

Calista Corporation encourages all of its shareholders to be active and engaged at both the Regional and Village Corporation level. Each corporation is a separate, independent corporation. However, your rights as a shareholder of a corporation in Alaska are the same whether you are a shareholder of a regional corporation or of a village corporation.

Shareholder rights are described in the state statutes. The key actions that shareholders may take to manage their corporation are to elect directors, amend bylaws, review records, and hold annual and special meetings.

The election of directors in an ANCSA corporation is subject to special state regulations. Calista regularly sends out copies of those regulations during its election process. A copy of 3 AAC 08.305-.365. is attached. The key provisions seek to ensure that complete and accurate information is given to shareholders when the directors or other persons seek to get a proxy from a shareholder to vote that shareholder's shares.

Shareholders may amend their bylaws (AS 10.06.228). The voting level required to do so is usually stated in the current bylaws. There is a statute (AS 10.06.233) that requires the corporation to maintain a copy of the current bylaws at the corporate office, and requires the corporation to make the bylaws available for inspection at that office.

Shareholders also have a right to review corporate records. By statute, a shareholder is entitled to inspect and copy the corporation's books and records of account, minutes, and records of shareholders, as long as they state in writing a legitimate reason for needing the information. These records would also include the bylaws. The shareholder's reason for requesting the records can be a concern about the governance of the corporation. The corporation is entitled to protect the privacy of its shareholders and ensure that their names and addresses are not used by anyone other than another shareholder who is taking lawful action to communicate about the corporation with other shareholders. The records would also not include records that relate to private personnel matters involving Corporate officials or employees or legal matters over which there is a valid attorney client privilege. A shareholder may exercise this right by using an attorney, accountant or other agent as well. A corporation that refuses to allow the shareholder to inspect and copy corporate records is liable to the shareholder for a minimum fine of \$5,000. Each shareholder has this right.

Shareholders may hold annual and special meetings. The way a meeting is called is usually described in the bylaws. Under statute, it takes 1/10<sup>th</sup> of the shareholders to request a special meeting (AS 10.06.405).

In addition, a corporation has an obligation to keep shareholders informed about the financial affairs of the corporation. Under Alaska statute, a corporation having at least 100 shareholders must file an annual report that contains a balance sheet, and income statement and statement of changes in financial position, with a certificate by an independent accountant or of an authorized officer of the corporation stating the materials were prepared without an audit. The annual report must be filed no later than 180 days after the end of the fiscal year, or whenever

the notice of the annual shareholder meeting is sent, whichever happens first. The annual statement should provide shareholders with a clear understanding of how their corporation is doing.

Once shareholders elect directors, the management of the corporation is in the hands of the directors and the appointed officers. But that doesn't mean that the shareholders do not have a continuing role. All of these legal rights given to shareholders are intended to insure that the shareholder is able to act as an overseer and ensure that the directors of the corporation are following their fiduciary duties to protect the interests of the corporation and its owners, the shareholders.

You can find the Alaska Statutes on the internet at

<http://www.legis.state.ak.us/basis/folio.asp>

or

<http://www.touchngo.com/lglcntr/akstats/Statutes/Title10/Chapter06.htm>