David W. Oesting DAVIS WRIGHT TREMAINE LLP 550 West 7th Avenue, Suite 1450 Anchorage, AK 99501 (907) 257-5300

Lead Counsel for Plaintiffs

Lloyd B. Miller SONOSKY, CHAMBERS, SACHSE, MILLER & MUNSON 900 West 5th Avenue, Suite 700 Anchorage, AK 99501 (907) 258-6377

Liaison Counsel for Plaintiffs

Honorable H. Russel Holland

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF ALASKA

In re:)	
The EXXON VALDEZ)	Case No. A89-095-CV (HRH) (Consolidated)
THIS DOCUMENT RELATES TO ALL CASES)))	

PLAN OF DISTRIBUTION OF ALLOCATIONS TO THE CANNERY WORKER CLAIM CATEGORY

Plaintiffs' Plan Of Allocation Of Recoveries Obtained By Plaintiffs In Litigation Arising From The Exxon Valdez Oil Spill, filed with this Court on January 12, 1996 and

approved as modified by this Court on June 11, 1996 ("Allocation Plan"), 1 establishes the allocation of recoveries among major groups of "signatory" plaintiffs² ("signatories") organized into claim categories. This distribution plan proposes a method for distributing allocations to the Cannery Worker Claim Category, which includes claims for lost income in 1989 from lack of employment as a result of the Exxon Valdez oil spill, as a cannery worker or seafood processing employee in Chignik, Cook Inlet, Kodiak or Prince William

¹Order No. 317, Motion for Final Approval of the Plan of Allocation (June 11, 1996) ("Order 317"); see also Order No. 327, Exxon's Motion to Reconsider Order No. 317 (Sept. 11, 1996); Order No. 329, Fortier Group's Motion to Modify Order No. 317 (Sept. 11, 1996). 2"Signatory" plaintiffs are those who joined in the joint prosecution agreement, either

individually or as class members. See Allocation Plan 3-4. Claim categories defined in the Allocation Plan include aquaculture association, area business, cannery worker, municipality, Alaska Native, Native corporation, personal injury, personal property, processor, real property, recreational use, subsistence, tender, and "oiled" and "unoiled" fisheries. The only "nonsignatories" which may share in recoveries governed by the Allocation Plan are: Native corporations Chenega Corporation, Chugach Alaska Corporation, English Bay Corporation, Eyak Corporation, Port Graham Corporation and Tatitlek Corporation; and pro per plaintiffs Daniel DeNardo, Donald Ferguson, Tom Lakosh and Rainbow King Lodge. This Court rejected attempts by Exxon and its surrogates the "Seattle Seven" seafood processors to share in the punitive damages verdict. See Order 317, p. 31; see also Order 327. The Court approved "off the top" allocations from punitive damages recoveries of 2.457% to non-signatory Native corporations Chugach Alaska, Eyak and Tatitlek, see Order No. 317, 49 n.31, and 1.82% to the "Fortier group" of Native Corporations Chenega, English Bay and Port Graham. Id. 49; see also Order 329. Plaintiffs' counsel are separately asking the Court to increase the Fortier group's allocation from punitive damages recoveries to 2.18%. See Notice Of Court Hearing On Plaintiffs' Request For Approval Of Proposed Distribution Plans Of Recoveries By Plaintiffs In The Exxon Valdez Oil Spill Litigation And Of Court Hearing On Plaintiffs' Request For Confirmation Of An Award Of Attorneys' Fees And Costs ("Notice"). If approved, signatories would be allocated 95.363% of punitive damages recoveries. Pro per non-signatories share in signatories' recoveries on the same terms as similarly-situated signatories. See, e.g., Order 317, 17-18 (dismissing objection of T. Lakosh).

Sound ("cannery workers"). See Allocation Plan 14. Plaintiffs' counsel³ ask the Court to approve this distribution plan as fair, adequate and reasonable, after notice and opportunity to object is given to cannery workers.⁴

I. RECOVERIES SUBJECT TO THIS DISTRIBUTION PLAN

As described more fully in the Court-approved Allocation Plan, cannery workers share in signatories' common recoveries, which presently include: roughly \$200,298,000 already distributed from the Exxon claims program and TAPL Fund;⁵ \$87,311,000 from the Alyeska Settlement, most of which was distributed in the Alyeska Claims Program;6

³"Plaintiffs' counsel" are plaintiffs' Court-appointed Co-Lead Counsel, Liaison Counsel, and Executive Committee, and counsel who executed plaintiffs' joint prosecution agreement.. Plaintiffs' counsel are filing a separate distribution plan with the Court for each claim category, including an omnibus distribution plan for "unoiled" fishery claim categories.

⁴Because the Allocation Plan fixed the percentage allocation to the Cannery Worker Claim Category, only putative cannery workers have any interest in how allocations to the Cannery Worker Claim Category are distributed, and, therefore, standing to object to this distribution plan. Plaintiffs' counsel propose that cannery workers whose claims were dismissed for failure to provide discovery ("Allen plaintiffs") share in cannery worker allocations, but that their claims be discounted by an additional 50%. When plaintiffs' joint prosecution agreement was reached in the spring of 1994, see Allocation Plan 3-4, Allen plaintiffs had viable rights of appeal, which were in fact pursued. Plaintiffs' counsel believe that a 50% discount rate is fair. given the circumstances of many dismissals and prospects for successful appeal.

⁵Plaintiffs' counsel estimate that signatories recovered approximately \$186,271,000 from the Exxon Claims Program and \$14,027,000 from the TAPL Fund. See Allocation Plan 28. Since the Allocation Plan was filed in January 1996, plaintiffs' counsel have refined and lowered their estimate of signatories' recoveries from the Exxon Claims Program. In this document, dollar amounts are rounded to the nearest \$100 or \$1,000, as appropriate.

⁶Alyeska settled for \$98 million, of which roughly \$10,689,000 was paid to nonsignatory Native corporations.

\$24,722,000 collected from Exxon,7 to be distributed in the Supplemental Claims Program; and a projected \$4,825,716,0008 plus interest9 from judgments against Exxon which are not yet collected. 10 The cannery worker matrix share is projected to be 0.5291% of signatories' share of the Alyeska Settlement, and 0.5300% of signatories' other common recoveries. 11

THE SUPPLEMENTAL CLAIMS PROGRAM A.

In the Supplemental Claims Program, plaintiffs' counsel will distribute cannery worker's 0.5300% matrix share (roughly \$131,000 less attorneys' fees approved by the

⁷This amount includes \$23,506,000 collected from settlements with Exxon by Alaska Native and municipality plaintiffs, and \$1,216,000 (\$724,000 plus interest) collected by Kodiak Island Borough from a state court judgment against Exxon. The combined \$24,722,000 will be referred to as the "Native/Municipality/Kodiak Island Borough recoveries." The Allocation Plan was filed before the Kodiak Island Borough judgment was collected, and therefore anticipated that only \$23,506,000 from Native and municipality settlements would be distributed in the Supplemental Claims Program. See Allocation Plan Table 7.

⁸This amount consists of a \$19,590,000 compensatory damage judgment won in the federal court Phase IIA trial ("Phase IIA judgment"), \$37,971,000 in prejudgment interest awarded by the federal court ("prejudgment interest"), and \$4,768,155,000 (95.363%) of the \$5,000,005,000 punitive damages judgment won in federal court ("punitive damages judgment"). The remaining \$231,850,000 (4.637%) of the punitive damages judgment is allocated to the nonsignatory Native corporations.

⁹Post-judgment interest accrues at the rate of 5.9% per annum.

¹⁰Plaintiffs' cross appeals could lead to greater compensatory damage recoveries.

¹¹The cannery worker matrix share could increase as a result of shortfalls in claims in the personal injury, personal property and subsistence claim categories. See Allocation Plan 24 n.31. The matrix share of the Alyeska Settlement is lower than that of signatories' other recoveries, because the Alyeska Settlement was shared in by plaintiffs which do not share in other recoveries -- e.g., municipalities which did not file direct action lawsuits.

Court¹²) of Native/Municipality/Kodiak Island Borough recoveries, ¹³ and unclaimed money, if any, remaining from their \$1,053,000 allocation from the Alyeska Settlement.

B. PROJECTED FUTURE RECOVERIES

Plaintiffs' counsel expect cannery workers to be allocated roughly \$305,000 from the Phase IIA judgment and prejudgment interest, and \$25,271,000 from signatories' share of the punitive damages judgment, as (and if) they are collected, ¹⁴ less attorneys' fees, litigation expenses and claims administration expenses which the Court approves. These figures do not include post-judgment interest, in which cannery workers also will share. ¹⁵

C. THE FINAL DISTRIBUTION

Cannery workers' \$1,053,000 allocation from the Alyeska Settlement exceeded their projected matrix share of \$462,000 (0.5291%). Also, plaintiffs' counsel estimate that roughly 4,500 cannery workers were paid \$11,400,000 from the Exxon claims

¹²Plaintiffs' counsel are separately asking the Court to approve attorneys' fees of 22.4% of signatories' recoveries from Native/Municipality/Kodiak Island Borough recoveries and uncollected recoveries. *See* Notice. Plaintiffs' counsel also will seek reasonable expenses of litigation, notice and claims administration. *Id.*

¹³Allocations to the Cannery Worker Claim Category will be deposited into an interest-bearing account designated for the claim category, and held by the Exxon Qualified Settlement Fund pursuant to the terms of this Court's Order Establishing The Exxon Qualified Settlement Fund And Appointing An Administrator (Jan. 25, 1995) ("Exxon QSF Order").

¹⁴A settlement with Exxon for a lesser amount might be reached before appeals are resolved. Any such settlement would be subject to judicial approval after plaintiffs are given notice and opportunity to object.

¹⁵It is impossible to reliably predict at this stage how much post-judgment interest, if any, signatories ultimately will collect.

program and TAPL Fund, 16 which exceeds all cannery workers' 0.5300% matrix share of \$1,066,000 from these recoveries. In the Final Distribution to be conducted once all of signatories' recoveries are collected, distributions to cannery workers will be adjusted to account for these "prepayments." See Allocation Plan 38-39. As a result, plaintiffs' counsel expect the allocation to the Cannery Worker Claim Category in the Final Distribution to be reduced. See infra.

D. **SUMMARY**

If signatories succeed in collecting the projected \$4,825,716,000 in additional recoveries, cannery workers' total allocation from all recoveries will be roughly \$27,536,000 (less attorneys' fees and expenses), which includes \$131,000 from Native/Municipality/Kodiak Island Borough recoveries, \$462,000 from the Alveska Settlement, \$305,000 from the uncollected Phase IIA judgment and prejudgment interest, \$25,271,000 from the uncollected punitive damages judgment, and \$1,062,000 from Exxon claims and TAPL Fund recoveries. This amount does not include post-judgment interest.

Exxon has appealed the judgments against it, thereby delaying the date when signatories ultimately collect all their recoveries, and creating risk that the full amounts

¹⁶Based on data provided by the Exxon defendants, plaintiffs' counsel estimate that \$11,177,000 was paid to cannery workers from the Exxon Claims Program. Plaintiffs' counsel estimate that roughly \$223,000 was paid to cannery workers by the TAPL Fund. At this time, plaintiffs' counsel lack complete data as to which specific claims were paid or how much was paid to them.

might never be collected. Plaintiffs' counsel fully expect to prevail in Exxon's appeals, and believe it prudent for the Court and cannery workers to evaluate this distribution plan under the assumption that cannery workers ultimately will be allocated \$27,536,000 plus interest.

II. THE SUPPLEMENTAL CLAIMS PROGRAM

Upon judicial approval of a distribution plan for cannery workers, ¹⁷ plaintiffs' counsel will conduct a Supplemental Claims Program with three goals. The Supplemental Claims Program and future distributions will be administered by a Courtappointed Administrator, subject to oversight by the Court. See Exxon QSF Order.

First, all cannery worker claimants will be required to identify themselves and submit a claim before a specified cut-off date. Plaintiffs' counsel will automatically register a claim for those who filed cannery worker claims in the Alyeska Claims

Program, but will still require any such claimant to supplement his or her Alyeska claim

¹⁷Plaintiffs' counsel will begin the distribution process for a claim category once the claim category's distribution plan receives judicial approval, even if distribution plans for other claim categories are not yet approved.

¹⁸Late claims will not be accepted after the published cut-off date. When filing a claim, each claimant must expressly authorize the Administrator to access and rely upon data from the State of Alaska necessary to calculate the claim. To this end, claim forms will contain a release, which each claimant must sign, allowing the Administrator to obtain records from agencies of the State of Alaska including the Commercial Fisheries Entry Commission (CFEC) and Alaska Department of Fish & Game (ADF&G). Claimants also must expressly authorize the Administrator to obtain information containing the claimant's Social Security number and taxpayer identification number, and permit the use of this information for all purposes reasonably necessary to process the claimant's claim. All liens, levies or assignments asserted against a claimant must be served directly upon the Administrator.

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and submit a signed, verified supplemental claim form, unless otherwise provided by counsel for the claimant.

Document 9285-2

Second, plaintiffs' counsel will determine for each valid claim a percentage share of allocations to the Cannery Worker Claim Category (Final Percent Share). 19 All claims will be reviewed and adjusted under the auspices of plaintiffs' Allocation Committee, under guidelines set forth in this distribution plan, subject to judicial oversight. Final Percent Shares will be determined in exactly the same manner for class and direct action claimants, in a central claims office. For each claimant, plaintiffs' counsel will make an initial determination of a Final Percent Share, provide the claimant notice of the initial determination and an explanation of the methodology and data underlying the initial determination, and give the claimant an opportunity to comment and seek reconsideration. After reconsideration if necessary, Final Percent Shares will be submitted to the Court for approval.²⁰

¹⁹In this distribution plan, the term "Final Percent Share" is defined differently than in Allocation Plan, in which the term denoted a plaintiff's percent share of signatories' recoveries, rather than allocations to a particular claim category. The change in nomenclature is made for administrative reasons.

²⁰If, after reconsideration, a claimant still disagrees with the determination of his or her Final Percent Share, the claimant could object to the Court. All disputes relating to the interpretation or meaning of this distribution plan (and any modification of this distribution plan which the Court might approve), determinations of claims, or payments made under this distribution plan, will be subject to the exclusive jurisdiction of the United States District Court for the District of Alaska. In the event any such dispute arose, claimants would be submitting to personal jurisdiction in the United States District Court for the District of Alaska for all matters related to this distribution plan or payments made under this distribution plan.

Third, plaintiffs' counsel will distribute to cannery workers their \$131,000 share of Native/Municipality/Kodiak Island Borough recoveries, plus any "unclaimed" money (i.e., money reserved for absent class members for which no claim was made) remaining from their \$1,053,000 allocation from the Alyeska Settlement. Plaintiffs' counsel would, if feasible, make partial distributions in the Supplemental Claims Program based on preliminary estimates of Final Percent Shares, rather than make every claimant await resolution of reconsiderations of or objections to determinations of Final Percent Shares.

As provided in the Allocation Plan (10-11), Final Percent Shares also will be used to distribute additional recoveries as they are collected, unless there is a modification to existing Court orders. No distributions will be made unless and until approved by the Court.

III. **DETERMINATION OF FINAL PERCENT SHARES**

Plaintiffs' counsel propose to divide cannery worker allocations 59.1% to Chignik and Kodiak workers, 32.2% to Cook Inlet workers, and 8.7% to Prince William Sound (PWS) workers. These percentages are based on 1989 earnings lost as a result of the oil spill by cannery workers in each area.²¹ From the projected total cannery worker allocation of \$27,536,000, \$16,274,000 would go to Chignik/Kodiak workers, \$8,867,000

²¹Identical percentages were used for cannery workers' allocation from the Alyeska Settlement. See Plaintiffs' Plan For Distribution Of The Alyeska Settlement And Memorandum In Support 16-17 (Oct. 1, 1993) ("Alyeska Distribution Plan"). To derive these percentages, the Allocation Committee considered expert studies, TAPL Fund reports, claims data submitted in the Alveska Settlement, employment data from the State of Alaska and other information. The lost earnings estimates formed the basis for the Cannery Worker Claim Category Matrix Share. See Allocation Plan 5-6.

to Cook Inlet workers, and \$2,396,000 to PWS workers. These amounts include attorneys' fees and litigation expenses, but not postjudgment interest.

Plaintiffs' counsel have concluded that the fairest manner to distribute each area's allocation is on a *per capita* basis, so that cannery workers in each area all receive the same amount. Cannery workers endorse this *per capita* approach. It was used in the Alyeska Claims Program. The administrative expense and burden of an alternative distribution method requiring evaluation of individual losses would be prohibitive, because plaintiffs' counsel estimate that there are potentially 8,000 cannery worker claims.

A. AREA FUNDS

Allocations to each of the three areas Chignik/Kodiak, Cook Inlet and PWS would be administered in separate "area funds." To qualify for an area fund, a claimant must establish that he or she either: (1) was employed by a cannery or seafood processor in the area in 1989 on or after the oil spill;²² or (2) was "displaced" from such employment as a result of the oil spill.²³ Claimants who qualify for two or more area funds will be paid only from the fund with the highest *per capita* share.

²²To establish employment, a claimant must submit corroborating documents such as W2 forms, income tax returns, or employer affidavits.

²³To qualify as displaced, a claimant must establish that he or she either: (a) had an offer of employment for 1989 which was revoked (evidenced by letters or affidavits from employers or union officials); or (b) was employed by a cannery in the area in two of three seasons 1987, 1988 and 1990 (evidenced by documents such as W2 forms, income tax returns or employer affidavits). Displaced claimants also must submit verified statements detailing how the oil spill prevented them from working in the area in 1989, and establishing that they were ready, willing and able to work.

B. FINAL PERCENT SHARES

Each cannery worker's final percent share would equal the percent share of the highest-paying area fund for which he or she qualifies -- *i.e.*, 59.1% for Chignik/Kodiak, 32.2% for Cook Inlet and 8.7% for PWS fund -- divided by the number of cannery workers who qualify for the area fund. The precise number of cannery workers who qualify for each area fund will not be known until after all claims are reviewed in the Supplemental Claims Program.

IV. ADJUSTMENTS FOR PREVIOUS COMPENSATION

Most of the 4,500 cannery workers paid by Exxon Claims ("Exxon payees") received what should prove to be a large portion of their final percent shares of total cannery worker allocations. Assuming a total cannery worker allocation of \$27,536,000 and 8,000 claimants, the average allotment per claimant would be \$3,470. As shown on the attached Table 1, plaintiffs' counsel estimate that the 4,500 Exxon payees received roughly \$2,510 apiece on average 24 -- more than 70% of the projected average allotment of \$3,470. In contrast, cannery workers who received nothing from Exxon Claims ("Exxon non-payees") were paid only \$98,000 by the TAPL Fund -- less than 1% of the amount received by Exxon payees.

²⁴The 4,500 Exxon payees collectively received roughly \$11,177,000 from Exxon Claims and \$125,000 from the TAPL Fund, for a total of \$11,302,000.

To begin closing this gap, the Court-approved Alyeska Distribution Plan (pp. 16, 17) allotted Exxon non-payees larger shares than Exxon payees. 25 As shown on the attached Table 1, this achieved only slight progress towards parity. The 4,500 Exxon payees -- who comprise 56.3% of the potential 8,000 claimants -- have received 92.7% of recoveries to date from Exxon Claims, the TAPL Fund and the Alyeska Settlement.

THE SUPPLEMENTAL CLAIMS PROGRAM Α.

Plaintiffs' counsel would continue closing the gap between Exxon payees and nonpayees in the Supplemental Claims Program, by distributing the \$131,000 (less attorneys' fees) cannery worker allocation from Native/Municipality/Kodiak Island Borough recoveries only to Exxon non-payees. Specifically, plaintiffs' counsel propose to divide the \$131,000 allocation \$77,400 (59.1%) to the Chignik/Kodiak area fund, \$42,200 (32.2%) to the Cook Inlet area fund and \$11,400 (8.7%) to the PWS area fund, and distribute each of these amounts equally among Exxon non-payees who qualify for the respective area funds.

В. THE FINAL DISTRIBUTION

Once punitive damage recoveries are collected, there will be a Final Distribution. in which offsets will be made for distributions from prior recoveries, including the Exxon Claims Program, TAPL Fund, Alyeska Settlement and Native/Municipality/Kodiak Island

²⁵Cook Inlet claimants were allotted \$155 if payment was received from Exxon Claims, and \$355 if not. Chignik/Kodiak claimants were allotted \$39 if payment was received. and \$239 if not. PWS claimants were allotted \$24 if payment was received, and \$224 if not.

Borough recoveries. See Allocation Plan 38-39. Claimants' final distributions will be adjusted by the difference between their allotments from previous recoveries based on Final Percent Shares, and what they actually received. The object will be to apply Final Percent Shares, which are the best measure of a fair and equitable distribution, to all of signatories' recoveries.

C. **FUTURE INTERIM DISTRIBUTIONS**

Plaintiffs' counsel do not expect to be able to make additional interim distributions after the Supplemental Claims Program and before the Final Distribution, because the Exxon defendants are not expected to pay anything more until the litigation is finally resolved. If additional interim distributions do become possible, distributions to claimants of all types, including cannery workers, would be adjusted to reflect the extent to which they have already been compensated.²⁶ Nothing would be distributed to claimants already paid more than their Final Percent Share of their claim category's

²⁶This would be done in the following manner. Denote the amount to be distributed as the "Interim Recovery." For every claimant in every claim category, plaintiffs' counsel would calculate: a "gross claim value" equal to the claimant's Final Percent Share, times the matrix share of the claimant's claim category, times the total amount of signatories' recoveries collected to date (including the Interim Recovery); and a "net claim value" equal to the gross claim value minus previous payments to the claimant (from Exxon Claims, the TAPL Fund, the Alyeska Settlement, individual settlements, Native/Municipality/Kodiak Island Borough recoveries, etc.), or zero if the claimant's previous payments exceed the gross claim value. Plaintiffs' counsel would distribute the Interim Recovery in proportion to net claim values.

matrix share of signatories' recoveries to date.²⁷ Claimants paid less would be paid in proportion to the shortfall. This methodology simply extends forward in time the fundamental principle of the Final Distribution, set forth in the Court-approved Allocation Plan, that matrix shares and Final Percent Shares should govern the distribution of all of signatories' recoveries.

Respectfully submitted this 22nd day of April.

DAVIS WRIGHT TREMAINE

550 West 7th Avenue

Suite 1450

Anchorage AK 99501

(907) 257-5300

Co-Lead Counsel for Plaintiffs

On the brief: Charles L. Miller, Jr. DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP 2101 L Street NW Washington, DC 20037 (202) 785-9700

²⁷Plaintiffs' counsel estimate that only the punitive damages judgment is large enough to allow

parity to be achieved between Exxon payees and Exxon non-payees. Thus, if there are additional interim distributions before the Final Distribution, only Exxon non-payees are likely to be paid. Not until the Final distribution, if at all, will signatories' recoveries become large enough for further distributions to be made to Exxon payees.

Table 1 DISPARITY IN PREVIOUS COMPENSATION TO CANNERY WORKERS

		Workers Paid By	Workers Not Paid
	Gross	Exxon Claims(2)	By Exxon Claims
Recovery	Amount(1)	4,500	3,500
DISTRIBUTED			
Exxon Claims	\$11,177,000	\$11,177,000	\$0
TAPL Fund	\$223,000	\$125,000	\$98,000
Subtotal	\$11,400,000	\$11,302,000	\$98,000
ALYESKA SETTLEMENT (3)	\$1,053,000	\$243,000	\$810,000
RECOVERIES TO DATE	\$12,453,000	\$11,545,000 92.7%	\$908,000 7.3%
 Native/Muni/KIB(4)	\$131,000		\$131,000
Total	\$13,637,000	\$11,788,001	\$1,849,000
TOTAL AFTER SUPPLEMENTAL			
CLAIMS PROGRAM	\$25,037,000	\$23,090,001	\$1,947,000
		92.2%	7.8%

- (1) Gross amounts include attorneys' fees.
- (2) Based on data from Exxon and Alyeska claims programs, there are potentially 8,000 cannery worker claimants, of which 4,500 (56.3%) received Exxon Claims payments.
- (3) Estimate based on terms of Alyeska Distribution Plan and projected Alyeska cannery worker claims. Evaluation of Alyeska cannery worker claims is not yet complete.
- (4) Proposed.