

CHECKLIST FOR GIFT DONORS

This packet explains what you need to do to give a gift of your Shareholder shares, please review it very carefully! Read carefully the Questions & Answers section attached as it points out that:

- **Gifts or shares cannot be returned**, except between adult brothers and sisters
- We do not know what taxes, if any, you may owe as a consequence of giving this gift, and so **you should consult your tax advisor.**
- You may only give a gift to your **child, grandchild, great-grandchild, niece, nephew, brother, or sister.**

Fill out the enclosed Donor's Affidavit form, and then **sign it in front of a Notary Public.**

Fill out the Family Tree form as accurately as you can.

Make sure that your gift recipient reviews the CHECKLIST FOR GIFT Recipients and completes the forms found within that packet.

Mail or fax the completed Family Tree and Donor's Affidavit, with attachments, to KHC at:

Stock Transfer Agent
Klawock Heenya Corporation
P.O. Box 129
Klawock, Alaska 99925

Important: If you or the recipient have questions as you go through these packets, contact KHC's Stock Transfer Agent, before you fill out the forms, at (907) 755-2270. Once you and the recipient have properly completed and submitted the required documents, KHC's Stock Transfer Agent will transfer the shares to the recipient within about 10 business days.

STOCK GIFTS: ANSWERS TO COMMON QUESTIONS

The Alaska Native Claims Settlement Act (ANCSA) permits Native corporation shareholders to give part or all of their shares as gifts. Over the years, we have answered innumerable shareholder questions about giving stock gifts. This brochure answers some of the most common queries.

Q. *Who can give a stock gift?*

A. Any KHC shareholder can be a donor.

Q. *Who can receive a stock gift?*

A. Recipients can be the donor's child, great-grandchild, grandchild, niece, nephew, brother, or sister, either by birth or by legal adoption.

Q. *What about a spouse's relative?*

A. The recipient must be related to the donor by blood or adoption, not by marriage. Therefore, a spouse's niece, for example, may not be a recipient.

Q. *Does the recipient have to be an Alaska Native?*

A. A gift recipient must be either an Alaska Native or a descendant of a Native, including adopted descendants. Therefore, a recipient need not have a particular blood quantum to be eligible to receive a gift of shares.

Q. *Why do shareholders give away some of their shares?*

A. Shareholders give gifts of shares for all kinds of reasons: to celebrate a child's or grandchild's 16th birthday; to celebrate a high school graduation; to pass shares from a non-Native parent or grandparent to a Native child; to give Natives born after the enrollment cutoff date a stake in their corporation.

Q. *How many shares can a shareholder give away?*

A. A shareholder can give any number of shares, from one share to the shareholder's entire stock.

Q. *Can a gift include a fraction of a share?*

A. No, the gift must be in whole shares. For example, a donor who wishes to divide 50 shares among three children will give 17 shares to each of two children and 16 to the third.

Q. *Is a gift of shares to a minor any different?*

A. If the recipient is under age 18, the shares will be held by a custodian until the recipient reaches age 18. The custodian is usually a parent or legal guardian.

Q. *Can the donor revoke, or undo, the gift later? Or can the recipient return the shares to the donor?*

A. No. Once a gift of shares is made, the donor has no further authority over the shares. The law does not provide for gifts to parents, grandparents, aunts, or uncles, so the recipient may not return shares unless the returning recipient is an adult brother or sister. Therefore, we advise you to consider carefully whether to make a gift of shares.

Q. *What is the tax consequences of a gift of shares?*

A. We do not know. Federal or state tax liability, either to the donor or to the recipient, may arise from a gift of shares. Donors and recipients should consult their tax advisors concerning possible tax liability. Whatever taxes may be owed will be the responsibility of the donor or recipient, not of KHC.

Q. *How long does it take to give a gift of shares?*

A. Once KHC has the properly completed documents from both donor and recipient, the stock transfer agent can transfer the shares in approximately 10 days.

Q. *Can a shareholder provide for family members or others to receive the shares in any way besides stock gifts?*

A. Yes, shareholders can always indicate by will how they want to leave their shares upon their deaths. There's a special one-page will just for Native corporation shares -- called a testamentary disposition form -- that you can fill out quickly to ensure that your shares pass at your death just as you want them to. KHC's stock transfer agent can give you a testamentary disposition form and answer questions in filling it out.

DONOR'S AFFIDAVIT

STATE OF _____)
) ss.
_____ COUNTY/JUDICIAL DISTRICT)

I, _____,
(Full name as it appears on Klawock Heenya Corporation stock certificate)
_____ of _____
(social security number) (complete mailing address)

under oath, depose as follows:

1. I now own _____ shares of common stock of Klawock Heenya Corporation.
2. I understand that the Alaska Native Claims Settlement Act (43 U.S. C. § 1606) permits a shareholder to give a gift of shares to his or her child, grandchild, great grandchild, niece, nephew, brother, or sister.
3. If any of the recipients of my shares is my brother or sister, I attest that I am at least 18 years old.
4. I wish to make a gift of shares to the recipient(s) shown below:

(1) _____
(recipient's full name) (relationship to donor)

(recipient's complete mailing address)

Birthdate: _____ Number of shares: _____
Social Security #: _____ Blood Quantum: _____

(2) _____
(recipient's full name) (relationship to donor)

(recipient's complete mailing address)

Birthdate: _____ Number of shares: _____
Social Security #: _____ Blood Quantum: _____

(3) _____
(recipient's full name) (relationship to donor)

(recipient's complete mailing address)

Birthdate: _____ Number of shares: _____
Social Security #: _____ Blood Quantum: _____

- [] I am making more than three gifts, so I have completed and attached Attachment A, setting out additional gifts; Attachment A is incorporated herein by reference.

TOTAL SHARES TRANSFERRED: _____
SHARES RETAINED BY DONOR (IF ANY): _____

5. I understand that I cannot revoke, take back, or otherwise change this gift of shares once it has been made.
6. I understand that if there are taxes owed as a result of this transfer, Klawock Heenya Corporation will not be responsible for payment, and that payment of any such taxes will be either my responsibility as donor or the recipient's responsibility.
7. I understand that my gift places in the hands of the recipient all authority to transfer these shares by will or gift; that I will no longer have voting rights for these shares; and that I will no longer receive dividends or distributions for these shares.
8. I understand that by signing this Affidavit I am swearing under oath to the best of my knowledge and belief that everything stated herein is true, and that I am acting of my own free will and am not under any undue pressure, influence, or duress.
9. I affirm that I have not received anything of value nor was I promised anything of value as compensation or payment for the stock I wish to transfer.

DATED this _____ day of _____, 20__.

SHAREHOLDER: _____
(Signature)

SUBSCRIBED AND SWORN TO before me this _____ day of _____,
20__, at _____.

Notary Public in and for _____
My commission expires: _____

ATTACHMENT A (TO DONOR'S AFFIDAVIT)

(4) _____
(recipient's full name) (relationship to donor)

(recipient's complete mailing address)

Birthdate: _____ Number of shares: _____
Social Security #: _____ Blood Quantum: _____

(5) _____
(recipient's full name) (relationship to donor)

(recipient's complete mailing address)

Birthdate: _____ Number of shares: _____
Social Security #: _____ Blood Quantum: _____

(6) _____
(recipient's full name) (relationship to donor)

(recipient's complete mailing address)

Birthdate: _____ Number of shares: _____
Social Security #: _____ Blood Quantum: _____

(7) _____
(recipient's full name) (relationship to donor)

(recipient's complete mailing address)

Birthdate: _____ Number of shares: _____
Social Security #: _____ Blood Quantum: _____

(8) _____
(recipient's full name) (relationship to donor)

(recipient's complete mailing address)

Birthdate: _____ Number of shares: _____
Social Security #: _____ Blood Quantum: _____

(9) _____
(recipient's full name) (relationship to donor)

(recipient's complete mailing address)

Birthdate: _____ Number of shares: _____
Social Security #: _____ Blood Quantum: _____

Family Tree Form

Date: _____

Completed by: _____

Father
Tribe _____
Blood Degree _____

Grandfather
Tribe _____
Blood Degree _____

Grandmother
Tribe _____
Blood Degree _____

Recipient
Tribe _____
Blood Degree _____

Mother
Tribe _____
Blood Degree _____

Grandfather
Tribe _____
Blood Degree _____

Grandmother
Tribe _____
Blood Degree _____

Note: Do your best to complete this family tree; leave blanks if you have to.