

## 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 what:

- **Gift 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 THE GIFT RECIPIENTS and completes the form found within that packet.

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

Klawock Heenya Corporation  
P.O. Box 129  
Klawock, AK 99925

**\*\*Important:** If you or the recipient have questions as you go through these packets, contact Klawock Heenya Corporation before you fill out the forms, at (907)-755-2270.

Once you and the recipient have properly completed and submitted the required documents, Klawock Heenya Corporation will transfer the shares to the recipient within about 10 business days.

## STOCK GIFTS: Q&A

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 the most common queries.

**Q: Who can give stock?**

**A:** *Any KHC shareholder can be donor.*

**Q: Who can receive stock?**

**A:** *Recipients can be the donor's child, grandchild, great-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 or their shares?**

**A:** *Shareholders give gifts of shares for all kinds of reasons: to celebrate a child's or grandchild's 16<sup>th</sup> 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 away 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 grandchildren will give 17 shares to each of two grandchildren and 16 to the third grandchild.*

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

**A:** *If the recipient is under 18, the shares will be held by a custodian until the recipient reaches the age of 18. The custodian is usually the parent or 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 the parents, grandparents, aunts, or uncles, so the recipient may not return shares unless the 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 consequence 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 KHC.*

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

*A: Once KHC has properly completed documents from both the donor and the 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 AFFIDAVID**

STATE OF \_\_\_\_\_  
\_\_\_\_\_ 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 of age.
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 Number: \_\_\_\_\_ Blood Quantum: \_\_\_\_\_

(2) \_\_\_\_\_ (Recipient's full name) \_\_\_\_\_ (Relationship to donor)  
\_\_\_\_\_  
(Recipient's complete mailing address)

Birthdate: \_\_\_\_\_ Number of shares: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ Blood Quantum: \_\_\_\_\_

(3) \_\_\_\_\_ (Recipient's full name) \_\_\_\_\_ (Relationship to donor)  
\_\_\_\_\_  
(Recipient's complete mailing address)

Birthdate: \_\_\_\_\_ Number of shares: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ Blood Quantum: \_\_\_\_\_

(4) \_\_\_\_\_  
(Recipient's full name) (Relationship to donor)  
\_\_\_\_\_  
(Recipient's complete mailing address)  
Birthdate: \_\_\_\_\_ Number of shares: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_ Blood Quantum: \_\_\_\_\_

(5) \_\_\_\_\_  
(Recipient's full name) (Relationship to donor)  
\_\_\_\_\_  
(Recipient's complete mailing address)  
Birthdate: \_\_\_\_\_ Number of shares: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_ Blood Quantum: \_\_\_\_\_

(6) \_\_\_\_\_  
(Recipient's full name) (Relationship to donor)  
\_\_\_\_\_  
(Recipient's complete mailing address)  
Birthdate: \_\_\_\_\_ Number of shares: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_ Blood Quantum: \_\_\_\_\_

(7) \_\_\_\_\_  
(Recipient's full name) (Relationship to donor)  
\_\_\_\_\_  
(Recipient's complete mailing address)  
Birthdate: \_\_\_\_\_ Number of shares: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_ Blood Quantum: \_\_\_\_\_

(8) \_\_\_\_\_  
(Recipient's full name) (Relationship to donor)  
\_\_\_\_\_  
(Recipient's complete mailing address)  
Birthdate: \_\_\_\_\_ Number of shares: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_ 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 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: \_\_\_\_\_