

## INFORMATION ON MAKING GIFTS OF SHUMAGIN CORPORATION STOCK

Until recently, shares of Shumagin Corporation stock were not transferable except upon death or pursuant to a court decree of separation, divorce, or child support. By recent amendments to the Alaska Native Claims Settlement Act, it is now possible for a shareholder to make a gift of some or all of their stock to a brother, sister, child, great-grandchild, niece or nephew.

Some shareholders have requested information about how they can make such a gift. We have prepared forms to help shareholders with their gifts. Each person who is making a gift must complete the form entitled Affidavit for Gifting Shares of Shumagin Corporation Stock. Before a transfer can be completed, we also must have a completed W-9 (Request for Taxpayer Identification Number and Certification) and Shareholder Identification Criteria Form for the recipient. Shumagin Corporation will send these forms to the recipient upon receiving a completed Affidavit for Gifting Shares of Shumagin Corporation Stock.

If you are considering making a gift of some or all of your Shumagin Corporation stock, you need to know the following important information:

1. A gift of Shumagin Corporation stock can be made only to your siblings and to your lineal descendants. This means that you can give shares of your stock to your brothers and sisters, and to your children, grandchildren, and great-grandchildren. If you need help in determining whether someone is eligible for a gift of stock, please contact the Shumagin Corporation office.
2. Only Alaska Natives and descendants of Alaska Natives are eligible to hold voting stock. An Alaska Native is a person of one-fourth degree or more of Alaska Aleut, Eskimo, or Indian blood.
3. Adopted persons are treated the same as natural or blood relatives for these purposes. Persons who are adopted as children (before reaching age 18) by an Alaska Native are considered “descendants of natives” under the law, and are eligible to receive voting shares of stock. This means that if you are an Alaska Native, and have an adopted child who is not an Alaska Native, that child will have the same voting rights as an Alaska Native.
4. A step-child (a child of a spouse who is not your natural child and who has not been adopted by you) is not eligible to receive shares of stock from you. Similarly, nieces and nephews of your spouse are NOT considered to be your nieces and nephews for gifting of stock. Relationships for gifting purposes must be by blood or by adoption, not by marriage.
5. If the recipient of a gift of Shumagin Corporation stock is under the age of 18, a custodian must be named to hold the shares until the child reaches age 18. Alaska law

provides the following priorities for the appointment of a custodian: a) a legal guardian; b) one parent of the minor, selected by both parents; or c) an adult family member of the minor child.

6. You may make a gift of all of your shares, or of a portion of your shares.

7. A gift of stock is irreversible. You can change your mind about a gift any time before the transfer is made on Shumagin Corporation's records by notifying Shumagin Corporation in writing of the change. However, once the transfer is completed, it will NOT be possible to get back the stock you have given away, unless the gift were to a brother or sister, and then only if the recipient is willing to give the stock back to you.

8. If you do not want to make a gift of your shares while you are alive, you can still control who gets your shares of stock on your death by the use of a Testamentary Disposition form. Different rules apply to Testamentary Dispositions than apply to gifts made during your life. The recipients of stock by Testamentary Disposition do not need to be related to you.

9. There may be federal or state tax consequences from the gift of shares of Shumagin Corporation stock. Shumagin Corporation does not know what taxes, if any, might be owed by the person giving or receiving Shumagin Corporation stock. Anyone considering making such a gift should consult with his or her tax advisor prior to doing so. Any taxes that may be owed as a result of a transfer of shares will be the responsibility of the Shareholders, not of Shumagin Corporation.

If you wish to make a gift of stock, you should fill out the Affidavit for Gifting of Shumagin Corporation Stock. Return this form to Shumagin Corporation. We will review the form, and if they are in good order, we will contact the recipient and ask them to complete the necessary forms to finalize the gift. As soon as possible after those forms are received, Shumagin Corporation will complete the transfer.