

Questions and Answers about the GANA-A'YOO SETTLEMENT TRUST

The information below speaks to questions shareholders may have about the Gana-A'Yoo Settlement Trust (GST) that Gana-A'Yoo, Limited (Gana-A'Yoo) will propose for a shareholder approval on August 21, 2020 at the 'virtual' annual meeting of shareholders. The Trust Agreement provides the specific legal details of the Trust, and is available upon request.

Gana-A'Yoo Needs Your Help to Create the Gana-A'Yoo Settlement Trust

GST benefits shareholders and the corporation by providing important tax breaks. Settlement trust distributions are not taxable to shareholders and the corporation receives a significantly lower tax rate, an increase to net income.

While shareholders do not currently pay taxes on Gana-A'Yoo dividends eventually it will be required. Trust distributions will not be taxable in most circumstances.

KEY CONCEPTS OF THE TRUST

What is a settlement trust?

The purpose of a settlement trust is to promote the health, education, and welfare of the beneficiaries, and to preserve the heritage and culture of Alaska Natives. A settlement trust accomplishes its purpose by making distributions to its beneficiaries. A settlement trust is a trust organized under the provisions of the Alaska Native Claims Settlement Act (ANCSA) and Alaska state law to provide certain benefits to the shareholders of a specific Native corporation.

What are examples of the benefits that the Trust can provide?

Individuals who own shares of Gana-A'Yoo Stock will be beneficiaries for as long as they own Gana-A'Yoo Stock.

The Trust permits the following types of distributions:



Gana-A'Yoo Settlement Trust Distributions (GST Distributions)

The GST Distribution is a cash distribution to the Trust's Primary beneficiaries (Gana-A'Yoo shareholders), based upon the number of Gana-A'Yoo shares owned by each beneficiary. The GST Distribution from the Trust is expected to replace some or all of Gana-A'Yoo's dividends to its shareholders. GST Distributions will not be taxable to shareholders/beneficiaries and will increase the corporation's net income through tax savings.



Potlatch Distributions

The potlatch payments currently paid by Gana-A'Yoo will be replaced by the Potlatch Distribution. The eligibility and disbursement requirements will remain the same.



Potential Distributions

The Trust is flexible and allows the Trustees, at their discretion, to create additional distributions in the future. These additional benefits, if created, may benefit both Primary beneficiaries/Gana-A'Yoo shareholders and children of Original Enrollees for Gana-A'Yoo.

Each category of distribution is independent of each other. There are specific eligibility rules for each type of distribution and a beneficiary must satisfy the requirements for a specific type of distribution to be eligible to receive that benefit.

GANA-A'YOO'S BOARD REQUESTS THAT YOU VOTE YES ON THE PROXY QUESTION TO ESTABLISH THE TRUST AS AN ANCSA SETTLEMENT TRUST.

KEY CONCEPTS OF THE TRUST (CONTINUED)

Have other Alaska Native corporations adopted settlement trusts?

OVER 30 Alaska Native corporations both regional and village corporations have established Settlement Trusts, including those created by Doyon, CIRI, NANA, Chugach, Afognak and Calista.

What are the biggest advantages of settlement trusts?

Trust distributions are not taxable to beneficiaries in most circumstances. In addition, Gana-A'Yoo is able to take a tax deduction for its contributions to the settlement trust, resulting in savings to the corporation. Other advantages are permanence, limited risk, tax advantages and protection from creditors.

How will Trust distributions be paid to beneficiaries?

Beneficiaries/shareholders will receive their GST distribution in the same manner they received their Gana-A'Yoo dividend. For example, if you have a bank account on file or direct deposit of your Gana-A'Yoo dividend, your GST distribution will be electronically deposited to the same bank account.

Is there any disadvantage of a settlement trust to Gana-A'Yoo?

The biggest disadvantage to Gana-A'Yoo is once assets are moved into the Trust, Gana-A'Yoo can not take them back. However, Gana-A'Yoo's board will take these effects into account when it decides whether to contribute assets to the Trust and the Board will have full authority if and when to put money or any other assets into the Trust.

What are some of the restrictions on ANCSA Settlement Trusts?

ANCSA provides that a settlement trust cannot operate as a business. Gana-A'Yoo may not contribute any assets that violate ANCSA or the Settlement Trust Agreement.

I currently don't pay taxes on my Gana-A'Yoo dividends?

Gana-A'Yoo shareholders are not required to pay taxes on dividend distributions. The corporation is fortunate to be paying dividends from the initial capital contribution from the ANCSA legislation in the 1970s. This will eventually dissolve and shareholders will be required to pay income tax on Gana-A'Yoo dividends. The Gana-A'Yoo Settlement Trust may avoid dividend taxes to shareholders.

TAX AND ACCOUNTING RULES RELATING TO THE SETTLEMENT TRUST

Why create a Settlement Trust now?

On December 22, 2017, the Tax Cuts and Jobs Act became law and now Alaska Native corporations may claim a deduction on the corporation's tax return for contributions to the Trust. In addition, distributions from the Trust will not be taxable to beneficiaries (shareholders) in most circumstances.

What are the benefits?

Currently shareholders (beneficiaries) do not pay tax on dividends from Gana-A'Yoo. Future dividends are not anticipated to be taxable AND the corporation will have a lower tax burden, increasing shareholder equity.

How can Beneficiaries obtain financial information regarding the Trust in the future?

A statement reporting the financial performance of the Trust will be forwarded to beneficiaries (shareholders) annually, as part of Gana-A'Yoo's annual meeting packet.

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