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FILED
APR 13 1990
UNITED STATES DISTRICT COURT
DISTRICT OF ALASKA
Deputy

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ALASKA

In re)
the EXXON VALDEZ) Case No. A89-095 Civil
(Consolidated)
_____)

RE: A89-095, A89-135, A89-136, A89-139
A89-144, A89-238 AND A89-239

REBUTTAL BRIEF OF ALYESKA DEFENDANTS
D-3, D-11, D-12, D-14, D-19, D-20 and D-21
IN OPPOSITION TO PLAINTIFFS'
MOTION FOR CLASS CERTIFICATION

2373-45
CPF/lsf

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INTRODUCTION

Defendants have proposed that the court allow the traditional process of plaintiff self-selection to limit the total number of plaintiffs whose claims must be resolved by trial. An aggressive settlement strategy will assist in this process. Once the nature of these self-selected claims has been ascertained through discovery, logical groupings will emerge for trial by consolidation under Rule 42(a).

Class plaintiffs propose just the opposite. In their reply brief,^{1/} plaintiffs postulate various benefits that could be achieved through class certification. Completely missing, however, is any explanation of why it is necessary to abandon traditional self-selection and consolidation techniques to achieve these purported benefits.^{2/}

Plaintiffs raise three items in their reply brief that have not been discussed before: a new court order in Cimino v. Raymark Industries, No. B-86-0456-CA (E.D. Tex. Mar. 5, 1990) ("Cimino II"), which plaintiffs contend supports their claim for "global damages"; a new legal theory that the "fraud on the market" presumption, heretofore applied only in securities fraud

^{1/} As used herein, "reply brief" refers to the 106-page brief filed on or about March 27, 1990, by Milberg Weiss Bershad Specthrie & Lerach entitled "Reply Memorandum In Support of Motion for Class Certification Under Rules 23(b)(2) and 23(b)(3)."

^{2/} Plaintiffs concede that consolidation is an appropriate mechanism for dealing with the non-class plaintiffs. "[I]f the number of opt-out counsel are [sic] limited, those counsel could participate in a consolidated trial on the claims on behalf of the classes and the opt-out claims." Reply at 18.

cases, should be applied here; and, for literally the fourteenth time in this litigation, new class definitions. These will be discussed in order below.

II.

PLAINTIFFS' RELIANCE UPON GLOBAL
DAMAGES DOES NOT SUPPORT THEIR
REQUEST FOR CLASS CERTIFICATION.

Plaintiffs "do not dispute that individual proof by each class member may still be necessary to calculate that individual's participation in the damage award." Reply at 44. Plainly, the more claimants there are, the more individual damage claims will have to be resolved. As discussed in Part IV, infra, there will be more claimants -- and the claimants who are not self-selected are more likely to have dubious claims -- if the proposed classes are certified. Thus, class certification promises to increase the court's burden.

Plaintiffs make light of this significant obstacle by proposing that damages be ascertained through a statistical fiction that they call "global damages." In support of this position plaintiffs cite the new district court order in Cimino v. Raymark Industries, Inc., No. B-86-0456-CA (E.D. Tex. Mar. 5, 1990) ("Cimino II"), which was handed down after defendants filed their opposition brief.

The court will recall that plaintiffs relied in their moving papers upon Cimino v. Raymark Industries, Inc., No. B-86-0456-CA (E.D. Tex. Dec. 29, 1989) ("Cimino I"), which permitted a series of trials to ascertain "global" damages for more than 3,000 plaintiffs allegedly injured by exposure to

asbestos. It was pointed out in the joint opposition brief that Cimino I was overruled by the Fifth Circuit in In Re Fibreboard Corp., 893 F.2d 306, 711-12 (5th Cir. 1990), which held that the mass determination of damages is "beyond the scope of federal judicial authority."

In Cimino II the district court again permitted allocation of damages based upon representative trials, this time with a larger number of trials tailored to the five types of injuries alleged by plaintiffs. It is not at all clear that the district court's formulation ultimately will be accepted by the Fifth Circuit in light of its previous ruling in Fibreboard.

Even if the Cimino II order is allowed to stand, however, it would not serve as a precedent for what plaintiffs are seeking here. Cimino II does not in any way suggest that class certification is better than consolidation. In fact, Cimino II involved consolidation of 2,336 claims under Rule 42(a), not a class action under Rule 23. The last thing the court wanted to do in Cimino II was to increase the total number of potential claims requiring proof of damages.^{3/}

Moreover, the circumstances in which the court fashioned its order in Cimino II were quite different from those present here. Because of the district court's experience in trying

^{3/} In an earlier phase of the case, the court certified a class to try common issues, but that class was limited to "plaintiffs with asbestos-related personal injury actions pending in the Eastern District on December 31, 1984." Jenkins v. Raymark Industries, Inc., 782 F.2d 468, 470 (5th Cir. 1986). By limiting the class to persons who had already filed claims, the court eliminated the risk of deluging the court with thousands of new claims. Plaintiffs have placed no such limitation on the classes proposed here.

asbestos claims, Cimino II plainly falls within the category of "mature torts," and the court's reliance upon its experience in explaining its order highlights that fact. It has been recognized that collective measures to resolve mass torts have generally been limited to such "mature torts," where both the courts and the parties are in a position to know where the litigation is going. See F. McGovern, Resolving Mature Mass Tort Litigation, 69 Boston U.L. Rev. 659 (1989), attached to the affidavit of plaintiffs' attorney, Elizabeth Joan Cabraser, in response to defendants' interrogatories. Cf. In Re A.H. Robins Co., 880 F.2d 709 (4th Cir. 1989) (class certified only after years of litigation had resulted in a settlement).

The Exxon-Valdez oil spill litigation is not a mature tort. No discovery on the merits has been completed. Neither the courts nor the parties have sufficient information to craft a complex order of the kind handed down in Cimino II.

Nor is there any reason to believe that such an order ever will be possible here. The court in Cimino II first ordered trials to determine which defendants were responsible for the presence of asbestos at the thirteen facilities at which most of the plaintiffs were allegedly exposed. Next, the court ordered random selection of plaintiffs according to the five medical conditions allegedly caused by plaintiffs' exposure to asbestos. Unlike Cimino II, the court here is presented with virtually unlimited variations of the types of claims for which relief has been sought. "Exposure" to the effects of the spill is alleged to have occurred at a limitless number of locations throughout the State of Alaska, not the limited group of thirteen facilities

involved in Cimino II. As detailed in defendants' opposition brief, the great variety of injuries allegedly suffered as a result of the spill -- from emotional distress, to multiple kinds of fishing losses, to claims that alcoholism was induced by the spill, for example -- are not remotely similar to the limited group of five types of illness that defined the universe of plaintiff claims in Cimino II. Thus, Cimino II does not lend any support to plaintiffs' assumption that "global damages" can be decided on a classwide basis here.

III.

PLAINTIFFS STILL HAVE NOT IDENTIFIED
COMMON ISSUES OF FACT WITH RESPECT TO
THEIR MISREPRESENTATION CLAIMS.

Plaintiffs admit that they will not seek to prove that misrepresentations were made to individual class members.^{4/} They fall back on a "fraud on the regulators" theory, which is a version of the "fraud on the market" theory imported from the securities law. According to plaintiffs, it is sufficient to establish fraud if they establish that defendants made misrepresentations "to Congress, the State of Alaska, and to regulatory agencies . . . to obtain authorization to build the pipeline and to keep the pipeline and supertankers operating."^{5/} Reply at 60.

^{4/} "Plaintiffs do not have to, nor do they intend to prove this [misrepresentation] claim through proof of representations made to individual class members." Reply at 60.

^{5/} Defendants deny that the alleged misrepresentations were made. As part of the federal right-of-way permitting process in

[Footnote continued on next page]

Again, defendants strongly disagree with plaintiffs' characterization of the law; we are not aware of any cases expanding the "fraud on the market" presumption outside the arena of securities fraud. Resolution of this issue will, of course, have to await full briefing and argument on a motion addressed to the merits of the claim. Class certification should not be predicated, however, upon the unlikely assumption that the court will create new law in this case, and the court should not, and need not, decide such a novel theory in ruling on a motion for class certification.

First, plaintiffs again have not shown how class certification would be better than consolidation to resolve this issue. Certainly, the present practice of coordinating law and motion matters plainly would be adequate to resolve the threshold legal issue, which may dispose of the entire claim.

Second, in the unlikely event that plaintiffs were permitted to assert their claim in some form, it almost certainly

5/ [Footnote continued from previous page]

the early 1970s, defendant Alyeska submitted the Project Description of the Trans-Alaska Pipeline System to the Department of Interior for the Department's review in developing an Environmental Impact Statement for the pipeline project. Alyeska's Project Description provided a detailed analysis of oil spill contingency planning, including a description of actions that might be taken to respond to tanker spills in Port Valdez and Prince William Sound. In a scenario discussing a "Major Spill in Prince William Sound," which mentioned a possible spill of 70,000 barrels or more, the Project Description cautioned that "with the amount of oil possibly involved and the time lag in massing control systems at the site, it is likely that tens of thousands of barrels of oil would have escaped and been dispersed on the water's surface." Project Description, Section 9.3.5.4, at 143. "Containment of the mass of oil involved," the scenario concludes, "would be exceedingly difficult if not impossible." *Id.* (emphasis added).

would raise significant individual issues. In all of the cases cited by plaintiffs, persons seeking recovery had to prove that they personally took some action -- purchase or sale of securities -- that resulted in a loss. Thus, the "fraud on the market" cases do not relieve plaintiffs of the obligation to show that they took some action that otherwise would not have been taken absent the alleged misrepresentation.

Each class member will thus have to explain what action was taken or omitted by that individual in reliance on the alleged misrepresentations. This will necessarily require individual proof. One fisherman may claim he would have entered another line of business but for the representations. Another may claim he would have taken precautions of some kind. Still another may claim he would have lobbied the legislature for stricter controls. This is not like a securities case where all claimants purchased (or sold) the same stock. Rather, the only thing the plaintiffs have in common is that they allegedly were damaged by the Exxon-Valdez oil spill.

The United States Supreme Court has also made it clear that, under the "fraud on the market" theory, the presumption of reliance can be rebutted. Basic Incorporated v. Levinson, 485 U.S. 224, 248 (1988). Thus, once each individual plaintiff has specified what particular action was taken or omitted, the defendants will have the opportunity to rebut the presumption that this action was in reliance on the alleged misrepresentation. This too can be accomplished only on a case-by-case basis. If a fisherman claims he would have lobbied the legislature but for the representations, for example, the defendants may impeach him with

his past lobbying activities. If he claims he would have changed his line of work or taken certain precautions, the defendants can impeach him with his past business conduct.

In short, class certification should not be based upon the assumption that the "fraud on the market" theory will be expanded beyond the arena of securities fraud. Even if plaintiffs' novel approach is ultimately determined to have some merit, which defendants emphatically deny and will address more fully at an appropriate time in the future, the claim of misrepresentation would be no different from plaintiffs' other causes of action in that it raises individual issues that would predominate over the common questions. These common questions, in turn, could be resolved through consolidation.

IV.

PLAINTIFFS' NEW CLASS DEFINITIONS

STILL DO NOT DEFINE MANAGEABLE CLASSES.

By the time that the joint opposition brief was filed, plaintiffs had changed their definitions for their proposed classes thirteen times. See Exhibits 2 and 3 and the Affidavit of Douglas J. Serdahely ¶ B. In their reply brief, plaintiffs have redefined the classes yet again. Reply at 64-67 (footnote).^{6/} These definitions are no more effective than the first thirteen iterations.

Plaintiffs define their classes to include virtually the entire business, worker, native, and property owner population in

^{6/} All classes except the Use and Enjoyment and Workers classes have been redefined.

an enormous geographic area. It is safe to assume that this population numbers in the thousands, and it is further safe to assume that the thousands of proposed class members who have not retained counsel or otherwise asserted claims in this well-publicized litigation have dubious claims, are satisfied with their compensation from the Exxon claims process, or have no claims to make at all. Plaintiffs have not advised the court as to how they propose to give notice to this mass of people, but presumably they will propose notice by publication. Whatever notice medium is selected, the class members will be asked if they affirmatively wish to opt out. If they do not take any action, they will be included in the class. Thus, thousands of potential claimants with dubious claims will be vacuumed into court without any volition on their part, and it will be up to the court to sort out their claims, a process that could take years.

An example of the enormous breadth of plaintiffs' proposed class definitions is the new Commercial Fishing Class definition. The proposed changes in that definition purport to "limit" the geographical scope of that class to include everyone who harvests or cultivates any marine resources anywhere "in the State of Alaska and waters adjacent to it." Reply at 66 (footnote). Thus, persons who fish thousands of miles from the spill would initially be brought within the class net.^{7/} If they do not opt out, it will be the court's chore to separate the reasonable claims from the frivolous claims. Plaintiffs suggest no workable mechanism to accomplish that goal.

^{7/} Plaintiffs have also expanded the net to include "crews and . . . employees" of fishermen. Reply at 66 (footnote).

Similarly, although the Area Business Class is now purportedly limited to "the area surrounding Prince William Sound and within Kodiak Island Borough, Kenai Peninsula Borough, Aleutians East Borough and Lake and Peninsula Borough," these purported limitations define a broad class indeed. It would include businesses in areas, such as Cordova and Valdez, where the spill did not physically impact at all. It evidently also would include far-flung businesses that provide goods or services to these wide-ranging areas. Again, plaintiffs' approach is to vacuum up all businesses that might possibly have been impacted by the spill, take them through the class notice process, try the "common issues," and only then start sorting out who has a legitimate claim and who does not.

The unmanageability of these definitions is further evidenced by plaintiffs' apparent concession that the Commercial Fishing Class will require subclassification. In their new definition, plaintiffs suggest at least ten identifiable subgroups of fishermen, which may be further broken down by subclasses according to "various species, harvest areas and/or types of permits or activities." Reply at 66 (footnote). To get a feel for the complexity of the issues being raised one must have some idea of:

< How many harvest areas are there in the State of Alaska and adjoining waters?

< How many species of fish and other marine resources are caught commercially in the State of Alaska?

< How many types of permits or activities are associated with commercial fishing?

Layered over the answers to these questions, one must ascertain with how many of these areas, species, and activities each of the specified subgroups are associated. Plaintiffs provide no clue as to the answers to these questions.

Plaintiffs' new definitions also do not cure the problem of overlapping claims. See Opposition at 57-60. In fact, plaintiffs concede that if the classes are certified, complete settlements with members of more than one class will be a multi-step process. "At the individual class member level, payments after either trial or settlement would be conditioned on the execution of releases specifying the claims which were encompassed." Reply at 90. Thus, if defendants settle with one class, the settlement would only dispose of the specific claims addressed by that class. Class members would be free to pursue their other claims either through the class process or individually. Plaintiffs' proposal would make each class member a moving target, a situation sure to make settlement more difficult.

The fact that plaintiffs have failed to define the proposed classes adequately after fourteen tries is ample evidence that adequate definitions are not possible. This is because the claims of potential class members are diverse; the only thing they have in common is that class counsel claims that they have all been injured by the same oil spill. Such diverse claims cannot be tried efficiently as a class action.

DATED: April 13, 1990.

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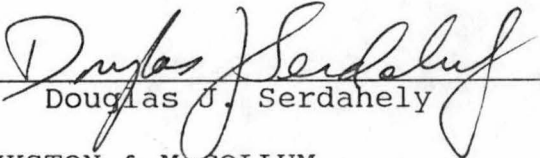
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EXXON DEFENDANTS' (D-1, D-2 and D-10)
SUPPLEMENTAL MEMORANDUM CONCERNING CLASS CERTIFICATION

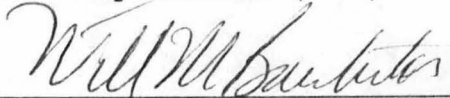
As indicated in the Joint Motion of Exxon Defendants (D-1, D-2 and D-10) and Alyeska Defendants (D-3, D-9, D-11, D-12, D-14, D-19, D-20 and D-21) for Leave to File Supplemental Memoranda Concerning Class Certification, filed herein on April 13, 1990, the undersigned Exxon Defendants hereby submit their supplemental memorandum concerning class certification, namely the attached 20-page Supplemental Affidavit of Richard T. Harvin, and appendix, offered in response to the new factual material initially presented in plaintiffs' class certification reply memoranda.

DATED at Anchorage, Alaska, this 19th day of April, 1990.

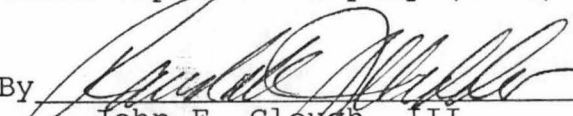
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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ALASKA

In re: the EXXON VALDEZ)
) No. A89-095 Civil
) (Consolidated)
)
) SUPPLEMENTAL AFFIDAVIT
) OF RICHARD T. HARVIN IN
) OPPOSITION TO MOTIONS
) FOR CLASS CERTIFICATION

RE: A89-095, A89-135, A89-136, A89-139
A89-144, A89-238 AND A89-239

CLASS ACTION PLAINTIFFS (P-1, P-3, P-8, P-9 THROUGH P-19, P-21,
P-22, P-24 THROUGH P-28, P-40 THROUGH P-44, P-46, P-48, P-50,
P-52, P-54 THROUGH P-62, P-64 THROUGH P-67, P-73 THROUGH P-80,
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P-126, P-128, P-130, P-132, P-135 THROUGH P-147, P-167, P-168,
P-189, P-195, P-196, P-202 THROUGH P-206, P-246, P-247 and P-267

AFFIDAVIT OF RICHARD T. HARVIN

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STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

Richard T. Harvin, being first duly sworn and under oath,
testifies as follows:

1. My name is Richard Harvin. I am in charge of Exxon's process for handling claims arising from the March 24, 1989 EXXON VALDEZ oil spill. I have reviewed the portions of Plaintiffs' Class Action Reply Memorandum ["Class Action Reply"] and the Plaintiffs' Cannery Workers' Reply Memorandum ["Cannery Workers' Reply"] which address the Exxon claims program. These documents contain serious factual inaccuracies and misrepresentations.

2. Plaintiffs claim that the Exxon claims program is a "sham." The facts speak for themselves. As of April 16, 1990, Exxon has made over 23,800 payments on more than 11,400 claims to more than 10,000 claimants. Those payments now total over \$212,000,000. This represents an increased expenditure by Exxon of over \$27,000,000 since my earlier affidavit of February 19, 1990. These ongoing expenditures demonstrate Exxon's continuing commitment to process claims resulting from the Exxon Valdez oil spill. I do not believe that there is any way this money could have been so quickly disbursed through the litigation process.

3. Claims personnel were among the very first Exxon representatives to arrive in Alaska in response to the oil spill. Exxon's initial goal was to rapidly compensate individuals,

AFFIDAVIT OF RICHARD T. HARVIN

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businesses and other organizations for immediate losses to prevent hardship. Within the first weeks of the spill, Exxon rapidly expanded its program and personnel and began opening regional offices throughout affected areas in Alaska and later in Seattle, Washington. The accompanying graph attached as Exhibit A shows the growth in Exxon claims payments.

4. As the regional offices ran low on work, they were consolidated in the central office in Anchorage, Alaska. Knowledgeable senior personnel in all areas of the claims program remain at work. Claims personnel are available in person or by telephone, and, if necessary, will travel to handle claims. See letter of Richard T. Harvin to Mayor John P. Calhoun of Homer, attached as Exhibit B.

5. To address the concerns of Alaskans and others impacted by the spill, Exxon quickly began to evolve guidelines to respond to different types of claims. Exxon's goal was to develop uniform approaches which could apply fairly while retaining the necessary flexibility to address the unique circumstances of each claimant. To accomplish this, Exxon met repeatedly from the early days of the oil spill with numerous groups of fishermen, businessmen, processors, employee representatives, municipalities, and others to hear and address their concerns in the development of a claims program. The guidelines that were developed were based upon the substantial input of such groups.

6. Exxon met many times with the leadership of fishermen's groups such as the Prince William Sound Seiner's Association, the Cordova District Fishermen United, the Kodiak United Fishermen's Marketing Association, the United Cook Inlet Drift Association, and numerous others. The Exxon claims guidelines for fishermen were based in many ways upon proposals of these groups and their attorneys.

7. For example, the use of an area value allocation formula based upon historic catches was proposed by the fishermen and adopted by Exxon. Similarly, the use of a total catch value rather than a species-by-species distribution formula which plaintiff David King now criticizes (King Affidavit at 3) was proposed by fishermen. The exclusion of the Copper River District from the allocation formula for Prince William Sound, which plaintiffs now allege to have "skewed any attempt at fair allocation" (Class Action Reply at 29), was implemented at the specific insistence of the Cordova District Fishermen United. See letter to Dick Harvin from Jerry McKune, President of CDFU, July 8, 1989, attached as Exhibit C. Similarly at the request of fishermen, Exxon based the historic catch determination for each fisherman upon a two-year rather than a three-year formula; agreed to use 1986 rather than 1987 figures in Upper Cook Inlet calculations to avoid any effects arising from the Glacier Bay accident; and in numerous other ways responded to suggestions from fishermen about the proper means of calculating fishing claims.

While some fishermen are now apparently displeased with the proposals put forward by the leadership of the fishing groups, in reality this is indicative of differences among fishermen themselves and not unresponsiveness or unfairness by Exxon.

8. Nevertheless, all the demands of the fishermen could not be met. For example, fishermen initially wanted a guarantee that they would not be required to make any attempt at mitigation in order to have a claim with Exxon. However, since even the fishermen recognized that this would have destroyed any incentive to fish, this demand was modified to ask that Exxon offset only 75% of any fish actually caught against claimed losses, rather than 100%. In essence, this would have given the fishermen a 25% across-the-board bonus for all fish caught. Fishermen also requested that no oil spill income which fishermen might receive be used as an offset against their fishing claims. While Exxon could not wholly accept these demands, it did evolve a guideline for good faith mitigation which simply required fishermen to participate in 50% of available openings or achieve 50% of their historic catch to be eligible for a claim.

9. In order to be fair to fishermen, Exxon used the market price of fish in 1989 that was being paid by seafood processors and other purchasers. The market price reflected the reality that the 1989 Alaska total salmon harvest was an all-time record despite closures of certain fishing areas because of the state's zero tolerance policy. Nevertheless, plaintiffs argue

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AFFIDAVIT OF RICHARD T. HARVIN

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that Exxon should pay some speculative price more than two times above actual market price. Plaintiffs fail to consider long-term trends affecting prices such as the impact of steadily increasing numbers of hatchery fish, large inventories, large fish runs and the decline in the value of the yen. See, e.g., "The Price of Salmon," Pacific Fishing, November 1989, attached as Exhibit D. In sum, 1989 market prices are in fact the only realistic and fair way to value 1989 fish.

10. The 1989 salmon pricing situation was described by one trade publication as follows:

Just as 1988 made history with its fantastically high prices, 1989 came through as a reminder of how fast markets can nosedive. Alaska troll-caught silvers dropped from \$1.80/lb. to \$.80/lb. ex-vessel, Prince William Sound pinks went from \$.75/lb to \$.35/lb., and Bristol Bay reds dropped in half from last year to about \$1.25/lb. in 1989. The major factors responsible for these price levels were market resistance to the 1988 prices, large harvests and farmed salmon flooding the markets. Pete Granger of Seafood Producers Cooperative states, "Certainly we've seen a lot of changes with the advent of farmed salmon, but I don't think anybody really felt the full impact until last winter."

See "The Era of the Eighties," Pacific Fishing, 1990 Yearbook, p. 67, (emphasis added), attached as Exhibit E.

11. In addition, Exxon has paid more than \$220,000,000 to charter fishing vessels for oil spill cleanup work. The unprecedented influx of income from oil spill cleanup to fishermen has led the fishermen themselves to coin the term "spillionaires" for those persons who not only received substantial compensation

from Exxon for fishing losses but had substantial income from oil spill cleanup efforts as well.

12. Despite Exxon's attempts to fairly address fishermen's concerns in establishing guidelines for the claims program, it was apparent that Exxon could not hope both to provide immediate assistance to fishermen and simultaneously to settle all fishermen's claims due to the complexity of the issues and the vast number of unique individual circumstances. As a result, the vast majority of payments to fishermen have been on a basis of Exxon receiving an "Assistance Receipt" or a "Funds Receipt and Claims Credit" form, rather than a release of legal claims for 1989 fishing seasons. Copies of each form are attached as Exhibits F and G.

13. An example of the flexibility and responsiveness of the Exxon fishing claims program to individual circumstances is provided by the Prince William Sound salmon seine claim filed by David P. Clarke, who now calls the program a "sham." See Clarke affidavit at 4. Although Mr. Clarke participated in less than half of the openings in 1989, at his request Exxon waived its 50% good faith mitigation guideline because his responsibilities as an officer of the Prince William Sound Seiner's Association required his participation in association meetings regarding the claims program. At Mr. Clarke's request Exxon also adjusted his 1987 seining income of \$116,469 upward to the industry average of \$175,851 to calculate his claim because he missed the first part

of the 1987 season due to difficulties with his boat. This variance from the guidelines increased Mr. Clarke's 1989 projected catch by \$31,643.

In applying for an initial advance payment from Exxon, Mr. Clarke signed an affidavit on August 16, 1989 stating:

I acknowledge that this advance program is not available to permit holders who have been employed in oil spill cleanup efforts. . . . I swear under penalty of perjury that I meet the qualifications of the advance program which are listed above.

See Exhibit H. It was later discovered that Mr. Clarke in fact earned \$67,394 for chartering a fishing boat to VECO from June 13 to July 13, 1989. See Exhibit I. Exxon asserted an offset of \$30,720 against his fishing claim representing the portion of oil spill income earned during the fishing season. As a result of these adjustments to his individual claim, Mr. Clarke to date has received payments from the Exxon claims program of \$142,676. See Exhibit J. When his 1989 actual catch of \$24,348 and boat charter income are added to his claims compensation, his total income for 1989 of \$234,257 is more than \$78,000 higher than his average fishing income for 1987 and 1988. Mr. Clarke has not released his fishing claim against Exxon.

14. Just as Exxon's fishing guidelines were developed with substantial input from claimants, so were Exxon's special guidelines developed for Cordova businesses. It must be emphasized that this program for Cordova businesses lasted for six months, not two months. The program was based upon a simple

AFFIDAVIT OF RICHARD T. HARVIN

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showing of net loss with no requirement of showing that a loss had any connection to the oil spill.

15. The account by affiant Jeff Bailey of the implementation of the Cordova program is incorrect. In fact, as the Cordova Chamber of Commerce has stated, approximately one month after the oil spill Exxon was flexibly responding to a request from the Cordova business community to address its unique needs through the claims program. See Exhibit K. Senior Exxon personnel met with Cordova businessmen at town meetings and at their businesses in Cordova. Id.

Subsequently, the Chamber sponsored several follow-up meetings for Exxon officials. Detailed guidelines for claims procedures were drawn up following an informational briefing held for Claims Manager Dick Harvin. With Chamber input, these guidelines were refined over the summer. . . .

Id. at 1. Chamber of Commerce President Connie Taylor has stated, "The Chamber believes that by approaching Exxon with reasonable requests accompanied by hard data, we have been notably successful in achieving positive results." Id. at 2.

16. As the Chamber of Commerce publication points out, Exxon additionally assisted the City of Cordova in addressing labor and housing shortages: "Exxon provided funds for transporting workers to Cordova and converting a local gym into bunkhouse-style dormitories. Funds were also provided for expansion of the City trailer park and for tent spaces near fish

processing plants to help alleviate the shortage of adequate housing." Id. at 2.

17. Plaintiffs assert that "Exxon refused to build any growth factor into its calculations [for Cordova]" and that the Cordova business claims program did not take into account the increase projected in the pre-season forecast for 1989. Van Brocklin affidavit at 4; Class Action Reply at 29. Based on preliminary information from ADF&G, the actual run was less than half the size of the forecast. More importantly, Exxon's Cordova program did include growth for individual businesses where such projected growth could be reasonably substantiated. For example, Jeff Bailey's Killer Whale Cafe received a substantial payment based upon an assumed growth of 95% in its business. Similarly, Bob Van Brocklin received an 11% growth factor for his business in Cordova. Thus, plaintiffs ignore the fact that the Cordova business claims program did incorporate an allowance for growth but on an equitable case-by-case basis rather than on a presumptive increase for forecast fish runs which, in reality, did not occur.

18. The plaintiffs similarly ignore the fact that business in Cordova was substantially up in 1989. According to the January 1990 publication of the Cordova Chamber of Commerce, sales tax revenue for Cordova were substantially up, business and residential phone lines were substantially increased, electrical services were up, local hotels were "fully booked," bed and

breakfasts were "well booked," airline flights were "frequently full," etc. Exhibit K at 2. In short, while Exxon stood ready to assist businesses for net losses where necessary, many of the feared losses in Cordova simply did not materialize. In addition to the over \$670,000 paid to Cordova businesses, Exxon and VECO alone spent \$2,950,000 in Cordova on oil spill cleanup purchases.

19. An example of the fairness of the Exxon special guidelines for Cordova is the business claim filed by affiant Jeff Bailey for his business, the Killer Whale Cafe. Mr. Bailey under oath questions "if any of [my claim] has been settled" and states that Exxon has "taken advantage of me." Affidavit of Jeff Bailey at pages 4 and 5. Mr. Bailey also asserts that Exxon's Cordova program was "only for a two-month period . . . " Id. at 3. This assertion is wrong because Mr. Bailey was in fact paid \$52,301.73 for his lost profits for the period from March 24 through September 23, 1989 under the special net loss guidelines. See Exhibit L. As explained, this payment by Exxon represented an assumed 95% growth factor in the Killer Whale Cafe business in 1989, in part because Mr. Bailey had expanded the capacity of his cafe from 24 to 36 seats. However, perhaps the best measure of Exxon's fairness to Mr. Bailey is provided by comparison of this settlement with information Mr. Bailey and his wife provided for an extensive article in Money magazine in July, 1989. According to that information, the Baileys state that they paid \$32,500 for the Killer Whale Cafe in 1987; that it made a profit of \$20,000

in 1988; that a 30% growth was expected for 1989; and that the pre-spill value of the business was an estimated \$45,000. See Exhibit M. By any of these standards, Mr. Bailey has been more than compensated for any possible lost profits for the Killer Whale Cafe in the summer of 1989, and in fact, has been compensated for more than he estimated the business to be worth.

20. Mr. Bailey signed a release through September 23, 1989 of his business claims. See Exhibit N. Contrary to his assertion, he was never requested to sign a release of any claim beyond 1989. Mr. Bailey also received compensation for separate fishing claims from Exxon.

21. The Exxon claims program for cannery workers, already discussed in my earlier affidavit, is designed to provide rapid and fair compensation to impacted cannery workers based upon their actual prevented wages as a result of the oil spill. These prevented wages have been calculated in all instances (except for Kodiak, as discussed below) by the use of data on employee wages and hours submitted under oath by processors/employers to Exxon. The prevented wage sheets prepared by employers upon which Exxon has calculated individual cannery workers claims were reviewed by the employees and signed.

22. It is misleading to claim that processors have an interest in underestimating the value of their employees' claims. The reality is that processors affected by the spill have an overwhelming self-interest in claiming as great a lost volume of

fish as possible for the 1989 fishing season in order to maximize their own claims. Increased volume is a crucial factor in creating greater profits for processors. Labor costs increase directly with volume. By understating labor costs, processors would very likely decrease the value of their own claims.

23. In addition, processors/employers have a strong incentive to support and be fair to their workers. Processing plants have a strong interest in encouraging the return of experienced workers and maintaining good employee relations. When the costs for maintaining good employee relations can be passed entirely and directly to Exxon, it is unreasonable to believe that an employer would not take full advantage of such an opportunity.

24. Nevertheless, Exxon has routinely required statements under oath from the responsible management personnel that the labor figures they have submitted are true and correct to the best of their knowledge. See Exhibit O. In order to assume that the figures submitted were incorrect, one would have to hypothesize that employers had acted against their own self-interest, against the interest of their employees, and had deliberately made misstatements under oath.

25. Equally important, at Exxon's suggestion, employers prepared prevented wage sheets which were reviewed and signed by employees. These wage sheets detail the standard and over-time wage rate for the employee, the hours which should have been worked, the hours which were worked, and the hours of prevented

wages. For example, the Chugach, Inc. employees Becky Quigley, Teresa Woody and Marianne Adkins, who have submitted affidavits with the Cannery Workers' Reply, signed such prevented wage statements. See Exhibits P, Q, and R. In these instances the employer Chugach, Inc. for unknown reasons did not multiply out the wage rate versus prevented hours to arrive at a sum for prevented wages. However, this is a simple calculation. These employees signed statements at the bottom of the prevented wage sheets stating that "I have received the information above and state that it is accurate to the best of my knowledge." Id.

26. In the case of Chugach, Inc., the calculation of employee prevented wages was based upon Chugach's own lost volume for June and July, 1989. August was largely excluded because there were no losses due to high volume processing of hatchery fish. Chugach used 1987 as a comparison year for purposes of employee prevented wages because Chugach claims the higher fish runs made this a more representative year than 1988. While affiant Marianne Adkins asserts that the 1989 pre-season forecast should have been used for these calculations (Adkins affidavit at 3), this would have resulted in inaccuracy since less than half of the pre-season forecast in Prince William Sound actually materialized.

27. Affiants Quigley, Woody and Adkins assert without explanation that the settlements offered them were not "enough money" or were less than their own undisclosed calculations would

afford them. Woody affidavit at 3, Quigley affidavit at 2, and Adkins affidavit at 4. In fact the amounts offered accurately reflected the difference between the hours these employees actually worked and their prevented hours at each employee's standard and overtime rates of pay. In the cases of Woody and Quigley, the calculations were based upon Chugach's certification that they should have worked 80 hour weeks for the stated periods of prevented wages; any extra compensation now claimed would have to be for work in excess of 80 hours per week. In the case of Marianne Adkins, in order to arrive at her claimed loss of "approximately \$4,000" for the period in question, Adkins would have had to work in excess of 120 hours each week.

28. In the area of cannery worker claims as well as other claimants, Exxon has been flexible in responding to the needs of those impacted. For example, at the request of the Mayor of the City of Kodiak, Exxon claims personnel participated in a teleconference and then in two large public meetings in Kodiak in late July to address methods of compensating Kodiak cannery workers on an expedited basis. These meetings were chaired by Kodiak Island Borough Mayor Jerome Selby and included public officials, processors, cannery workers, and employee representatives, such as Bernie Balleo, President of the Kodiak Filipino-American Association. The first meeting was held at the Kodiak High School gym and, according to the press, was attended by 600 cannery workers. As a result of these meetings, Exxon

revised the cannery worker program for Kodiak to account for special circumstances including fisheries-wide closures and a traditional highly mobile work force. Because of this mobility, the Kodiak program was based not on statistics from a single employer, but on past data for workers from the Alaska Department of Labor. In order to participate, a worker had to sign a release for Exxon to obtain Department of Labor data. Where workers had no experience, an average was employed. This special program for Kodiak was adopted by consensus by all the groups present at the meetings and resulted in greatly expedited payments to Kodiak workers.

29. Exxon's preferred means of processing cannery worker claims was to do so in person at the Exxon regional claims offices. However, Exxon has on several occasions been invited by processors and employees to send representatives on site to process claims in order to minimize lost work time. Exxon has responded to their requests. When necessary, for instance due to delays in receiving information from processors about their employees, Exxon sent letters to employees rather than meeting with them in person. In either event, Exxon reviewed any questions raised by employees about their claims, and in numerous instances went back to employers to resolve any issues, or in the case of Kodiak, to the Alaska Department of Labor to review any statistics. Where settlements and releases were offered by letter, Exxon requested that claimants "Please read the release

carefully and consult as you deem appropriate to be certain that you understand what is stated in the release." See Exhibit S.

30. It is wholly and completely untrue that Exxon has sought to obtain releases of future claims from cannery workers. Affidavits of Terri Mast at p. 3, Marianne Adkins at p. 4, Mark Coles at p 3-4. The term "partial release" is an accurate description of the fact that the releases sought related only to 1989 claims and up to the date of signing the release and not to future claims.

31. Certain plaintiffs' attorneys, purporting to act on behalf of all cannery workers, demanded in late July that Exxon negotiate with them "global" settlements of cannery workers claims for 1989. Letter to Douglas J. Serdahely from Michael Withey and Howard Trickey, July 24, 1989 (Exhibit to Cannery Workers' Reply). They have since demanded that Exxon contact no cannery workers and have given notice that they will seek Civil Rule 82 fees for all settlements reached by Exxon with cannery workers subsequent to the filing of their lawsuit. See letter from Michael Withey to Johnny Effler, Exxon claims office, March 1, 1990, Exhibit T. At the time of their initial demands, Exxon's claims program for interim compensation for workers was already in full operation and paying millions of dollars to thousands of claimants. Exxon has requested a list of clients who have actually retained those attorneys, and indicated its willingness to avoid any discussions with them. However, Exxon has also stated, "It would be

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AFFIDAVIT OF RICHARD T. HARVIN

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inappropriate to prevent cannery and seafood process workers from obtaining compensation through the claims offices merely because you have filed a class action." See letter of Richard M. Clinton to Michael Withey, March 16, 1990, attached as Exhibit U.

32. Exxon does not discourage anyone from seeking legal advice. When appropriate letters of representation have been sent to Exxon, Exxon has cooperated fully with counsel in the resolution of claims. As part of its claims program, Exxon has made payments for professional assistance to fishermen claimants who have sought the advice of counsel or other professionals.

33. Exxon's claims program for cannery workers has now paid more than \$9,500,000 on more than 4,000 claims. Claims of other workers are still outstanding in instances where employers or attorneys have not submitted information to substantiate wage losses. This program has been fair, accurate and expeditious in processing the claims of cannery employees who, perhaps more than any other group allegedly impacted by the oil spill, needed the opportunity for quick and fair resolution of their claims. I believe this process has been far more equitable than the years of litigation which would be required by plaintiffs' attorneys to arrive at a similar result.

34. Exxon has now provided more than \$10 million in assistance to local governments, including "infrastructure" expenses. Exxon is also reviewing questions raised by the affected municipalities regarding fish tax revenues even though

the State has not yet filed a claim for such revenues. However, insofar as this is in fact a state tax distributed to local governments, the participation and cooperation of the State of Alaska is necessary to address the issue. Exxon is currently seeking permission from the Alaska Attorney General's Office to discuss the issue with the Alaska Department of Revenue, which has refused to speak to Exxon without such permission. See Exhibit V, letter of Douglas J. Serdahely to Assistant Attorney General Barbara Herman, April 14, 1990.

35. The Exxon claims program has addressed a great variety of claims. To the extent that groups such as the proposed Use and Enjoyment Class are not claiming any money damages, it is accurate to say that they are outside the scope of the claims program. However, it would not be accurate to say that Exxon has not addressed their concerns. Exxon has worked with government officials and has spent more than two billion dollars cleaning up the oil spill thus far, and is about to begin another season of cleaning. It is appropriate to consider this cleanup effort when plaintiffs assert that the claims of the Use and Enjoyment Class have not been addressed in the claims program.

36. Inevitably, there will be disagreements with some claimants about the amounts of compensation to be paid. As seen from the cases of Messrs. Clarke and Bailey (paragraphs 13 and 19, respectively, above), however, each dispute about the adequacy of compensation under the claims procedure is highly individual in

nature. If settlement discussions fail, Exxon has proposed the use of Alternative Dispute Resolution to resolve these individual differences. See ADR agreement contained in Exhibit G and letter of Dick Clinton to Richard Gerry and Matthew Jamin, dated December 12, 1989, attached as Exhibit W. The ADR process can be implemented when plaintiffs are prepared to engage in final settlement discussions and key issues -- such as the alleged effect of the oil spill on the 1990 catch -- have been defined. Those, like Messrs. Clarke and Bailey, who insist upon taking their claims to court, cannot escape separate adjudication of the merits of their particular individual claims. The numerous and many particular individual claims are, of course, one of the primary reasons that Exxon opposes class certification.

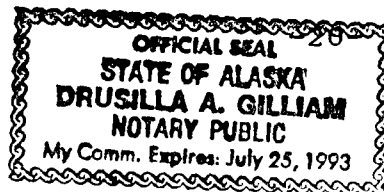
37. Plaintiffs' memoranda and affidavits contain many other misrepresentations or mischaracterizations which are too numerous to address here. However, I do not believe any fair observer could remotely consider the substantial accomplishments of this program a "sham." I believe the Exxon claims program is an unprecedented effort on a remarkable scale to assist claimants fairly and rapidly.

Richard T. Harvin
Richard T. Harvin

SUBSCRIBED AND SWORN TO before me this 19th day of April, 1990.

Drusilla A. Gilliam
Notary Public in and for Alaska
My Commission Expires: 7-25-93

AFFIDAVIT OF RICHARD T. HARVIN



OGLE & GATES

e 600
= West 4th Avenue
orage, AK 99501
7 276-4557

EXHIBITS

- A. Graph of Exxon Valdez claims payments
- B. Letter dated March 26, 1990 from Richard Harvin to Mayor John P. Calhoun, of Homer
- C. Letter dated July 8, 1989 from Jerry McCune to Richard Harvin
- D. Pacific Fishing, November 1989
- E. 1990 Pacific Fishing Yearbook
- F. Assistance Receipt
- G. Funds Receipt and Credit Form
- H. Affidavit dated August 16, 1989 of David Clarke
- I. Lease Invoice dated July 16, 1989 between VECO and David Clarke
- J. Payment checks for David Clarke
- K. "1989 in Review," Cordova Chamber of Commerce, January 1990
- L. J. Jeffrey Bailey payment checks
- M. Money, January 1990
- N. J. Jeffrey Bailey releases
- O. Processor Affidavit
- P. Prevented wage sheet, Becky Lou Quigley
- Q. Prevented wage sheet, Teresa L. Woody
- R. Prevented wage sheet, Marianne Adkins
- S. Letter to cannery workers re lost or reduced wages
- T. Letter dated March 1, 1990 from Michael Withey to Johnny Effler, Crawford Risk Management Services
- U. Letter dated March 16, 1990 from Richard Clinton to Michael E. Withey

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Juneau, AK 99501
64557

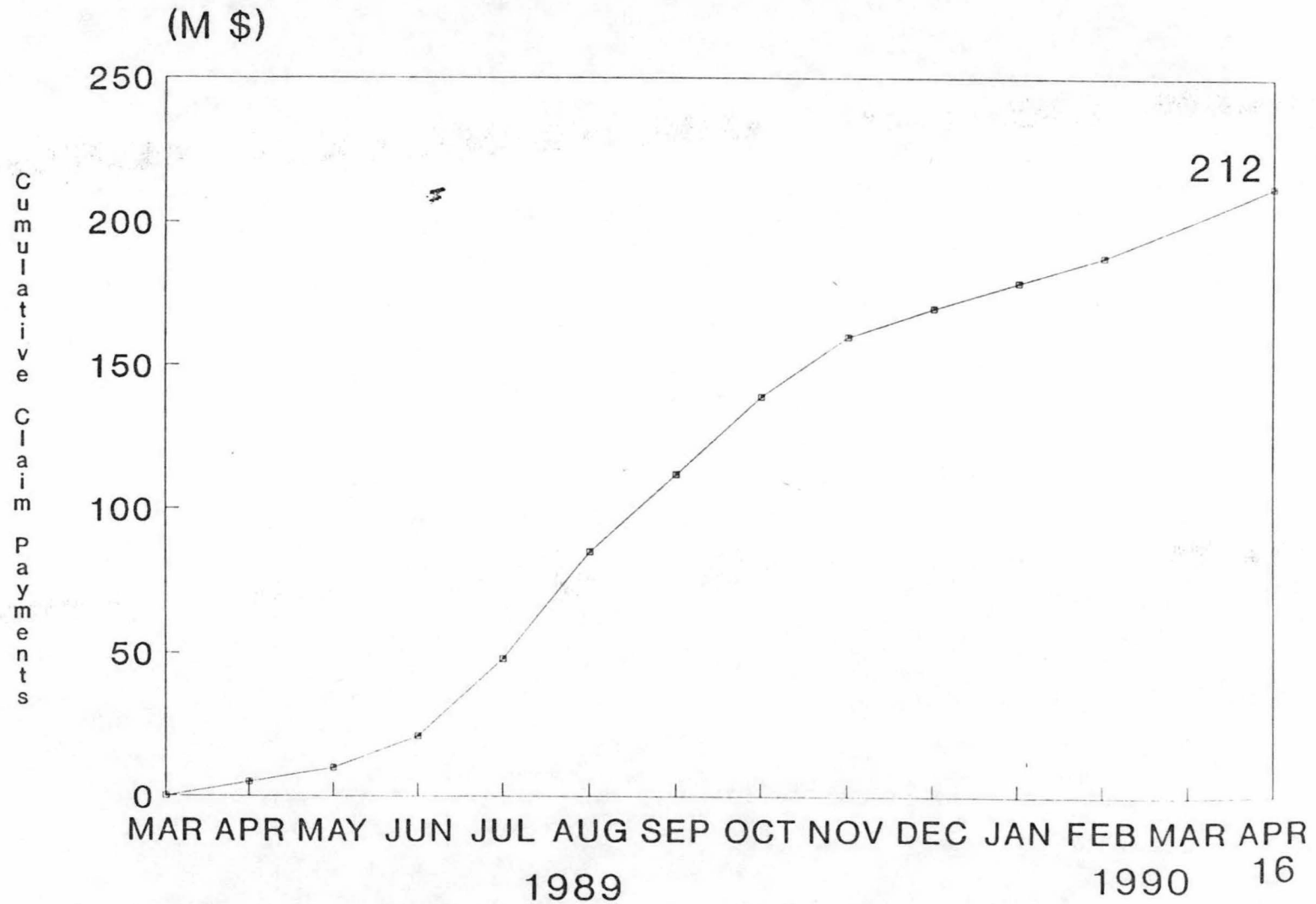
- V. Letter dated April 13, 1990 from Douglas J. Serdahely to
Barbara Herman
- W. Letter dated December 12, 1989 from Richard M. Clinton to
Richard S. Gerry

h

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West 4th Avenue
Prague, AK 99501
276-4557

EXXON VALDEZ CLAIM PAYMENTS



EXXON COMPANY

EXXON CLAIMS OFFICE
TELEPHONE 907 554-3656
FAX 907 554-3657
FAX 907 554-3674
POST OFFICE BOX 240489 • ANCHORAGE, ALASKA 99524-0489

March 26, 1990

Mayor John P. Calhoun
City of Homer
491 Pioneer Avenue
Homer, Alaska 99603-7624

Dear Mayor Calhoun:

Thank you for your letter to Otto Harrison regarding the consolidation of the Homer Claims Office with the Anchorage office. It has been referred to me for response.

Careful consideration was given to any potential negative impacts the claims office consolidation may have on Homer claimants prior to making our decision. Our objective continues to be to provide fast, fair, and efficient claims service to the people of Homer. After considering all of the factors, we believe the decision will allow us to meet this objective, and we have not received any complaints to date contrary to that. Factors considered were:

- (1) Essentially all claimants eligible for compensation from Exxon for the 1989 fishing season received their payments prior to the office consolidation.
- (2) Based on shoreline and water conditions in Prince William Sound and the Gulf of Alaska, we don't anticipate closure related problems leading to claims associated with post 1989 fisheries.
- (3) As you pointed out in your letter, the office facility is still available to us and, if necessary, claims representatives from Anchorage could visit Homer on a periodic basis. We have retained claims representatives in Anchorage who worked with Homer claimants in the past in order to preserve continuity in the event that it is needed.
- (4) Finally, some classes of claimants have been dealing with the Anchorage office almost since the beginning with little or no problems such as seafood processors/canneries, cannery workers and general business claims. Many of these transactions have been consummated by telephone conversations or through the U.S. mail.

We plan to maintain a claims office in Anchorage as long as the activity level justifies it. We don't anticipate that this will cause undue hardship for any of the affected communities or claimants. However, if alternative arrangements need to be made in the future due to unforeseen circumstances, we will certainly consider them at the time. In addition, we will maintain local contact in Homer this spring and summer through our Community Liaison representative, Wiley Bragg. As you know, Wiley has an office in Homer and represents Exxon in the Kenai Peninsula communities.

We sincerely appreciate your continuing interest in Exxon's claims program.

Yours very truly,



R. T. Harvin
Alaska Operations Claims Manager

RTH41/dag

cc: Mr. Otto R. Harrison
Mr. W. Monte Taylor
Mr. Wiley Bragg
Senator Paul Fischer
Representative C. E. Swackhammer
Representative Mike Navarre

EXHIBIT B
Page 2 of 2



CORDOVA DISTRICT FISHERMEN UNITED

P.O. Box 939

Cordova, Alaska 99574

(907) 424-3447

July 8, 1989

Dick Harvin
Exxon Claims Office
3201 C. Street, Suite 300
P.O. Box 240489
Anchorage, AK 99524-0489

Dear Mr. Harvin:

For the purposes of the Salmon Permit Holders Claims Guidelines, the figures for the Copper River fishery do not apply.

The Copper River fishery figures should be backed out of the total number of fish caught for the 1989 season and the individual fisherman's average for 1987 and 1988 seasons.

C.D.F.U. would like to discuss some of the problems that did occur in the Copper River fishery this year due to the Valdez Exxon oil spill. Indirectly, the Copper River was affected but the guidelines do not address the problems that occurred.

I look forward to discussing the Copper River fishery with you in the very near future. In the meantime, if you require further explanation, please do not hesitate to call me.

Sincerely,

CORDOVA DISTRICT FISHERMEN UNITED

Jerry McCune
Jerry McCune
President

JMC:cb

EXHIBIT C
Page 1 of 1

The Price of SALMON

WHAT FACTORS DETERMINE THE
PRICE OF FISH? AND, HOW CAN
FISHERMEN KNOW IF THEY ARE BEING
DEALT WITH FAIRLY?
THERE IS NO SIMPLE ANSWER...

by Steve Shapiro

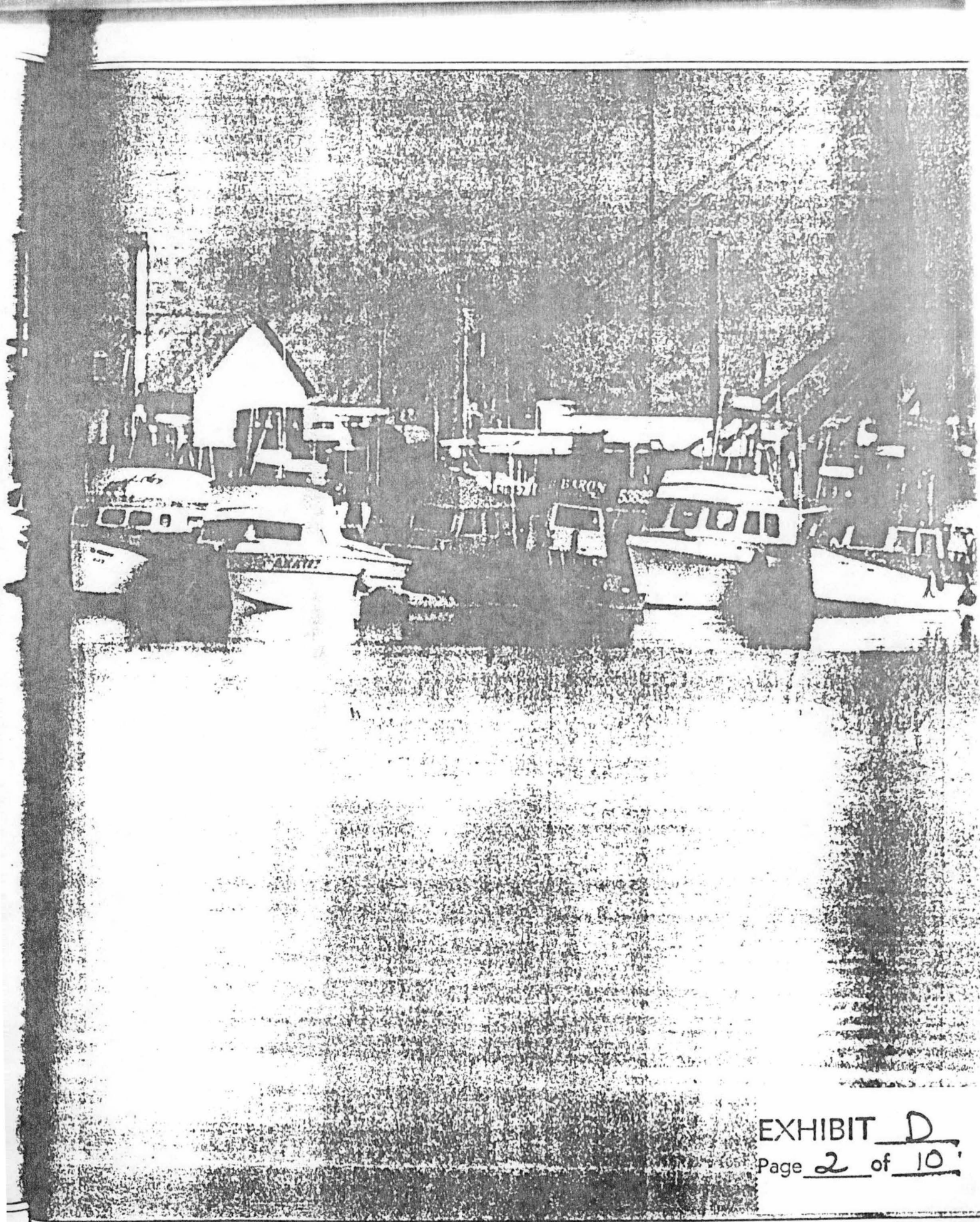
In the wildly erratic fishing industry, there are at least some aspects as predictable as the waves of a winter gale. Come salmon season, processing executives will gather fishermen at company picnics, glad-hand them up in the office, or just start piping on the grapevine with a common message.

"Hey fellas, you know how important your business is to us, and we've always done right by you in the past. So even though we can't give you a firm price for your fish right now we'd sure like to get all your product and we're gonna bend over backwards to be fair to everyone who stays with the company."

This usually causes at least a few guys to pull their brand new company hats over their faces to stifle their guffaws. When the base price in Bristol Bay started at \$1.25 this year and then quickly dropped to a dollar, a lot of fishermen found themselves stomping on those hats and screaming that the companies were trying to cheat them.

John Wendt, president of Seatech Corp. of Seattle, says this is a standard joke in the industry. "If the fisherman

EXHIBIT D
Page 1 of 10



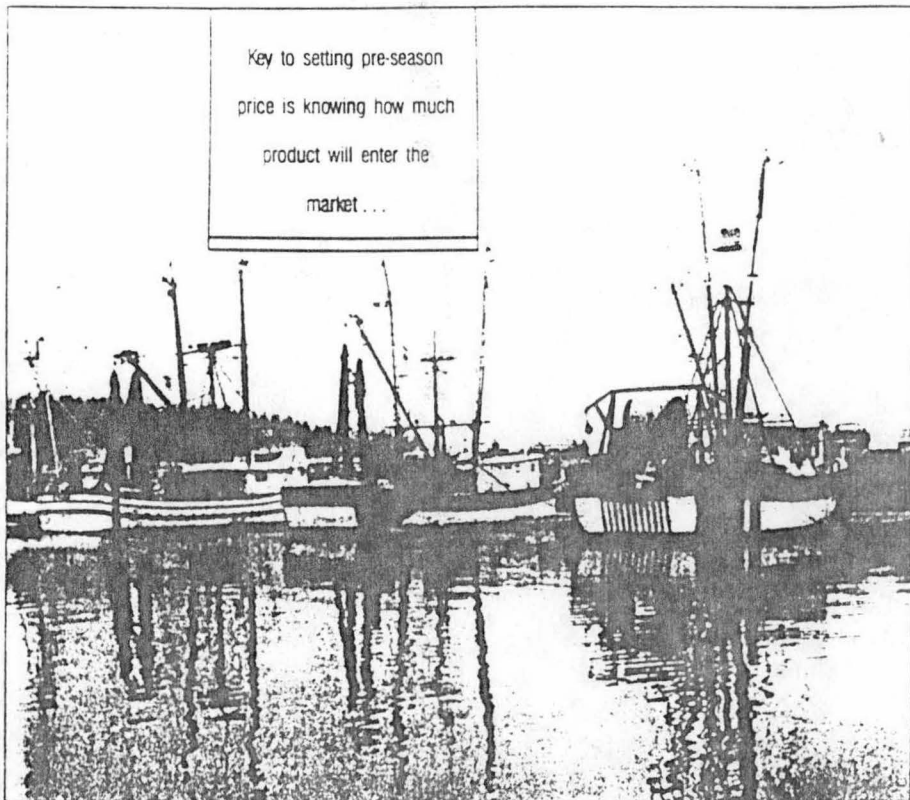
SALMON

thinks anybody is making a profit on fish, then the fisherman is getting cheated."

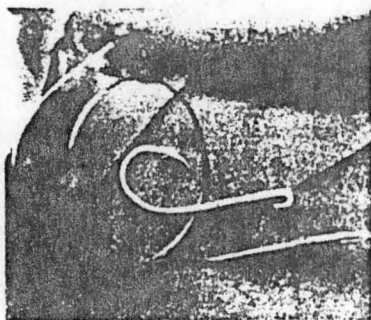
This lack of trust is largely predicated on the fact that fishermen have virtually no ability to hold their product and negotiate price. The only alternative is to withhold product from processors by not fishing, a tactic which has generally proved disastrous, as salmon fishermen in the early '80s discovered by going on strike and watching their season's catch swim upriver to spawn. As a result, fishermen have reluctantly come to accept the base prices set by their markets and hope for an adequate settlement later.

But how can fishermen determine if they are being dealt with fairly if they don't know how much money the processors make on the product? Ironically, though processors scoff that fishermen aren't happy unless the companies don't

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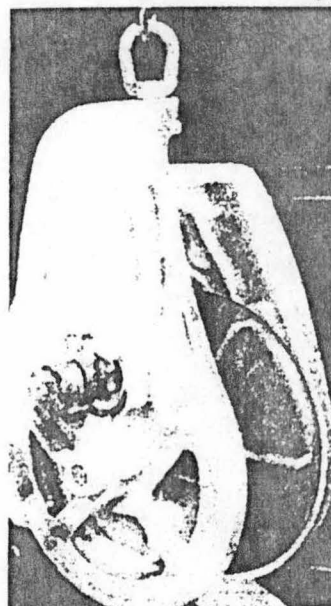


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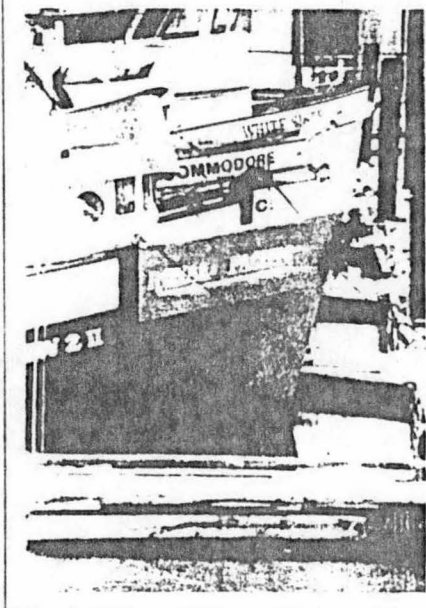
EXHIBIT D
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ake any money, the only gauge fishermen have to determine if they are getting as big a cut of the pie as they can is to see their markets pushed to the thinnest profit margin. While no rational fisherman will want to work for an unprofitable company, this adversarial relationship continues to exist because fishermen often don't have a basis for knowing how much the company earned and what percentage of it should go to the fishermen.

The process of price determination in the salmon industry has seen some significant changes in the last decade. Limited entry, which made a point of giving fishing rights to individuals rather than companies, has made fishermen less beholden to their markets and forced the processors to bid up the price of the product. Also, the increasing dominance of the Japanese market, which prefers premier quality frozen fish to the less valuable canned, did much to

KNOWING PRECISELY WHEN TO

DISPOSE OF THE PRODUCT IS THE ESSENCE OF THE ART OF SELLING.



boost prices.

In 1979 about 80% of the Alaskan sockeye pack was sold in the can to England or the U.S. while only about 20% went frozen to Japan. By 1988, those figures were reversed. Since canned salmon can be held a long time in storage, it can be sold over time in small lots. While processors don't get a quick return on their money, they do have a lot of latitude to respond to price fluctuations in the market. The less durable frozen salmon is generally sold off in large lots with exactly the opposite effect. Processors get a faster return on their money but with significantly less control over the price.

Says Seatech's Wendt, "If you don't live and breath fish in this industry you won't make it. This is not a hand over fist money-making operation. Big companies never stay big forever; they get picked apart and go away. Look what happened to Kemp," he notes, referring to the

100 Knot Winds. Brutal Icing. Mad Birds. Perfect Conditions for a Morad Antenna.

"Fishermen here ask for Morad by name," says Bill Tener, Homer, Alaska, electronics dealer. "In 20 years, I've yet to see one that didn't work."

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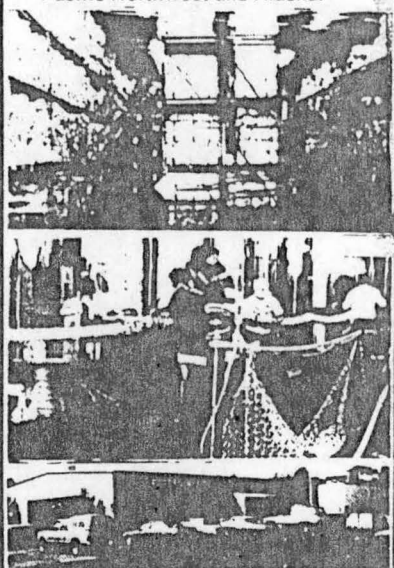
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- Kachemak Gear Shed — Homer, Alaska (907) 235-5562
- Kachemak Marine & Hydraulics — Homer, Alaska (907) 235-5562
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- Redden Alaska — Bellingham, WA
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SALMON



Processors scoff that
fishermen aren't happy
unless the companies don't
make any money.

recent bankruptcy of that fish processor.

Processing executives are quick to note the long list of variables that face them each summer when salmon fishermen start looking for a price. Chief among them is the fact that they never know how much product they will buy. Unlike other industries which can regulate the production of supply according to fluctuations in demand, in the salmon industry (and other fisheries as well) processors are generally stuck with whatever is delivered to them.

One of the keys to setting a pre-season price, therefore, is to try to determine how much product will enter the market and how much of it a given company is likely to come by. There is obviously much left to speculation in the process, and the deals that get cut with fish buyers vary from company to company. This year in Bristol Bay, for example, one major processor committed before the season to selling its product to a Japanese buyer for a fixed cost of \$2.75 per pound with a profit sharing

agreement if the market improved. Another major processor reportedly waited until after the season and struck a deal at \$3 a pound. (Both of these quotes are for number one frozen dressed sockeyes.)

The deals vary significantly because each company must plug its own economic factors into the equation including fixed costs, interest rates on borrowed money, and anticipated changes in the exchange rate between the dollar and the yen over the course of a contract. The process is further complicated by the fact that processors pack not only number one frozen dressed product, but also fish frozen in the round and canned which sell for less than top dollar.

Of all these considerations, none is more dicey than the Alaska Department of Fish & Game forecasts on which both processors and overseas brokers base their price negotiations. As one executive says, "We've come to rely on them only because it's better than throwing a dart at a board."

This year Bristol Bay came in 60

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million pounds above the forecast. This same executive notes that for every 10 million pounds processed an extra dime paid to the fishermen costs the processor \$1 million. At the same time, the increased supply lowers the price at which the processor can sell the product on the market. It's years like this that have taught processors to be wary of bidding up prices to the fishermen prematurely.

Actually, the first inklings that the price of salmon would not hold up for the 1989 season began to appear as far back as last winter. Due to the small catch of Bristol Bay reds last year (around 14.5 million fish) and small catches of pinks in Prince William Sound and Southeast, there was a significant shift by U.S. processors from canned to frozen fish to accommodate the anticipated demand in Japan. Thus, despite a smaller catch there was actually no reduction of exports to Japan. Nevertheless, the mere anticipation of reductions in supply had caused Japanese brokers to bid up the price to processors. This, in turn, caused processors to bid up prices with fishermen to record levels. The entire process was fueled in part by cash buyers on the fishing grounds competing for the scarce product against the large processors who worried about getting too little. (By contrast,

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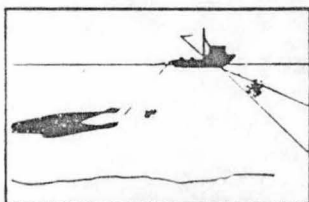
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SALMON

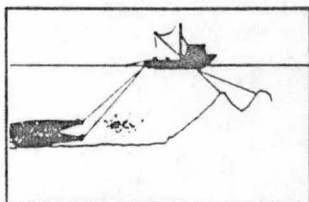
cash buyers were a limited influence in Bristol Bay this year because the large buyers had no trouble getting enough product.)

The 1988 year-end inventory showed that 84,000 tons of salmon remained unsold in Japan. While this was not considered unusually large, falling somewhere in the middle of the decade's low of 66,000 tons in 1984 and the high of 100,000 tons in 1985,

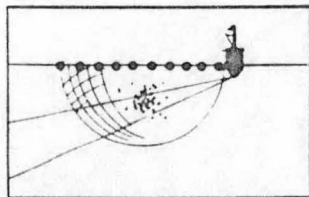
relatively little of the salmon was finding its way to the marketplace. In part this was due to a very strong landing of 130,000 tons of locally caught (in Japan) fall chums that flooded the fresh market at a time of sluggish sales of sockeyes attributed to a somber populace mourning the demise of its emperor. But sellers also were reluctant to lower their prices in order to move more product.



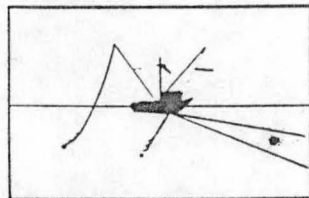
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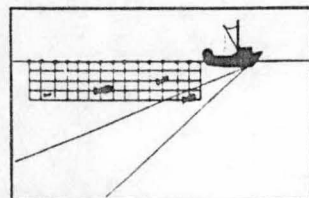
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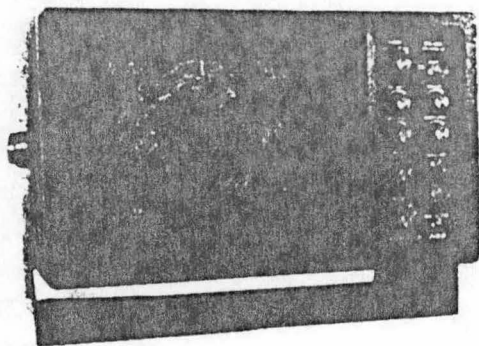
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January 1989 sales of salmon in Japan amounted to only 6,000 tons, which is 3,000 less than the average for the past three years. The price, however, remained extremely high on the wholesale market at 1,650 yen/kg. (\$5.86/lb.). Market analyst Bill Atkinson noted at the time in his *News Report*, "This seems to confirm earlier indications that very little sockeye salmon is available for sale, and that importers are not in a hurry to dispose of their holdings." Apparently confident that the market would hold up for salmon, wholesalers in Japan continued to hang on to their product rather than put more of it onto the market at reduced prices.

Marketers commonly acknowledge that knowing precisely when to dispose of product is the essence of the art of selling. At what point does the cost of holding product in a warehouse cease to justify holding out for a higher price? Since the processing companies often have open contracts with their overseas buyers, they share in the risk of product held and, in turn, pass a share of that risk on to their fishermen in terms of their final settlement.

...of the Japanese
market did much to
boost prices.

double that of the previous year. Japanese fishermen were beginning to catch salmon on the high seas. Experts were predicting that this, combined with expected fall chum and pen-reared coho catches, would bring the Japanese salmon harvest to 200,000 tons in 1989.

At the same time salmon imports were also expected to increase 35% over 1988, with the anticipation of a

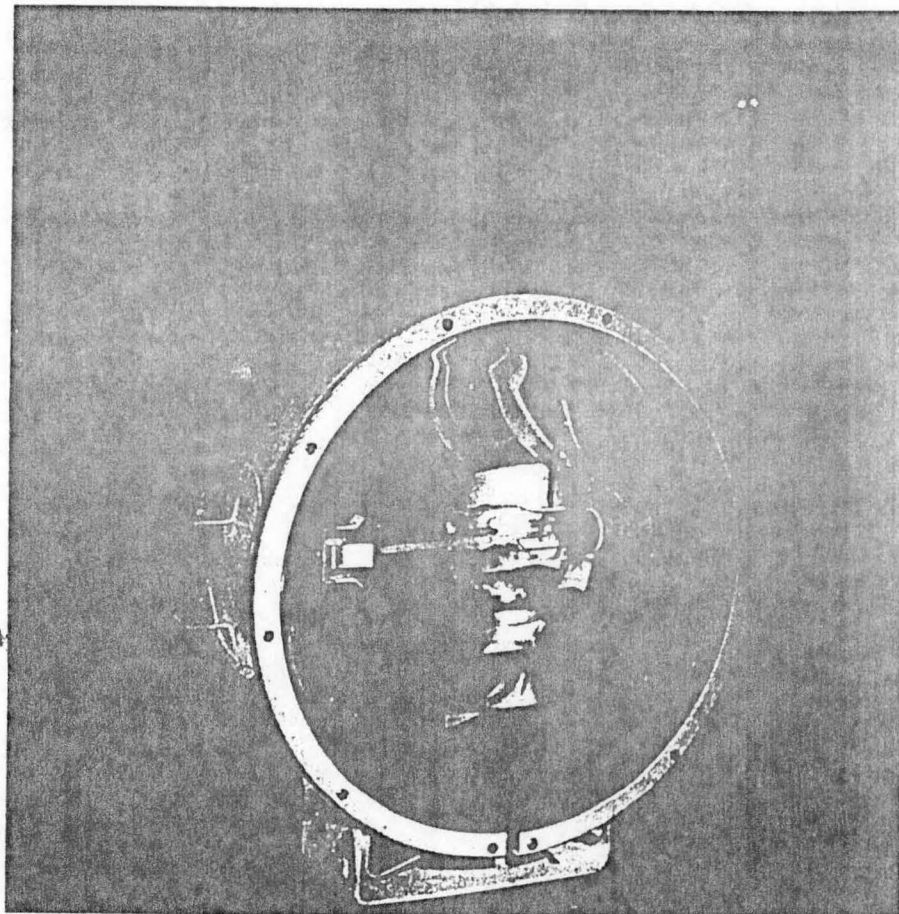
higher-than-forecast catch in Bristol Bay and increased export of pen-reared Atlantic salmon. It appeared that while exports to Japan were on the rise, contributing to about 370,000 tons of salmon marketed in Japan in 1988, Japanese consumption had peaked at around 310,000 tons. As a result, prices began to slide as much as 600 yen/kg. (\$1.95/lb.) in order to

continued on p. 168

If all goes well, a steady supply of product to the marketplace will gradually deplete inventories and still maintain a good price. Any number of keys can work loose and bring this market machinery stumbling to a halt, however. A central player can decide to bail out and flood the market with his product, and bring the price down in the process. Even if sellers decide to hold their product to maintain the price, major swings in the international exchange rates can add unduly to the cost of the product in Japan and subtract from the return to American processors and their fishermen.

Finally, there is the question of whether the Japanese housewife, who is after all the final arbiter in the marketing system, will accept the high price of a favored product like sockeye, or opt to substitute for the dozens of cheaper fish available on the diverse Japanese market.

In the case of salmon last year, the record high prices held through the winter and then came tumbling down in the spring. By the beginning of May, which marks the new salmon fishing season in Japan, carry-over inventory was still 60,000 tons—nearly



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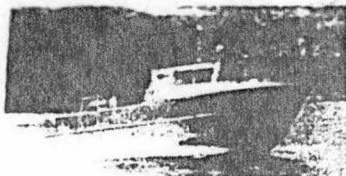
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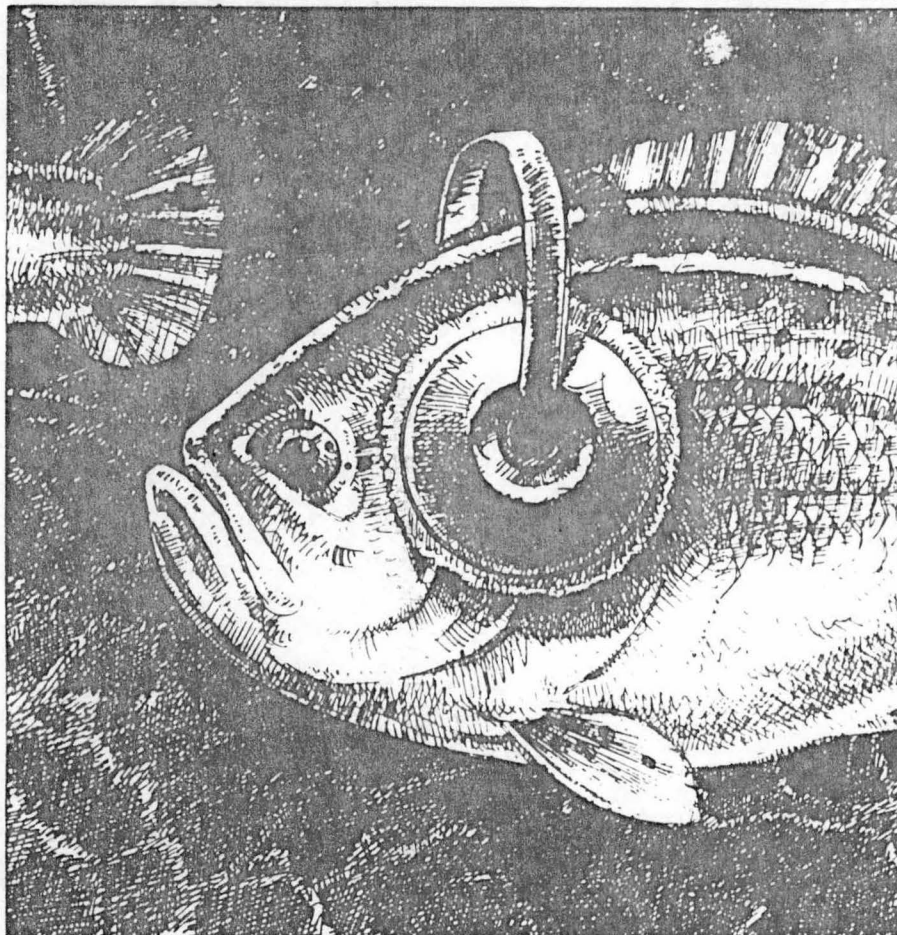
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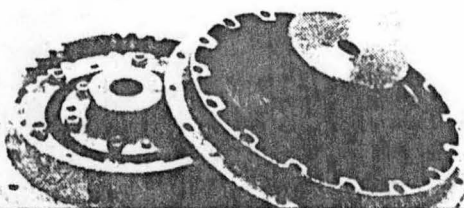


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SALMON

continued from p. 51

move the spring carry-over inventory and make room for all the new product that would soon be available.

At the start of the 1989 Bristol Bay season, many fishermen wondered how they could have received spring settlements from their processors on the 1988 catch only to watch the grounds price for the new season plummet. Some began angry talk about whether collusion among buyers was not a factor.

Clinton Atkinson, a fisheries consultant with eight years experience as the former fishing attache to the U.S. embassy in Japan, dismisses this, saying Japanese buyers are intensely competitive and merely respond to market forces. He says it is this very competition that caused the overheated Japanese salmon market. The reason fishermen got additional money for their 1988 catch is that the spring settlement is based on the average price for which the product sold over the course of the year. Since the price didn't collapse until much of the product was already sold, fishermen got additional money above the base price. On the other hand, the remaining inventory depressed the prospects for the upcoming year.

"They really did pay too much for [salmon] last year," Atkinson says. Noting a study that he did showing the Japanese trading companies' average profit margin to be about 1.5%, he added, "and Japanese companies really do go broke. This year is a reaction to last year's price. Once they see a collapse happen they get very cautious."

Atkinson believes that inventory is the greatest single indication of what prices will do in the future. "If there are large inventories then buyers know they paid too much for [the product] last year. And if there is a large inventory on hand they are not so interested in buying more."

In a year where pre-season indications of very strong runs proved well-founded, this can—and did—severely depress the base price offered to fishermen. And, although Atkinson sees it as a secondary factor, others in

continued on p. 171

SALMON

continued from p. 168

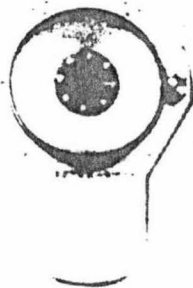
the industry noted that since the release of Japan's spring inventory figures the yen has weakened from 125 to 140 per dollar. Thus Japanese buyers incur an additional cost of 11% to purchase American product as compared with last spring. Similarly, American processors, who get paid in yen, lost 11% of their purchasing power when converting yen to dollars. This financial depreciation was also a factor in the lower base price offered to fishermen on the grounds.

One executive from a large local company admits, "There is no way for [fishermen] to know if they are being dealt with fairly, but we are forced to be competitive and there is enough literature out there to know what the marketplace is doing."

This executive explains how different price schemes have been tried over the decade with varying success. The fixed price system was too inflexible, while incremental bonuses for delivering more product didn't work out for fishermen in years of small catches nor for processors in years of large catches. He says that straight profit sharing hasn't worked because most fishermen are loath to completely subject themselves to the whims of the market in bad years. This executive sees the payment scheme that has come to dominate the industry—providing a low guaranteed base price with further settlement later based on profits—as the best compromise available. He says that fishermen should look at how well they have done by their company over several years when passing judgment on price performance.

Clinton Atkinson echoes this sentiment, noting that companies sign very different contracts with Japanese buyers which often allow for post-season adjustments that can filter in over months as product is sold in Japan. Of this season he says, "I think there will be post-season adjustments; these are the words that come to me."

And of this payment system in general he notes, "I don't know how else you can really get at it." **PF**



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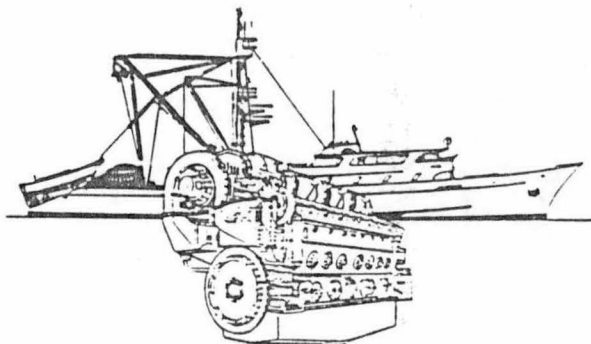
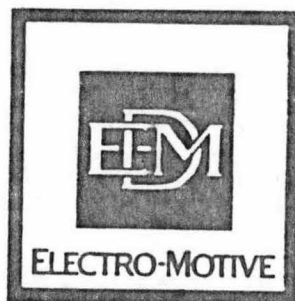
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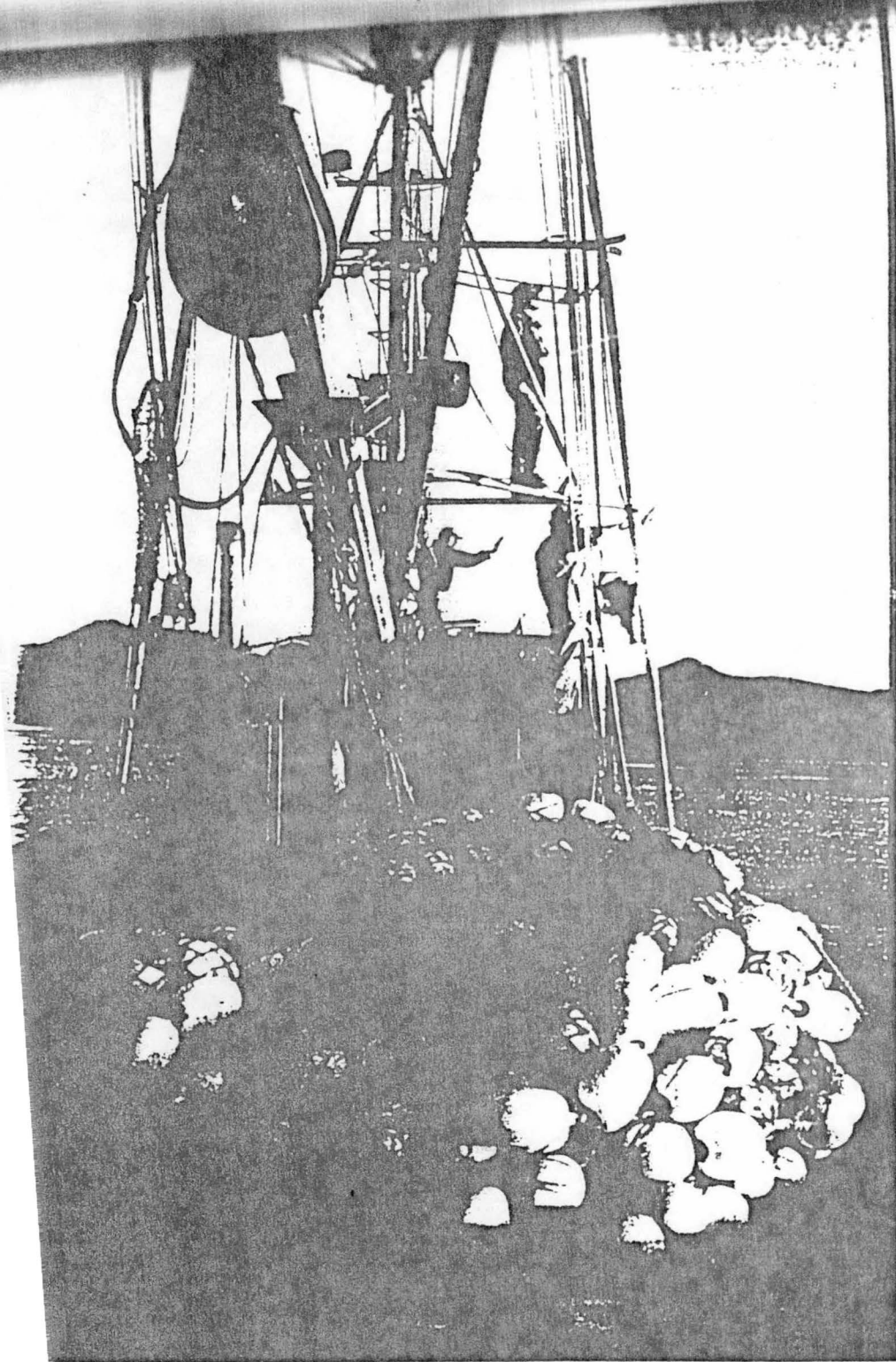
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Mandy Marklein

Matthew Lawrence

THE ERA OF THE



If scholars ever choose to review the long history of the Northwest fishing industry, there is little doubt that the 1980s will be a primary focus. The past decade saw the precipitous fall of the king crab industry and rocketing surges in salmon straddling opposite ends of the seesaw cycle of fish stocks. Legislatively, nothing has ever done so much to promote change as the implementation of the Magnuson Fishery and Conservation Act, which compelled American fishermen to sweep their foreign counterparts from the fishing grounds within two hundred miles of the U.S. coastline.

Meanwhile, technological advancements, new marketing opportunities, changes in consumer desires, and the weakening of the dollar compared to foreign currencies created some new niches in the industry and dampened others.

Groundfish

Joint venture operations are still a large part of the U.S. West Coast groundfish fishing effort from California to Washington, accounting for approximately 50% of the catch. The total groundfish harvest is made up of a wide variety of species including rockfish, English sole, Dover sole, and sablefish. For the Pacific Coast fleet, the '80s have seen allocations diminish from a high of nearly 300 million pounds in 1982 to under 200 million pounds in 1989. Unlike its Alaska counterpart, the West Coast groundfish industry is facing a rocky future due to declining stocks in all species except Pacific whiting.

Joint venture catches of Pacific whiting began increasing from the mid-'80s to reach a record 449 million

EIGHTIES

by Beth McGinley

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MMFS

THE ERA OF THE EIGHTIES

pounds in 1989, an increase of 50% over 1988 totals. Advances made in the production of whiting surimi contributed to the expansion of this fishery and promise a bright outlook for the future, compared to joint venture operations in Alaska which have been largely eclipsed by the growth of domestic factory trawlers.

The first factory trawler operation began in Alaska in 1980. By 1985 11 such vessels were participating and at the close of 1989 over 50 catcher/processors and processing motherships were in operation. Together with joint venture catcher vessels these factory ships harvested 1.2 billion pounds of groundfish off Alaska in 1989 and another half-billion pounds off the coasts of Washington, Oregon, and California. 1989 also marked the first year that directed foreign fishing was eliminated from the entire West Coast. Domestic fishing efforts were up by 67% over the previous year and

joint venture catches fell sharply.

Although pollock production is now the main sustenance of this fleet, large scale processing of pollock did not begin until 1984. Until that time the few factory ships had been concentrating on Pacific cod. These vessels soon found that low supplies of cod could not keep them working year-round. Moving to pollock presented its own set of problems. There was no domestic demand for pollock fillets and the large Japanese market for pollock surimi was closed to U.S. producers due to import restrictions. As a result the headed and gutted (H&G) market was born in 1986. These semi-processed fish were sold on the frozen Japanese market and gave a boost to the burgeoning groundfish economy. On the domestic front, a timely shortage of Atlantic cod shifted market demand to the more abundant Pacific pollock and pushed the prices of pollock fillets to profitable levels. And finally, an agreement was reached with Japan allowing U.S. companies to export pollock surimi.

As the decade came to a close the focus of those involved in groundfish has changed. No longer is it a race to become bigger and faster; now there is a move toward streamlining operations. Talk of fleet overcapitalization is rampant and predictions of a reduction in the factory trawler fleet are common. A brewing battle between shore-based and at-sea processors over allocations further threatens to split the industry wide open. With this dark cloud hanging on the regulatory horizon of this remarkable industry, everyone is waiting for the thunder to roll.

Crab

■ **KING CRAB** ■ Starting the decade with the largest total catch of king crab in history at nearly 188 million pounds the 1980s proceeded to become a crab fisherman's worst nightmare. The resource literally disappeared and landings hit a low of 16.5 million pounds in 1985.

While a definitive reason for the decline remains a mystery, the result

was dramatic changes in the crab fleet. Ten years ago there were nearly 300 vessels ranging from 91'-165' in length, valued at several million dollars each. After the rapid decline of the crab stocks, the fleet size was reduced to just over 100 vessels.

Due to the overall decline of red king crab, brown king crab has now become a more desirable item. In recent years the price gap between the two has been closing. In 1988 a difference of \$1/lb. was normal; that seems to be narrowing. At the end of 1989 standard-sized reds were wholesaling for approximately \$9.75 and the same sized browns were going out at \$6-9.25/lb.

Although the supply situation has been improving slightly since 1985, ADF&G fishing biologists don't expect any major changes to occur over the next two-to-three years. Currently ex-vessel prices reflect the shortage of crab on the market. Prices are over \$5 for red king crab and over \$3 for brown king crab.

■ **TANNER CRAB** ■ Tanner crab landings in recent years have been dominated by opilio, the once lesser desired of the tanner crabs. Bairdi

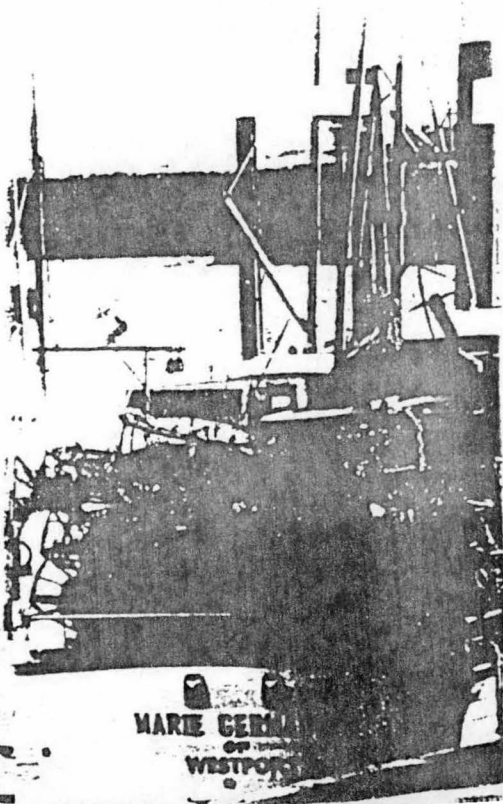


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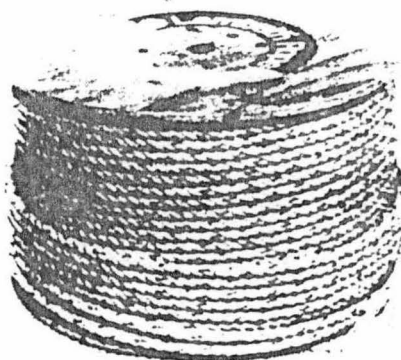
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stocks have followed the plight of king crab and the fishery has dwindled significantly. Opilio landings, on the other hand, have risen steadily throughout the decade. In 1988 the value of Bering Sea opilio topped the \$100 million mark, to become the highest valued crab fishery in the country.

In the early '80s, opilio almost single-handedly kept the crab industry afloat. Not only was opilio the only Bering Sea crab available, it was a good value and consequently consumers, mostly in restaurants, were willing to try it. Prices started climbing in the mid-'80s and kept going up until running into market resistance in 1988. Wholesale prices for bulk pack opilio peaked at \$2.50/lb. and then started declining. John Wendt of Deep Sea Fisheries predicts, "We'll probably find a price this year that opilio will stabilize at. Based on the fall production, I would guess that price will be around \$2-2.25/lb., somewhere in that vicinity."

■ **DUNGENESS CRAB** ■ Dungeness crab landings on the Pacific Coast have been historically erratic. Coast-wide landings at the beginning of the

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Debra Page shows the development of a traditional subsistence fishery into a Native-style commercial fishery.
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D.B. Pleschner gives us a look at this controversial high-value fishery.

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decade peaked at 50 million pounds, with stocks declining from that point to a low of 26.1 million pounds landed in the 1984-85 season.

With harvests once again reaching 50 million pounds, there have been some major advances in the marketing of this crab. In the 1988-89 Washington season, a lot of underdeveloped crab were harvested causing the overall decline of market prices. This season, faced once again with the prospect of harvesting soft crab, pressure was put on the WDF&G by many people in the industry to postpone the season. As a result the opening was delayed for five and one-half weeks. As beneficial as this was for dungeness' image on the market, it was a controversial move among the fishermen who were forced to fish in harsher winter weather. Washington fishermen also complained about increased competition from Oregon and California crabbers who had already fished the peaks of their own fisheries and moved north.

Another major advance for the industry in the '80s was the advent of live dungeness markets. Increased availability of dungeness over the past four-to-five years provided the proper climate for a live market to develop. Growing from a small San Francisco-based operation, live dungeness is now being delivered to Midwest and East Coast states, as well as to Japan. Wholesale prices for live crab ranges between \$2.70-3.15/lb, compared to whole frozen prices of \$2.25-2.45/lb.

Halibut

In 1980 when ex-vessel halibut prices hit \$2/lb., fishermen joined the halibut fishery in hoards hoping to make their fortune. The decade has seen relentless competition and technological advances such as the circle hook with twice the catching power of the traditional J-hook, automated baiting machines, and bigger boats allowing the use of more gear and greater packing capacity. It's not uncommon for boats to set 10 or 15 thou-

sand hooks in an opening. Bigger, faster, and more seems to have become the fleet's motto.

To set the tone for the '90s, a natural decline in halibut stocks is tightening up quotas. Since the demand for halibut is strong and growing, prices should continue to push skyward. The Pacific Fishery Management Council, recognizing flaws in the current "derby system" of short openings in this fishery which used to last for weeks, is working toward a new management system. Also facing the industry in 1990 is the increasing halibut by-catch by the U.S. groundfish fleet. Halibut by-catch mortality, which was as high as 27 million pounds when foreign trawlers were prevalent in the early 1960s, has increased from just under seven million pounds in 1981 to an estimated 13 million pounds in 1989. These figures are calculated by the International Pacific Halibut Commission in "adult equivalents" since halibut by-catch is generally sublegal in size.

This by-catch problem and the future management of the halibut fishery will weigh heavily on fishermen and fisheries managers in the new decade. At the same time great improvements in the care and quality of the product have been made. "There's no doubt in the world we handle fish much better than we did 10 years ago," says Pete Wilson of British Columbia's J. S. McMillan Fisheries. "We get it quicker and we handle it better. The fishermen themselves are more quality conscious and handle the fish far more professional-

ly." Wilson attributes the higher quality of the product to the shorter halibut trips made and by the pressures from the marketplace demanding a good product.

Halibut landings started out at a low of 21.9 million pounds in 1980, and increased to a high of 74.3 million pounds in 1988 where it peaked. The total value of halibut landed in 1989 (65.1 million pounds) was \$114 million, the highest in the history of the fishery. The popularity of this firm white-fleshed fish in the fresh market has pushed wholesale prices near the \$3/lb. level. Fresh halibut is not only being marketed to a wide U.S. consumer base, but is now also being shipped fresh to Europe and Japan.

Herring

Alaskan seiners and gillnetters, who catch roughly 60% of the total Pacific herring harvest (including B.C. catches) have seen roe herring landings increase steadily from 37,049 (short tons) in 1980 to approximately 54,000 st in 1989. Roe herring landings for British Columbia started at 18,000 st in 1980 and have had ups and downs over the decade. In 1989, landings were approximately 37,000 st. California landings were 7,100 st in 1980, and the decade ended with the 1989 season just over 9,000 st.

Japan remains the sole market for herring roe products, and the traditional salted herring roe product, kazunoko, has been a favorite of the Japanese for generations. In the 1980s

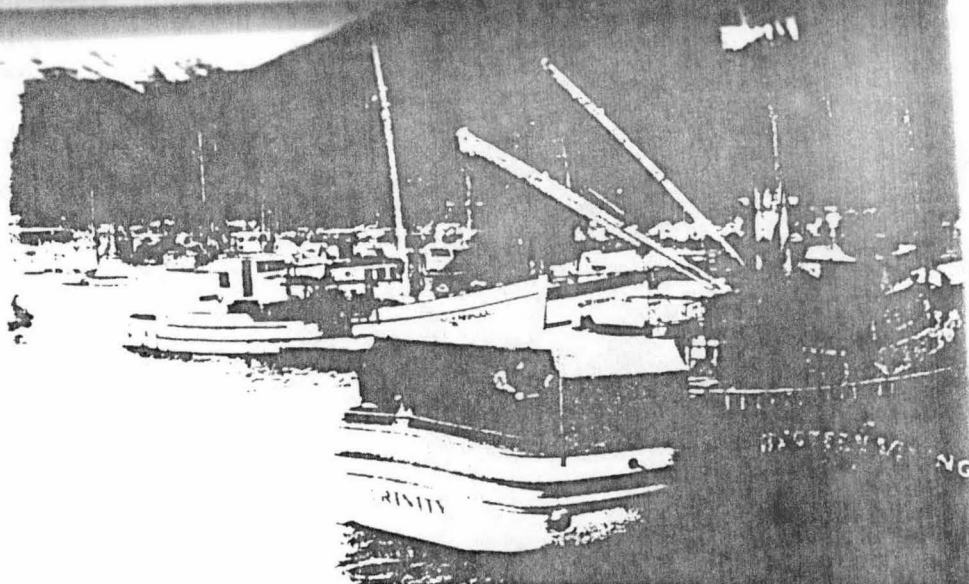


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Substantive changes have taken place in this market. Consumption and demand for typical salted herring roe is getting lower and lower and the reason is health," states Mr. Nasa of Merco Intertrade. "The Japanese are becoming more health conscious and the younger generation does not eat the salted herring roe." Attempts to modify the product by developing ajit-suke, or flavored herring roe, have met with a certain amount of success. How Japanese consumers will accept roe products in the future is a question looming large on the horizon of the Pacific herring fisheries.

Since 1985 the increase of Atlantic herring production (primarily from Norway) has also affected the market. Atlantic herring, once snubbed as an unknown, has made great inroads in Japan and now comprises half the total roe supply there. Atlantic herring roe is available at prices much cheaper than Pacific herring and this has greatly encouraged its acceptance on the Japanese market. North Pacific roe herring, traditionally prized as being the highest quality roe available,

being prized this status by the younger generation of Japanese consumers. Fishermen and processors from Alaska, British Columbia, and California will feel the grim reality of this fact in their pocketbooks in the 1990s.

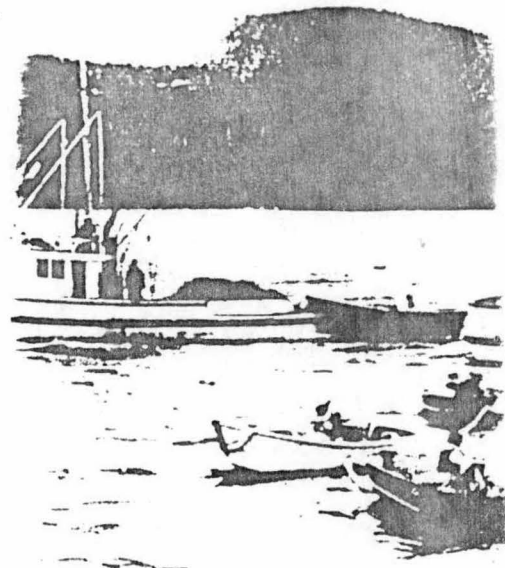
Salmon

FROZEN/FRESH ■ Salmon is the magical fish around which the rest of the seafood industry seems to revolve. But in the 1980s, America's number one valued seafood export took a beating at the markets. At the end of the decade salmon was still ranked as the highest valued seafood export, but just barely.

Since salmon includes five species, with numerous independent runs, it is hard to pinpoint each specific fishery and record its history over the past 10 years; but in general terms Alaskan harvests in the '80s have been good, maintaining a level of over 100 million fish harvested for a but two years. British Columbia landings have also

remained fairly stable with only a few ups and downs. Of the three states along the lower Pacific Coast of the U.S., Washington is the only one that has shown an overall decline this decade compared to previous years.

Salmon prices, with the exception of 1988 and 1989, generally followed a supply-demand sort of trend. Prices



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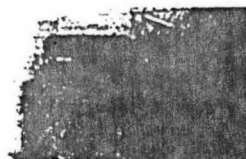
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SPLIT NET REELS



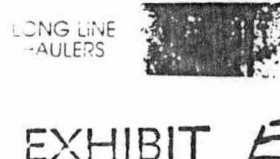
FISH STRIPPERS



TOW WINCHES

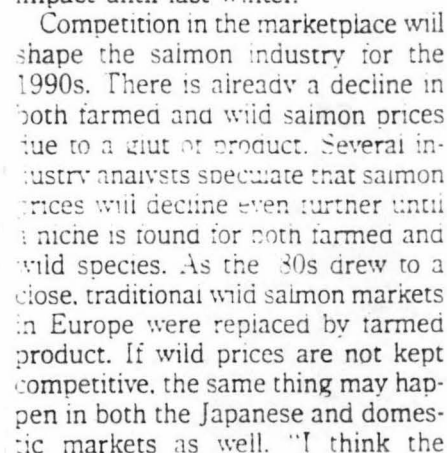


ANCHOR WINCHES



LONG LINE
HAULERS

EXHIBIT E
Page 6 of 12





OF & G photo by Mark Kissel

market will level out now," says Wanger. "But at a low level for troll fishing. A good portion of the troll fleet will not exist in two-to-three years, he speculates. People in the salmon industry are faced with an era of trimming excess expenses, the need to increase quality and accepting lower prices if they wish to remain competitive.

CANNED SALMON ■ "The '80s started out with botulism, that was the big problem that this industry ran into and damn near wrecked it. [This was] followed by a couple years of caution from consumers, then some good years, '85 and '86, then '87-'88 were terrible canned years. We get to '89 and it's the second largest pack on record. Actually if you sit back and look at it, the '80s have really been quite a time for the canning industry," muses Wards Cove's Doug Brindle as he sums up the decade for the canning

industry.

Though the unfortunate case of two European consumers contracting botulism eating canned Alaskan salmon was probably the industry's most memorable happening in the 1980s, it did cause some welcome changes in quality control technology. New standards were initiated and the two-piece tin can with just one seam rather than three was developed to help eliminate flaws in the canning process.

The markets for canned salmon have generally remained constant. Red halves move best on the European market, red and pink tails are sold domestically and the pink halves are traditionally European. There has been a noticeable shift in the suppliers of pinks to this market, however. According to a major exporter of canned salmon, fully 60% of the canned product sold in Europe is now Thai and Korean product. Most of the product coming out of Thailand is illegally harvested high seas salmon. This

product combined with 1989's unusually large pack has worked to drive prices down.

The total pack for 1989 was over four million rull cases, on a 48 tall basis. Huge harvests from Prince William Sound and Southeast Alaska contributed to this record canned pack. As the decade came to a close, canned product was moving slowly. Even with 1989's lower grounds prices, the markets are flooded with product. "There is no fishing industry when you leave the Northwest," says an industry expert. "We sell to grocery people and they want to talk the language of grocery people. With double the normal pack, the industry faces a real crunch time.

Moving into the new decade, the industry is looking to make its product more marketable to consumers. Lower prices alone will not do the job; sophisticated consumers are demanding that the product itself be improved. Unlike king crab, canned salmon faces an image problem that the industry must address. A general move toward the skinless, boneless pack which was pioneered in the '80s should help improve canned salmon's marketability.

PACIFIC COAST FARMED SALMON ■ Production of pen-raised salmon on the Pacific Coast is limited to British Columbia and Washington state. With ideal water temperatures and deep bays and estuaries, both of these areas are superbly suited for salmon production. Throughout the '80s however, only British Columbia has seen substantial growth in this industry. Washington's stiff regulations and opposition from the public make it a costly and time-consuming effort even to go through the permitting process. As a result, most investors have shifted north to B.C.'s more welcoming climate.

Production in B.C. started at 350,000 pounds in 1980 and has grown to 12,500 mt in 1989. B.C. farms are producing primarily coho, chinook, and a small amount of Atlantics. As the decade came to a close British Columbia ranked as the third-largest farmed salmon-producing area

EXHIBIT E

Page 8 of 12



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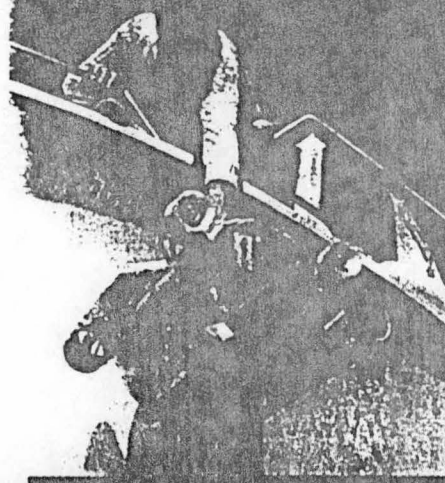
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THE ERA OF THE EIGHTIES

in the world after Norway and Chile. Production figures for 1990 are expected to reach 15,000 mt. A full 68% of B.C.'s production is sold in the U.S. Japan takes 8% and the balance remains in Canada.

The rising world production of farmed salmon is creating trouble within this industry. A glut of farmed and wild salmon has softened markets to the point of putting many companies out of business. In B.C. fifteen companies went into receivership in 1989. The number of sites was reduced from 140 down to 120. This decrease in the number of sites and increase in production is the result of "an amalgamation of companies," according to Valerie Brooks of the British Columbia Salmon Farmers Association and is "focusing everyone to work cohesively for long-term objectives." As worldwide profit margins decrease there is a trend toward small, shoestring operations being swallowed up by larger corporations. As the market now stands, a further reduction of these companies is a sure bet.

Squid

The fishery for *loligo opalescens*, more commonly known as Monterey or California squid, was the top producing squid fishery of the U.S. until El Nino intervened in 1983. In recent years nature has reversed itself and gradually the squid stocks are being rejuvenated. A record 40,000 tons were harvested in 1988, up from a pre-El Nino record of 26,000 tons in 1981.

As squid stocks have returned, the fishery itself has undergone some changes. In the early '80s the fleet was almost entirely a brail fishery, now purse seiners make up most of the fleet. Sonar has improved the fishing effort and wet pumps, which

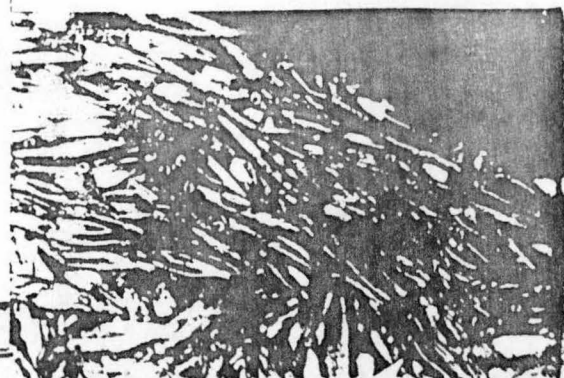


EXHIBIT **E**

Page **9** of **12**

ave replaced brails for unloading, have improved the quality of the product. The number of squid packers has doubled in the past 10 years, giving increased competition on the wholesale level.

Nearly 80% of the squid pack is exported to Southern European markets. This market has seen a substantial movement from canned product to a bulk frozen pack. Value-added processing has started in recent years on the West Coast as demand grows for items such as tubes, steaks, strips and rings. 1989 also saw the installation of the first squid IQF freezing capacity by the West Coast squid processor Squid Machine Corporation in California.

The Alaska longlining industry has provided additional demand. "That has opened up a whole new market where we sell squid for bait," says California Calamari's John Borman. "We have seen a 100% increase last year over the previous year," Borman adds. Bait squid is processed differently from squid for the food market. The food fish is bleached to get rid of the ink. Longliners want the ink left in the squid to make it more appealing as bait.

1989 grounds prices for the green-eyed calamari were at \$22/ton. At wholesale levels this translates into \$.25/lb. and \$.35/lb. for the 25-pound bulk and five-pound bulk pack respectively.

Shrimp

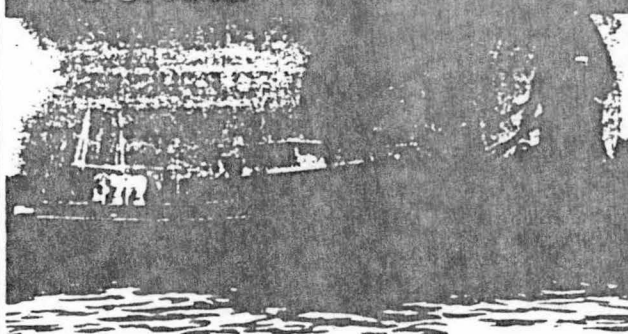
Pandalid shrimp production in the '80s has ridden a wild roller coaster. Coming out of the decade of the '70s where Alaskan shrimp production was phenomenal, peaking at 129 million pounds in 1976, the '80s were a bit tamer, with Oregon shrimp production dominating the market.

Alaska production of the tiny Pacific shrimp went from 52.5 million pounds landed in 1980 to a low of just over two million pounds in 1990. The major shrimp producing areas of the Cook Inlet and Kodiak regions have dried up, with no real commercial harvest since the 1985-86 season when one million pounds were landed.

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Page 10 of 12

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~~EXHIBIT~~ E
Page 11 of 12

species including underutilized species groups. These include sea cucumbers that people would have laughed at the thought of harvesting 10 years ago, including hagfish (slime eels), sea cucumbers, shark, and goose neck barnacles.

Harvesting of red urchins actually began in Southern California in the 1970s, but nobody really took notice until harvest levels topped the 20 million-pound level in 1980. Throughout the '80s harvesting of both red and green urchins has spread up the coast to northern California, British Columbia, Washington, and Alaska. In recent years, East Coast fishermen have also caught on, adding increased competition in the marketplace.

Urchins are harvested for their roe, which is consumed fresh in Japanese sushi. The first urchin harvesters targeted the larger red urchins, which are processed in the U.S. Red urchin landings in California ended the decade at record levels. For the 1988 season, 49 million pounds were taken, and totals for the first half of 1989 were keeping up with the 1988 season. Ex-vessel prices also hit record levels of \$.85/lb. These increased landings reflect increased effort by divers, rather than an upswing in urchin populations.

The green urchins are smaller and their skeins more difficult to remove, so they are shipped live to Japan for processing. Harvesting of green urchins started in British Columbia in 1981 and in Washington in 1986. West Coast green urchin populations are decreasing, reflecting lower harvest levels at the end of the decade. In Washington state, the 1989 season ended after only 400,000 pounds of green urchins were taken of the one-million-pound quota. Ex-vessel prices started at \$.45/lb. for green and then climbed to \$.60/lb. The future of the green urchin harvest in Washington state is questionable. The catch per effort level is very low and green urchin production from Maine is dominating the market. Urchin export from Maine started at a low level in 1987, and by 1989 an estimated four million pounds of live Atlantic urchins were exported to Japan. PF

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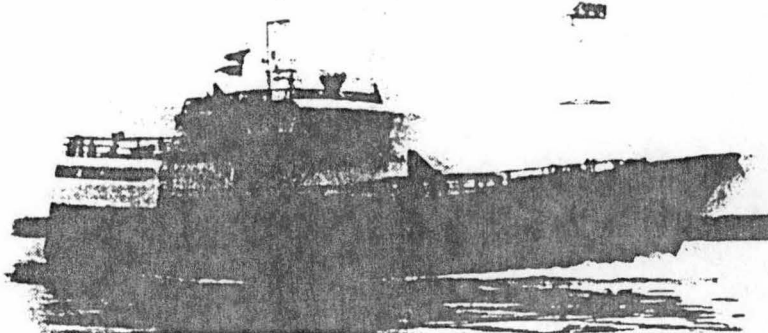
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EXHIBIT E
Page 12 of 12

ASSISTANCE RECEIPT

This will acknowledge that the undersigned has (have) received _____ Dollars (\$_____) from Exxon Company, U.S.A. This payment represents assistance that I (we) requested while Exxon evaluates my (our) claim arising out of the incident involving the M/V EXXON VALDEZ on March 24, 1989. I (We) understand and agree that the full amount of this payment will be applied to the amount of a negotiated settlement, if any, or to any final judgment that may be entered with respect to my (our) claim.

I (WE) UNDERSTAND AND AGREE THAT THIS IS NEITHER A RELEASE OF MY (OUR) CLAIM NOR AN ACKNOWLEDGEMENT OF LIABILITY BY EXXON SHIPPING COMPANY.

Dated: _____

Claimant Signature

Print Name

FUNDS RECEIPT AND CLAIMS CREDIT

The undersigned Claimant has made a claim against Exxon Shipping Company, and other entities and persons, arising out of the incident involving the M/V EXXON VALDEZ on March 24, 1989, and resulting oil spill (the "Incident"). Claimant has represented that he/she/it has incurred losses, damages, claims or other harms arising from the incident involving the M/V EXXON VALDEZ.

In consideration of the sum of _____ Dollars (\$_____) paid to the undersigned, receipt of which is hereby acknowledged, Claimant agrees that the full amount of this payment will be a credit and offset toward all claims Claimant may have against Exxon Shipping Company, Exxon Company, U.S.A., Exxon Pipeline Company, Exxon Corporation, its subsidiaries and affiliates, Alyeska Pipeline Service Company and all of its owner companies, their employees, agents, and insurers, the M/V EXXON VALDEZ, its officers and crew, and the Trans-Alaska Pipeline Liability Fund (collectively "Exxon").

Claimant and Exxon agree that this agreement does not release any of Claimant's damage claims against Exxon and is not any admission or evidence of wrongdoing or negligence by Exxon.

Claimant and Exxon, in order to avoid litigation costs, also agree to continue discussions and attempt to resolve all of Claimant's claims arising out of the Incident. In the event Claimant and Exxon cannot reach a resolution on all or any one of Claimant's claims, Claimant and Exxon will use best efforts to agree (if necessary, with court assistance) upon a resolution process(s), such as the use of a master(s), mediator(s) or arbitrator(s). Claimant and Exxon may also elect to employ different methods to resolve different claims.

DATED this _____ day of _____, 1990

Claimant

Address: _____

Telephone: _____

Exxon Representative

Claimant's Representative

AREA 5 (Prince in Sound)

ADVANCE # _____

DATE 8/15/89

Permit Holders with Their Vessels
Under Contract to EXXON or VECO

Permit Holder Oil Spill Cleanup Work Verification

PERMIT
HOLDER

David P. Clarke

PERMIT
NO.

501E64082R

I acknowledge that this advance program is not available to permit holders who have been employed in oil spill cleanup efforts. For purposes of this advance, oil spill employment is defined as any period of time between June 15, 1989 and the current date.

The exclusion from this advance program of permit holders involved in oil spill cleanup efforts does not preclude these individuals from participating in the season-ending payments covered by the Interim Salmon guidelines.

I swear under penalty of perjury that I meet the qualifications of the advance program which are listed above.

DATE 8-16-89

SIGNATURE DPC

SUBSCRIBED AND SWORN to before me this 16th day of August, 1989
at Coena, Alaska.

Shannon S. Kivian
Notary Public of Alaska

Commission Expires: 8-31-91

RJE:dag/43
08/12/89

EXHIBIT H
Page 1 of 1



VECO, INC.

SS# 262-76-6287
LEASE INVOICE

V# 3301

Date 7/16/89

TO: VECO, Inc.

FROM: David Clarke
(Owner's Name from Lease)

SS# 262-76-6287

Address: Box 1072 Cordova AK 99574

Vessel Name: SEAMANN

Invoice Period: 6/13 thru 7/13

Days of Usage: 31

Rate: \$2174.00

1222/8
(02220 2072)

Total Invoice \$67,394.00

Check Destination: ☐ Mailing Address ☒ Field Office Cde

Owner or Authorized Agent (circle one)

Date

David Clarke
Approved by VECO

7/21/89
Date

JUL 31 1989

Cde Mike Ford
Location EXXON

7/21/89

**IN ORDER TO EXPEDITE INVOICE IN A TIMELY MANNER, A COPY OF THE SHIP'S LOG ML BE ATTACHED. INVOICE WILL NOT BE PROCESSED WITHOUT IT.

(4/28/89)

White -- Billing

Canary -- Accounts Payable

Pink -- Lease

Green -- Owner

EXHIBIT I
Page 1 of 1

DAVID P. CLARK

\$ 20,400.00**

TWENTY THOUSAND FOUR HUNDRED DOLLARS AND

no/100

CV-015364

W. H. Moore

PAYMENT FOR

PAID TO

CHECK NO. AND AMOUNT

FOR ASSISTANCE RECEIPT
DATED 9-1-89 FOR
SALMON SEINING
85% PROGRAM

No. 07775

September 1, 1989

David R. Clarke

\$60,721.00**

Sixty Thousand Seven Hundred Twenty One Dollars and

no/100

CV-015364

*W. H. Moore
Ronald R. Butts*

⑆007775⑆ ⑆125200057⑆ 37⑆778322⑆

PAYMENT FOR

PAID TO

CHECK NO. AND AMOUNT

PER FUNDS RECEIPT AND
CLAIMS CREDIT AGREEMENT
DATED 2/15/90

No. 13869

FEBRUARY 15, 1990

DAVID P. CLARKE

\$35,762.00**

*****THIRTY FIVE THOUSAND SEVEN HUNDRED SIXTY TWO DOLLARS AND 00/100*****

CV-015364,

*K. B. Butts
K. B. Butts*

⑆013869⑆ ⑆125200057⑆ 37⑆778322⑆

PAYMENT FOR

PAID TO

CHECK NO. AND AMOUNT

For Salmon Seining
1989 Season
PWS

No. 16484

3-15-90

DAVID P. CLARKE

\$25,793.00

PAY: TWENTY-FIVE THOUSAND SEVEN HUNDRED NINETY THREE
CV-015364-01

W. H. Moore

⑆016484⑆ ⑆125200057⑆ 37⑆778322⑆

EXHIBIT J



Cordova Chamber of Commerce

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99574

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(907) 424-3899

Board of Directors & Officers

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Connie Taylor
Vice-President
Stephen Rehnberg
Treasurer
Charlotte Legg
Secretary
Brian Lettich
Directors
Barbara Beedle
Pat Fisher
Heather McCarty

The Cordova Chamber of Commerce Responds to the Oil Spill

Your Chamber's efforts since the oil spill have been directed at assuring that the economic future of the community is assured and that economic damages suffered by Cordova businesses are compensated.

As a result of the Chamber's efforts, Cordova was recognized by Exxon as a unique community completely dependent on the fishing industry. All businesses were declared eligible to file claims based on lost net income. Cordova was the only community to receive this recognition. Had the Chamber not acted, Cordova businesses would not have received this special status.

Exxon Officials visit Cordova

The "standard" disaster policy is not appropriate for Cordova businesses. It only provides for paying claims to the "directly affected" parties, in this case the fishermen and processors. Then as these claim settlements are spent, the normal flow of cash through the community is maintained. The Chamber undertook to demonstrate that this policy would not have solved Cordova's problems.

Senior Exxon officials were invited by your Chamber to Cordova. They met individual business owners and managers in their stores and saw for themselves what made Cordova's economy tick. Exxon Treasurer Curtis Fitzgerald and Senior Vice-president Ulyesse LeGrange saw that businesses that would appear to be far removed from the events that affect the fishing industry are, in fact, directly affected.

Cordova Recognized as Unique

LeGrange's statement at a town meeting on April 27 acknowledged Exxon's recognition of Cordova's situation: "After discussion with you, your office (Chamber president and office), representatives of a number of businesses here in Cordova and some of your town officials, we've concluded that Cordova does present a unique situation. It is essentially a one-product economy. . . . We agree with you, you do have a unique situation here."

Subsequently, the Chamber sponsored several follow-up meetings for Exxon officials. Detailed guidelines for claims procedures were drawn up following an informational briefing held for Claims Manager Dick Harvin. With Chamber input, these guidelines were refined over the summer. Exxon's Cordova business claims policy compensates businesses for lost net income as a result of the spill. According to Harvin, Exxon "will evaluate and process valid claims as long as there are losses that are a direct result of the oil spill."

EXHIBIT K

Page 1 of 4

Chamber's Claim Position Guidelines

Your Chamber's goal is to represent all Cordova area businesses. To that end, the Chamber Board adopted the following guidelines for Chamber procedures for involvement with oil spill claims:

1. The Chamber will not represent or attempt to represent any individual business.

2. The Chamber's activity in regard to Exxon claims policies is to make generic Cordova information available to Exxon officials.

3. The Chamber may also make presentations to Exxon officials on policies relating to claims, local purchasing and other matters as appropriate. Chamber members and non-Chamber members are welcome to bring matters for consideration to the Chamber board. The Chamber board will support those positions that are determined to be in the best interests of the majority of Cordova businesses.

4. The Chamber will arrange private meetings for individual businesses as requested and as Exxon officials are available for meetings. The Chamber will also arrange public informational meetings for Cordova businesses as appropriate officials are available to come to Cordova.

The Chamber has a complete file of Chamber and Exxon claims correspondence. If you would like to receive a copy, please call the Chamber office and we will be glad to send it to you. One letter details the information that should be included when you submit your claim. We suggest that you review this information prior to submitting your claim.

Cordova businesses who filed an initial claim and have not yet followed up on it recently received a letter from the Anchorage Exxon Claims Office. The Claims Office is asking if the business owner desires that his claim file be kept open. You need only reply that you do want your file open if you anticipate filing a claim at a later date.

Chamber Encourages Local Purchasing

Exxon and Veco were encouraged by the Chamber to purchase supplies from local merchants. The Chamber produced a Cordova products and services guide with funding assistance from Exxon. The results were felt throughout the business community: 1989 second and third quarter Cordova sales tax collections were approximately \$150,000 over the second and third quarters of 1988, an indicator that many businesses had higher than usual sales in the summer following the spill.

Another indicator of healthy business activity is the number of telephones in service. According to the Cordova Telephone Cooperative, on October 1, 1988, there were 403 business and 881 residential lines. One year later, October 1, 1989, these figures had increased to 526 business and 937 residential lines. For businesses, this represented a growth of more than 30 percent over the previous year. Residential lines grew by better than six percent. Electrical services are also higher than last year's.

Addressing Other Impacts

There were additional visitors to Cordova keeping local hotels fully booked. Local bed and breakfasts also kept well booked with visitors. Airline flights were frequently full. Most businesses also had unusual expenses last summer, in particular, higher labor costs. This shortage of labor was first called to Exxon's attention by a Chamber-sponsored committee.

Working in cooperation, Exxon, the City, the Alaska Department of Labor and the Chamber implemented a labor search as well as a housing program. Under these activities sponsored by your Chamber, Exxon provided funds for transporting workers to Cordova and converting a local gym into bunkhouse-style dormitories. Funds were also provided for expansion of the City trailer park and for tent spaces near fish processing plants to help alleviate the shortage of adequate housing.

Future Concerns

The Chamber is aware of many of the concerns facing local businesses for future years. These concerns center on the recovery of the Sound and fishing harvests, on labor availability and costs and on Cordova maintaining its population. Individual businesses face problems particular to their individual circumstances depending on how the spill and cleanup affected their customers.

Exxon's claims manager Dick Harvin has stated that "Exxon is committed to evaluate and process Cordova business claims as long as there are net income losses that are a direct result of the oil spill and the claimants have taken all possible measures to mitigate their damages."

According to Chamber President Connie Taylor, "The Chamber believes that by approaching Exxon with reasonable requests accompanied by hard data, we have been notably successful in achieving positive results. The community can be justly proud of the work the Chamber has accomplished."

Cordova Airport Promoted

The Cordova Chamber of Commerce is promoting the use of the Cordova airport and Cordova facilities for staging, storage and transportation of materials for use in the oil spill cleanup.

EXHIBIT K
Page 2 of 4

and are trying to encourage Cordova for transportation, staging and storage of materials during the winter months. We believe that this is an opportunity to aid Exxon in the cleanup process while providing jobs for Cordovans. It is our expectation that once Exxon experiences the benefits of working through Cordova, they will continue to use our facilities. The more of the cleanup activities that are routed through Cordova, the more we all benefit.

In cooperation with the Chamber's efforts, the City of Cordova offered to make staging lands available at no cost through the winter months near the dock area. The North Fill land at the boat washing site has been made available.

Your Chamber is promoting use of Cordova's all-weather airport and local facilities in the cleanup of the Sound. The Chamber, in conjunction with the City of Cordova, has been encouraging Exxon and the State of Alaska to stage more operations in Cordova. The reasons are obvious: the Cordova fishing fleet has experience in the Sound under all weather conditions and we have the best all-weather airport offering daily jet and commuter service.

The Cordova Airport is being used for research teams surveying the Sound by helicopter this winter. One research ship is presently being stationed in Cordova and some crew changes are being made here.

Chamber Participates in Local Activities

License Changes Proposed

The City of Cordova has proposed changes in the sales tax ordinance that would change the business licensing requirements. The proposed changes could require businesses to purchase more business licenses than they currently are. In some cases, business licenses could be combined and only one license might be required.

Ordinance 664 was proposed last October and the Chamber requested the City Council to delay action until local businesses could review the effects the changes could have.

City Finance Director Dale Daigger is working on summarizing problems with the existing ordinance and how he anticipates the new ordinance will correct the problems.

If you would like to serve on a Chamber committee to review the City sales tax ordinance and the proposed ordinance, please phone the Chamber office. We anticipate that the committee will meet in February to go over the ordinance.

B & B Seminar Held

The Bed and Breakfast Seminar was a success. The Seminar was held Wednesday, June 28, and was attended by nine Cordovans. The Seminar was presented by Sydnee Stiver of "Accommodations in Alaska." Stiver owns "All the Comforts of Home" B&B in Anchorage. Stiver explained the ins and outs of B&B operations including advertising, supplies and taxes.

Thanks to Dolores Crowley and the Cordova Branch of the Community College, LuAnn Cunningham for registering students, the Cordova Telephone Cooperative for use of their conference room and to Exxon for providing funding for the program and for covering student's registration fees and materials.

If you would like another B & B Seminar to be held, let your Chamber know.

Cordova Job Service Office

The Cordova Job Service office was opened this summer as a result of the oil spill. It has been staffed by Phyllis Lape who has done an excellent job serving employers and employees in Cordova.

A Job Service office has been long needed in Cordova which in the past has been poorly served from Valdez. The Valdez office has attempted to assist Cordova employers but the distance makes it impossible. A further problem created by the distance is that those on unemployment insurance are not required to register with Job Service. This creates a situation in Cordova where employers are in desperate need of workers at the same time that some 80 people are reported to be receiving unemployment insurance payments. Without a Job Service office, there is no way to match these people up.

The Chamber and City of Cordova have written to the State requesting that the Cordova Job Service Office be maintained. Your letters expressing a continuing need for the Job Service Office will help keep the pressure on.

Write to: Commissioner Jim Sampson, State of Alaska, Department of Labor, P.O. Box 21449, Juneau, Alaska 99802-1149.

Cordova Library has 45th Birthday

The Chamber recognized Chamber member Corine Erickson with a resolution in her honor on the occasion of the 45th birthday of the Cordova Public Library.

Corine has served as librarian for twenty years and has worked diligently to manage and improve the library facility in Cordova. She frequently provides information for visitors to Cordova who stop by the Library and Museum. Corine regularly attends Chamber meetings and keeps everyone informed of Library activities.

Thanks, Corine. Cordova appreciates you!

EXHIBIT K
Page 3 of 4

The Chamber Board sees the need for public information and input into the important decisions facing our entire community. The Board and Chamber President Connie Taylor have spoken out frequently during the past year on the need for involving local citizens in the decisions that will affect their lives.

On December 4, 1989, the representatives of the City presented a document represented to be common goals of the entire community to Exxon. This document had not been reviewed or approved by the City Council or any Cordova organizations.

The Chamber Board sent a letter of protest.

December 6, 1989
Cordova City Council
City of Cordova
P.O. Box 1210, Cordova, Alaska 99574
Greetings:

The Cordova Chamber of Commerce Board of Directors met today and discussed the recent improper action of certain representatives of the City of Cordova: that of developing and presenting community goals to Exxon. These goals were represented as the goals of the entire community of Cordova, the Chamber and its 100 plus members and the Native organizations none of whom participated in their development. Further, it is our understanding that the City Council had not approved nor authorized the actions of the individuals concerned.

We specifically note that the City representatives were not authorized to speak for the Chamber or its membership.

If the City Council directs its representatives to work with Exxon or any other organization or agency to develop goals that are intended to represent the Chamber membership, the Chamber must be included in the preparation of those goals.

This letter is a strong statement of protest at the manner this document was developed and presented by City representatives.

Sincerely,
Connie Taylor, President
Stephen Rehnberg, Vice-President
Brian Lettich, Secretary
Patsy Fisher, Board Member
cc: Chamber membership

Sales Tax Cap Extended

The sales tax cap on sales over \$2,000 came up for review in 1989. The Chamber supported continuation of the cap and the board gathered letters of support for the cap from local businesses and presented them to the Council.

The sales tax cap was extended for two more years. The cap provides that the maximum sales tax on capital purchases is set at \$80.00. This encourages local purchasing of high value items such as engines and fishing gear. Local purchasing keeps dollars in our community and benefits all businesses and residents.

Christmas Tree Lighting

The Cordova Chamber again sponsored the Community Christmas Tree Lighting past December. Assisting were Meera Kohler, Cordova Electric Cooperative, Wilson Construction, Cordova Airporter, City of Cordova, Cordova Volunteer Fire Department and the Forest Service.

Approximately 200 Cordovans gathered at the big tree near the Old Post Office to sing Christmas carols and wait for Santa's arrival via fire truck to turn on the lights. The tree was covered with small white lights provided by donations of local citizens and Chamber funds.

The total cost for the strings of lights this year was \$350, individual strings are \$8.00. If you would like to help with the cost, please send your donation to the Chamber.

Product/Services Directory Update

With your newsletter you have received a card with information on your business or a blank form.

If you received a 3 x 5 card, please review the information. If it requires updating, send the corrected card back to your Chamber office.

If you received a blank form, it means that we have not received information about your business to include in the directory.

The Chamber is updating the directory this spring to have it ready for distribution. Current plans call for making it available on 3 x 5 cards and on IBM-compatible floppy disks. It will be provided at cost.

The initial design and development of the product and services directory was funded by a grant from Exxon USA during the 1989 summer. Copies of the directory were provided to Exxon, Veco and others who were purchasing in Cordova during the summer.

Help Wanted

The Chamber is looking for a part-time coordinator. Requirements include previous office experience and experience in dealing with the public. Basic knowledge of the Cordova area is important. If you know of someone who might be interested in this position, please call the Chamber office for more details.

-

Chamber Meetings

Chamber membership meetings during February will be held at noon Tuesdays at the Powder House. Board meetings are at noon Wednesdays (quorum permitting) upstairs at the Christian Center. All members are encouraged to attend and participate in Chamber activities!

EXHIBIT K
Page 4 of 4

PAYMENT FOR	PAID TO	CHECK NO. AND AMT
Cordova "Main Street" Business	<div data-bbox="1304 722 1573 885" style="border: 1px solid black; border-radius: 50%; padding: 5px; display: inline-block;"> <i>Mar/Apr.</i> </div> J. Jeffray Bailey d/b/a Killer Whale Cafe	No 0022 May 24, 1989 \$ 8,347.62
CV-007206	Eight thousand three hundred and forty seven dollars and <div data-bbox="1573 1161 1972 1258" style="text-align: right;"> <i>Walt Moore</i> </div>	62/100

⑈00221⑈ ⑈125200057⑈ 27⑈174433⑈

PAYMENT FOR	PAID TO	CHECK NO. AND AMOUNT
Cordova "Main Street" Business	<div data-bbox="1401 357 1541 479" style="border: 1px solid black; border-radius: 50%; padding: 5px; display: inline-block;">MAY</div>	No 0023
	J. Jeffrey Bailey d/b/a Killer Whale Cafe	June 20, 1989
Seven thousand nine hundred and nineteen dollars and		\$ 7,919.76
CV-007206	<div data-bbox="1627 714 2015 787" style="border-bottom: 1px solid black; padding-bottom: 5px;">Walter H. Moore</div>	-76/100
	⑆002338⑆ ⑆125200057⑆ 27⑆174433⑆	

PAYMENT FOR	PAID TO	CHECK NO. AND AMOUNT
CORDOVA "MAIN STREET" BUSINESS 1989	<p><i>June 2, 1989</i></p> <p><i>June 2, 1989</i></p>	<p>No. 10170</p> <p>September 15, 1989</p>
Killer Whale Cafe		\$ 28,324.75
Twenty Eight Thousand Three Hundred Twenty Four Dollars and		77/100
BX-007206		<p><i>Walter Moore</i></p> <p><i>Ronald R. Buntz</i></p>
⑈010170⑈ ⑆32520005⑆ 37-778323⑈		

EXHIBIT 7

Page 3 of 4

010

PAYMENT FOR	PAID TO	CHECK NO. AND AMOUNT
Partial Release for Killer Whale Cafe 1/12/90	Jeffrey Bailey	No. 16796
Seven Thousand Seven Hundred Nine and 58/100		January 12, 1990
AN007206		\$7,709.58
⑈016746⑈ ⑈125200057⑈ 37⑈770322⑈		

EXHIBIT 7
 Page 4 of 4

Coping with the Big Spill

An Alaska couple try to clean up financial affairs fouled by the rupture of the Exxon Valdez.

by Suzanne Selvas

Jeff and Claire Bailey thought they had created the laid-back, nature-loving life of their dreams in Cordova, a rough-hewn fishing village on Alaska's magnificent Prince William Sound. After growing up in Massachusetts, they now live in a once condemned, two-story frame house built in 1911 that Jeff bought eight years ago for \$10,000 and fixed up. The couple's jobs suit their tastes almost perfectly. They work mostly in the long April-through-September fishing season, when Cordova's 2,600 year-round population doubles, as fishermen are lured north from the Lower 48 by the Sound's rich harvest of fish—salmon, herring, halibut, shrimp and cod. During those

months, Jeff, 32, crews on fishing boats while Claire, 30, runs the Killer Whale, a combination delicatessen and café on the town's two-block-long First Street. There are seven other eateries in Cordova, but only the Killer Whale, Claire boasts, "serves nothing fried, just healthy food like fresh veggies."

In December, when the days are short and the migrant fishermen have long gone south, Claire shuts the Killer Whale and fills in as an X-ray technician at Cordova Community Hospital. Jeff picks up odd jobs such as last winter's stint building fishing boats. The couple's relaxed routine leaves plenty of time to enjoy the region's splendid outdoor activities. Jeff hunts moose and bear, and he and Claire go clam digging on the Copper River, hiking on 2,506-foot Mount Eyak and kayaking through the ice caves of Sheridan Glacier.

Yet last spring, that idyllic life style was upset, perhaps permanently, by potentially the greatest environmental disaster in U.S. history. Many families, of course, have found their way of life—not to mention their finances—disrupted by unforeseen events at one time or another. But comparatively few have faced anything as dramatic as the March 24 disaster when the supertanker Exxon Valdez struck Bligh Reef, 65 miles northwest of Cordova, gushing oil that eventually spread over 9,600 square miles.

While the slick never reached Cordova, its effect there was calamitous. As the home port for the 1,200-boat Prince William Sound fishing fleet, the community is totally dependent on fishing. Its

Owners spent thousands renovating these boats because the season was forecast to be big—before the spill," says Jeff Bailey, here strolling a Cordova boatyard with his dog Kliska.

PHOTOGRAPHS BY RICH FRISHMAN

WASH. POST NOV 77

ONE FAMILY'S FINANCES

Bottom Line

The Baileys' net worth is deceptively high, since some 88% of it is accounted for by their home and business—assets that may have lost value since the spill.

INCOME

Jeff's earnings	\$38,000
Killer Whale profit	20,000
Withdrawal from savings	6,980
Business loan	4,000
State dividends	1,650
Claire's radiology pay	1,000
Interest	550

Total **\$72,180**

OUTGO

House renovations	\$15,000
Loan repayments	14,900
Home furnishings	12,100
Taxes	8,900
Recreation, vacations	6,100
Utilities	3,480
Food	2,500
Jeff's fishing expenses	2,400
Medical expenses	2,000
Miscellaneous	1,180
Clothes	1,070
Car expenses	1,050
Gifts	900
Homeowners insurance	600

Total **\$72,180**

ASSETS

House (pre-spill)	\$80,000
Market value of business (estimated, pre-spill)	45,000
Personal property	36,000
Savings and checking accounts	7,200
Fishing and diving gear	5,000
'59 International Harvester pickup, '71 Toyota Landcruiser	3,275
Debt receivable	2,500

Total **\$178,975**

LIABILITIES

Business debt	\$26,000
Home improvement loan	10,000
Furniture bill	1,200
Credit-card balance	400

Total **\$37,600**

NET WORTH **\$141,375**



Jeff has been pressed into K.P. at the café now that Claire's helper, Roni Eberhart, is leaving.

economy began wobbling in April, when Alaska's Fish and Game Department canceled the herring season in the Sound after schools of the fish were seen spawning in oil-polluted waters. The cost: \$12 million in lost income to Cordova's fishing industry. If oil pollution forces the department to cancel the Sound's salmon season this year—it was in doubt in early June—the fishermen and processors could lose another \$120 million. Exxon is reimbursing Cordova's herring fishermen for their losses and would be liable to do the same for the salmon fishermen.

But a greater threat may materialize next spring, when this season's salmon fry are due to return to local fresh waters to spawn. Explains Heather McCarty, spokesman for Prince William Sound Aquaculture Corp., a consortium of hatcheries: "If they've been damaged by swimming through oil, our fisheries will suffer for a long, long time." In fact, Cordova's survival could be at stake.

That prospect adds a disturbing uncertainty to the financial woes that already afflict Jeff and Claire Bailey. Since most of the townspeople are off working on cleaning up the oil spill, the Killer Whale lacks both employees and customers. The Baileys submitted a claim to Exxon seeking compensation for March and April's lost income and received \$2,000. But the café continues to lose \$500 a week, raising the possibility that Claire will have to close it early this year.

In the meantime, with only \$7,200 in the bank, the Baileys need advice on keeping up payments on \$36,000 in business and personal debt. Jeff also wants counseling on a new interest in politics, which he developed as a result of the spill. He wonders whether he should run for the state legislature in November 1990.

If he does, it would be his second career switch in an odyssey that began in his hometown of Walpole, Mass. His father was an electrical engineer, but Jeff followed his mother's footsteps into X-ray technology, getting his first job in 1978 with a family-owned portable X-ray service. A year later, itching to get unhitched from the demands of a steady job for a while, he bought a van and traveled through the West until his savings ran out. He was working at a VA hospital in Boise in 1981 when he answered a newspaper ad for an X-ray technician at Cordova's hospital. The job paid \$25,000, but Claire says money wasn't the lure: "Jeff's always looking for that last great adventure, and since Alaska is the final frontier, it's where he wanted to be."

Three years later, after a spat with his boss, he quit to crew on fishing boats. In the winter, however, he went back to Boston to pick up some money practicing radiology. He met Claire there in 1985 on the job at Brigham and Women's Hospital. Unflappable and easygoing, she had been raised in Tewksbury, the daughter of a mother who had been in a cafeteria

ONE FAMILY'S FINANCES

cook at the electronics manufacturer Raytheon, and a father who worked as a refrigeration technician for Sylvania, a maker of consumer electrical products.

In the spring of 1986, Claire moved to Cordova with Jeff and got a job helping the woman who then owned the Killer Whale. After the Baileys married in 1987, she sold them the business. They put down a mere \$6,000 toward the \$32,500 price, agreeing to pay the rest in \$7,000 yearly installments. Currently they owe \$22,000 at 10% to the former owner, as well as \$4,000 that Jeff borrowed at 10% from a local bank to expand the café's seating capacity from 24 to 36.

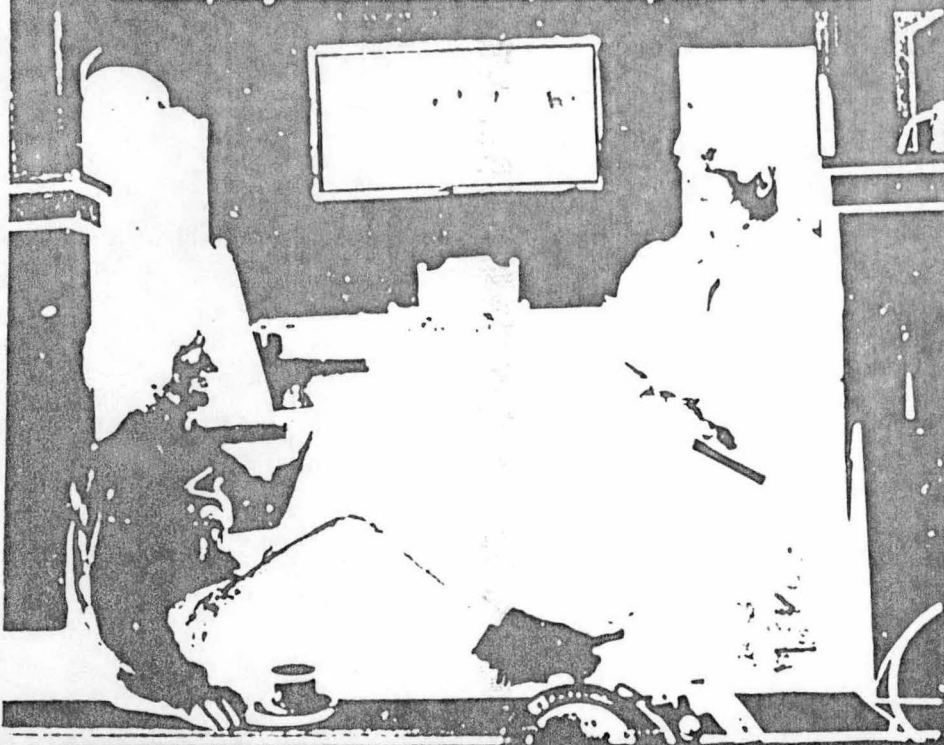
Until the spill, the Baileys prospered. They estimate that over the past 12 months Jeff grossed \$28,000 fishing, plus \$10,000 building boats. They netted \$20,000 from the café, and Claire made an additional \$1,000 substituting for an X-ray technician at Cordova's hospital. The Baileys also received \$1,650 from Alaska's Permanent Fund Dividend Program, which annually shares with residents the state's royalties from exploitation of Alaska's natural resources. In all, the couple enjoyed a \$60,650 income, which Jeff calls "comfortable—it let us

spend \$12,100 furnishing the house and \$6,100 on vacations and recreation without guilt."

For a time, it seemed that the cash would keep flowing unimpeded. Immediately after the spill, business at the Killer Whale even spurted as reporters, lawyers, federal officials, marine biologists and Exxon reps hit town. But most of the transients soon left, only to be followed by two-thirds of the residents, who rushed to take \$17-an-hour jobs—at least \$7 higher than what they normally earn—on Exxon's cleanup crews. The exodus crippled the café. Waving a handful of receipts, Claire says: "Today we took Tri \$356, and earlier we averaged \$700."

The labor shortage also left her with one helper instead of the usual three. Though she has hung a HELP WANTED sign in the window, she expects no response: "My \$7 hourly wages can't compete with Exxon's." Now the helper is leaving to take a better-paid position at the post office. Claire's 61-year-old mother, who is divorced and living in North Carolina, has agreed to come up and help run the café. "But I don't want Mom to get stressed out," says Claire. "If the work proves too much for her, we'll close."

Unbridled spending on home renovation is on hold, but the Baileys still have to feed Kiska.



80 UNUSUAL

At the same time, Jeff's jobs have been drying up. Oil pollution canceled his plans to harvest kelp—a delicacy in Japan—from the Sound's bottom. Basing his losses on 1988 wages, Exxon reimbursed him \$2,500. Then more work fell through after a friend offered to hire him to skipper a boat that Exxon had leased for cleanup work. The stint would have lasted three weeks and paid \$700 a day. But the friend unexpectedly "stiffed me," says Jeff, "hiring someone else for less money." The friend says he plans to work out the misunderstanding with Jeff. Ultimately, Jeff decided not to work for Exxon anyway, on grounds of conscience.

His decision was costly, considering the Baileys' sizable personal debt as well as their heavy business liability. While Jeff paid cash for his house in 1981, he put \$30,000 to \$40,000 into restoring it. Fully \$28,000 of that came from a bank home improvement loan at 10%, secured by the house. The \$10,000 balance must be paid off in two years. Before the spill, the town had assessed the property at \$80,000, but no one can even guess the value of Cordova real estate today. Says town finance director Dale Daigger: "The likelihood is that property values will hold up this year. But if the salmon fry don't survive or are tainted, the values could plummet next year, and we don't yet know how much financial responsibility Exxon will continue to take."

One reason for his concern is the company's slowness in agreeing to reimburse Cordovans who suffered indirectly from the spill. Exxon initially offered to make up lost income only for fishermen, cannery workers and others whose livelihood was directly "water related." Jeff, as the co-owner of the Killer Whale, became so incensed by the restriction that he joined half a dozen fellow businessmen in fighting to gain compensation from Exxon for their spill-related losses. The group traveled twice to the capital city of Juneau to lobby the state legislature to put pressure on Exxon by threatening to impose additional taxes on oil companies. Exxon eventually agreed to cover the Cordova business community's losses on a case-by-case basis. The committee's \$12,500 in travel expenses, charged to credit cards, is due to be paid by the town's 50 businesses. Jeff's share of the expenses totals \$1,000, "but I'm not concerned about repayment," he insists.

EXHIBIT M



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ONE FAMILY'S FINANCES

The
Advice

Enter the race

THE PROBLEMS

Paying debt, surviving a time of financial uncertainty and weighing a run for public office

THE SOLUTIONS

1. Negotiate a plan to ease your loan payments.
2. Consider working for Exxon.
3. Don't just talk about getting into politics—do it!

Charlotte Krouskop, an Anchorage certified public accountant, and Oliver Scott Goldsmith, a professor of economics at the University of Alaska, met with the Baileys at MONEY's request. Chief recommendations:

Handling debt. The Baileys should ask the holder of the mortgage on the Killer Whale to let them pay only interest on the \$22,000 balance this year, just in case there is a delay in getting compensation from Exxon for the café's lost business. The arrangement would save them \$4,800, which will help them keep up the payments on their \$14,000 of bank loans. The advisers calculated that if the Baileys closed the café in June, they should be entitled to \$14,800 from Exxon.

Surviving in the short term. If the Killer Whale closes, Claire will have to find other work. If her ethics allow it, she could consider taking one of Exxon's high-paying jobs. Because so many fishermen are working on the cleanup crews, Jeff should be able to earn \$10,000 to \$15,000 this summer fishing on the Copper River. He could also receive \$20,000 in compensation from Exxon for lost earnings should the state ban salmon fishing on Prince William Sound. That's because his total income derives from working at both sites. Those amounts, plus whatever Claire brings in, can get the Baileys through until the start of 1990's fishing season—if they cut back on the past year's



Charlotte Krouskop and Oliver Scott Goldsmith advised the Baileys.

\$18,200 outlay for home furnishings and recreation.

Running for office. If Jeff is serious about getting into politics, he should make his bid now. His role in winning compensation from Exxon for the business community's losses may well furnish him with a once-in-a-lifetime boost. And his fishing background makes him a natural to represent Alaska's watermen, who, because of the spill, are gaining political power over the oil industry. In 1988 the median cost of a campaign for Alaska's house of representatives was \$27,638. Jeff could solicit contributions from both the fishing industry and the business community. Should he be elected to the legislature, which meets from January through April, he would earn \$22,140 a year and still have the summers free to fish.

The Baileys were happy with all of the advice, and Jeff expressed real pleasure at the nudge to run for office. "Growing up in Massachusetts, I thought you didn't get into politics unless you were from a prominent family," he said, "but in Alaska anyone can go for it."

EXHIBIT M

He does, however, want to squeeze more money out of Exxon for himself. Jeff maintains that the company owes the Killer Whale more than the \$2,000 the company has already paid. He argues that business would have grown 30% this year, because of the expanding local economy and the café's enlarged seating capacity. The company has demanded that Jeff and Claire document that projection. "They're jerking us around," Jeff grumbles.

His willingness to squabble with the largest U.S. oil company has given Jeff new cachet as a local leader. A lanky, talkative six-footer, he was surprisingly effective in arguing the business community's case for compensation in Juneau. Says hotel owner Bob Van Brocklin: "Jeff really impressed me. I'd known him casually as someone who wanted to do his own thing and enjoy life in Cordova. But when this emergency happened, he came out of his shell, got his act together and evolved into a spokesman."

Jeff found the experience heady. "I've never before spoken directly to powerful people like federal and state officials," he says, "but they don't scare me, and they seem to listen to what I say." One or two politicians even suggested that he campaign next year for a seat in the state legislature, an idea he finds appealing. Describing himself as "a Democrat, but one with no overwhelming affection for either party," Jeff goes on to say, "If my activism over the spill results in a career in public life, I'm more than willing to take advantage of it." Nor does his wife object. "I think it would be fun," she says, "and Jeff does have the gift of gab." The catch: he has been told that campaigning would cost him a minimum of \$20,000. "I might get that amount in contributions," he speculates, "though I've heard it would be unusual for someone making a first-time run."

For the time being, his political ambitions have taken a back seat to economic necessity. Not long ago, Jeff returned to his old calling when a skipper hired him to fish for salmon on the Copper River, which has not been polluted by oil. "We're leaving tomorrow night," he said in early June, adding with evident relief: "I'll be glad to get out there. My life's ambition has basically been to go fishing."

MONEY/JULY 1983

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*Lipper Directors' Analytical Data, Winter '88

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EXHIBIT 11

FOR AND IN CONSIDERATION of the sum of

EIGHT THOUSAND THREE HUNDRED FORTY SEVEN ⁶²/₁₀₀ -Dollars (\$ 8347⁶²)

paid to the undersigned, receipt of which is hereby acknowledged, and intending to be legally bound hereby, the undersigned absolutely and irrevocably releases and discharges, Exxon Shipping Company, Exxon Corporation, its affiliates and subsidiaries, Alyeska Pipeline Service Company, their employees and agents, the M. V. EXXON VALDEZ, its officers and crew, and the Trans-Alaska Pipeline Liability Fund from any and all claims, demands and causes of action of every kind and character, for damages which have been or will be sustained by the undersigned, whether now known or unknown, with respect to

DAMAGES FOR LOSS OF NET INCOME FOR THE PERIOD 3/24/89 THRU
7/30/89 WHICH WAS BASED UPON FINANCIAL INFORMATION PROVIDED
TO EXXON THAT TO THE BEST OF THE UNDERSIGNED'S KNOWLEDGE
WAS TRUE AND CORRECT

as a result of the incident involving the EXXON VALDEZ on March 24, 1989 or as a result of any oil containment or clean-up procedures which followed. The undersigned expressly excepts and reserves all claims, demands and causes of action of every kind and character, other than that released by this Partial Release, resulting from the incident involving the EXXON VALDEZ or as a result of any oil containment or clean-up procedures which followed.

The sum stated above is accepted by the undersigned in full settlement of the claim described above. The undersigned understands that this sum was agreed upon as a compromise settlement and is not an admission of liability by any party. In consideration of the payment stated above the undersigned assigns to Exxon Shipping Company any claim which the undersigned may have in respect to the claim described above against any person, corporation or governmental agency, including those named above, and any liability fund that may be available for the payment of damage claims.

EXHIBIT N
Page 1 of 8

The undersigned shall keep the terms and conditions of this Partial Release confidential and shall not disclose the dollar amounts or the method of calculation of damages except as required by law.

Executed this 24 day of MAY, 19 89.

WITNESS:

Quinn B. W.

J. Jeffrey Bailey
SIGNATURE

J. JEFFREY BAILEY

PRINTED NAME

KILLER WHALE CAFE

PO BOX 875

ADDRESS

CORDOVA, ALASKA 99574

(907) 424.7750

PHONE NUMBER

EMPLOYER ID# 010.38.7335

EXHIBIT N

Page 2 of 8

810

FOR AND IN CONSIDERATION of the sum of
Seven thousand nine hundred and ninety + $\frac{76}{100}$ —Dollars (\$ 7,919.76)
 paid to the undersigned, receipt of which is hereby acknowledged, and intending
 to be legally bound hereby, the undersigned absolutely and irrevocably releases
 and discharges, Exxon Shipping Company, Exxon Corporation, its affiliates and
 subsidiaries, Alyeska Pipeline Service Company, their employees and agents,
 the M. V. EXXON VALDEZ, its officers and crew, and the Trans-Alaska Pipeline
 Liability Fund from any and all claims, demands and causes of action of every
 kind and character, for damages which have been or will be sustained by the
 undersigned, whether now known or unknown, with respect to

DAMAGES FOR LOSS OF NET INCOME FOR MAY, 1989

WHICH WAS BASED UPON FINANCIAL INFORMATION PROVIDED TO
EXXON THAT TO THE BEST OF THE UNDERSIGNED'S KNOWLEDGE
WAS TRUE AND CORRECT

as a result of the incident involving the EXXON VALDEZ on March 24, 1989 or
 as a result of any oil containment or clean-up procedures which followed. The
 undersigned expressly excepts and reserves all claims, demands and causes of
 action of every kind and character, other than that released by this Partial
 Release, resulting from the incident involving the EXXON VALDEZ or as a result
 of any oil containment or clean-up procedures which followed.

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 of the claim described above. The undersigned understands that this sum was
 agreed upon as a compromise settlement and is not an admission of liability
 by any party. In consideration of the payment stated above the undersigned
 assigns to Exxon Shipping Company any claim which the undersigned may have
 in respect to the claim described above against any person, corporation or
 governmental agency, including those named above, and any liability fund that
 may be available for the payment of damage claims.

The undersigned shall keep the terms and conditions of this Partial Release confidential and shall not disclose the dollar amounts or the method of calculation of damages except as required by law.

Executed this 20TH day of JUNE, 19 89.

WITNESS:

Ronald R. Bentley

SIGNATURE

J. Jeffrey Bailey

J. JEFFREY BAILEY

PRINTED NAME

KILLER WHALE CAFE

P.O. Box 875

ADDRESS

CORDOVA, ALASKA 99574

TAX ID # 010-38-7335

(907) 424-7750

PHONE NUMBER

EXHIBIT N
Page 4 of 8

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FOR AND IN CONSIDERATION of the sum of TWENTY EIGHT THOUSAND THREE HUNDRED TWENTY FOUR ⁷⁷/₁₀₀ Dollars (\$28,324 ⁷⁷/₁₀₀) paid to the undersigned, receipt of which is hereby acknowledged, and intending to be legally bound hereby, the undersigned absolutely and irrevocably releases and discharges, Exxon Shipping Company, Exxon Corporation, its affiliates and subsidiaries, Alyeska Pipeline Service Company, their employees and agents, the M. V. EXXON VALDEZ, its officers and crew, and the Trans-Alaska Pipeline Liability Fund from any and all claims, demands and causes of action of every kind and character, for damages which have been or will be sustained by the undersigned, whether now known or unknown, with respect to DAMAGES FOR LOSS OF NET INCOME FOR JUNE THROUGH AUGUST 1989, WHICH WAS BASED UPON FINANCIAL INFORMATION PROVIDED TO EXXON THAT TO THE BEST OF THE UNDERSIGNED'S KNOWLEDGE WAS TRUE AND CORRECT, as a result of the incident involving the EXXON VALDEZ on March 24, 1989 or as a result of any oil containment or clean-up procedures which followed. The undersigned expressly excepts and reserves all claims, demands and causes of action of every kind and character, other than that released by this Partial Release, resulting from the incident involving the EXXON VALDEZ or as a result of any oil containment or clean-up procedures which followed.

The sum stated above is accepted by the undersigned in full settlement of the claim described above. The undersigned understands that this sum was agreed upon as a compromise settlement and is not an admission of liability by any party. In consideration of the payment stated above the undersigned assigns to Exxon Shipping Company any claim which the undersigned may have in respect to the claim described above against any person, corporation or governmental agency, including those named above, and any liability fund that may be available for the payment of damage claims.

⊗

ORIGINAL

The undersigned shall keep the terms and conditions of this Partial Release confidential and shall not disclose the dollar amounts or the method of calculation of damages except as required by law.

Executed this 15 day of September, 19 89.

WITNESS:

Ronald R. Bentley

SIGNATURE

J. JEFFREY BAILEY

PRINTED NAME

KILMER WINDLE CAFE

PO Box 875

ADDRESS

CORDOVA ALASKA 99574

TAX ID # 010.38.7335 ...

(907) 424.7750

PHONE NUMBER

EXHIBIT N
Page 6 of 8

810

PARTIAL RELEASE

FOR AND IN CONSIDERATION of the sum of SEVEN THOUSAND SEVEN HUNDRED NINE & 58/100 DOLLARS (\$7,709.58) paid to the undersigned, receipt of which is hereby acknowledged, and intending to be legally bound hereby, the undersigned absolutely and irrevocably releases and discharges, Exxon Shipping Company, Exxon Corporation, its affiliates and subsidiaries, Alyeska Pipeline Service Company, their employees and agents, the M. V. EXXON VALDEZ, its officers and crew, and the Trans-Alaska Pipeline Liability Fund from any and all claims, demands and causes of action of every kind and character, for damages which have been or will be sustained by the undersigned, whether now known or unknown, with respect to:

DAMAGES FOR LOSS OF NET INCOME FROM SEPTEMBER 1 - 23, 1989, WHICH WAS BASED ON FINANCIAL INFORMATION PROVIDED TO EXXON THAT TO THE BEST OF THE UNDERSIGNED'S KNOWLEDGE WAS TRUE AND CORRECT

as a result of the incident involving the EXXON VALDEZ on March 24, 1989 or as a result of any oil containment or clean-up procedures which followed. The undersigned expressly excepts and reserves all claims, demands and causes of action of every kind and character, other than that released by this Partial Release, resulting from the incident involving the EXXON VALDEZ or as a result of any oil containment or clean-up procedures which followed.

The sum stated above is accepted by the undersigned in full settlement of the claim described above. The undersigned understands that this sum was agreed

EXHIBIT N
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upon as a compromise settlement and is not an admission of liability by any party. In consideration of the payment stated above the undersigned assigns to Exxon Shipping Company any claim which the undersigned may have in respect to the claim described above against any person, corporation or governmental agency, including those named above, and any liability fund that may be available for the payment of damage claims.

The undersigned shall keep the terms and conditions of this Partial Release confidential and shall not disclose the dollar amounts or the method of calculation of damages except as required by law.

Executed this 12 day of JANUARY, 1990.

WITNESS:

Heidi Gump

J. Jeffrey Bailey

SIGNATURE

J. JEFFREY BAILEY

J. JEFFREY BAILEY

PRINTED NAME

P. O. BOX 875

Box 875

ADDRESS

CORDOVA, ALASKA 99574

CORDOVA, AK. 99574

010-38-7335

907-424-7750

424-7750

FED TAX ID NO.

PHONE NUMBER

EXHIBIT N
Page 8 of 8

STATE OF ALASKA }
THIRD JUDICIAL DISTRICT } ss.

AFFIDAVIT

I _____ (name), being first duly sworn upon
oath, depose and state:

1. I am the _____ (title) of _____,
have knowledge of the matters stated herein, I am competent to testify to the
same and further I am authorized to represent _____ in
this matter.

2. This Affidavit is made in support of the claims of employees of
_____, who are employed at the
_____ facility, against EXXON. The underlying
employee claims supported by this affidavit are for loss of 1989 income or
wages that _____ would have otherwise paid but for the
cancellation or postponement of _____ fisheries due to
the M/V EXXON VALDEZ oil spill.

3. The wages certified, pursuant to this affidavit, reflect the volumes of
fish anticipated to be processed by _____ at its
_____ facility between _____ 1989 and
_____ 1989, from the fisheries listed in Paragraph 2 above, which
are the only fisheries that _____ received or would have
received fish during this period of time.

EMPLOYER AFFIDAVIT

EXHIBIT 0
Page 1 of 3

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4. _____ acknowledges that EXXON will utilize all sums paid by it to _____'s employees to determine the labor costs in _____'s existing or future claims against EXXON.

5. _____ further acknowledges and agrees that EXXON does not admit or agree that _____ would have obtained the volume of fish necessary to keep its _____ facility operating at a level consistent with the wages herewith certified by _____. Accordingly, _____ acknowledges that for all purposes other than payment the of specific wages to employees as anticipated under this affidavit all volumes of fish that may be claimed by _____ to have been lost or not obtained due to the M/V EXXON VALDEZ oil spill, must be independently documented and verified and that the payment of wages by EXXON is not an admission or recognition that _____ would have obtained or processed any certain volume of fish nor is payment of wages an admission or recognition of any liability, fault or negligence of any kind by EXXON for any purpose.

6. To the best of my knowledge and belief, all information that has been provided or is still anticipated to be provided in association with employee claims by _____ is true, correct, and accurately states _____ costs, volume and anticipated work activity.

FURTHER AFFIANT SAYATH NAUGHT:

Dated this _____ day of July, 1989.

Name

Title

SUBSCRIBED AND SWORN before me, a Notary Public for the State of Alaska, this _____ day of _____, 1989.

Notary Public for Alaska
My Commission Expires: _____

EMPLOYER AFFIDAVIT
200a/dag

COMPANY NAME: Chugach Fisheries Inc.
 EMPLOYEE NAME: Quigley, Becky Lou
 S.S. #: 531-94-4539 ADDRESS: Box 404 Cathlamet, WA 98612
 SEASON AFFECTED: Salmon
5-24-89
 DATES AFFECTED: June 1, 1989 TO _____
 DEPARTMENT: Canning
 JOB DESCRIPTION: can-line helper

S/T WAGE \$ 5.75 /HOUR
 O/T WAGE \$ 9.65 /HOUR

Final

WORK ENDING	PROJECTED HOURS FOR DEPARTMENT	-	ACTUAL HOURS WORKED	=	HOURS DUE DUE
<u>6/10/89</u>	ST OT -		<u>34.5</u> ST <u>17</u> OT -		ST OT
<u>5/27/89</u>	ST OT -		<u>8</u> ST <u>7.25</u> OT -		ST OT
<u>8/5</u>	<u>80</u> ST <u>13</u> OT -		<u>62.50</u> ST <u>29.25</u> OT -		<u>17.5</u> ST <u>50.75</u> OT
					<u>572.11</u>
	ST OT -		ST OT -		ST OT
	ST OT -		ST OT -		ST OT
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	ST OT -		ST OT -		ST OT
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	ST OT -		ST OT -		ST OT

SIGNED: Atanbravo DATE: 9/1/89

TITLE: V.P.

I Becky Quigley AGREE THAT THE ABOVE INFORMATION MAY BE PROVIDED TO EXXON FOR THE PROCESSING OF MY CLAIM FOR COMPENSATION. I HAVE RECEIVED THE INFORMATION ABOVE AND STATE THAT IT IS ACCURATE TO THE BEST OF MY KNOWLEDGE. I FURTHER UNDERSTAND THAT THIS CLAIM IS BEING PREPARED BY CHUGACH FISHERIES INC. FOR SUBMISSION TO EXXON BUT THAT CHUGACH FISHERIES INC. IS NOT RESPONSIBLE FOR PAYMENT OR ANY ACTIONS BY EXXON IN CONNECTION WITH THIS CLAIM.

Becky Quigley
 Employee Signature

Aug. 30, 1989
 Date

EXHIBIT P
 Page 1 of 1

none

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EMPLOYEE NAME: Woody, Teresa L.
S.S. #: 533-46-3867 ADDRESS 7402 Vandermark Rd E.
SEASON AFFECTED: Salmon Sumner, wa. 98390
Salmon, Herring, Black Cod, Halibut

DATES AFFECTED: 6/06/89 TO _____

DEPARTMENT: Fresh/Frozen

JOB DESCRIPTION: _____

S/T WAGE \$ 6.00 /HOUR

O/T WAGE \$ 9.00 /HOUR

Period WEEK ENDING	PROJECTED HOURS FOR DEPARTMENT	ACTUAL HOURS WORKED	HOURS DUE
<u>6/10/89</u>	<u>ST</u> <u>OT</u>	<u>11.5</u> <u>ST</u> <u>OT</u>	<u>ST</u> <u>OT</u>
<u>7/08/89</u>	<u>ST</u> <u>OT</u>	<u>37</u> <u>ST</u> <u>18</u> <u>OT</u>	<u>45</u> <u>ST</u> <u>62</u> <u>OT</u>
<u>8/05/89</u>	<u>ST</u> <u>OT</u>	<u>42.5</u> <u>ST</u> <u>23.0</u> <u>OT</u>	<u>37.5</u> <u>ST</u> <u>57</u> <u>OT</u>
<u>7/22/89</u>	<u>ST</u> <u>OT</u>	<u>26</u> <u>ST</u> <u>2.0</u> <u>OT</u>	<u>54.0</u> <u>ST</u> <u>78</u> <u>OT</u>

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SIGNED: W. Kambioneir DATE: 9/20/89

TITLE: Inc. Pres

I Teresa Woody AGREE THAT THE ABOVE INFORMATION MAY BE PROVIDED TO EXXON FOR THE PROCESSING OF MY CLAIM FOR COMPENSATION. I HAVE RECEIVED THE INFORMATION ABOVE AND STATE THAT IT IS ACCURATE TO THE BEST OF MY KNOWLEDGE. I FURTHER UNDERSTAND THAT THIS CLAIM IS BEING PREPARED BY CHUGACH FISHERIES INC. FOR SUBMISSION TO EXXON BUT THAT CHUGACH FISHERIES INC. IS NOT RESPONSIBLE FOR PAYMENT OR ANY ACTIONS BY EXXON IN CONNECTION WITH THIS CLAIM.

Teresa Woody
Employee Signature

8/13/89
Date

EXHIBIT Q

Page 1 of 1

none

8915

EMPLOYEE NAME: ADKINS, MARIANNE E.
 S.S. #: 528-23-2563 ADDRESS: 7214 De Pearl Cir Midvale, UT 84047
 SEASON AFFECTED: SALMON
Salmon, Herring, Silver Cod, Halibut
 DATES AFFECTED: 1989 TO _____
 DEPARTMENT: Ecology House - 07100
 JOB DESCRIPTION: Ecology House Supervisor

S/T WAGE \$ 8.00 /HOUR
 O/T WAGE \$ 12.00 /HOUR

PERIOD	PROJECTED HOURS FOR DEPARTMENT	ACTUAL HOURS WORKED	HOURS DUE DUE
<u>05/27</u>	ST _____ OT _____	<u>32</u> ST <u>10.75</u> OT _____	ST _____ OT _____
<u>06/10</u>	ST _____ OT _____	<u>72</u> ST <u>51.5</u> OT _____	ST _____ OT _____
<u>06/24</u>	ST _____ OT _____	<u>80</u> ST <u>69.5</u> OT _____	ST _____ OT _____
<u>07/08</u>	<u>80</u> ST <u>49.5</u> OT _____	<u>72</u> ST <u>74.0</u> OT _____	<u>80</u> ST _____ OT _____
<u>07/22</u>	<u>10</u> ST <u>49.5</u> OT _____	<u>71.5</u> ST <u>37.75</u> OT _____	<u>9.5</u> ST <u>11.75</u> OT _____
<u>8/5</u>	<u>10</u> ST <u>49.5</u> OT _____	<u>700</u> ST <u>54.5</u> OT _____	<u>10.0</u> ST _____ OT _____
_____	ST _____ OT _____	ST _____ OT _____	ST _____ OT _____
_____	ST _____ OT _____	ST _____ OT _____	ST _____ OT _____
_____	ST _____ OT _____	ST _____ OT _____	ST _____ OT _____
_____	ST _____ OT _____	ST _____ OT _____	ST _____ OT _____
_____	ST _____ OT _____	ST _____ OT _____	ST _____ OT _____
_____	ST _____ OT _____	ST _____ OT _____	ST _____ OT _____
_____	ST _____ OT _____	ST _____ OT _____	ST _____ OT _____
_____	ST _____ OT _____	ST _____ OT _____	ST _____ OT _____
_____	ST _____ OT _____	ST _____ OT _____	ST _____ OT _____

SIGNED: [Signature] DATE: 11/30/89
 TITLE: Vice Pres

I, Marianne E. Adkins AGREE THAT THE ABOVE INFORMATION MAY BE PROVIDED TO EXXON FOR THE PROCESSING OF MY CLAIM FOR COMPENSATION. I HAVE RECEIVED THE INFORMATION ABOVE AND STATE THAT IT IS ACCURATE TO THE BEST OF MY KNOWLEDGE. I FURTHER UNDERSTAND THAT THIS CLAIM IS BEING PREPARED BY CHUGACH FISHERIES INC. FOR SUBMISSION TO EXXON BUT THAT CHUGACH FISHERIES INC. IS NOT RESPONSIBLE FOR PAYMENT OR ANY ACTIONS BY EXXON IN CONNECTION WITH THIS CLAIM.

Marianne Adkins 8/31/89
 Employee Signature Date

EXHIBIT R
 Page 1 of 1

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FOR SETTLEMENT PURPOSES ONLY

EXXON CLAIMS OFFICE
3201 C STREET, SUITE 310
P.O. BOX 240687
ANCHORAGE, ALASKA 99524-0687
800 478-2986
(907) 561-2986
FAX (907) 564-3880

Dear Claimant:

We understand that you have been a _____ employee at its Alaska facility during 1989 and because of the interruption or partial closure of salmon fishing due to the M/V Exxon Valdez oil spill, you may be eligible to file a claim for wages lost due to layoff or reduced working hours.

If you desire to settle the claim that you may have against EXXON, please execute the enclosed documents as outlined below and forward them to our Anchorage Office in the self-addressed envelope. Assuming the documents are properly executed, our Anchorage office will promptly send you a check for \$_____.

- (1) Affidavit attesting to your availability for work during the period for which prevented wages are being paid (please note that the document must be notarized).
- (2) A Partial Release form covering the 1989 salmon season (please note this form requires your signature to be witnessed).

This offer is made for settlement purposes only and is not an admission of liability or fault by EXXON in any way or for any purpose. Further, your acceptance of this offer does not constitute any admission of liability or fault by EXXON for any purpose.

Please read the release carefully and consult as you deem appropriate to be certain that you understand what is stated in the release.

Very truly yours,

Ed Graves
Adjuster

Attachments

EXHIBIT S
Page 1 of 1

895

JUSTIN HOLLER
VONNE HUGGINS-MCLEAN
MURRAY KLEIST
MATTHEW G. KNOPP
DOUGLAS D. McBROOM
JUDY L. MASSONG
KIRK I. MORTENSEN
JANET L. RICE
JEFFERY P. ROBINSON
VIRGINIA M. ROBINSON

SCHROETER, GOLDMARK & BENDER
300 CENTRAL BUILDING
THIRD & COLUMBIA
SEATTLE, WASHINGTON 98104
Telephone: (206) 622-8000
FAX: (206) 622-2305
FROM BREMERTON (TOLL FREE)
479-1271

LESLIE BUTTER
DNEY STILLERMAN SWAN
BRIAN A. TUCHIDA
PAUL W. WHELAN
MICHAEL WITHEY
JOHN GOLDMARK
(1917-1979)
JEAN BENDER
(1933-1988)
OF Counsel
DAVID DANIELSKI
PAUL O'NEIL
LEONARD W. SCHROETER

March 1, 1990

Crawford Risk Management Services
Exxon Claims Office
3901 C Street, Suite 310
P.O. Box 240687
Anchorage, AK 99524-0557

Attn: Johnny Effler
Cannery Worker's Claims Adjustors

Dear Sir or Madam:

Re: Exxon Oil Spill Litigation

We represent over 500 cannery workers and seafood process employees in the Exxon Valdez litigation. This is a class action lawsuit brought on behalf of all cannery workers and seafood process employees in the areas affected by the oil spill.

The court has under advisement our motions for class certification.

It has come to our attention that you have attempted to unilaterally contact cannery workers and seafood process employees for the purpose of settling claims with them. Some of these individuals are our clients; others are members of the class. In particular, it has come to our attention that you have induced certain cannery workers and seafood process employees to settle for the 1989 season with the requirement that they sign a "Partial Release". We see nothing "partial" about the Release. We believe that you are making fundamental misrepresentations as to the nature of the release sought, and request you hereby discontinue and cease any efforts to obtain "Partial Releases" from any seafood process employees or cannery workers.

We have previously given notice to Exxon, through its attorney Douglas Serdahely, that any claim settled between the date we filed our lawsuit in the Anchorage Superior Court and the date of any settlement would be subject to the Civil Rule 82 provisions allowing the court to set attorney's fees. We trust that Mr. Serdahely notified you of this statement. We further request

EXHIBIT T

Page 1 of 2

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that you discontinue the practice of contacting cannery workers and seafood process employees who are members of the class we have alleged. Such contact between a representative of the defendant and potential plaintiff class members is inappropriate.

Finally, we are desirous of negotiating interim settlements for the 1989 season, on behalf of the individuals we represent personally. This includes the cannery workers employed at Ward's Cove Fisheries.

We have been provided with detailed wage information from officials of Ward's Cove which supports our clients' claims for damages. We expect to hear from you regarding negotiations of these claims.

Very truly yours,

Michael E. Withey

MICHAEL E. WITHEY
Attorney for the Cannery Worker and
Seafood Process Employee Class

MEW/jm2b
Enclosure
cc: Douglas Serdahely
lcra.mew

LAW OFFICES

RICHARD M. CLINTON

Two Union Square
601 Union Street
Seattle, WA 98101-2322

(206) 682-5191
Fax: (206) 621-2660

Anchorage
Bellevue
Portland
Tacoma
Washington, D.C.
Yakima

22137/48519

March 16, 1990

Michael E. Withey, Esq.
Schroeter, Goldmark & Bender, P.S.
500 Central Building
Seattle, Washington 98104

Re: Valdez Oil Spill Litigation

Dear Michael:

This is in response to your letter dated March 1, 1990 to the Exxon claims office. Please provide us with a list of the names, addresses, and, if possible, the social security numbers of the cannery and seafood process workers who have retained you to represent them. After we receive the list, we will instruct the claims offices to avoid discussions with those people and not make any payments to them.

The Exxon claims offices will continue to have discussions and, where appropriate, make payments to other cannery and seafood process workers who have submitted claims. It would be inappropriate to prevent cannery and seafood process workers from obtaining compensation through the claims offices merely because you have filed a class action. Furthermore, as you know, many if not most of the workers have already contacted the claims offices and many have already received claims payments.

Very truly yours,

BOGLE & GATES

Rich

Richard M. Clinton

cc: Thomas Krueger
James R. Stevens, Jr.
Douglas J. Serdahely

EXHIBIT U

Page 1 of 1

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LAW OFFICES

1031 West 4th Avenue, Suite 600
Anchorage, AK 99501

(907) 276-4557

Telex: Int'l 98-1751

Telex: USA 620-42-430

Fax: (907) 276-4152

Seattle

Bellevue

Portland

Tacoma

Washington, D.C.

Yakima

DOUGLAS J. SERDAHELY

22137/48519

April 13, 1990

HAND DELIVERED

Barbara Herman, Esq.
Craig Tillery, Esq.
Attorney General's Office
1031 West Fourth Avenue
Suite 200
Anchorage, Alaska 99501

Re: Exxon Oil Spill Litigation
Authorization for Department of Revenue
Representatives Communications with Exxon
Claims Representatives--Fish Tax Claim

Dear Barbara and Craig:

Mindful of the fact that Exxon and the State of Alaska are in litigation and of Doug Baily's request in his letter of October 5, 1989 to me that "all significant communications between the parties [are] to be conducted through their respective attorneys," I am writing you to request your authorization for appropriate Department of Revenue officials to communicate directly with Exxon Claims Group representatives on the subject of various municipalities' claims for lost fish tax revenues allegedly caused by the Exxon Valdez oil spill.

I am informed that a bill addressing the lost fish tax issue, SB 461, has been introduced in the Alaska legislature this session. I am further advised that earlier this week, certain legislators met with Exxon representatives to discuss this matter and specifically requested Exxon's claims representatives to meet with Department of Revenue officials to explore the possible resolution of the fish tax issue. Exxon's claims representatives are in fact interested in and willing to meet with Department of Revenue officials to discuss this matter, but I understand that such state officials are unwilling to meet with Exxon representatives without express authorization from you or your office.

EXHIBIT V
Page 1 of 2

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Barbara Herman, Esq.
Craig Tillery, Esq.
Page Two
April 13, 1990

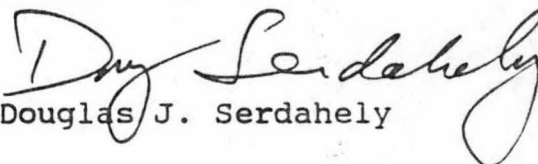
I am, therefore, hereby requesting your authorization for appropriate Department of Revenue officials to meet and communicate with Exxon claims representatives regarding SB 461 and the lost fish tax issue. I suggest that both parties' representatives be authorized to confer with one another without counsel from either party being present.

Your immediate attention to this request is respectfully requested, in view of the limited amount of time remaining in the legislative session and in further deference to the timing considerations of the legislators who have requested this meeting.

Thank you for your consideration.

Sincerely,

BOGLE & GATES


Douglas J. Serdahely

DJS:joy
cc: Michael F. Smith

BOGLE & GATES
EXHIBIT V

Page 2 of 2

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LAW OFFICES

Two Union Square
601 Union Street
Seattle, WA 98101-2322

Anchorage
Bellevue
Portland
Tacoma
Washington, D.C.
Yakima

RICHARD M. CLINTON

(206) 682-5151
Fax: (206) 621-2660

22137/48519

December 12, 1989

VIA RAPIDFAX

Richard S. Gerry, Esq.
Casey, Gerry, Casey, Westbrook,
Reed & Hughes
110 Laurel Street
San Diego, California 92101-1486

Re: Valdez Oil Spill Litigation

Dear Dick:

This letter is in response to your telephone calls and your letter dated November 8, 1989 which inquired about the Alternative Dispute Resolution ("ADR") provisions of Exxon's standard "Fund Receipt and Claims Credit" document. As you know, that document was developed after extensive negotiations with a number of lawyers representing many plaintiffs. In fact, the alternative dispute resolution concept was first advanced by counsel for some of the plaintiffs. Various counsel for plaintiffs and Exxon agreed, and we think you agree, that alternative dispute resolution can be a time saving and efficient way to resolve disputes. The Funds Receipt and Claims Credit document has already been signed by thousands of fishermen claimants and other claimants.

With this background we will attempt to respond to the questions raised in your letter of November 8, 1989. Our responses are set forth in the attached document.

Very truly yours,

BOGLE & GATES

Richard Clinton
Richard M. Clinton

Attachment
cc: Matthew Jamin

EXHIBIT W
Page 1 of 2

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Exxon's comments concerning common inquiries about Alternate Dispute Resolution ("ADR").

1. Who pays for ADR? Exxon will pay for ADR when ADR results in a successful resolution of the plaintiff's claim(s). If a party objects to the solution proposed by the master(s), mediator(s) or arbitrator(s), Exxon suggests that the objecting party pay the ADR costs. In those situations where both parties object to the proposed ADR solution, Exxon suggests that the ADR costs be split and the plaintiff(s) pay 50% of the ADR costs and the defendants pay the other 50%.

2. When should ADR take place? Exxon suggests that ADR take place after settlement negotiations have reached an impasse. Hopefully most claims can be resolved through settlement negotiations. Exxon also agrees that ADR should be parallel to and coordinated with trial preparation and commence when claims are ripe for ADR.

3. Who would be the ADR facilitators? Exxon agrees that a selection process to obtain mutually agreeable master(s), mediator(s) or arbitrator(s) needs to be developed. Until the parties know what the nature of the arbitration or mediation issues will be, it is difficult to select individuals. When some cases become ripe for ADR, the parties can use those cases to develop a mutually agreeable ADR facilitator selection process.

4. What kinds of disputes could be subject to ADR? Exxon suggests that disputes that cannot be resolved through negotiation and are preventing a final resolution of a case could be subject to ADR. The parties should endeavor to settle as many issues as possible through direct negotiations and ADR should be used only after settlement negotiations have reached an impasse. Furthermore, Exxon believes that repetitive ADR proceedings for a particular plaintiff would be inefficient.

5. Is the decision of the ADR facilitator binding? Exxon previously advised plaintiffs and agrees that ADR would not prohibit either side from proceeding to trial. However, if both sides desire they should have the option to agree to binding ADR.

6. Could settlement negotiations continue? Exxon agrees that individuals wishing to continue settlement negotiations with defendants should be permitted to do so.

7. How and when can more specifics about ADR be developed? The language of the "Funds Receipt and Claims Credit" form and this document outlines the ADR process. The parties and their counsel need to continue discussions to further develop ADR procedures. More specifics of the ADR process can be developed as soon as disputes become ripe for ADR. Exxon welcomes comments and suggestions from plaintiffs concerning ADR.

APR 23 1990

BOGLE & GATES
FILED

APR 20 1990

UNITED STATES DISTRICT COURT
DISTRICT OF ALASKA
By _____ Deputy

MELVYN I. WEISS
JEROME M. CONGRESS
MILBERG WEISS BERSHAD
SPECHTRIE & LERACH
One Pennsylvania Plaza
New York, New York 10119
Telephone: (212) 594-5300
-and-
ALAN SCHULMAN
CHARLES S. CRANDALL
225 Broadway, Suite 2000
San Diego, California 92101
Telephone: (619) 231-1058

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ALASKA

In Re:)
)
the EXXON VALDEZ) No. A89-095 Civil
)
)

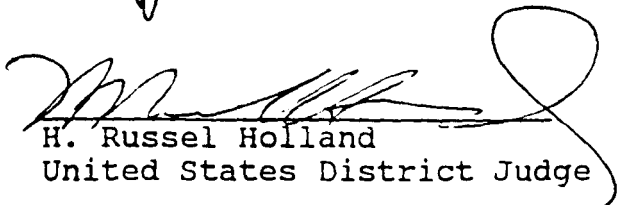
RE: A89-095, A89-135, A89-136, A89-139
A89-144, A89-238, AND A89-239

ORDER PERMITTING FILING OF DOCUMENTARY EVIDENCE WITH REPLY BRIEF

Upon the motion of class action plaintiffs, and good cause
appearing,

IT IS HEREBY ORDERED that the documents attached to
Plaintiffs' Reply Brief may be filed.*

Dated this 20 day of April, 1990, at Anchorage,
Alaska.


H. Russel Holland
United States District Judge

ord
Olyshon and Exxon may address the matter of these documents during oral argument.
cc: D. Serdahely
L. Miller
D. Ruskin

EXHIBIT B
Page 1 of 1

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DAVIS WRIGHT TREMAINE
Law Offices
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DOUGLAS J. SERDAHELY

Seattle
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Yakima

TRANSMITTED VIA FACSIMILE

32137/48519

April 20, 1990

Alan Schulman, Esq.
Milberg, Weiss, Bershad,
Specthrie & Lerach
225 Broadway
2000 Coast Savings Tower
San Diego, California 92101

Re: Exxon Valdez Oil Spill Litigation
Plaintiffs' Surrebuttal to Defendants'
Supplemental Responses - Class
Certification Briefing

Dear Alan:

I have now talked with Chuck Flynn regarding defendants' position as to the filing of any surrebuttal memoranda by plaintiffs to the supplemental memoranda recently filed by the Exxon and Alyeska defendants in response to what defendants regarded as new material initially raised in plaintiffs' class certification reply memoranda.

Please be advised that the Exxon and Alyeska defendants will not oppose the filing of any such surrebuttal memoranda by plaintiffs, so long as such memoranda are of reasonable length and are truly responsive to defendants' latest submissions, i.e. do not raise any new arguments, theories, or evidence.

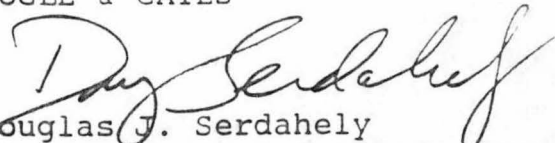
EXHIBIT C
Page 1 of 2

Alan Schulman, Esq.
April 20, 1990
Page 2

Feel free to call me if you have any questions about
defendants' position on this matter.

Sincerely,

BOGLE & GATES


Douglas J. Serdahely
Liaison Counsel for Defendants
and Co-Member of Defendants'
Coordinating Committee

DJS:joy

cc: Charles P. Flynn

EXHIBIT C
Page 2 of 2

BOGLE & GATES

FILED

MAY 10 1990

UNITED STATES DISTRICT COURT
DISTRICT OF ALASKA
Re _____ Deputy

Douglas J. Serdahely
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Exxon Shipping Company (D-2)

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Attorneys for defendant
Exxon Pipeline Company (D-10)

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ALASKA

In re)
the EXXON VALDEZ) Case No. A89-095 Civil
(Consolidated)

RE: A89-095, A89-135, A89-136, A89-139
A89-144, A89-238 AND A89-239

AFFIDAVIT OF SERVICE

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) : ss.

Joy C. Steveken, being duly sworn, upon oath, deposes and
says: that she is employed as a legal secretary in the offices
of Bogle & Gates, 1031 West 4th Street, Suite 600, Anchorage,

AFFIDAVIT OF SERVICE

-1-

BOGLE & GATES

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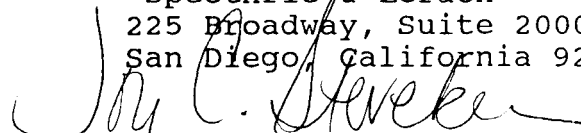
Alaska 99501; that she has served Exxon Defendants' (D-1, D-2 and D-10) Opposition to Class Action Plaintiffs' (P-1, P-3, P-8, P-9 through P-19, P-21, P-22, P-24 through P-28, P-40 through P-44, P-46, P-48, P-50, P-52, P-54 through P-62, P-64 through P-67, P-73 through P-80, P-95, P-96, P-112, P-113, P-116, P-118, P-120, P-122, P-124, P-126, P-128, P-130, P-132, P-135 through P-147, P-167, P-168, P-189, P-195, P-196, P-202 through P-206, P-246, P-247 and P-267) Motion to Strike Supplemental Affidavit of Richard T. Harvin and proposed order upon Lloyd Benton Miller, Sonosky, Chambers, Sachse & Miller, 900 West Fifth Avenue, Suite 700, Anchorage, Alaska 99501 as plaintiffs' liaison counsel pursuant to Pretrial Order No. 9, Liaison Counsel, section (2), dated December 22, 1989, and courtesy copies sent, on May 10, 1990 via hand delivery or U.S. Mail, postage prepaid, to the following attorneys:

David W. Oesting, Esq.
Davis, Wright & Tremaine
550 West Seventh Avenue
Suite 1450
Anchorage, Alaska 99501

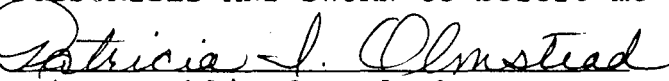
Melvyn I. Weiss, Esq.
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San Diego, California 92101


Joy C. Steveken

SUBSCRIBED AND SWORN to before me this 10th day of May, 1990.


Notary Public for Alaska
My Commission Expires: 5-11-93

AFFIDAVIT OF SERVICE

-2-

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- and -

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5 CHARLES S. CRANDALL
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San Diego, CA 92101
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7 Chairman, Ad Hoc Committee
8 on Class Certification

FILED

APR 20 1990

UNITED STATES DISTRICT COURT
DISTRICT OF ALASKA
Rv Deputy

9 IN THE UNITED STATES DISTRICT COURT
10 FOR THE DISTRICT OF ALASKA

11 In re) No. A89-095 Civil
12 the EXXON VALDEZ) (Consolidated)
13)

14 RE: A89-095, A89-135, A89-136, A89-139,
15 A89-144, A89-238, and A89-239

16 CLASS ACTION PLAINTIFFS' (P1, P3, P8-P19, P21-P22,
17 P24-P28, P40-P44, P46, P48, P50, P52, P54-P62, P64-P67,
18 P73-P80, P95-P96, P112-P113, P116, P118, P120, P122, P124,
P126, P128, P130, P132, P135-P147, P167-P168, P189, P195,
P202-P206, P246-P247, P267) MOTION FOR LEAVE TO REPLY TO
19 FAEGRE & BENSON'S AMICUS CURIAE MEMORANDUM

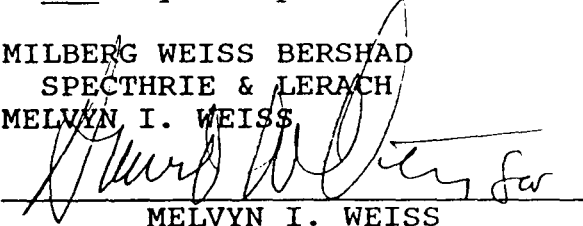
20 Class Plaintiffs understood Faegre & Benson's motion for
21 leave to file a memorandum amicus curiae, dated February 22,
22 1990, to request leave to file the five page memorandum which was
23 appended to its motion (Motion at 2), and accordingly, did not
24 oppose the motion. Class Plaintiffs do not believe that Judge
25 Holland's Order No. 24 was intended to permit Faegre & Benson to
now file a different memorandum than was appended to its motion,
but Faegre & Benson advises Class Plaintiffs that is now their

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intent. Since Class Plaintiffs have already served their reply
memoranda on the class certification issue, allowing Faegre &
Benson to now file a different memorandum, would put them in the
unfair position of filing a rebuttal brief. If Faegre & Benson
is permitted to file a different memorandum at this time, Class
Plaintiffs respectfully request leave to reply to it within
fourteen days of service.

Dated at Anchorage, Alaska this 20th day of April 1990.

MILBERG WEISS BERSHAD
SPECTHRIE & LERACH
MELVYN I. WEISS

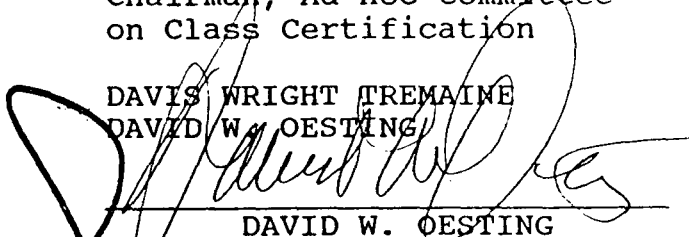

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Chairman, Ad Hoc Committee
on Class Certification

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DAVID W. OESTING


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Attorneys for Plaintiffs

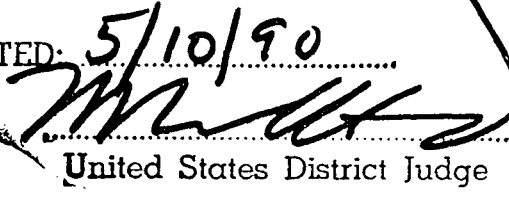
FILED

MAY 10 1990

UNITED STATES DISTRICT COURT
DISTRICT OF ALASKA
Deputy

Motion Denied
~~It is so ORDERED.~~

DATED: 5/10/90


United States District Judge

cc: D. Serdahely
D. Ruskin
L. Miller

MOTION FOR LEAVE TO REPLY TO FAEGRE &
BENSON'S AMICUS CURIAE MEMORANDUM - 2
27510\1\MOTION