

BANK of JACKSON HOLE

Ken W. Gangwer
Jackson Hole Sotheby's International Realty
185 W. Broadway
P.O. Box 3281
Jackson, WY 83001

Dear Ken:

I enjoyed our recent discussion regarding the many advantages of calling Wyoming our home. Certainly one of the greatest advantages to being a Wyoming resident comes from our favorable tax status.

Wyoming truly is a tax haven to affluent individuals. It is obvious the State's legislators appreciate the designation Bloomberg Wealth Manager Magazine has given to Wyoming as the most tax friendly state in the U.S. Other noted publications regularly list Wyoming as the most business-friendly tax system of any state. The legislature works to protect that status and by doing so attracts more business to the State. Wyoming's ability to provide such benefits to its residents is a product of a resilient economy which in large part is driven from its rich mineral revenue base. Our legislature rarely deals with fiscal problems due to an income source from mineral severance taxes that consistently exceed budget expenses and appropriations. It is not uncommon for Wyoming's budget surplus to approach \$1 billion dollars per year. As such, the State allocates surplus funds most years to a permanent trust fund and other emergency accounts for periods when revenues may not be as strong. Our State is noted for budgetary conservatism in view of the volatility of the energy industry and the fact that severance tax revenues can fluctuate widely year to year.

Wyoming also offers some of the best asset protection laws of any state in the nation. These laws are designed to conserve individual and family assets from not only creditors but a Federal tax system that can deplete family wealth from one generation to the next. Wyoming's Close LLC statute is widely considered the best combination of laws available to protect business owners from lawsuits. The statute is ideally suited to small business owners and family businesses which are a major part of the Wyoming economy. The rules enable the LLC interest owners to retain control under adverse circumstances and take advantage of valuation discounts when transferring ownership interest to others.

Page 2.

The State effectively did away with the rule against perpetuities. Wyoming will allow a trust to be established that can continue for up to 1,000 years, benefiting multiple family generations. Assets within the trust are not subject to Federal estate taxes and the income is not taxed by the State due to Wyoming having no individual income tax or business income tax. Additionally, Wyoming has no inheritance tax. Under the shelter of the trust, the assets are insulated from creditors and divorce and grow at a much faster rate due to the avoidance of the transfer taxes. Laws in Wyoming also allow individuals to establish other trusts, or amend existing trusts, for their immediate benefit, which will protect the assets from potential lawsuits.

Wyoming residents are further rewarded with some of the lowest property taxes in the region, no state tax on retirement income earned and received from another state, no state gift taxes, no personal property tax on property held for personal use, no state capital gains tax, no tax on individual mineral interest ownership, and no excise tax or intangibles tax. What more could we ask for. It is in our best interest to preserve what we have for future generations. We are blessed to live in one of the most beautiful places in the world with benefits and opportunities such as these.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian K. Jones". The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.

Brian K. Jones
Senior Vice President
Trust Department Manager

For a complete Jackson Hole Lifestyle and Real Estate package, including more information on WY. tax benefits, please contact the office of Ken W. Gangwer & we will send the information immediately.

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