share of long term capital gain.



Louis L. Jones, Sr., President

This dividend was paid to shareholders of record as of November 13, 2018. The board of directors and management are constantly monitoring the financial arena to better our returns. The dividend was payable on November 21, 2018.

As of November 21, 2018, Kavilco has made over fifty five million dollars in payments to shareholders; $55,323,378 dollars to be exact. We have distributed more than the entire net worth of Kavilco.

In 1990, shareholders elected to have Kavilco become a registered investment company which is exempt from federal income tax. This means that Kavilco Incorporated has saved shareholders $15,777,948 in corporate taxes. These tax savings are passed on to the shareholder resulting in higher dividends. Since 1990, a person who owns 100 shares is $197,931 dollars richer because Kavilco is an investment company that is exempt from federal income tax.

Sincerely,

Louis L Jones

Highlights of the Annual Meeting

Kavilco's annual meeting of shareholders was held at The Landing in Ketchikan, AK and opened with a prayer by shareholder Rev. Randy Jones. The board of directors each introduced themselves and addressed the shareholders. President Louis L. Jones, Sr. gave welcoming remarks to the shareholders, guests, and family and a special welcome to the newest and very young shareholder Holly Patotzka (pictured on page 3) who was in attendance and very helpful picking out the drawing winners at the meeting .

After the Chief Financial Officer's report to shareholders (see page 3), and the

(Continued on page 2)

Highlights of the Annual Meeting (continued)

(Continued from page 1)

announcement of the dividends (page 1) and the election results (page 4) the floor opened up to Shareholders for questions. There were questions raised about bathroom facilities for the Whale House in Kasaan, indicating that they are needed. Mary Jones noted for those in attendance that the Willard Jones had started a Jones family tree before his passing. President Louis Jones, Sr. updated shareholders on the operations in Kasaan and read the following poem:

"If we knew each other Better", by Annette Den-sted

If we knew each other better,
We would praise where now we blame.
We would know each bears his burden
Wears some hidden cross of shame,

We would feel the heartaches bitter
They so long alone have borne
If we knew each other better
We would praise instead of scorn.

If we knew each other better,
You and I and all the rest,
Seeing down beneath the surface
To the sorrows all unguessed,

We would quit our cold complaining
And a hand of trust extend;
If we knew each other better,
We would count each one a friend.

We **can** know each other better
If we take the time to try,
Little deeds of loving kindness
Make a better by-and-by;

Just a look of understanding
Brings a touch with all mankind;
We **can** know each other better-
Yes,- seeking, we shall find.

Annual Dinner and Auction

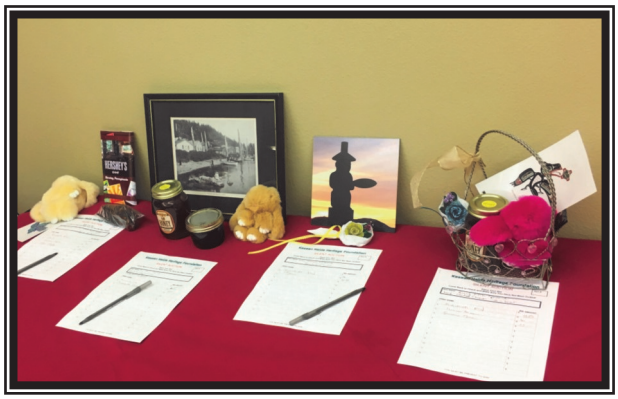
At Kavilco Inc.'s annual dinner halibut and prime rib were on the menu and the Kasaan Haida Heritage Foundation (KHHF) auction also had many great items up for bid.

Photo's courtesy of Laird Jones

The grand prize basket was donated by Terry Wanzer and included one night lodging at the Landing with restaurant credit and wine and goodies in a basket; this basket was won by Marie Miller. Other prizes included a red sequin glamour blanket donated by Linda White and won by Eleanor Hadden. Ron Leighton won a bear trivet, bear mug and a bear in the dollar auction, made by Mary Jones. Kimberley Wilson won the 50/50 draw and took home $500.

A documentary produced and presented by Frederick O. Olsen, Jr., "The Surviving Sounds of Haida", was very well received by shareholders, their family and friends.

The KHHF did very well this year and is very grateful for all generous donations.



Chief Financial Officer's Report

Reinvestment Risks Continue To Plague Kavilco's Investment Income

At the annual meeting Chief Financial Officer Mr. Burns stated that the reinvestment risk still plagues Kavilco's investment income (dividend and interest income.) That is, bonds that were purchased over seven years ago had substantially higher interest rates than those that are available in today's bond market.

The only alternative is to purchase dividend yielding stocks. Unfortunately, maturing bond yields were substantially higher than stock dividend yields. Over next year in a half $1,716,582 bonds will mature with yields ranging from 4.16% to 5.3%. Once again, it will be very difficult to overcome the loss of interest income.

To try to make up for this loss in income, the board is working on a number of strategies involving capital gains from the sale of stocks.

This may be an insurmountable task given the decline in major stock indexes so far this year and a global economic slowdown that has will eventually have a negative impact on America's economy.

Kavilco's newest, young shareholder Holly with her mom, shareholder Deborah Spigai at the annual meeting.

Scott Burns, CFO

Kavilco's Privacy Policy

The Company has adopted the following privacy Policy:

This Privacy Policy sets forth our policies with respect to non-public personal information of our shareholders and former shareholders. These policies apply to individuals only and may be changed at any time, provided a notice of such change is provided to you.

You may provide us from time to time with personal, non-public information about you, such as your address, your social security number, and information about your family. We do not disclose your personal non-public information to anyone, except as follows:

- We may disclose your personal non-public information if you direct us to do so, or if we are required by applicable law to do so.

We seek carefully to safeguard your private information and, to that end, we restrict access to non-public personal information about you to those employees who need to know the information to enable us to provide services to you.

None of your personal, non-public information may be accessed by anyone on our website. This Privacy Policy will be mailed to all shareholders in this annual fall newsletter.

Annual Meeting Prize Winners

$500 ea. Early Bird Draw
Katherine McAlister, Emma Burton

$200 ea. All Ballots Draw
Henry Jones, Emma Burton, Robert Sheldon, Eleanor Haddon, Kimberly Wilson, Erika Mooney, Jennifer Cain, Diane Demmert, Philip Taylor, Kristine Mooney

$100 ea. Attendees Draw
Diane Demmert, Ardath Peterson, Mary Jones, Kimberly Wilson, Julie Spigai, Lorraine Kahle

Ron Leighton wins the auction for the Bear items donated by Mary Jones, seen here together at the Annual Dinner and Auction

Election Results

Louis L. Jones, Sr, Kenneth Gordon, and Frederick O. Olsen, Jr. were all re-elected to the Kavilco Board of Directors and the selection of Peterson Sullivan LLP, as put forward by the Board, was also ratified.

A total of 60.54% of the vote was returned this year by shareholders which was an increase of only 4% from last year. Anything under 50% will require that Kavilco hold a second Annual Meeting and may result in a lower dividend distribution to shareholders.

IT IS IMPORTANT THAT YOU VOTE EVERY YEAR!

Sunset from behind the Welcome to Kasaan totem in Kasaan, AK photo by Frederick O. Olsen, Jr.