

MEMORANDUM

TO: Shareholders
FROM: Board of Directors
DATE: November 18, 2017
SUBJECT: The Importance of Executing a Stock Will

During the lunch hour, Corporate Attorney Barbara Simpson Kraft will lead a discussion and present information regarding:

- 1) The importance of having a current Stock Will on file;
- 2) The uniqueness of ANCSA stock; and
- 3) Other information regarding ANCSA stock certificates.

Ms. Kraft will be in attendance for the duration of the meeting and will be available for questions and assistance.

Attached to this Memo are materials Ms. Kraft will be referencing during the discussion time at the lunch hour.

INFORMATION ABOUT GIFTS AND STOCK WILLS

ANCSA Stock protections and restrictions

ANCSA corporations are formed under Alaska law much like any other corporation. However, ANCSA corporate stock is subject to federal statutory restrictions which make it different from stock in other Alaska corporations. The three main restrictions are:

1. ANCSA stock cannot be bought, sold, pledged, assigned, or otherwise alienated. 43 U.S.C §1606(h)(1)(B).
2. While a shareholder is living, ANCSA stock can be transferred from a shareholder as a gift to a limited list of family members. 43 U.S.C §1606(h)(1)(C)(iii).
3. ANCSA stock is only considered voting stock when it is owned by an Alaska Native person or a descendant of an Alaska Native person. 43 U.S.C § 1606(h)(2)(C).

These restrictions mean that under Eklutna's governing documents, future generations of Alaska Natives (those born after December 18, 1971) can only become owners of Eklutna stock if they receive Eklutna stock as an heir (whether under a will or as an intestate heir) or as a gift from a living shareholder if they fit within the very short list of relatives in the statute.

Who will receive my stock when I die?

If you do not have a general will or stock will, then your stock will be transferred to your heirs under the laws of intestacy. If you do not have any legal heirs, then your stock will be returned to Eklutna.

If you have a will, your stock will be transferred to the parties named in your will if they can be located and accurately identified.

Why should you update your will periodically?

You should update your will periodically to make sure Eklutna will be able to honor your wishes because it will be able to identify and find the parties named in your will. This is more difficult for Eklutna if the name is incorrect, the address is not current, the person has died or the entity no longer exists. You might also want to review your will after you marry, divorce or have a child. If your heirs are not easily identifiable in your will, then Eklutna has to spend money and time to make its best guess of your intent. If the address is incorrect or the name has changed, then the corporation has to try to find them. If the person you named has died, Eklutna has to engage legal counsel to provide instructions on who should receive the stock. If you only mentioned some of your children in your will, your other children born later might not receive a share of your stock. In all of these situations, Eklutna is trying to guess what you wanted it to do with your stock after you died.

What happens to stock that is willed to an entity, rather than a person?

Federal law does not restrict who you can name in your will, and Eklutna will make every attempt to honor your wishes. You should know that naming an entity means:

- The stock will always be owned by that entity;
- The shares will be considered non-voting shares;
- That entity will receive shareholder dividends, meaning that the benefits that are intended for Alaska Native people under ANCSA will be going to an entity who may have no connections to Eklutna or its people;
- The entity that receives the stock cannot transfer the stock to an Eklutna shareholder or descendant;
- As more shares are gifted to entities, there will be fewer voting shares and fewer shareholders with ties to Eklutna; and
- Unless your descendants receive Eklutna stock from another person, they will not be able to run for a seat on the board of directors or vote in Eklutna's elections, and they are not likely to be eligible to participate in programs that are only available to shareholders or their descendants.

(h) Settlement Common Stock

43 U.S.C.A. § 1606 (h)(1)(B) and (C)

(1) Rights and restrictions

(B) Except as otherwise provided in this subsection, Settlement Common Stock, inchoate rights thereto, and rights to dividends or distributions declared with respect thereto shall not be—

- (i)** sold;
- (ii)** pledged;
- (iii)** subjected to a lien or judgment execution;
- (iv)** assigned in present or future;
- (v)** treated as an asset under--
 - (I)** Title 11 or any successor statute,
 - (II)** any other insolvency or moratorium law, or
 - (III)** other laws generally affecting creditors' rights; or
 - (VI)** otherwise alienated.

(C) Notwithstanding the restrictions set forth in subparagraph (B), Settlement Common Stock may be transferred to a Native or a descendant of a Native—

- (iii)** as an inter vivos gift from a holder to his or her child, grandchild, great-grandchild, niece, nephew, or (if the holder has reached the age of majority as defined by the laws of the State of Alaska) brother or sister, notwithstanding an adoption, relinquishment, or termination of parental rights that may have altered or severed the legal relationship between the gift donor and recipient.

43 U.S.C.A. § 1606 (h)(2)(C)

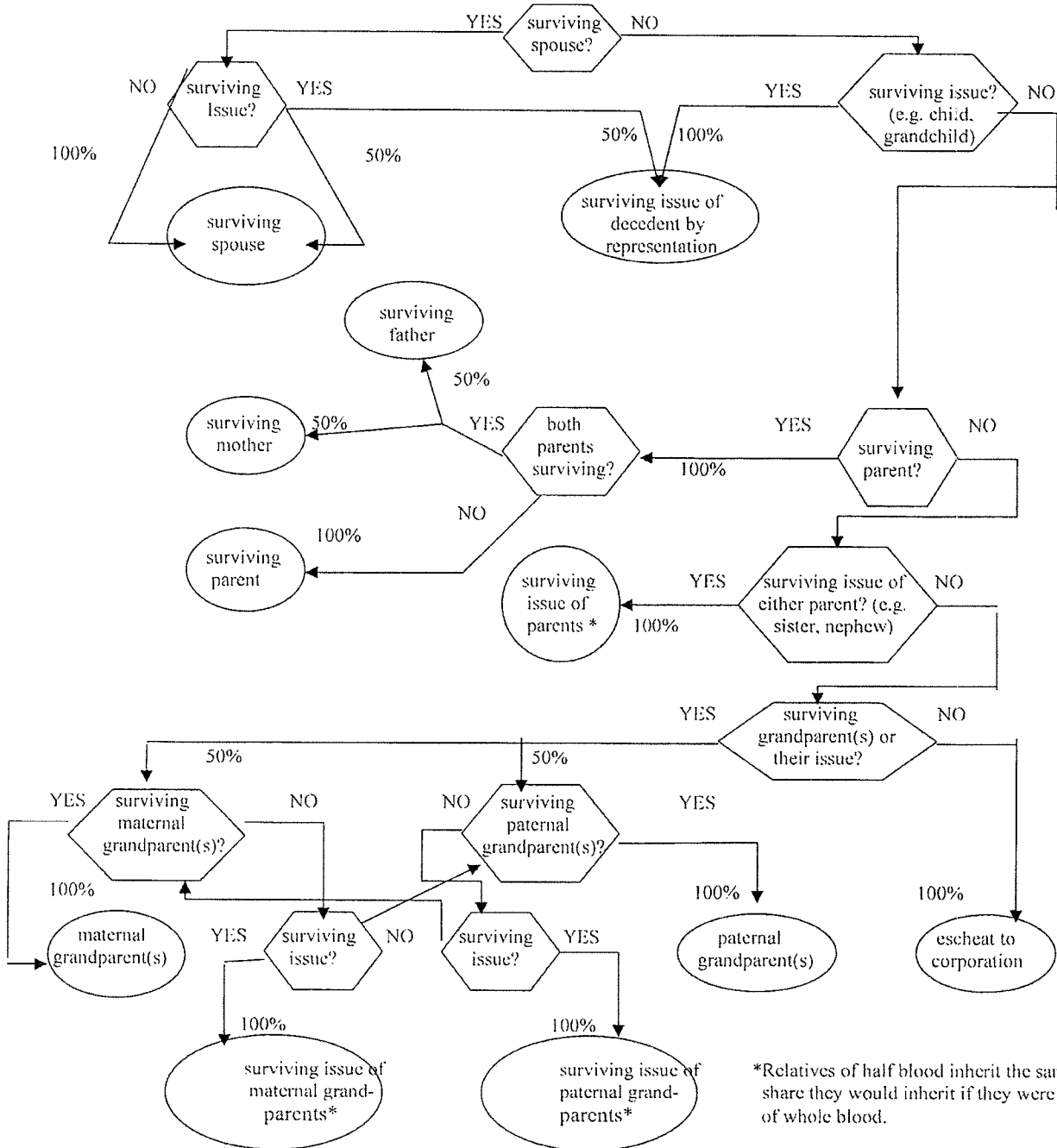
(2) Inheritance of Settlement Common Stock

(C) Settlement Common Stock of a Regional Corporation—

- (i)** transferred by will or pursuant to applicable laws of intestate succession after February 3, 1988, or
- (ii)** transferred by any means prior to February 3, 1988,

to a person not a Native or a descendant of a Native shall not carry voting rights. If at a later date such stock is lawfully transferred to a Native or a descendant of a Native, voting rights shall be automatically restored.

Form 4.5
INTESTATE SUCCESSION-- ANCSA Settlement Common Stock
 According to AS 13.12.102 - .107 and 43 U.S.C. 1606(h)(2)



Adopted March 14, 2006 (Revised August 21, 2013)