

STORYKNIFE

THE VOICE OF THE REGION

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Impacts to the Corporation and Shareholders if the Descendant Enrollment Resolution Passes.

(Story on page 6)

KEY DETAILS ABOUT DESCENDANT ENROLLMENT INFORMATION ABOUT THE VOTE

Calista Corporation was established more than 40 years ago when the Alaska Native Claims Settlement Act (ANCSA) was signed. ANCSA created regional corporations in order to receive money and manage land for Shareholders. Shareholders play an important role in Calista including electing the Board of Directors and voting on important issues. Current Calista Shareholders either enrolled during ANCSA or have inherited or been gifted shares.

This year, all current Calista Shareholders eligible to vote can vote on a binding resolution to amend Calista's Articles of Incorporation to issue 100 shares of stock to Descendants of original Shareholders and to Alaska Natives who could have received original Calista stock but did not. Descendants, as defined by ANCSA, are a lineal Descendant of a Native or of an individual who would have been a Native if such individual were alive on December 18, 1971 or an adoptee of a Native or of a Descendant of a Native.

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CALISTA CORPORATION
www.calistacorp.com

MAY 2015



Leadership Message



Descendant Enrollment at Other Native Corporations



Calista Shares



Impacts if the Resolution Passes



Implementation Timeline

LEADERSHIP MESSAGE

Willie Kasayulie, Board Chairman
Andrew Guy, President & CEO

Shareholders have certain rights and responsibilities as owners of Calista and one of the most important is voting on corporate or Shareholder proposals at the Annual Meeting of Shareholders. This is a responsibility that is important to exercise annually. Every vote is important to the future of our corporation.

In recent years, the Alaska Native people have taken steps to encourage our people to get out and vote in local, state and federal elections. Efforts have been made to communicate the importance of voting, sharing information about candidates and issues, and encouraging people to register to vote. Voting gives us a voice on state and federal issues by letting our elected officials know how we feel about certain matters and electing leaders who will vote with our needs in mind.

This year, at the Annual Meeting of Shareholders on July 11 in Kasigluk, Alaska, we will decide on whether to enroll Descendants. For months we have been sharing information with Shareholders about the Descendant Enrollment Vote Resolution. Shareholders have been asking for this vote for several years and we are responding to the expressed desire to enroll Descendants by putting the issue to vote; however, we are not advocating a yes or no vote on the Resolution. In 2013, Shareholders voted on a specific advisory (not binding) resolution asking whether Shareholders should vote on the issue; 72 percent of Shareholders voted in favor of this resolution, 28 percent were in opposition.

Calista Corporation was formed more than 40 years ago when the Alaska Native Claims Settlement Act (ANCSA) was signed. ANCSA created regional corporations to receive money and manage land for Shareholders, with the goal of providing economic

benefits to Alaska Native people. Our current Shareholders either enrolled during ANCSA or have inherited or been gifted shares. Moving forward it's time to consider whether we want to open enrollment to Descendants, but before making this important decision we must look at all of the facts.

This entire issue of Storyknife is dedicated to giving as much balanced information as possible about Descendant enrollment. In the following articles we hope to give you the information you need to make an informed decision, and to address all of your questions and concerns including how passage of the Resolution could affect dividends and other benefits, corporation finances and differences in classes of stock.

In the upcoming weeks you will receive your Annual Meeting proxy packet. Please remember to exercise your right to vote by voting in person at the Annual Meeting, voting by paper proxy, or electronically online at www.CalistaVote.com

Please note: These materials are for informational purposes only to assist Shareholders with their decision regarding the 2015 Calista Corporation Descendant Enrollment Vote Resolution, and are not meant to advocate a "yes" or "no" vote on the Resolution. The information is subject to change and Shareholders are encouraged to contact Calista Corporation with any specific questions.

Willie Kasayulie

Andrew Guy

"Exercising your right to vote is an important right of being a Shareholder."

(Continued from page 1)

KEY DETAILS ABOUT DESCENDANT ENROLLMENT INFORMATION ABOUT THE VOTE

Under ANCSA, Shareholders may vote to enroll Descendants and it is an issue Calista and its Shareholders have been considering for many years. In 2011, a Shareholder advisory resolution asked Shareholders to vote whether Calista should recommend a process to create a new class of stock for Descendants born after the ANCSA deadline. Of the votes cast, 86 percent voted in favor of this action.

Following the 2011 advisory resolution vote, Calista surveyed Shareholders to gather more information. Of the Shareholders surveyed, 62 percent supported the idea of giving shares to all currently living and future Descendants of Calista Shareholders. 18 percent opposed the idea. 87 percent of Shareholders surveyed thought these new shares should have dividends and voting rights. 13 percent did not.

In 2013, there was a more specific advisory resolution vote. It asked whether the Board of Directors should bring before the Shareholders a binding resolution to issue shares to eligible Descendants and others who could have originally enrolled but did not. Of the votes cast, 72 percent voted in favor of this action.

The Descendant Enrollment Vote Resolution will come before Shareholders for a vote at the Annual Meeting of Shareholders on July 11, 2015 in Kasigluk. Shareholders will vote in one of three ways: by paper proxy, electronic online proxy at www.CalistaVote.com or in person at the Annual Meeting. A yes vote by a majority of all voting shares represented in person, or by proxy at the Annual Meeting must approve this Resolution. This means that for this Resolution to pass, it must receive the affirmative votes of at least 50 percent of the voting shares represented in person or by proxy, plus one share.

For more information visit:

www.CalistaVote.com

Call Shareholder Records at (907) 275-2800 or toll-free at (800) 277-5516

Email Shareholder Records at Shareholder@calistacorp.com

Descendant Enrollment AT OTHER ALASKA NATIVE CORPORATIONS

In 1971, the Alaska Native Claims Settlement Act (ANCSA) settled land claims made by Alaska Natives and established 13 Alaska Native Regional Corporations (ANCs) to administer the claims. Alaska Natives alive during ANCSA's enactment, who enrolled in a Native Corporation, received 100 shares of stock but no additional Alaska Natives were allowed to enroll.

In 1987, Congress amended ANCSA to allow for shares to be issued to those who had missed the enrollment or were born after the enrollment period.

Of the 13 Regional ANCs, five have made the decision to enroll Descendants: Arctic Slope Regional Corporation (ASRC); NANA Regional Corporation; Doyon, Limited; Sealaska Corporation; and Ahtna, Incorporated.

ASRC became the first Regional ANC to enroll Descendants when it opened enrollment in 1990. According to ASRC, of its 11,000 Shareholders today, 70 percent were born after 1971.

In 1992, Doyon extended enrollment to Alaska Natives born between December 18, 1971 and December 31, 1992. The extended enrollment was also for Alaska Natives who did not enroll in a regional corporation at the time of original enrollment. It also extended 100 shares of special stock to Elders, in addition to original stock. In 2007, Shareholders voted again to open enrollment, this time to any children and missed enrollees. The vote increased the number of Doyon Shareholders to more than 18,000.

Enrollment requirements and Shareholder benefits vary between the corporations. For example, at Sealaska, Descendants meeting

eligibility requirements are not allowed to enroll until they turn 18. But after Descendant enrollment, all of the corporations have seen an increase in Shareholders and have seen impacts on decreased dividends and increased operating costs.

In recent years, employees at Calista have met with members of the other corporations in order to learn important information about what happens before and after enrollment, if the resolution passes. We have gained valuable insight from these corporations about the process, impacts and lessons learned. With their knowledge and additional research, we have formed an implementation timeline and have a well-researched understanding of the potential effects.

Regional ANCs that Enrolled Descendants

1990	Arctic Slope Regional Corporation
1991	NANA Regional Corporation
1992	Doyon, Limited
2007	Sealaska Corporation
2008	Ahtna, Incorporated

What Will Shares Look Like?

If the Resolution passes there will be changes in shares. Current Class A shares are associated with a village in the Calista Region. Current Class B shares, known as At-Large shares, are not. New Class C Shares will be issued to Descendants of an original Calista Shareholder, if that Descendant was born after December 18, 1971. New Class D Shares will be issued to those Alaska Natives who could have received original Calista shares, but did not.

If the Resolution passes, 100 shares will be issued to each eligible Descendant and Alaska Native who could have received original Calista shares but didn't.

★ CURRENT CLASS A

Associated with village

★ NEW CLASS C

Descendants of an original Shareholder

- There will be no age requirement for those applying for Class C shares. Once Calista is ready to process applications and issue new stock, a new Shareholder application could be submitted any time after birth.
- There is no blood quantum requirement for Class C shares, all eligible Descendants of original Shareholders may receive Class C Shares.
- If a person has previously received Class A or B shares by gift or inheritance, that person will keep those shares and receive 100 Class C or D shares as well.
- A Descendant is ineligible to receive Class C shares if they have already received shares from another ANCSA Regional Corporation that has issued shares to Descendants of their corporation. This does not apply when a Descendant has received shares from another Regional Corporation as a gift or inheritance.
- Class C Shareholders will either receive shares associated with the village to which they have ties, or At-Large shares. For Descendants, the village must be associated with the shares of an ancestor who owns or owned original Calista Shares. If a Descendant's ancestors were At-Large Shareholders, their shares will be At-Large.
- Class C Shareholders may run for a Calista Board of Directors seat in an administrative unit, depending on which village their shares are associated with, or they may run for the At-Large seat.
- Class C Shareholders at least 18 years old can vote at the Annual Meeting of Shareholders.
- Class C shares cannot be gifted or inherited.
- Class C Shareholders will be eligible to receive dividends but not Elder benefits.

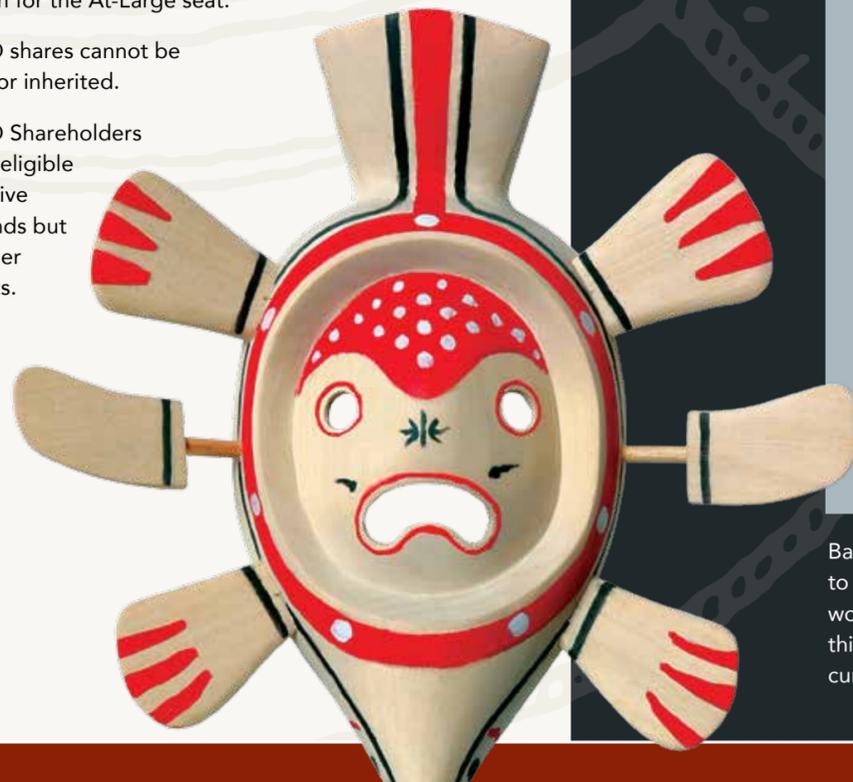
★ CURRENT CLASS B

No village association

★ NEW CLASS D

Alaska Natives born on or before December 18, 1971 who did not to receive original shares

- A person is eligible to receive Class D shares if they could have received original Calista shares but did not.
- There is a one-quarter blood quantum requirement under ANCSA.
- If a person has previously received Class A or B shares by gift or inheritance, that person will keep those shares and receive 100 Class D shares as well.
- Class D Shareholders may run for a Calista Board of Directors seat in an administrative unit, depending on which village their shares are associated with, or they may run for the At-Large seat.
- Class D shares cannot be gifted or inherited.
- Class D Shareholders will be eligible to receive dividends but not Elder benefits.



WHO ARE DESCENDANTS?

A lineal Descendant of an Alaska Native or of an individual who would have been a Native if such individual were alive on or before December 18, 1971.

Any child adopted before the age of 18 by a Shareholder or Descendant, even if the child has little or no Alaska Native blood quantum.

Any Descendant adopted by a non-Native or other non-Shareholder family.

TODAY

VS.

DESCENDANT ENROLLMENT

13,000
Shareholders

1.3 MILLION
shares

60%
in Region

38,000–43,000
NEW
Shareholders

3.8–4.3
MILLION
shares

Less than
60%
in Region

Based on estimates, if the Resolution were to pass, the average Shareholder dividend would be reduced by approximately two-thirds to approximately one-third of the current averages.

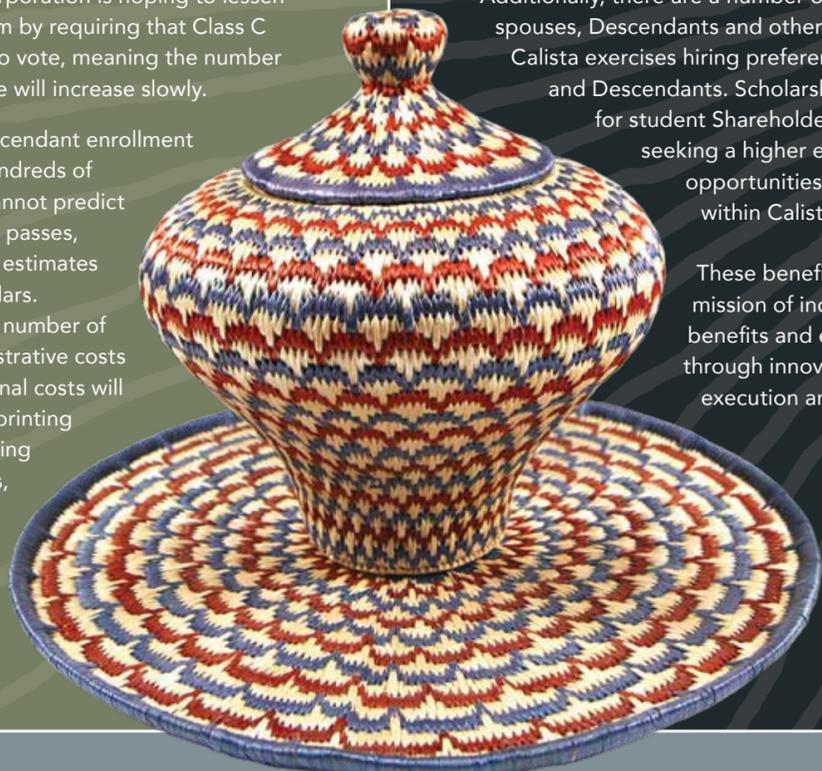
IMPACTS TO THE CORPORATION AND SHAREHOLDERS IF THE RESOLUTION PASSES

Calista has been analyzing the potential impacts to the corporation and Shareholders for years through research, planning and talking with other Alaska Native corporations. Calista currently has approximately 13,000 Shareholders. The most recent estimates show there are about 25,000 Descendants eligible to receive shares if the Resolution passes. The total number of Shareholders could increase to around 38,000, meaning the total would approximately triple. This is a mid-range estimate. The total number of Shareholders may range between 36,000 and 43,000 if the Resolution passes.

The passage of the enrollment vote may also affect the percentage of Shareholders living in the Calista Region. Currently, a little over 60 percent of Shareholders live in the Calista Region and 40 percent live elsewhere. However, if the Resolution passes Calista estimates that the percentage of Shareholders living in the Region could drop to about 55 percent, with 45 percent living outside the Region. If an increased number of Shareholders live outside the Region and/or the demographic shifts to younger Shareholders, Calista's priorities may shift in ways the corporation is unable to predict.

If the number of Shareholders were to triple, other Alaska Native Regional Corporations have indicated possible difficulty achieving quorum at the Annual Meeting of Shareholders. A quorum is the minimum number of Shareholders necessary to conduct business at the Meeting. If achieving quorum becomes more difficult, Calista will likely have to spend more time, effort and money to ensure quorum for the Meeting. When quorum is not reached, the Annual Meeting must be rescheduled, resulting in additional expenses. The corporation is hoping to lessen the impact of achieving quorum by requiring that Class C Shareholders be 18 years old to vote, meaning the number of Shareholders eligible to vote will increase slowly.

The cost to implement the Descendant enrollment process is anticipated to be hundreds of thousands of dollars. Calista cannot predict the exact cost if the Resolution passes, however, based on preliminary estimates it could exceed one million dollars. Additionally, an increase in the number of Shareholders will mean administrative costs will go up. Some of the additional costs will include hiring additional staff, printing and mailing more Annual Meeting materials and Storyknife copies, administering and processing dividends and maintaining an increased number of Shareholder records.



SHAREHOLDER DIVIDENDS AND OTHER BENEFITS

Calista Shareholders are the owners of the corporation and have a number of important responsibilities. Shareholders vote for candidates to serve as Calista board members. Calista currently has about 13,000 Shareholders; of these, 9,200 are original Shareholders and the remaining 3,800 have been gifted or inherited shares.

Since Calista was formed, a total of 11 dividends have been distributed to Shareholders, totaling more than \$31.3 million. Only Shareholders are eligible to receive dividends. Last year was the first time in Calista's history that two dividends were distributed in a single calendar year. The spring dividend is based on unaudited financial results from the prior year. The fall dividend is from the Akilista investment portfolio created to provide a perpetual source of dividends not reliant on business operations.

The 2015 spring dividend is about \$3.80 per share, with the typical Shareholder owning 100 shares. If Descendants are enrolled, a larger Shareholder enrollment means the amount of the dividend per share will decrease. Based on estimates, if the Resolution were to pass, the average Shareholder dividend would be reduced by approximately two-thirds.

However, there are a number of other benefits Shareholders receive in addition to dividends. The past few years, Calista has distributed money through the Shareholder supported Elders' Benefit Program. The corporation also advocates on important issues like subsistence and voting rights, and community improvement funding. Advocacy efforts bring state and federal funding to the Region and ensure the voice of the Calista Region is heard at the highest level. Calista also donates to organizations in the Region providing important social and other services.

Additionally, there are a number of benefits extending to spouses, Descendants and other people in the Region.

Calista exercises hiring preference for Shareholders and Descendants. Scholarships are available for student Shareholders and Descendants seeking a higher education. There are also opportunities for paid internships within Calista and its subsidiaries.

These benefits help fulfill Calista's mission of increasing Shareholder benefits and economic opportunities through innovation, growth, leadership, execution and financial discipline.

Implementation Timeline

2014



OCTOBER 2014 – JULY 2015

Calista is informing Shareholders about the Descendant Enrollment Vote.

2015



JULY 11, 2015

The vote will take place during the 2015 Annual Meeting of Shareholders.

Vote in person at the Annual Meeting, by paper proxy, or electronically online at www.CalistaVote.com

2017



JULY 2015 – JANUARY 2017

If the Resolution passes, Calista will use the following 18 to 24 months to hire additional staff, develop an application process, issue applications and expand our Shareholder database to include new Shareholders.



JANUARY 2017 – JUNE 2017

The new Descendant Enrollment stock would be issued between January and June of 2017.



ONGOING

After initial enrollment, applications will be processed as they are received.

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DESCENDANT ENROLLMENT VOTE

Are You Up-to-Date?

Shareholders, if you have moved recently it is important to let Calista know your new address. Failing to update your address with Shareholder Records could result in you missing out on important information. Your current address allows us to send you Annual Meeting information, the Storyknife newsletter, distribution checks, data-gathering documents for stock transfers and proxy packets and other corporation information. The majority of information Calista sends to Shareholders includes opportunities for benefits to both Shareholders and their Descendants. If your address is not correct, you may miss opportunities that could benefit you and your family.

You may have left a forwarding address with the U.S. Postal Service when you moved, but the Postal Service will not notify Calista of your address change. When your forwarding period expires, the Postal Service informs us that your mail is undeliverable and returns your Shareholder mailing to Calista. When undeliverable Shareholder mail is returned to our office, that Shareholder is marked in the record as having an unknown address. Without notification from the Shareholder, Calista has no way to determine what the Shareholder's new address is and Calista Shareholder mail cannot be delivered.

Additionally, we will not make an address change without a Shareholder's signature. This procedure ensures that the correct Shareholder's information file is updated because some Shareholders share the same name with one or more other Shareholders.

To make an address change, you may fill out the form below and mail it to Calista or download the Shareholder Update Address Form at <http://www.calistacorp.com/shareholders/shareholder-information>

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www.calistacorp.com

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Anchorage, Alaska 99503



PERSONAL DATA FORM - MAY 2015

Shareholder Name _____

New Mailing Address _____

City _____ State _____ Zip _____

Phone _____ SSN _____

Birth Date _____

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.

Shareholder Signature _____

Date _____

Signature of Witness 1 _____

Signature of Witness 2 _____

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

Mail to:

5015 Business Park Blvd., Suite 3000

Anchorage, AK 99503

Toll Free 800-277-5516 • Fax 907-275-2919

www.calistacorp.com