

NOK Shareholder Permanent Fund Trust

RESTATED TRUST AGREEMENT VOTE

BRIEF OVERVIEW: The Trustees of the Natives of Kodiak Shareholder Permanent Fund (the “Trust”) are proposing certain amendments to the existing Trust (including an expansion of allowable Beneficiary benefits), which are reflected within the enclosed Restated Trust Agreement. All current Trust Beneficiaries owning Trust Units with voting rights are being asked by the Board of Trustees to vote “YES” to approve the proposed changes during the period of April 2, 2018 to June 30, 2018. Voting on the Restated Trust Agreement is being conducted through mailed ballot to Sramek-Hightower CPAs, ballot delivery to NOK’s Corporate offices or by online vote only. To keep expenses to a minimum, there will be no in-person meeting held regarding this proposal, however you are encouraged to contact the NOK office at (907) 486-3606, toll-free at (800) 648-8462 or by email at shareholders@nativesofkodiak.com with any questions you may have. Approval by two-thirds of the outstanding Trust Units with voting rights is required to approve the Restated Trust Agreement. Cumulative voting will not apply. Once cast, votes are final and may not be changed. If the Restated Trust Agreement is adopted, it will become effective July 1, 2018.

- Q & A’s -

Why Are Changes to the Trust Being Proposed?

The Trustees have found that certain provisions of the original 2002 Trust Agreement, such as the inflation proofing provision, greatly restrict the ability of the Trustees to pay meaningful distributions to Beneficiaries. The Trustees would also like to expand the types of benefits that can be provided to Beneficiaries to include an Elder’s benefit, an educational benefit, a funeral/burial benefit and pro rata (proportional) income benefits. The 2018 Restated Trust Agreement would also allow Trustees, at their discretion, to distribute a limited percentage of Principal to provide these benefits.

The changes within the 2018 Restated Agreement would also allow Trust governance to go back to 2002’s original provision of Trustees and NOK Directors being the same individuals, thereby eliminating the need for costly and cumbersome dual NOK and Trust elections that have been required since time of the Trust’s 2005 dissociative event (which resulted from the Bureau of Indian Affairs requiring NOK’s addition of three new shareholders). Under the Restated Trust Agreement, NOK’s Directors would again, upon election, automatically become Trustees.

Are There Voting Incentive Fees, Ballot Prizes and a \$10 per Share Contingent Distribution Applicable to This Vote?

Yes! To encourage as many beneficiaries as possible to vote, the Trustees have authorized a Voting Incentive Fee and Ballot Prizes. The amount of the Voting Incentive that you will receive or Ballot Prize you are eligible for depends on when you vote. If you cast a valid vote no later than April 30, 2018, you will receive a \$50 Incentive Fee and become eligible for one of three \$1,000 Early Bird Ballot Prizes. If you cast a valid vote between May 1 and June 30, 2018 you will receive a \$25 Incentive Fee. If you cast a valid vote between April 2 and June 30, 2018 you will become eligible for one of ten \$500 Ballot Prizes. Incentive Fees will be paid as soon as possible after you vote, with fees paid weekly. Ballot Prizes will be drawn and awarded at the conclusion of the voting period.

Additionally, the Trustees have authorized a \$10 per Trust Unit distribution, contingent upon approval of the Restated Trust Agreement. The \$10 per Trust Unit distribution can only be paid if the Restated Trust Agreement is approved, as this distribution would not be allowed under the existing Trust Agreement.

Why Are We Being Asked to Vote Now?

Under the existing Trust Agreement, changes can be made only every five years. This includes the current opening period of January 1, 2018 to June 30, 2018. If the 2018 Restated Trust Agreement is not adopted during this period, the Trustees would have to wait until 2023 to try again with another vote and, importantly, it will effectively mean benefits will not be paid by the Trust until after the Trust is “inflation proofed,” which makes it unlikely benefits will actually be paid.

What Benefits Could Be Provided Under the Restated Agreement?

The Restated Trust Agreement permits the Trustees to make the following five types of cash distributions to Beneficiaries:

- 1) The Trustees, in their discretion, can distribute up to 25% of the Trust’s annual Net Cash Income to provide an Elder’s benefit to the Beneficiaries aged 65 or older.
- 2) The Trustees, in their discretion, can distribute up to 25% of the Trust’s annual Net Cash Income to provide educational benefits to the Beneficiaries.
- 3) The Trustees, in their discretion, can distribute up to 25% of the Trust’s annual Net Cash Income to provide funeral/burial benefits to the Beneficiaries.
- 4) The Trustees, in their discretion, can distribute the remaining annual Net Cash Income to all of the Beneficiaries proportionate upon the number of shares of Trust Units that each Beneficiary owns.
- 5) The Trustees, in their discretion, may also use the principal of the Trust to provide these same benefits with a limit of 10% of the Trust value at the prior year end applicable to each category of benefits.

It is important to note that there is no requirement of any distributions; instead it is up to the discretion of the Trustees. The Trustees believe that the changes above will benefit all Trust beneficiaries and, therefore, recommend approval of the Restated Agreement.

How Are Benefits That Could Be Provided Under the Restated Agreement Different Than Benefits Allowed Under the Current Agreement?

Under the existing Trust Agreement, no Elder’s benefit, educational benefits or funeral/burial benefits can be provided. Also, there are limits under the existing Trust Agreement as to when income distributions can be paid on a proportionate basis. The Restated Trust Agreement and would also allow Principal distributions to be made by the Trustees, at their discretion.

How Long Will the Trust Last?

Regardless of whether the Restated Trust Agreement is adopted, the Trust will continue forever or until such time as Trust Beneficiaries and the Trustees jointly take action to terminate the Trust, or until such time as Trust assets have been fully distributed to the Beneficiaries.

Does the Restated Trust Agreement Change the Trust Beneficiaries?

No. Current Beneficiaries of the Trust will remain exactly the same as they are now. Unlike the last (failed) Open Period Vote that sought to add 377 additional Trust Units and additional Trust Beneficiaries, the Restated Trust Agreement does not change the number of Trust Units or add new Beneficiaries.

Will NOK Be Making Any Future Contributions to the Trust?

No. Regardless of whether the Restated Trust Agreement is adopted, NOK is unable to make future contributions to the Trust.

Who Would the Trustees Be Under the Restated Trust Agreement?

As mentioned above, the changes within the Restated Trust Agreement would allow Trust governance to go back to 2002's original provision of Trustees and NOK Directors being the same individuals, thereby eliminating the need for costly and cumbersome dual NOK and Trust elections that have been required since time of the Trust's 2005 dissociative event (that resulted from the Bureau of Indian Affairs requiring NOK's addition of three new shareholders). Under the Restated Trust Agreement, NOK's Directors would again, upon election, automatically become Trustees.

Can the Restated Agreement Be Amended in the Future?

Yes. The Restated Trust Agreement can be amended every five years, following votes to do so by both the Trustees and voting Beneficiaries. The next opportunity to modify the Trust would be five years from now, January 1, 2023 to June 30, 2023.

**The Trustees respectfully and unanimously request that you vote “YES”
to approve the Restated Trust Agreement
for the Natives of Kodiak Shareholder Permanent Fund.**

Your vote is appreciated and very important.

Every Voice Counts!

Every Vote Matters!