

SHARE FRACTIONS AND CIRI STOCK WILLS

Share fractions create a disproportionate increase in administrative cost and burden. For example, the cost to send newsletters and other mailings to someone who owns less than one share is the same as sending those same items to shareholders with a larger number of shares. Additionally, the owners of share fractions or small shares often fail to keep a current mailing address on file, vote in CIRI elections or cash their dividend checks.

Between September 1999 and September 2011 there was a 142 percent increase in the number of CIRI shareholders with one share or less. Without action, share fraction interests would continue to get smaller over time, while the number of share fractions and the associated administrative costs would increase.

Fortunately, Alaska law not only authorizes corporations to institute requirements that limit the transfer and issuance of its stock to whole shares, but by statute encourages the issuance of whole shares. Accordingly, at its October 2011 meeting, the CIRI Board of Directors passed a resolution establishing a policy to freeze CIRI's existing share fractions, whereby, **effective June 1, 2012, share fractions will not be further divided and single shares will not be split.**

Thus, if the prior holder did not leave a valid will, or if following the transfer instructions in a will would result in dividing a share fraction or single share, the share fraction or single share shall instead be allocated based on the results of a random drawing conducted by CIRI from the names of the eligible recipients.

In light of the fractional share policy, CIRI shareholders are encouraged to consider whether their stock wills need to be updated. In completing their stock wills, shareholders are reminded that:

CIRI will not split share fractions.

Any existing share fraction must be directed to one beneficiary.

For example: If you own 10.5 shares and wish to split those shares as equally as possible between two people, write in 5 shares for one person and 5.5 shares for the other person. Your shares may not be divided so that each person receives 5.25 shares of stock.

CIRI will distribute stock in whole shares only.

If the number of shares you own will not divide equally in whole shares among the beneficiaries, indicate the beneficiary(ies) who should receive the larger portions.

For example: If you own 100 shares and wish to will those shares as equally as possible to three people, write in 33 shares for two people and 34 shares for one person.

Please refer to the Stock Will Instructions for additional information and examples and contact CIRI Shareholder Relations probate staff at (907) 263-5191 or toll-free at (800) 764-2474 if you have any questions.