

Dear Deloycheet Shareholder:

Until 1987, your shares of Deloycheet stock were not transferable except upon your death or pursuant to a court decree of separation, divorce, or child support. Under 1987 federal legislation (the Alaska Native Claims Settlement Act Amendments of 1987, Public Law 100-241, also known as the "1991 Amendments"), it became possible for a shareholder to make a gift of ANCSA stock to a Native or descendent of a Native who was his or her child, grandchild, great grandchild, niece, or nephew.

Some shareholders have requested information about how they can make such a gift. In response to those requests, we have prepared a form Affidavit, which can be filled out by any shareholder who wishes to make a gift of his or her Deloycheet shares. Another affidavit must be completed by each person who is to receive a gift of shares. The forms can be obtained from Deloycheet's Shareholder Maintenance department. If you are considering making such a gift, you should be aware of the following important factors:

- The gift can be made only to one or more of your children, grandchildren, great grandchildren, nieces, or nephews. For example, A spouse's child from a former marriage, who has not been adopted by the shareholder could not receive a gift of shares; if the child were adopted by the shareholder, he or she would be treated the same as the shareholder's other children. Similarly, the nieces and nephews of the shareholder for these purposes—they must be related by blood or adoption, not just by marriage.
- Adopted persons are treated the same as natural or blood relatives for the purposes of these gifts of stock.
- If the recipient of the gift is under 18 years of age, the shares will be held by a custodian until the child reaches at least the age 18. The custodian is usually a parent or legal guardian. You designate the custodian at the time of the gift. You may designate yourself as custodian at the time of the gift. You may designate yourself as custodian, but after the shares are transferred they are owned by the minor recipient, not you. Many of the rights and responsibilities of a custodian are spelled out in an Alaska law known as the Uniform gifts to Minors Act, AS 13.46. If you have any questions about those rights and responsibilities, you should contact an attorney.
- If you make a gift of shares, you do not need to give away all the shares you own; the gift can be any number less than or equal to the amount you own. For example, you may give

five shares to a child and keep ninety-five shares for yourself. Remember that if you give away all of your shares, you will no longer be a Deloycheet shareholder.

Persons receiving a gift of shares do not have to be an Alaska Native as long as they are a descendant of a Native. If you need help in determining whether the person receiving a gift qualifies, contact the Deloycheet Shareholder Maintenance Department. Under the new law, both Natives and descendants of natives will receive voting stock. Persons adopted as children (before their majority) are considered "descendants of Natives" under the new law and will receive voting shares regardless of actual Native blood quantum.

- A gift made in this fashion may be irrevocable (that is, the child, grandchild, great grandchild, niece, or nephew will not be able to give the stock back) because the new law does not contain any provision for a child to give stock to a parent, a niece or nephew to give stock to an aunt or uncle, and so forth. For this reason, you are advised to consider very carefully whether or not you wish to make such a gift. Nothing in the new law requires you to do so, and if you do, you may not be able to change your mind later.
- You can still provide for a transfer of any shares owned at the time of your death by will. Such transfers are not limited to children, grandchildren, great grandchildren, nieces, or nephews. Your will, including the will on file with Deloycheet can specify anyone you direct as the recipient of your stock when you die. Of course, if you don't make a will, your stock will go to your heirs under the laws of intestate succession
- Your gift will become effective once you sign the Affidavit Request for Gift of Shares and your recipient signs the Acceptance. It will take Deloycheet approximately a month to process the request and issue a new stock certificate to the recipient. During that time, you can revoke the gift only with the consent of the recipient. After the new certificate has been issued to the recipient, the gift cannot be revoked even if the recipient agrees
- There may be substantial tax consequences from giving your stock to someone. There should be no immediate federal income tax impact to you. In general, your recipient will have the same tax basis value) in the stock given as you currently do. This will determine how much income your recipient has to recognize in the future if the recipient later sells the shares. There is also a risk that you will be subject to federal gift tax. The United States imposes a tax on gifts of substantial amounts. If assessed, you would be responsible to pay the tax. The recipient wouldn't have to pay it.

Deloycheet cannot advise you as to how much your shares may be worth. One way to estimate the value of your shares is to divide the shareholder equity of the corporation as shown on its current balance sheet by the total number of shares in the corporation, and

multiply the value per share by the number of shares you own. This “balance sheet value” includes the effect of several accounting principles which may not accurately reflect the true value of your stock. For example, real property constitutes a substantial portion of Deloycheet’s assets. This real property has not, for the most part, been appraised so Deloycheet doesn’t know what it is really worth. The balance sheet doesn’t list the real property for its fair market value. As a result, the true value of your Deloycheet shares may be many times the book value. However, Deloycheet cannot tell you how much your shares are worth at this time, and has no intention of trying to determine their worth in the future.

The federal tax laws exclude the first \$10,000 of gifts to a person from tax each year, and provide a lifetime credit for gifts having up to \$600,000 in aggregate value. If the shares you give to a recipient have a value of less than \$10,000 or you have given less than \$600,000 worth of gifts in your lifetime, the gift tax shouldn’t cause you any problems. However, given the uncertainty regarding the value of your Deloycheet shares, the possibility the gift tax laws could change and the risk of gift tax applying, Deloycheet suggests that you discuss any contemplated gifts with your tax advisor. The gift may also be subject to state income, gift or other transfer taxes.

If you wish to make a gift of stock as described above, you must fill out the Affidavit Request and the Family Tree forms supplied by Deloycheet, sign the Affidavit Request in the presence of a Notary Public, have your recipient sign the Acceptance in the presence of a Notary Public, and return them to Deloycheet. Deloycheet will then review your Affidavit Request and , if it appears to be proper in form, Deloycheet will transfer the shares as you direct.

If you have any questions about these procedures, it is important that you contact Deloycheet’s Shareholder Maintenance Department before completing your Affidavit.