Frequently Asked Questions on the Eyak Benefits Trust, an ANCSA Settlement Trust

[Includes Questions Received as of 15 April 2019]

We will be adding any new questions to this list approximately every two weeks to provide shareholders with one document that incorporates all of the questions and answers.

Q1. What is the purpose of an ANCSA settlement trust?

A. The purpose of an ANCSA settlement trust is to promote the health, education, and welfare of the beneficiaries, and to preserve the heritage and culture of Alaska Natives.

Q2. Have other Alaska Native Corporations adopted settlement trusts?

A. Yes, we are aware of approximately 40 Alaska Native Corporations that have adopted settlement trusts, including Afognak, Ahtna, Chenega, Chugach Alaska Corporation, Koniag and Old Harbor.

Q3. Why are many Alaska Native Corporations creating settlement trusts now?

A. Because of significant Federal tax benefits made available to Alaska Native Corporations and their shareholders through the Tax Cuts and Jobs Act, which became law in December 2017.

Q4. What is the voting requirement to establish a settlement trust?

A. To create a settlement trust, a majority (over 50%) of the shares present or represented by proxy at a shareholders' meeting at which a quorum is present must vote in favor of creating the settlement trust.

Q5. What is the name of the settlement trust that The Eyak Corporation's (TEC) shareholders will be voting on at this year's Annual Shareholders' Meeting?

A. **Eyak Benefits Trust.**

Q6. How would the Eyak Benefits Trust work?

A. When The Eyak Corporation (TEC) contributes money to the Eyak Benefits Trust, the Trust would treat that as income and pay income tax on the contribution. Then, when that money (minus taxes) is distributed to the Trust beneficiaries, the beneficiaries would not treat the distribution as income or have to pay taxes on the money they receive. In other words, when structured properly, the settlement trust would pay taxes on the money received from the corporation, so that **shareholders don't have to pay any Federal tax** on the same money once it is distributed to them from the Trust.

Q7. What are the tax benefits to TEC's shareholders?

A. The new settlement trust will make a special tax election, which permits beneficiaries to receive an important tax break. Under current federal law, distributions by the Trust are not treated as taxable income to beneficiaries. The Trust will not send 1099s to beneficiaries. Currently, dividends paid by TEC are taxable to shareholders.

It's important to note that TEC does not control tax laws. Over time, tax laws can change. Should tax laws become less favorable, TEC's Board of Directors will determine whether further distributions or contributions to the Trust are appropriate.

Q8. What are the tax benefits to TEC?

A. TEC's current combined federal and state tax rate is approximately 25%. Under current tax law, TEC will receive a tax deduction for any contributions to the Trust. The Eyak Benefits Trust will be taxed on those contributions at a lower tax rate of 10%. The state of Alaska doesn't tax trust income. This produces a net 15% tax savings on money contributed to the Trust. If TEC contributes property with unrealized gain, the tax savings could be more.

Q9. What will be contributed to the Eyak Benefits Trust?

A. Contributions to the trust will be made at the discretion of TEC's Board of Directors. If the Trust is approved by the shareholders, TEC's Board will identify an initial amount to establish the Trust. The Board may make additional contributions in the future as needed to fund the Trust's benefit programs. Various factors will come into play when determining what, if any, funds to contribute to the trust, such as: TEC's financial performance, the need to invest in corporate growth initiatives, and the trust's investment earnings performance.

Q10. What benefits will the Trust provide?

A. Initially the Trust will provide two types of benefits. It will have an elders benefit program that provides payments, up to $500/year, to each elder who is an original shareholder. TEC currently does not have an elder's dividend program.

It also will have a funeral and burial assistance program that provides up to $1,000 of assistance when any TEC shareholder dies. The payments currently made by TEC under the funeral and burial assistance program it established in 2010 will be replaced. The eligibility and disbursement requirements will remain the same. Other benefits may be added in the future, but none are currently planned.

Q11. Who will be the Settlement Trust's Beneficiaries?

A. The Beneficiaries of the elders benefit program will be elder shareholders who are original TEC shareholders. The Beneficiaries of the funeral and burial assistance program are the deceased TEC shareholders. The proposed funeral and burial assistance program is consistent with the program established by TEC in 2010. If an additional benefit program is adopted, it will define the Beneficiaries of that benefit program. Beneficiaries must be shareholders, Natives and/or descendants of Natives.

Q12. What are examples of "Natives" who are not shareholders?

A. Examples include: original shareholders who have given away all of their shares; and individuals who were eligible to enroll into TEC but were unable to do so because they were serving their country during the Vietnam War.

Q13. Are any of the beneficiaries individuals that TEC could not currently provide funds to?

A. No.

Q14. Who can serve as a Trustee on the Eyak Benefits Trust?

A. Three of the trustees must be TEC directors, officers or members of senior management. The other two trustees can be anyone the TEC board of directors decides is qualified.

Q15. Is it common for directors to serve as Trustees?

A. Yes, a strong majority of the post-2017 settlement trusts we have reviewed have directors also serving as Trustees. A few examples include Afognak, Koniag, K'oyitl'ots'ina, Paug-Vik, and Ounalashka. We are not aware of any "new" settlement trust that prohibits directors from serving as Trustees.

Q16. Do members of senior management serve as Trustees on other settlement trusts?

A. Yes. The approach taken by The Eyak Corporation and several other corporations (including Bering Straits Native Corporation and Choggiung) is to require a certain number of the Trustees to be directors, officers, or senior management, while authorizing a limited number of others to serve as Trustees.

Q17. Will the Trustees receive compensation for attending meetings?

A. Any compensation plan must be approved by the TEC Board. We do not anticipate that Trustees will receive compensation for serving as Trustees.

Q18. Has the Board already selected the Trustees?

A. No.

Q19. If the Trust is different from the Board why are directors being put in as trustees? Wouldn't it be prudent to have Trustees that are qualified to be a trustee, as they will be making decisions on investments? Especially since the Board of TEC is the one who will have quarterly contact with them and the Trust will be reporting to the Board. When you have directors who are also Trustees it seems to lose something in the accountability process.

A. To save taxes, TEC will be using the Trust to accomplish indirectly what TEC could do directly. Having directors and senior management serve as trustees will enable the Trust to accomplish the goals of the board of directors while saving taxes.

The benefit programs provided by the Trust will, for the most part, be benefit programs that TEC could, if it wished, provide directly to shareholders. ANCSA permits Alaska Native corporations to provide benefits to shareholders who are Natives or descendants of Natives and to its shareholders' immediate family members who are Natives or descendants of Natives without regard to share ownership. Some Alaska Native corporations use this authority to make payments to elder shareholders, for example. Providing these benefits through the Trust, rather than directly by TEC, will allow tax savings so should make more funds available. Since the Board of Directors could provide these benefits through TEC, the Board's decision to have the Trust provide these benefits instead is, in a sense, simply a means by which the Board of Directors is choosing to accomplish these TEC goals.

Having directors and senior management serve as the trustees also will enable the trustees to act efficiently. For example, they can hold a Trustees' meeting immediately after adjourning a Board meeting.

Two of the five trustees do not need to be directors, officers or members of senior management. The Board could appoint anyone to those positions, if appropriate.

Finally, it is likely that the Trust will not have substantial assets to invest. Most contributions will be used by the Trust to provide benefits within a relatively short period. Unlike the EPFST, we contemplate that the Trust will not build up substantial assets, so Trustee investment expertise is not required. If a future amendment to the Trust adds a permanent fund element to the Trust so assets are accumulated and investment expertise and clearer separation between TEC and the Trust become important, the trust agreement contemplates that TEC will consider modifying the size and makeup of the board of trustees to introduce expertise and separate management of these assets from undue TEC influence.

Q20. Doesn't TEC already have a settlement trust? Why is a new one being proposed?

A. Yes, the Eyak Permanent Fund Settlement Trust (EPFST) was established through a shareholder vote in 1998. The "new" settlement trust (the Eyak Benefits Trust) is being proposed because it will have more flexibility than the EPFST. For example, the Eyak Benefits Trust can make distributions or provide benefits to a subset of TEC shareholders, such as TEC elders that are original shareholders. The EPFST is limited to making distributions to all TEC shareholders proportional to the shares owned.

Q21. Have other Alaska Native Corporations that already have settlement trusts established "new" settlement trusts in light of the Tax Cuts and Jobs Act?

A. Yes. Examples include Afognak, Bristol Bay Native Corporation, Chenega, and Natives of Kodiak. In addition, other Alaska Native Corporations with "old" settlement trusts are bringing "new" settlement trusts to shareholders for a vote in 2019.

Q22. Do Proxy forms used by other Alaska Native Corporations to establish settlement trusts include a Yes/For "default" vote if neither the Yes/For or No/Against box is checked?

A. Yes.

Q23. What would the relationship between TEC and the settlement trust look like?

A. The relationship between TEC and the Eyak Benefits Trust would generally be similar to the current relationship between TEC and the EPFST. TEC and the settlement trust would remain separate legal entities, however closely affiliated. In this environment:

- TEC would contribute assets to the settlement trust;
- Members of TEC's Board of Directors, officers, and members of senior management will make up at least three of five-person Board of Trustees;
- Eligible TEC shareholders would be the beneficiaries of the Trust; and
- TEC would provide administrative services to the settlement trust.

Unlike TEC subsidiaries, the assets, liabilities, income, and expenses of the settlement trust would not be consolidated into the TEC financial statements and tax returns. The settlement trust and its assets will not be liable for TEC 's debts and obligations, and TEC would not be liable for the trust's debts and obligations.

Q24. What outreach to shareholders has taken place on settlement trusts?

A. At shareholder meetings in Anchorage, Cordova, and Seattle during the past several years, CEO Rod Worl has discussed settlement trusts and the corporation's desire to maximize benefits to shareholders while reducing the corporation's tax burden. Based on feedback during and after those meetings, there appears to be very strong shareholder support for the proposed tax strategy.

The corporation has also provided shareholders with information on the proposed settlement trust through the quarterly shareholder newsletters, including December 2018 (Board Message) and March 2019 (Management Report, Chairman's Message and Frequently Asked Questions). In addition, the corporation's Shareholder Advisory Committee expressed support for a new settlement trust during their meeting held in January 2019. The committee also reviewed the Frequently Asked Questions on the Eyak Benefits Trust before the document was posted on the corporation's website.

Q25. Did the Proxy used to establish the Eyak Permanent Fund Settlement Trust in 1998 also include a Yes/For "default" vote if neither the Yes/For or No/Against box was checked? Why should the default be "Yes/For?"

A. Yes. TEC encourages shareholders to mark their proxies either "yes" or "no." The default applies only if a shareholder returns a valid proxy but doesn't mark either box. In both 1998 and 2019, TEC's Board has recommended voting "yes" on the settlement trusts and included a "Yes" as the default if a valid proxy was submitted and neither box was checked.

Q26. What is the rush?

A. The short answer is the Board wants to issue a tax-free dividend in 2019 to our original shareholders who are at least 65 years old while maximizing tax benefits for the corporation. If a dividend is paid to elders outside of a settlement trust, neither the corporation nor our elders can tax advantage of the settlement trust's tax advantages. Through shareholder survey responses in 2013 and 2017, shareholders have overwhelmingly expressed support for elder programs.

An additional reason the Board is bringing the matter to shareholders this year is settlement trust programs are great for the corporation and great for shareholders. Since 2017, settlement trusts have been passing with very high percentages of shareholder support.

Q27. Why isn't the corporation holding a Special Meeting to vote on the Shareholder Resolution?

A. Tying the Shareholder Resolution into the Annual Meeting avoids the administrative expense and inefficiencies of a separate Special Meeting of Shareholders to vote on the Shareholder Resolution. Several Alaska Native Corporations, including Afognak, Bering Straits Native Corporation, Bristol Bay Native Corporation, and Koniag have followed a similar approach.

Q28. Is it common for Directors to serve as Trustees?

A. Yes, a strong majority of the post-2017 settlement trusts we have reviewed have Directors also serving as Trustees. A few examples include Afognak, Koniag, K'oyitl'ots'ina, Paug-Vik, and Ounalashka. We are not aware of any "new" settlement trust that prohibits Directors from serving as Trustees.

We have noticed a few settlement trusts appear to have appointed Alaska Native Corporation employees as Trustees. The approach taken by The Eyak Corporation and several other corporations (including Bering Straits Native Corporation and Choggiung) is to require a certain number of the Trustees to be Directors, Officers, or Senior Management, while authorizing a limited number of others to serve as Trustees.

Q29. What are similarities between the proposed Eyak Benefits Trust and the Eyak Permanent Fund Settlement Trust which was established in 1998?

A. Similarities include the following:

- Both allow shareholders and non-shareholders to serve as Trustees
- Both were drafted by legal counsel with expertise on ANCSA settlement trusts
- The Proxy form used for each settlement trust includes “Yes/For” as a default if the shareholders does not mark “Yes/For” or “No/Against” on the Proxy
- Both were included in the proxy materials sent to shareholders prior to the vote
- Both relied on current law at the time they were drafted (1998) and (2019)
- Both authorize the Trustees to consult with and obtain investment advice from financial and investment advisers.

Q30. What are differences between the proposed Eyak Benefits Trust and the Eyak Permanent Fund Settlement Trust?

A. Differences include the following:

- The EPFST does not permit more than two of the Trustees to be Directors or employees of The Eyak Corporation while the Eyak Benefits Trust requires at least at least three of the five Trustees be directors, officers, or senior management.
- The EPFST was created for a single purpose (a permanent fund – the purpose was expanded in 2018 to include distributions to all shareholders) while the proposed Eyak Benefits Trust is designed to have flexibility to provide a variety of benefits to the Beneficiaries.
- Distributions by the EPFST must go to all shareholder-beneficiaries based on shares owned. The Eyak Benefits Trust can provide benefits other than based on shares, such as to elder original shareholders.
- The EPFST holds and manages substantial assets (over $18 million) and distributes only a portion of its net income. We expect that the Eyak Benefits Trust will receive and use contributions to provide benefits without accumulating substantial assets.
- The EPFST is very difficult to modify. The Eyak Benefits Trust can be modified more easily by the trustees and the board of directors if they consider it appropriate.
- In general, the EPFST trustees can act if a majority of the trustees are present at a meeting and a majority of those present approve the action, so as few as two trustees can approve action. In general, the Eyak Benefits Trust requires that a majority of all trustees (three trustees) approve action.
- The EPFST trustees serve without compensation. The Eyak Benefits Trust trustees may be compensated, if approved by the board of trustees and the board of directors. (See the discussion above about Trustee compensation.)

Q31. Why didn't the corporation reach out to knowledgeable shareholders to help draft the document?

A. The Eyak Corporation retained outside counsel with expertise in ANCSA settlement trusts to draft the Trust Agreement. The nine knowledgeable shareholders who serve on the board of directors were involved in developing the trust agreement, including two directors who served on the Board when the EPFST was developed in 1998. At shareholder meetings in Anchorage, Cordova, and Seattle during the past several years settlement trusts and the corporation's desire to maximize benefits to shareholders while reducing the corporation's tax burden have been discussed.

Q32. Who developed and wrote the settlement trust agreement?

A. TEC management first discussed ideas for a settlement trust with the Board and the Board's Governance Committee. TEC then engaged Landye Bennett Blumstein ("LBB") as outside legal counsel to advise management, the governance committee and the board about the opportunities provided by, and rules applicable to, settlement trusts. LBB also wrote the trust agreement and proxy statement materials for board approval. LBB regularly represents Native corporations in all matters relating to ANCSA. In particular, LBB has advised Native corporations about settlement trusts for 25 years and has prepared and reviewed several dozen settlement trust agreements.

Q33. Isn't the corporation being underhanded in promising tax-free dividends to elders in return for voting in support of the settlement trust?

A. No. The corporation is not promising elder dividends in return for a vote in support of the settlement trust. The corporation is proposing a settlement trust so that tax-free dividends can be provided to our elders.

Q34. Why didn't the corporation send shareholders a draft of this resolution to shareholders to inspect before it was put on our proxies to be voted on?

A. Because the corporation was comfortable that the materials being provided to the shareholders 50 days before the meeting conform with best practices. We are unaware of any Alaska Native Corporation sending shareholders a draft settlement trust agreement for their review prior to a shareholder vote.

Q35. Will the corporation be providing shareholders with an opinion letter from the Attorney or Attorneys who blessed it as being a kosher document that it protects all shareholders who will become beneficiaries?

A. No. As discussed above, we retained counsel with expertise in ANCSA settlement trusts and are confident we are presenting shareholders with a strong trust agreement. Paying outside counsel additional money to write an opinion to the effect that they have done a good job does not appear to be a wise use of TEC resources. We are unaware of any Alaska Native Corporation that has provided shareholders with a legal opinion letter on a settlement trust agreement.

Q36. Does the Trust include an Investment Policy?

A. The Trust Agreement requires the Trustees to adopt investment policies. In addition, the Program Charters for the (1) Elder Benefits Program and (2) Funeral and Burial Assistance Program include investment standards. The investment policies will evolve as the amount and type of assets held by the Trust changes. Initially the assets held by the Trust will be modest and will be held in liquid, conservative investments such as bank accounts.

Q37. Does the Trust include a Dividend Policy?

A. The Trust Agreement includes several "general rules" for distributions. In addition, the Program Charters include more specific distribution standards.

Q38. Will an Annual Report be sent to Beneficiaries?

A. Yes. State law requires the Trust to provide certain information to the Beneficiaries. In addition, the draft bylaws address annual reports that will be provided to TEC and the Beneficiaries.

Q39. I support the concept of a settlement trust, but I think changes need to be made to protect shareholder's rights. If shareholders approve the Shareholder Resolution, would it be possible to amend the Trust at a later date?

A. Yes. The Trust agreement allows amendments, with certain limitations. We welcome additional input to make the Trust agreement stronger.

Q40. Where can I look for more information on settlement trusts?

A. In addition to TEC's Proxy Statement and exhibits, there are several sources of valuable information on settlement trusts, including:

- ANCSA, 43 U.S.C. 1629e;
- Bruce N. Edwards, The 2017 Tax Act and Settlement Trusts, 35 Alaska Law Review 1-34 (2018); and
- Materials prepared since 2017 by Alaska Native Corporations on settlement trusts, including: Bristol Bay Native Corporation, Calista, CIRI, Doyon; and Koniag (generally available through an internet search)

Q41. If there are any inconsistencies between this FAQ and the Trust Agreement, which document controls?

A. The Trust Agreement. If you see any inconsistencies (or possible inconsistencies), please let us know right away! We would like to correct any errors or inconsistencies.

Q42. What if I still have questions?

A. We welcome you to ask those questions, either through email (shareholder@eyakcorp.com), by submitting a comment on our website (www.eyakcorporation.com), or by calling our Anchorage (907.334.6971; 800.478.7161) or Cordova (907.424.7161) office.

"NEW" FAQS FOLLOW

Q43. Why is descendant enrollment important enough to have a committee and meetings for shareholder input, (where it was brought up that potential dilution by distribution of money to non-shareholders was an issue) and this Settlement Trust that proposes to be able to do exactly that not be important enough for a committee and shareholder input meetings?

A. Because during the past several years TEC shareholders have expressed strong support for the corporation's settlement trust tax strategy and for elder dividends, while expressing less consensus on the complex issue of descendant enrollment. For example, in the 2017 shareholder survey, 97% of respondents indicated elder support programs were very important or important. In the same survey, only 44% of respondents were very supportive or supportive of descendant enrollment. TEC shareholders have similarly expressed strong support for elder dividends during shareholder informational meetings and in one-on-one conversations with the Board and management.

As discussed in FAQs 3, 7, 8, 26, and 33, the corporation is proposing a settlement trust because the Board wants to issue a tax-free dividend to our original shareholders who are at least 65 years old while maximizing tax benefits to the corporation. The significant tax benefits to corporations and their shareholders is the reason many ANCs are bringing "new" settlement trusts to shareholders for a vote.

Q44. What assets currently owned by TEC or its subsidiaries can be contributed to the Trust?

A. Cash, real property (other than subsurface estate), personal property (including stock in subsidiary corporations), and securities.

Q45. What assets currently owned by TEC or its subsidiaries can't be contributed to the Trust?

A. The only type of asset that cannot be contributed to the trust is subsurface estate.

Q46. Section 9. It says "There shall be 5 Trustees". 9 B (2) says "...A reduction in the number of Trustees shall not shorten the term of a Trustee." Are both statements true? Doesn't shall mean something is mandatory?

A. Yes, both statements are true. The first statement sets out the number of Trustees. The second statement addresses a potential amendment to the Trust (to reduce the number of Trustees) and prohibits shortening the term of a Trustee in the event the Trust is amended to reduce the number of Trustees. For example, if the number of Trustees is reduced to 3, the terms of the 5 Trustees at that time would continue until they expire. Thus, both statements include the mandatory "shall" language.

Q47. Who can reduce the number of Trustees?

A. The Board of Trustees, with the approval of the Board of Directors, can reduce the number of Trustees, subject to the provisions in Sections 9 and 15 of the Trust Agreement. Both boards must approve the change by a ¾ vote.

Q48. What is the reasoning for giving the Board of Trustees the ability to limit shareholder/beneficiary access to information in the trust?

A. The Trust will have information that is confidential, such as information about its assets and the identify of its beneficiaries. To protect this confidential information, the Trust needs to be able to limit to some degree beneficiary access to the information. This is similar to TEC's ability to limit to some degree shareholder access to confidential TEC information. However, state law requires the Trust to keep the beneficiaries reasonably informed of the trust and its administration. State law also gives beneficiaries rights to receive information. In particular, upon reasonable request, the Trust must provide the beneficiary with a copy of the Trust, with relevant information about the assets of the Trust and the particulars relating to the administration, and a statement of the accounts of the Trust. The Board of Trustees may also provide additional information.

Q49. Can this Settlement Trust distribute benefits solely to descendants and not to original shareholders?

A. In theory, yes. This would require both the Board of Trustees and the Board of Directors to approve a benefit program solely for descendants. For example, it would be possible to establish a scholarship benefit program to provide scholarships just to descendants. Whether to do this is left in the judgment of the boards. Note, also, that even without a settlement trust TEC's Board can, in theory, distribute benefits just to descendants who are family members of shareholders pursuant to ANCSA 1606(r), which provides as follows:

> The authority of a Native Corporation to provide benefits to its shareholders who are Natives or descendants of Natives or to its shareholders' immediate family members who are Natives or descendants of Natives to promote the health, education, or welfare of such shareholders or family members is expressly authorized and confirmed. Eligibility for such benefits need not be based on share ownership in the

> Native Corporation and such benefits may be provided on a basis other than pro rata based on share ownership.

Q50. Is there an issue of conflict of interest of management and or board sitting as appointees of Trust?

A. Both the EPFST (established by a vote of TEC's shareholders in 1998) and the proposed Eyak Benefits Trust address potential conflicts-of-interest that may arise with a member of management or the Board also serving as a Trustee. The Trust Agreement sets out the following standard of care owed by a Trustee:

> Each Trustee, as a fiduciary, shall perform his or her duties as a Trustee in good faith, solely in the interests of the Beneficiaries, in light of the purposes and perpetual nature of the Trust, and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor, acting in a like capacity and familiar with such matters as a lay person and not an expert, would use in the conduct of an enterprise of a like character and with like aims.

At least one TEC Board member has served as an EPFST Trustee since its inception in 1998. By law, TEC directors, executives, and employees are prohibited from receiving any special benefit from the Eyak Benefits Trust. The Trust Agreement (section 12.I) sets out standards that must be met in any transaction between TEC and the Trust. For example, the transaction has to be on terms that are commercially reasonable and fair to the Trust. Any Trustee who approves a transaction between TEC and the Trust that doesn't meet these standards could be personally liable.

Q51. Can non-shareholder Native employees receive payments, bonuses or any type of compensation through Trust?

A. Yes. Anyone providing goods or services to the Trust can be compensated for providing the goods or services. Vendors and employees of the Trust are not limited to shareholders.

Q52. What describes "substantially all of the assets" that may not be put in the Trust without shareholder approval?

A. Assets that represent two-thirds or more of the fair market value of TEC's total assets.

Q53. Was it negligent on behalf of board to not present shareholders with ample time and opportunity to review a draft of Trust before being placed on proxy to be voted on?

A. No. The corporation mailed the proxy materials, including the draft settlement trust to shareholders 50 days before the shareholder vote on Shareholder Resolution 190511. This is a longer advance time than TEC normally provides shareholders for meetings. ANCSA prohibits mailing the proxy materials more than 60 days before the shareholders meeting.

The corporation also posted on its website 50 days before the vote an FAQ, the applicable section of ANCSA, and draft Bylaws. We believe the materials provided to the shareholders conform with best practices. Please also see FAQs 31-35. We believe shareholders have ample time and opportunity to review a draft of Trust. Proxies are not due until May 10, 2019.

Q54. Are there any ceilings in place to determine maximum compensation of Trust Appointees? If so what are they?

A. Any compensation plan for Trustees must be both "reasonable" and approved by TEC's Board. The corporation does not anticipate that Trustees will receive compensation for serving as Trustees.

Q55. Is there a ceiling described in how much compensation TEC can charge the Trust for any work for Trust? If so, what are numbers?

A. The Trust Agreement limits TEC payment for services provided to a "commercially reasonable value."

Q56. Who currently are the owners of The Eyak Corporation and legally speaking, other than owners of Corporation, does any other group (not owners) legally speaking have any rights to The Eyak Corporation? If so, who?

A. TEC's 576 voting and non-voting shareholders are the owners of the corporation. Other groups may have certain rights to The Eyak Corporation, whether through contractual agreements, judicial action, administrative orders, statutes, or regulations. For example, a lender may have a mortgage on specific TEC property.

Q57. Why hasn't the corporation provided a legal opinion that the Trust as currently worded adequately protect shareholder assets, land, money, business holdings, etc.?

A. Because we retained counsel with expertise in ANCSA settlement trusts and are confident we are presenting shareholders with a strong trust agreement. Paying outside counsel additional money to write an opinion to the effect that they have done a good job does not appear to be a wise use of TEC resources, and whether the Trust protections are "adequate" is a policy, economic and political conclusion, not a legal opinion. We are unaware of any Alaska Native Corporation that has provided shareholders with an opinion letter from outside counsel on a settlement trust agreement. Please also see FAQ 35.

Q58. Can this Trust be made better to further protect shareholder/corporation assets? If so how?

A. We strongly believe in the principle of "continuous improvement" and recognize we can almost always improve upon whatever we do. We encourage shareholders and others to review the Trust Agreement closely and let us know of any potential areas of improvement.

If any improvements are identified, the Trust can be amended to incorporate those improvements.

Q59. Why isn't there a clause “that Reporting to the Beneficiaries is required at least annually” and the Annual Report sent to the Beneficiaries? REPORTS such as financials, investments, trustee expenses etc.

A. As noted in FAQ 38, an Annual Report will be sent to Beneficiaries.

Q60. Do shareholders vote on who gets appointed as Trustees?

A. No; ANCSA requires that TEC’s Board appoint the Trustees to ANCSA settlement trusts.

Q61. Why aren’t the Trustees separate, which does not include the Board of Directors?

A. Please see FAQs 19 and 28.

Q62. Why aren’t there qualifications to be a Trustee, since they are managing the Beneficiaries investments?

A. Please see FAQs 14 and 19.

Q63. Willy Nilly phrases such as “we are unaware of” show a lack of actual investigation and research does it not?

A. No, as demonstrated by the following example. We have reviewed more than 15 settlement trusts and associated proxy materials prepared by ANCs for shareholder votes to establish settlement trusts. Every single proxy we have reviewed (including the proxy TEC’s shareholders used to vote on the EPFST in 1998) includes the “default yes” language if the shareholder submits a proxy but does not check the yes or no box. We recognize, however, that we have not reviewed the proxy materials for ***every*** proposed settlement trust so it is possible that there are settlement trust proxies that do not include the “default yes” language. Therefore, to be completely accurate, we included the “we are unaware” language in light of that possibility.

Q64. Please explain in detail with examples and ramifications of each and all of the provisions of "15. Amendment and Termination of Trust.”

A. Section 15 sets out the general authority and procedure to amend or terminate the Trust. It also specifically addresses amendment in connection with issuing additional settlement common stock, merging, lifting alienability restrictions, issuing shares that are not settlement common stock, removing ANCSA restrictions on the Trust, and adding a permanent fund. Providing details and examples and explaining ramifications would consume a lot of staff resources and be very lengthy, without adding much to the language in the section.

Q65. Does the "confidentiality" mean that a Trustee cannot share the financial information to the Beneficiaries and the rest of the Board?

A. We're not certain we completely understand the question. As noted in FAQ 38, an annual report will be provided to the Beneficiaries and that annual report will include "financial information." With respect to a Trustee sharing "confidential" financial information with Beneficiaries, Section 10I of the Trust Agreement provides as follows: "The Trustees and TEC shall keep all sensitive, non-public and confidential information regarding the Trust and its assets and affairs confidential, and may use and disclose such information only in accordance with generally applicable policies approved by the Board of Trustees or as required by law."

With respect to TEC Board member access to information, Section 14 of the Trust Agreement provides as follows:

> TEC has an absolute right to inspect, review and copy all books, records, documents and information of every kind of the Trust and to inspect the physical properties of the Trust, subject to entering a commercially reasonable confidentiality agreement if requested by the Trust. The Trust shall provide to TEC such information as TEC may request regarding the Trust's assets, liabilities, income, expenses, operations and Beneficiaries, subject to entering a commercially reasonable confidentiality agreement if requested by the Trust.

Thus, TEC's Board has broad access rights to financial information held by the Trust.

Q66. How much land can non-shareholders be given through Trust without shareholder approval?

A. The Trust could make homesites up to 1.5 acres in size available to beneficiaries (including non-shareholders, if so provided in the benefit program's charter) who are residents of Cordova. No land can be transferred to nonresidents or for nonresidential purposes. The proposed Trust Agreement does not have any homesite benefit program, so any such benefit program (including whether non-shareholders are eligible to receive homesite land) would have to be adopted by the Board of Trustees and Board of Directors in the future.