



CALISTA CORPORATION
www.calistacorp.com



Saint George, Alaska storm repair post-construction aerial inspection

CALISTA SUBSIDIARY'S CAPABILITIES SOAR SKY-HIGH

Brice Environmental subsidiary UAS Orthoimagery is using unmanned aircrafts to collect data through photographs. These unmanned aircraft systems are more commonly known as "drones." Through the use of flying drones, UAS Orthoimagery can take high-quality photos of areas that are not easily accessible by traditional means.

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NEW GENERATION OF SHAREHOLDERS

Welcoming a new generation of Shareholders into Calista Corporation means thousands of people are enjoying Calista benefits for the first time. Watching new Shareholders integrate into the corporation during this historic time has been exciting to witness. I hope Shareholders understand the importance of their new roles along with its many benefits and responsibilities. Dividends are one benefit and the opportunity to vote at the Annual Meeting of Shareholders is another exciting opportunity and responsibility.

We believe you deserve your entire dividend and in order to make sure that happens, you need to vote at the Annual Meeting. If a majority of Shareholders voting at the 2018 Annual Meeting **vote Yes on the Settlement Trust Resolution**, Shareholders will avoid paying taxes out of their own pockets on future Calista dividends.

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STORYKNIFE

THE VOICE OF THE REGION



MAY/JUNE 2018 • CALISTA CORPORATION NEWSLETTER

LETTER TO THE EDITOR

FROM MARGARET POHJOLA, TREASURER, BOARD OF DIRECTORS

The Calista Corporation's (Calista) Board and Executive Staff wake up every day thinking about how to create a stronger, more effective organization. Every choice our Alaska Native Corporation makes is with businesses growth and opportunity for our more than 25,000 Shareholders in mind.

I want to make one thing clear. Calista is a strong, stable organization with a bright future. In Andrew Guy's eight-year tenure as Calista President and CEO, it has grown from a \$200 million to a nearly \$500 million company. Under Andrew's watch, Calista has instituted a second dividend for each Shareholder, every year. In fact, the total dividends issued in 2010, the year Andrew was promoted by the Board, was \$3 million. In comparison, the total dividends for 2017 was \$9 million.

CALISTA CORPORATION APPRECIATES ALL THE QUESTIONS REGARDING RECENT NEWS COVERAGE ABOUT CALISTA. CALISTA'S EXECUTIVE TEAM AND BOARD OF DIRECTORS ARE WORKING TO PROVIDE FAIR AND ACCURATE INFORMATION ON THIS SITUATION. PLEASE GO TO CALISTAFACTS.COM FOR THE FACTS.

Andrew also reduced the President and CEO salary to half of that of his predecessor and reformed Executive Team payment including cutting out monthly vehicle allowances, saving Calista thousands of dollars. He made many other operational changes that have allowed Calista to be successful.

Hearsay and chatter has grown over the past month with unfair allegations about mismanagement, sexual harassment and a power struggle within our organization. While there is a public disagreement, one fact never wavers in my mind: all parties have acted with Calista's best interests in mind. In many ways, we are a big family, and I don't know of any family—big or small—that doesn't experience the occasional squabble.

It is important to explain what happened, in simple terms. First, and most important, the Calista governance system and code of conduct policy worked to protect Calista employees and all the people we work with. In an effort of full disclosure, here is some of what transpired:

- In the fall of 2017, a potential female business partner expressed frustration about working with a Calista employee to Andrew Guy. Andrew redirected her to a more relevant representative at Calista, whose official responsibilities included business development.
- Over a month later, allegations of sexual harassment were made by the same woman, against the same employee. Without delay Calista put the alleged harasser on administrative leave and an outside attorney investigated the claim. When the investigation found evidence that he may have sexual harassed someone, the employee was immediately fired.

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BOARD MESSAGES

George Guy, Board Chair

Calista Corporation values are the heart of our organization. They reflect the culture and belief system that shape our decisions as we operate our businesses and work on behalf of you, our Shareholders and your families. These values shape how we govern ourselves, and our rules for governance are set in Alaska statutes, Calista's Bylaws and the Code of Business Ethics and Conduct for Directors (Code).

When a Director is elected to Calista's Board, he or she agrees to comply with the Code. This compliance is mandatory because the Code guides the Directors in performing their duties on behalf of the Shareholders in a manner that reflects the diligence, integrity and standards required of Calista's Directors. Directors are either in compliance with the Code or they are not. If a Director refuses to follow the Code, he or she may be sanctioned under the Code.

The Code provides procedures to examine concerns about Directors' compliance to ensure that there is no "taking sides." When concerns are raised whether a Director's conduct is in violation of the Code, Calista starts with an initial review by Calista's General Counsel and/or, in appropriate circumstances, outside counsel. The Board's Corporate Governance Committee reviews the attorneys' findings, and may take additional steps to conduct further investigations and bring the matter to the full Board for a hearing. Throughout this process, the Director whose conduct is being examined has an opportunity to respond to the concerns. If a hearing

is held, the Director may be represented by his or her attorney of choice. You can find the most recent copy of the Code online at: bit.ly/CalistaCode

Many Shareholders have asked about a recent lawsuit filed by Calista against Director Wayne Don. The lawsuit involves Director Don's violation of the Code. In December 2017, the Governance Committee approved an investigation concerning Director Don's involvement in a Calista employee personnel matter and potential interference with the Board's supervision of President and CEO Andrew Guy. The investigation examined concerns about whether Director Don had violated the Code and may have breached fiduciary duties of care and loyalty to Calista. At that time—upon the recommendation of the Committee—the full Board suspended Director Don as Chair pending the outcome of an investigation of his conduct.

Under the bylaws, the Vice-Chair assumes the duties and powers of the Chair when the Chair is absent or unable to continue the role of the Chair. In December 2017, as Vice-Chair, I assumed the duties of Acting Chair. In March 2018, following the completion of the investigation, and after a hearing where Director Don and his attorney presented his case to the Board, the Board voted to remove Director Don as Chair of the Board. I was then selected by the Board in accordance with the Bylaws, as Vice-Chair, to continue serving as Chair until the next Board election for Chair in the July 2018 quarterly meeting of the Board.

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PRESIDENT'S MESSAGE

Andrew Guy, President and CEO

We talk a lot about respecting our Elders in our culture. One way of respecting our Elders is to take note of how they acted and mirror their actions. Our Elders have a really good record of voting. Our Elders understand that voting is a privilege. It's a responsibility that most of them take very seriously.

Thousands of new Shareholders can vote for the very first time at the Calista Corporation Annual Meeting of Shareholders this year. This yearly event is very important to the future of our corporation. Voting in the Annual Meeting is an opportunity to select leadership and steer the direction of the corporation.

Your vote for individual Board members will help decide who oversees the corporation. Your vote Yes on the Settlement Trust will help save you and the corporation money. Your vote counts.

There are options for choosing how you can vote. You can vote in person at the Annual Meeting of Shareholders, or by proxy (paper or online). In recent years, an increased number of Shareholders have chosen to cast their ballot online. Online voting is secure and simple, and takes less than four minutes. Online voting

provides immediate confirmation of your successful vote. We hope by offering an easier way to vote, we can increase the number of Shareholders participating in our elections.

In order to sustain a healthy corporation, it's important for all of our Shareholders to vote. As Shareholder voting numbers decline, Calista is at increased risk for failing to meet quorum. Not meeting quorum is when too few Shareholders vote. Not meeting quorum means that the results of the Annual Meeting would be invalid and Calista could be forced to redo the entire election. This would be a huge time and financial burden on the corporation. We make every effort to streamline finances and work efficiently in order to maximize our profits. However, failing to meet quorum would cost Calista and its Shareholders thousands of dollars.

Whether you have been a Shareholder for a number of years or this is your very first opportunity to vote at the Annual Meeting, please take the time to cast your ballot. Let's respect our Elders and what they have done for us. Let's follow their example and cast a vote.

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George Guy, Chair

"CALISTA CORPORATION VALUES ARE THE HEART OF OUR ORGANIZATION."

LEADERS FROM THE REGION

NATHAN SIDELL, CALISTA INTERN

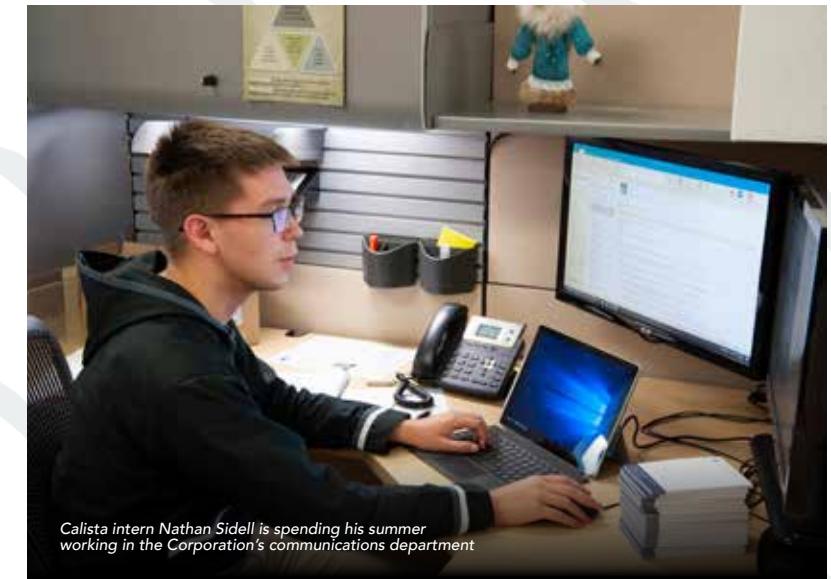
Pop culture is filled with references to interns being used as free labor, coffee runners and grunt work. Calista Corporation interns paint a much different picture of their time spent interning with Calista. "I know a lot of friends that work 40 hours a week, no pay and extremely tough work," said Intern Nathan Sidell. "I get paid well, treated well and Calista really makes us feel like we are here to learn and not [just] work for them."

"IT'S REALLY REFRESHING TO BE TREATED LIKE A VALUED PERSON, WHICH IS NOT COMMON FOR INTERNSHIPS."

Nathan is interning within Calista's communications department. This is his third summer as a Calista intern. He first interned with Calista three years ago in the legal department, and returned the following year. "Calista is a really nice place to work," said Nathan. "I haven't been here in almost two years and people remembered me and asked me how I was doing. It's a community here."

Originally from Bethel, Nathan is majoring in international studies at American University in Washington, D.C. He is set to graduate in 2019. He is also a member of ROTC and upon graduation will be commissioned as an officer in the U.S. Army.

Nathan's first internship helped craft his career path. He said his time in Calista's legal department helped him decide on a career in law. Nathan plans to attend law school and work toward becoming a JAG officer in the Army. He said Calista has been extremely helpful and supportive of his career goals. Nathan will miss five weeks of



Calista intern Nathan Sidell is spending his summer working in the Corporation's communications department

his internship for Army training, but Calista was more than happy to accommodate his schedule.

"Interning with Calista is better than a job," said Nathan. "You feel proud that it's on your resume. There are other ways to make money, but with Calista, they help you build professional contacts within the Alaska Native professional community."

Not only will he leave his internship with a paycheck, valuable experience and professional contacts, he said some of his contacts have promised to write him letters of recommendation for law school.

Nathan says he would encourage other Calista Youth to apply for internships. "It's important to start building your professional career. It shows you are consistent, reliable and it makes you more competitive."



NEW GENERATION OF SHAREHOLDERS

CONTINUED FROM PAGE 1

Voting Yes also saves Calista Corporation millions in taxes. If the corporation pays less in taxes, it can either mean higher dividends for Shareholders or more investment opportunities for future growth for Calista.

Voting Yes on the Settlement Trust Resolution establishes a settlement trust. The trust will make distributions that will include Shareholder dividends and might also include scholarships, Elders benefits and funeral assistance. A settlement trust has a lower tax rate, which means Calista will pay less in taxes and Shareholders will not pay any taxes on money received.

Without a trust, Calista plays 21 percent in federal taxes and another six percent in state taxes. Paying this money means there is less money to distribute amongst Shareholders. A settlement trust will save Calista millions of dollars every year.

We need to have over 50 percent of Shareholders voting at the Annual Meeting approving this proposed resolution or it won't pass, especially with the number of Shareholders that we have enrolled in the past year. This resolution is a win-win for both you and your corporation.

LETTER TO THE EDITOR

CONTINUED FROM PAGE 1

Before Andrew was our CEO, he worked as General Counsel for Calista. During that time, he developed the policies and procedures on all forms of harassment. In fact, our Code of Conduct goes far beyond what is required by law.

Why were such strict policies, procedures and a stringent Code of Conduct for the Board and staff developed? Calista was on the verge of bankruptcy in the early 1990's due to a lack of institutional control.

Calista Board Member Wayne Don was removed as Board Chair at Calista because he did not follow our rules and no one is exempt from following the rules we have in place, otherwise we would not be a trusted company. The strict governance process is in place to protect Calista, its employees and its Shareholders.

The Governance Committee of the Calista Board found that Wayne violated the Calista Code of Conduct 14 times. He inserted himself in a Human Resources investigation, ordered Calista staff to do many things beyond his authority, and asked for staff reports without consulting the Calista Executive Team or Board.

Even assuming that Wayne believed his actions were just and well meaning, this is no excuse for breaking our Board's Code of Conduct. By breaking the rules without having all the facts at his disposal, Wayne created an uncomfortable situation for the whole Calista Board and put at risk the stability and leadership that has led to our organizational financial and ethical successes.

The court case Calista filed in late May was simply to protect the company against false and misleading statements being made about this matter. It was not to withhold information from Shareholders as Wayne suggests. The Superior Court ruling gives us guidance so that

we can correct the record, as we are doing here, without violating the Alaska Securities Act and putting our corporation at risk to fines and other legal action.

As Wayne still remains on the board, I am hopeful we can find ways to put this unfortunate situation behind and move on to making Calista an even stronger business with more benefits to our 25,000 plus owners.



Margaret Pohjola



DANCE MOVES

Ossie Kairaiuak's Yupik dance group teaches Calista interns Native dancing (yuraqng).

BOARD MESSAGES

CONTINUED FROM PAGE 2

Our Board did not take the difficult decision to remove the former Chair lightly. The Board's actions were guided by careful review, advice from expert outside counsel, and a thorough process in which Director Don had an opportunity to be heard with his attorney in accordance with the procedures set forth in the Directors' Code. Months before any of us knew that we would have to remove the Board Chair, the Board elected me as Vice-Chair. The Board elected me with the expectation and understanding I would fill in as Chair if needed, and I have done so.

Contrary to the accusations in the media, Calista's Directors have not abandoned their duties or ignored their responsibilities to ensure our corporation operates with integrity and reflects the highest ethical standards. Our process for reviewing concerns is structured to ensure that complaints are handled professionally, with a commitment to respect for everyone involved. We as a Board have never forsaken those responsibilities. We will continue to fulfill our duties to you, our Shareholders.



CALISTA SUBSIDIARY'S CAPABILITIES SOAR SKY-HIGH

CONTINUED FROM PAGE 1

Using drones is cost effective and beneficial in many ways including increasing safety and the ability to collect detailed and accurate data. UAS can collect information without the risk and cost associated with employing conventional aircraft like planes and helicopters.

Alaska's harsh weather and extreme terrain can make it difficult, if not impossible, to hire pilots to fly into areas. Even in good weather, pilots can face challenges. Unmanned drones can enter these environments that are too dangerous for pilots.

The unmanned aircraft also have excellent photography capabilities. The high-resolution photos provide clearer images that were unavailable through satellite imagery and traditional aerial imagery. UAS orthoimagery can contain over 10,000 pixels within the space of a single satellite imagery pixel. This means through UAS orthoimagery, actual ground conditions can be captured that were previously not distinguishable in satellite imagery.

Thanks to UAS orthoimagery, highly-detailed aerial imagery for project sites is now an affordable option for companies. Being able to capture such clear images provides companies with important data used to plan projects and keep people safe.

VOTE ONLINE &
WIN CASH
Prizes



1ST PRIZE \$5,000

Vote online www.CalistaVote.com or by paper.
We're giving away over \$50,000 in total prizes.

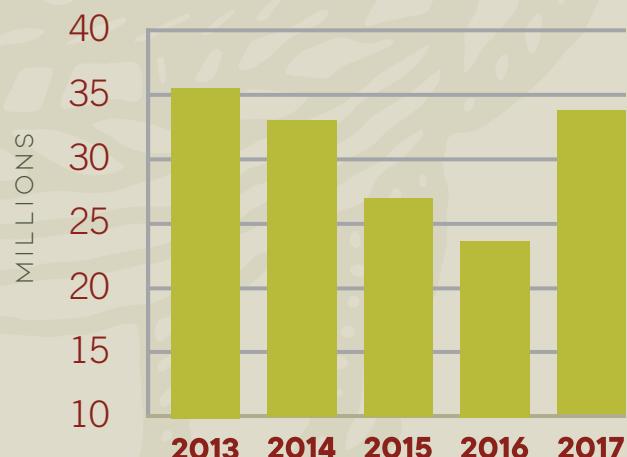
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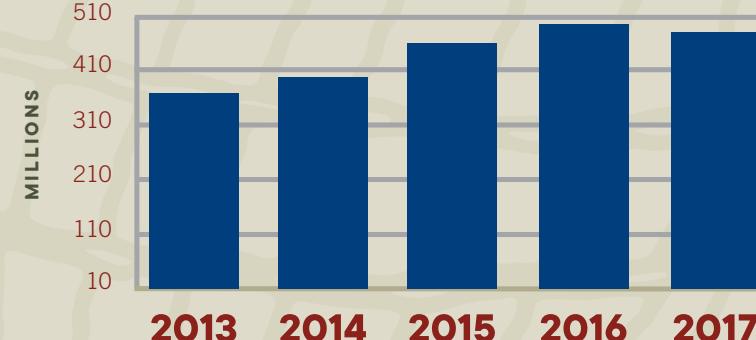
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VOTE YES FOR A SETTLEMENT TRUST

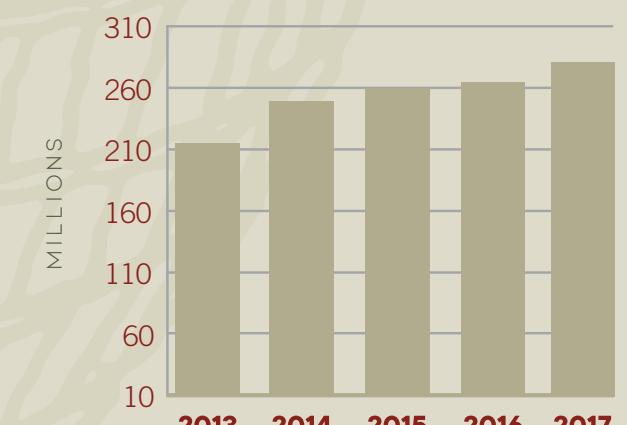
PRE-TAX INCOME



REVENUES



SHAREHOLDER EQUITY



CORPORATE ACHIEVEMENTS

- TOTAL REVENUES \$480.2 million
- SHAREHOLDER DIVIDENDS \$8.3 million
- SHAREHOLDER EMPLOYMENT 47%
- LIFETIME SCHOLARSHIPS ADD UP TO A TOTAL OF \$4.6 million
- LIFETIME DIVIDENDS ADD UP TO A TOTAL OF \$61.4 million
- ✓ PROVIDED \$739,700 TO THE ELDERS BENEFIT PROGRAM
- ✓ PROVIDED \$51,960 TO SHAREHOLDER FUNERAL ASSISTANCE
- ✓ PROVIDED \$207,258 TO INTERNSHIP & APPRENTICESHIP OPPORTUNITIES

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SHAREHOLDER



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PERSONAL DATA FORM - MAY/JUNE 2018

Shareholder Name _____

New Mailing Address _____

City _____ State _____ Zip _____

Phone _____ Last 4 SSN _____

Birth Year _____

Would you like Calista to send you new Will forms? Yes No

Calista Shares _____

Village Corporation Shares _____

Please change my address as I have indicated above. I understand that you cannot make address changes without my permission and signature, which I hereby give of my own free will and without constraint. I further authorize Calista and its subsidiaries to share this information internally and in accordance with law.

Shareholder Signature _____
(Two witnesses are required if Shareholder signs with an "X.")

Date _____

Signature of Witness 1 _____

Signature of Witness 2 _____

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