

3 Consolidation of QS Holdings

3.1 Introduction

The first allocations of halibut QS were made near the end of 1994. A year later most of the eligible applicants had received their allocations; although some allocations have continued through 1997. The first quota share transfers began in 1994 shortly after the allocations started. Since then, some of the transfers have gone to persons who were entering the fishery for the first time, whereas other transfers have gone to persons who had received initial allocations and were adjusting their QS holdings.

Transfer transactions, revocations, and administrative actions can change the distribution of QS holdings. Permanent transfer activity includes routine transfers, transfers associated with “sweep-ups,” transfers associated with CDQ compensation QS “swaps” across catcher vessel categories, and court-ordered transfers. This chapter provides an overview of the consolidation of QS holdings that have occurred due to all these factors during the first three years of the IFQ program.¹

Persons may consolidate QS within the limits of the IFQ program regulations. There are several regulations designed to affect the nature of transfers and to limit the amount of QS aggregation. Some of the more important ones are:

- Under most circumstances, QS from one vessel category cannot be transferred to another vessel category. Rules that allow special vessel category “swaps” are discussed in more detail below.
- Some QS is issued in non-severable “blocks.” A person may hold a maximum of two blocks of QS in an area, and persons with two blocks may not hold unblocked QS for that area. These rules are also discussed in more detail below.²
- The persons who may buy catcher vessel QS are restricted. Only those who were originally issued catcher vessel QS or those who qualify as IFQ crew members by working for 150 days on the harvesting crew in any U.S. fishery may buy catcher vessel QS.³ Purchases of freezer vessel QS are not restricted in this way.
- The only corporations or partnerships that may purchase more catcher vessel QS are those that were initial QS recipients. In Area 2C, corporations and

¹ “Sweep-ups” and vessel category “swaps” are discussed briefly in Chapter 2. “Sweep-ups” of small QS blocks are covered in detail in Chapter 8. “Swaps” of CDQ compensation QS across catcher vessel categories are covered in detail in Chapter 7.

² See 50 CFR 679.42(g).

³ See 50 CFR 679.41(g); “IFQ crew” are defined in 50 CFR 679.2.

partnerships may only use catcher vessel QS that they were initially issued. An exception to these rules occurs when an individual transfers his/her own QS to his/her own solely owned corporation.⁴

- During the first two years of the IFQ program, persons could not use, individually or collectively, more than 1% of the QS in Area 2C, more than 0.5% of the QS in Areas 2C, 3A, and 3B combined, or more than 0.5% of the QS in Areas 4A, 4B, 4C, 4D, and 4E combined. The rules allowed some initial issues to exceed some of these restrictions, but these persons were prevented from accumulating more QS.

In June, 1996 the Council approved an amendment that increased the combined total ownership caps in Areas 4A, 4B, 4C, 4D, and 4E from 0.5% to 1.5%. These percentages were then applied to the QS pool as it stood in 1996 to establish a set number of QS units that would be used as an ownership cap from year-to-year. The other ownership caps for Area 2C and the combined Areas 2C, 3A, and 3B were also changed to be expressed as fixed amounts of QS units. The final rule for this amendment became effective March 24, 1997.⁵

The halibut IFQ program created non-severable “blocks” of QS that constrain QS aggregation. Persons received their QS in a block at initial allocation if their QS would have resulted in less than 20,000 pounds of halibut, given 1994 TACs.⁶ Blocks cannot be broken up for transfer, meaning all the QS in a block has to be sold or passed on to another person as a single unit. A person can hold a maximum of two blocks in an area, but a person with two blocks cannot hold any unblocked QS for the area. The regulations allow persons to combine, or “sweep-up,” more than two blocks if their combined total is worth less than 3,000 pounds of a hypothetical halibut IFQ.⁷ These sweep-ups are discussed in more detail in Chapter 8.

The IFQ program also included provisions that set aside part or all of the TAC in Areas 4B, 4C, 4D, and 4E for community development quotas (CDQs). Setting aside TAC for CDQs effectively reduced the harvest limits of individuals who received QS in these areas.⁸ The IFQ plan contained provisions designed to compensate the QS holders for this

⁴ See 50 CFR 679.42 (j) and CFR 679.41 (g)(3).

⁵ See 50 CFR 679.42(f).

⁶ See 50 CFR 679.40(a)(1). The 20,000 pounds is actually a hypothetical IFQ based on 1994 TACs and the amount of QS in the QS pool on October 17, 1994. The halibut QS equivalent calculated for this blocking limit will be worth different amounts of IFQ from year-to-year as TACs and the amount of QS in the QS pool change.

⁷ The original sweep-up limit was 1,000 pounds. In April 1996 the Council approved an amendment that increased the sweep-up limit to 3,000 pounds. This regulation is now incorporated into 50 CFR 679.41 (e)(3). The 3,000 pounds of hypothetical IFQ was based upon 1996 TACs for an area and the QS pool as of January 31, 1996. The regulation translates the rule into a specific amount of QS units for each halibut area. This amendment became effective in December 1996.

⁸ The CDQ regulations are contained in 50 CFR 679.30 and 50 CFR 679.31(b) and(c). The provisions for CDQ compensation are contained in 50 CFR 679.41(j).

reduction. The goal of the plan was to spread the burden of the compensation equally among all persons who initially received halibut QS. Compensation was provided by giving fishermen from the CDQ areas (Areas 4B, 4C, 4D, and 4E) additional QS in each of the management areas in which CDQs were not allocated (Areas 2C, 3A, 3B, and 4A).

Some persons who received CDQ compensation QS in Areas 2C, 3A, 3B, and 4A already had QS in one or more of those areas. When this occurred, their CDQ compensation was rolled into their existing QS holding. It was either “blocked” or “unblocked” depending upon the size of the combined holding.

However, in many cases persons received CDQ compensation QS in areas where they had not previously fished or were issued regular QS. When this occurred, a person’s catcher vessel CDQ compensation was unblocked and “swappable” to another catcher vessel upon the first transfer. Moreover, this “swappable” catcher vessel CDQ compensation QS can be used on any size catcher vessel until it is swapped or transferred. These rules facilitate the transfer and use of CDQ compensation QS.⁹

Because of the CDQ compensation “swap” regulation, the total amount of QS may change in an area and vessel category after initial allocation. This does not affect the management area totals, however, as QS is only being swapped between catcher vessel categories within an area.

In January 1996, the Council approved a “fish down” amendment that allows catcher vessel QS to be used on vessels of the same vessel size class or smaller. The Council did this to allow more flexibility for QS owners to acquire more catcher vessel QS. The amendment allows the use of larger vessel category QS on smaller vessels, except in Area 2C where “fish down” of category B (greater than 60 feet) QS is allowed only for blocks worth less than 5,000 pounds (based upon 1996 quotas). This amendment became effective August 16, 1996.¹⁰

Table 3-1a provides an overview of the distribution of halibut QS at initial allocation and at the end of 1997. It shows the total amounts of QS in an area and the number of QS holders, along with the change and percent change from initial issuance through year-end 1997.

The negative net changes in total QS in Areas 2C, 3A, 3B, 4A, and 4B are the result of QS revocations by NMFS-RAM. NMFS-RAM may revoke some, or all, of a person’s QS after initial issuance if subsequent information provides details on a person’s fishing history that were not formerly available to NMFS-RAM. Revocations do not occur until the QS holder has been given an opportunity to appeal the administrative revocation decision.

⁹ See 50 CFR 679.41(i).

¹⁰ See CFR 679.40 (a)(5)(ii) and 679.42 (a).

The number of QS holders dropped in all areas except 4E. This results mainly from QS transfer activity and the consolidation of QS holdings, although QS revocations may also lower the number of persons who hold QS. The drop in the number of QS holders was substantial in non-CDQ areas Areas 2C through 4A, ranging from 23.6% to 32.2% of the total persons who were initially issued QS in those areas. In Areas 4B through 4D, the percentage decrease was smaller. Note that in Area 4E, 100% of the TAC in each year has been allocated to CDQs.

Table 3-1b provides further data on QS consolidation. Consolidation of QS holdings is indicated by the increase in the average and median QS holdings from initial issuance to the end of 1997. The average and median QS holdings rose in all areas except 4E.

Table 3-1b also shows the median QS holdings in all areas were substantially lower than the average QS holdings, indicating a skewness toward persons with small holdings.

Table 3-1a. Initial Issuance and Year-end 1997 QS and QS Holders by Management Area

Area	Initial Amount of QS Units	1997 Year-end QS Units	Net Change in Total QS Units	Percent Change QS Units	Initial QS Holders	1997 Year-end QS Holders	Person Net Change	Percent Change QS Holders
2C	59,557,993	59,549,860	-8,133	0.0	2,386	1,742	-644	-27.0
3A	185,051,147	184,740,655	-310,492	-0.2	3,068	2,343	-725	-23.6
3B	54,075,051	53,912,549	-162,502	-0.3	1,055	715	-340	-32.2
4A	14,535,002	14,502,965	-32,037	-0.2	529	382	-147	-27.8
4B	9,293,391	9,284,774	-8,617	-0.1	152	132	-20	-13.2
4C	3,969,186	3,969,186	0	0.0	80	77	-3	-3.8
4D	4,790,491	4,790,491	0	0.0	68	61	-7	-10.3
4E	139,999	139,999	0	0.0	104	104	0	0.0

Table 3-1b. Consolidation of Halibut QS Holdings from Initial Allocation Through Year-end 1997, By Management Area

Area	Initial Median QS Held	1997 Year-end Median QS	Net Change in Median QS Units	Percent Change Median QS	Initial Average QS Held	1997 Year-end Avg. QS	Net Change in Avg. QS Units	Percent Change Mean QS
2C	10,093	14,601	4,508	44.7	24,961	34,185	9,224	37.0
3A	14,988	20,514	5,526	36.9	60,317	78,848	18,531	30.7
3B	15,010	28,265	13,255	88.3	51,256	75,402	24,146	47.1
4A	8,554	13,828	5,274	61.7	27,476	37,966	10,490	38.2
4B	31,305	35,577	4,272	13.6	61,141	70,339	9,198	15.0
4C	29,875	32,004	2,129	7.1	49,615	51,548	1,933	3.9
4D	44,677	45,814	1,137	2.5	70,448	78,533	8,085	11.5
4E	361	361	0	0.0	1,346	1,346	0	0.0

3.2 QS Consolidation by Vessel Category

The halibut IFQ program created four distinct vessel categories in each of the eight halibut management areas. One vessel category consists of harvester-processor vessels (designated “freezer” herein); the other three consist of catcher vessels less than or equal to 35 feet, from 36 to 60 feet, and greater than 60 feet. Under most circumstances, QS cannot be transferred across vessel categories; however, the regulations provide for vessel category “swaps” of catcher vessel CDQ compensation QS upon first transfer.¹¹

In January 1996, the Council approved a “fish down” amendment that allows catcher vessel QS to be used on vessels of the same vessel size class or smaller. The Council did this to allow more flexibility for QS owners to acquire more catcher vessel QS. The amendment allows the use of larger vessel category QS on smaller vessels, except in Area 2C where “fish down” of category B (greater than 60 feet) QS is allowed only for QS blocks worth less than 5,000 pounds (based upon 1996 quotas). This amendment became effective August 16, 1996.¹²

Tables 3-2a and 3-2b show that halibut QS was issued in 30 different area-vessel category combinations. There were no qualifying freezer vessels in Area 4E, nor were there vessels in the “35 foot or less” category in Area 4D.

Table 3-2a indicates that in Areas 2C and 3A, vessels in the 36-60 foot category received more QS than other vessel categories. In Area 4E, the majority of QS was issued in the “35 foot or less” category. In all other areas, the greatest percentage of QS was issued in the “over 60 feet” vessel category. At the end of 1997, the greatest percentage of QS was still held by these same vessel categories in their respective areas.

As explained previously, changes in QS distribution between vessel classes are necessarily small, because QS transfers across vessel categories are only allowed by special rules for the “swap” of CDQ compensation QS. Quota share revocations may also change the amount of QS within a vessel category between initial issuance and year-end 1997.

Table 3-2b shows the initial and year-end 1997 distributions of QS holders in each area-vessel category combination. It also indicates the average QS holdings, the changes in number of persons, and average QS holdings for each vessel category.

A person may hold QS in more than one vessel category in an area. For this reason, the sum of QS holders in the different area-vessel category combinations can be greater than the number of unique persons who hold QS in the area, as reported in Table 3-1a and other tables in this report.

¹¹ IFQ from swappable catcher vessel CDQ compensation QS can be fished from any catcher vessel category and can be permanently “swapped” to another catcher vessel category upon the first transfer. See CFR 679.41 (I).

¹² See CFR 679.40 (a)(5)(ii) and 679.42 (a)

In most vessel categories and areas, the number of QS holders declined or stayed the same between initial issuance and the end of 1997. The freezer vessel category in Areas 3A and 4A, and the “less than 35 feet” category in Area 4C were the only instances where the number of QS holders increased even slightly.

The greatest amount of consolidation occurred, both numerically and on a percent basis, in Areas 2C, 3A, 3B, and 4A. Note that these are the management areas where persons received CDQ compensation QS at initial issuance. Many of the persons who were issued CDQ compensation received only small amounts of QS in areas where they had no prior history of fishing. A considerable amount of CDQ compensation QS was transferred (see Chapter 7) and contributed to the decrease in the number of QS holders in the areas.

As one would expect, average QS holdings increased in most of the areas and vessel categories where there were declines in the number of QS holders. Changes in average QS holdings will also be affected by QS revocations. If the QS pool is decreased by QS revocations, then average QS holdings will also decrease. Therefore, QS revocations can partly offset increases in average holdings due to consolidation.

Table 3-2a. Initial Allocation and Year-end 1997 QS by Management Area and Vessel Category

Area	Vessel Category	Initial Amount of QS	1997 Amount of QS	Initial Pct. of Area QS	1997 Pct. of Area QS	Change in Total QS	Percent Change in Total QS
2C	Freezer	1,249,141	1,249,141	2.1	2.1	0	0.0
	GT 60 ft.	2,933,494	2,709,684	4.9	4.6	-223,810	-7.6
	36-60 ft.	45,699,389	46,498,798	76.7	78.1	799,409	1.7
	LE 35 ft.	9,675,969	9,092,237	16.2	15.3	-583,732	-6.0
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		59,557,993	59,549,860			-8,133	
3A	Freezer	4,755,112	4,755,112	2.6	2.6	0	0.0
	GT 60 ft.	67,785,816	68,298,684	36.6	37.0	512,868	0.8
	36-60 ft.	98,848,907	98,862,582	53.4	53.5	13,675	0.0
	LE 35 ft.	13,661,312	12,824,277	7.4	6.9	-837,035	-6.1
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		185,051,147	184,740,655			-310,492	
3B	Freezer	1,593,155	1,593,155	2.9	3.0	0	0.0
	GT 60 ft.	29,766,576	29,952,504	55.0	55.6	185,928	0.6
	36-60 ft.	20,683,904	20,668,535	38.3	38.3	-15,369	-0.1
	LE 35 ft.	2,031,416	1,698,355	3.8	3.2	-333,061	-16.4
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		54,075,051	53,912,549			-162,502	
4A	Freezer	619,003	619,003	4.3	4.3	0	0.0
	GT 60 ft.	8,492,388	8,532,238	58.4	58.8	39,850	0.5
	36-60 ft.	4,295,604	4,280,423	29.6	29.5	-15,181	-0.4
	LE 35 ft.	1,128,007	1,071,301	7.8	7.4	-56,706	-5.0
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		14,535,002	14,502,965			-32,037	
4B	Freezer	553,489	553,489	6.0	6.0	0	0.0
	GT 60 ft.	7,120,537	7,114,526	76.6	76.6	-6,011	-0.1
	36-60 ft.	1,350,369	1,347,763	14.5	14.5	-2,606	-0.2
	LE 35 ft.	268,996	268,996	2.9	2.9	0	0.0
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		9,293,391	9,284,774			-8,617	
4C	Freezer	18,876	18,876	0.5	0.5	0	0.0
	GT 60 ft.	1,767,422	1,620,607	44.5	40.8	-146,815	-8.3
	36-60 ft.	1,007,084	820,661	25.4	20.7	-186,423	-18.5
	LE 35 ft.	1,175,804	1,509,042	29.6	38.0	333,238	28.3
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		3,969,186	3,969,186			0	
4D	Freezer	413,936	413,936	8.6	8.6	0	0.0
	GT 60 ft.	4,021,310	4,021,310	83.9	83.9	0	0.0
	36-60 ft.	355,245	355,245	7.4	7.4	0	0.0
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		4,790,491	4,790,491			0	
4E	GT 60 ft.	11,176	11,176	8.0	8.0	0	0.0
	36-60 ft.	37,032	37,032	26.5	26.5	0	0.0
	LE 35 ft.	91,791	91,791	65.6	65.6	0	0.0
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		139,999	139,999			0	

Table 3-2b. Initial Allocation and Year-end 1997 QS Holders by Management Area and Vessel Category

Area	Vessel Category	Initial Number of QS Holders	1997 Number of QS Holders	Initial Pct. of Area QS Holders	1997 Pct. of Area QS Holders	Change in QS Holders	Percent Change in QS Holders	Initial Avg. QS Holdings	1997 Avg. QS Holdings	Change in Avg. QS Holdings	Percent Change Avg. QS Holdings
2C	Freezer	31	29	1.3	1.6	-2	-6.5	40,295	43,074	2,779	6.9
	GT 60 ft.	138	91	5.7	5.1	-47	-34.1	21,257	29,777	8,520	40.1
	36-60 ft.	1,144	873	47.5	48.9	-271	-23.7	39,947	53,263	13,316	33.3
	LE 35 ft.	1,096	793	45.5	44.4	-303	-27.6	8,828	11,466	2,638	29.9
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		2,409	1,786			-623					
3A	Freezer	36	38	1.2	1.6	2	5.6	132,086	125,135	-6,951	-5.3
	GT 60 ft.	299	277	9.6	11.4	-22	-7.4	226,708	246,566	19,858	8.8
	36-60 ft.	1,494	1,151	47.9	47.2	-343	-23.0	66,164	85,893	19,729	29.8
	LE 35 ft.	1,287	972	41.3	39.9	-315	-24.5	10,615	13,194	2,579	24.3
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		3,116	2,438			-678					
3B	Freezer	19	18	1.8	2.4	-1	-5.3	83,850	88,509	4,659	5.6
	GT 60 ft.	214	178	19.9	23.7	-36	-16.8	139,096	168,272	29,176	21.0
	36-60 ft.	559	394	52.0	52.5	-165	-29.5	37,002	52,458	15,456	41.8
	LE 35 ft.	284	160	26.4	21.3	-124	-43.7	7,153	10,615	3,462	48.4
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		1,076	750			-326					
4A	Freezer	15	17	2.8	4.2	2	13.3	41,267	36,412	-4,855	-11.8
	GT 60 ft.	140	130	26.0	32.1	-10	-7.1	60,660	65,633	4,973	8.2
	36-60 ft.	146	107	27.1	26.4	-39	-26.7	29,422	40,004	10,582	36.0
	LE 35 ft.	237	151	44.1	37.3	-86	-36.3	4,760	7,095	2,335	49.1
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		538	405			-133					
4B	Freezer	8	7	5.2	5.2	-1	-12.5	69,186	79,070	9,884	14.3
	GT 60 ft.	82	72	53.6	53.7	-10	-12.2	86,836	98,813	11,977	13.8
	36-60 ft.	36	29	23.5	21.6	-7	-19.4	37,510	46,475	8,965	23.9
	LE 35 ft.	27	26	17.6	19.4	-1	-3.7	9,963	10,346	383	3.8
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		153	134			-19					

(Continued)

Table 3-2b (con't). Initial Allocation and Year-end 1997 QS Holders by Management Area and Vessel Category

Area	Vessel Category	Initial Number of QS Holders	1997 Number of QS Holders	Initial Pct. of Area QS Holders	1997 Pct. of Area QS Holders	Change in QS Holders	Percent Change in QS Holders	Initial Avg. QS Holdings	1997 Avg. QS Holdings	Change in Avg. QS Holdings	Percent Change Avg. QS Holdings
4C	Freezer	1	1	1.2	1.3	0	0.0	18,876	18,876	0	0.0
	GT 60 ft.	29	28	35.8	35.0	-1	-3.4	60,946	57,879	-3,067	-5.0
	36-60 ft.	20	18	24.7	22.5	-2	-10.0	50,354	45,592	-4,762	-9.5
	LE 35 ft.	31	33	38.3	41.3	2	6.5	37,929	45,729	7,800	20.6
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		81	80			-1					
4D	Freezer	5	5	7.2	7.7	0	0.0	82,787	82,787	0	0.0
	GT 60 ft.	50	47	72.5	72.3	-3	-6.0	80,426	85,560	5,134	6.4
	36-60 ft.	14	13	20.3	20.0	-1	-7.1	25,375	27,327	1,952	7.7
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		69	65			-4					
4E	GT 60 ft.	2	2	1.9	1.9	0	0.0	5,588	5,588	0	0.0
	36-60 ft.	7	7	6.7	6.7	0	0.0	5,290	5,290	0	0.0
	LE 35 ft.	95	95	91.3	91.3	0	0.0	966	966	0	0.0
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		104	104			0					

3.3 QS Consolidation by Size of QS Holding

The tables in this section provide information on QS distribution at initial issuance and year-end 1997 by area and the relative size of the QS holding. Quota share holdings are classified based upon their percentage of the total QS pool in the area. There are nine distinct size categories.

The IFQ program rules constrain how much QS a single person may accumulate. In 1995 and 1996, no person, individually or collectively, could use more than 1% of the QS in Area 2C, more than 0.5% of the QS in Areas 2C, 3A, and 3B combined, or more than 0.5% of the QS in Areas 4A, 4B, 4C, 4D, and 4E combined. The rules allowed some initial issues to exceed some of these restrictions, but these persons were prevented from accumulating more QS.

In June, 1996 the NPFMC approved an amendment that increased the combined total ownership caps in Areas 4A, 4B, 4C, 4D, and 4E from 0.5% to 1.5%. This percentage was then applied to the QS pool as it stood in 1996 to establish a permanent amount of QS that would be used as an ownership cap from year-to-year. The final rule for this amendment became effective March 24, 1997.¹³ It is important to remember that a unit of QS translates to different amounts of IFQ in each area.

Table 3-3a indicates that in Area 2C, 87.0% of the QS was initially issued to persons who held less than 0.25 percent of the total area QS. In Areas 3A and 3B, 76.8% and 42.2% of the respective QS fell into this classification. In Areas 4A through 4E, the QS was distributed among a wider range of size categories.

Consolidation of QS holdings during the first three years of the program led to a reduction in the amount of QS in the smallest size category in all areas except 4E, where there were very few transfers and where all of the TAC is allocated to CDQs. The differences in the distribution from initial issuance to the end of 1997 largely reflect the degree of consolidation.

Table 3-3b provides similar information as Table 3-3a, but shows the number of persons at initial issuance and year-end 1997 by management area and relative size of QS holding. The table shows that a large majority of persons in Areas 2C to 4A received less than .25% of the total area QS. After initial issuance in these areas, the number of persons in this size category dropped significantly. In Area 2C, there was a 28.3% decrease in the number of persons in the “less than .25%” classification, and in Areas 3A, 3B, and 4A the decreases were 24.4%, 37.7%, and 36.9%, respectively. Note that Areas 2C to 4A are areas where persons were issued CDQ compensation QS, and some of this decrease may have been related to persons transferring away their CDQ compensation QS.

¹³ See 50 CFR 679.42 (f) and 50 CFR 679.41 (c)(6).

In the other areas from 4B through 4E, where fewer persons were issued QS, QS holders were more widely distributed among different size classifications. The actual number of persons who changed QS size categories in these areas was small.

There were relatively few persons who held large percentages of any area's QS pool. The only persons who held percentages larger than 3% at initial issuance and at the end of 1997 were in Areas 4B, 4C, 4D, and 4E. Again, relatively few persons were initially issued QS in these areas.

**Table 3-3a. Initial Allocation and Year-end 1997 QS
By Management Area and Size of QS Holding**

Area	Percent of Area QS	Initial Amount of QS	1997 Amount of QS	Initial Pct. of Area QS	1997 Pct. of Area QS	Change in Total QS	Percent Change in QS
2C	% < .25	51,835,532	46,411,984	87.0	77.9	-5,423,548	-10.5
	.25 <= % < .5	7,197,918	10,826,721	12.1	18.2	3,628,803	50.4
	.5 <= % < 1.0	524,543	2,311,155	0.9	3.9	1,786,612	340.6
		-----	-----			-----	
		59,557,993	59,549,860			-8,133	
3A	% < .25	142,067,770	132,068,385	76.8	71.5	-9,999,385	-7.0
	.25 <= % < .5	42,983,377	41,810,433	23.2	22.6	-1,172,944	-2.7
	.5 <= % < 1.0	0	10,861,837	.	5.9	10,861,837	.
		-----	-----			-----	
		185,051,147	184,740,655			-310,492	
3B	% < .25	22,830,223	18,270,352	42.2	33.9	-4,559,871	-20.0
	.25 <= % < .5	13,391,928	14,643,089	24.8	27.2	1,251,161	9.3
	.5 <= % < 1.0	12,317,980	15,656,226	22.8	29.0	3,338,246	27.1
	1.0 <= % < 2.0	5,534,920	5,342,882	10.2	9.9	-192,038	-3.5
		-----	-----			-----	
		54,075,051	53,912,549			-162,502	
4A	% < .25	3,605,755	2,263,265	24.8	15.6	-1,342,490	-37.2
	.25 <= % < .5	2,623,680	2,460,288	18.1	17.0	-163,392	-6.2
	.5 <= % < 1.0	4,089,927	4,950,841	28.1	34.1	860,914	21.0
	1.0 <= % < 2.0	3,210,718	3,499,124	22.1	24.1	288,406	9.0
	2.0 <= % < 3.0	1,004,922	1,329,447	6.9	9.2	324,525	32.3
		-----	-----			-----	
		14,535,002	14,502,965			-32,037	
4B	% < .25	662,307	542,186	7.1	5.8	-120,121	-18.1
	.25 <= % < .5	1,232,824	976,023	13.3	10.5	-256,801	-20.8
	.5 <= % < 1.0	1,625,713	1,564,049	17.5	16.8	-61,664	-3.8
	1.0 <= % < 2.0	1,650,480	1,849,068	17.8	19.9	198,588	12.0
	2.0 <= % < 3.0	2,303,964	2,142,525	24.8	23.1	-161,439	-7.0
	3.0 <= % < 4.0	937,537	937,537	10.1	10.1	0	0.0
	4.0 <= % < 5.0	389,990	782,810	4.2	8.4	392,820	100.7
	5.0 <= % < 10	490,576	490,576	5.3	5.3	0	0.0
		-----	-----			-----	
		9,293,391	9,284,774			-8,617	
4C	% < .25	81,305	74,247	2.0	1.9	-7,058	-8.7
	.25 <= % < .5	158,874	150,437	4.0	3.8	-8,437	-5.3
	.5 <= % < 1.0	583,795	489,587	14.7	12.3	-94,208	-16.1
	1.0 <= % < 2.0	945,298	917,672	23.8	23.1	-27,626	-2.9
	2.0 <= % < 3.0	278,795	477,649	7.0	12.0	198,854	71.3
	3.0 <= % < 4.0	547,726	685,932	13.8	17.3	138,206	25.2
	4.0 <= % < 5.0	546,430	497,490	13.8	12.5	-48,940	-9.0
	5.0 <= % < 10	826,963	676,172	20.8	17.0	-150,791	-18.2
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		3,969,186	3,969,186			0	

(Continued)

**Table 3-3a. Initial Allocation and Year-end 1997 QS
By Management Area and Size of QS Holding**

Area	Percent of Area QS	Initial Amount of QS	1997 Amount of QS	Initial Pct. of Area QS	1997 Pct. of Area QS	Change in Total QS	Percent Change in QS
4D	% < .25	59,625	56,028	1.2	1.2	-3,597	-6.0
	.25 <= % < .5	218,349	167,639	4.6	3.5	-50,710	-23.2
	.5 <= % < 1.0	554,036	540,537	11.6	11.3	-13,499	-2.4
	1.0 <= % < 2.0	1,141,996	790,843	23.8	16.5	-351,153	-30.7
	2.0 <= % < 3.0	331,367	807,751	6.9	16.9	476,384	143.8
	3.0 <= % < 4.0	342,497	512,160	7.1	10.7	169,663	49.5
	4.0 <= % < 5.0	407,818	399,379	8.5	8.3	-8,439	-2.1
	5.0 <= % < 10	1,734,803	1,516,154	36.2	31.6	-218,649	-12.6
		-----	-----			-----	
		4,790,491	4,790,491			0	
4E	% < .25	8,049	8,049	5.7	5.7	0	0.0
	.25 <= % < .5	9,727	9,727	6.9	6.9	0	0.0
	.5 <= % < 1.0	10,136	10,136	7.2	7.2	0	0.0
	1.0 <= % < 2.0	20,904	20,904	14.9	14.9	0	0.0
	2.0 <= % < 3.0	22,065	22,065	15.8	15.8	0	0.0
	3.0 <= % < 4.0	15,117	15,117	10.8	10.8	0	0.0
	4.0 <= % < 5.0	13,404	13,404	9.6	9.6	0	0.0
	5.0 <= % < 10	40,597	40,597	29.0	29.0	0	0.0
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		139,999	139,999			0	

**Table 3-3b. Initial Allocation and Year-end 1997 QS Holders
By Management Area and Size of QS Holding**

Area	Percent of Area QS	Initial Number of QS Holders	1997 Number of QS Holders	Initial Pct. of Area QS Holders	1997 Pct. of Area QS Holders	Change in QS Holders	Percent Change in QS Holders	Initial Average QS Holding	Year-end 1997 Average QS Holding
2C	% < .25	2,346	1,681	98.3	96.5	-665	-28.3	22,095	27,610
	.25 <= % < .5	39	56	1.6	3.2	17	43.6	184,562	193,334
	.5 <= % < 1.0	1	5	0.0	0.3	4	400.0	524,543	462,231
		-----	-----			-----			
		2,386	1,742			-644			
3A	% < .25	2,998	2,266	97.7	96.7	-732	-24.4	47,388	58,283
	.25 <= % < .5	70	67	2.3	2.9	-3	-4.3	614,048	624,036
	.5 <= % < 1.0	0	10	.	0.4	10	.	.	1,086,184
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		3,068	2,343			-725			
3B	% < .25	944	588	89.5	82.2	-356	-37.7	24,185	31,072
	.25 <= % < .5	70	77	6.6	10.8	7	10.0	191,313	190,170
	.5 <= % < 1.0	34	43	3.2	6.0	9	26.5	362,294	364,098
	1.0 <= % < 2.0	7	7	0.7	1.0	0	0.0	790,703	763,269
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		1,055	715			-340			
4A	% < .25	420	265	79.4	69.4	-155	-36.9	8,585	8,541
	.25 <= % < .5	50	48	9.5	12.6	-2	-4.0	52,474	51,256
	.5 <= % < 1.0	39	47	7.4	12.3	8	20.5	104,870	105,337
	1.0 <= % < 2.0	17	18	3.2	4.7	1	5.9	188,866	194,396
	2.0 <= % < 3.0	3	4	0.6	1.0	1	33.3	334,974	332,362
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		529	382			-147			
4B	% < .25	65	52	42.8	39.4	-13	-20.0	10,189	10,427
	.25 <= % < .5	35	28	23.0	21.2	-7	-20.0	35,224	34,858
	.5 <= % < 1.0	25	23	16.4	17.4	-2	-8.0	65,029	68,002
	1.0 <= % < 2.0	12	14	7.9	10.6	2	16.7	137,540	132,076
	2.0 <= % < 3.0	10	9	6.6	6.8	-1	-10.0	230,396	238,058
	3.0 <= % < 4.0	3	3	2.0	2.3	0	0.0	312,512	312,512
	4.0 <= % < 5.0	1	2	0.7	1.5	1	100.0	389,990	391,405
	5.0 <= % < 10	1	1	0.7	0.8	0	0.0	490,576	490,576
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		152	132			-20			
4C	% < .25	18	16	22.5	20.8	-2	-11.1	4,517	4,640
	.25 <= % < .5	11	11	13.8	14.3	0	0.0	14,443	13,676
	.5 <= % < 1.0	20	17	25.0	22.1	-3	-15.0	29,190	28,799
	1.0 <= % < 2.0	18	17	22.5	22.1	-1	-5.6	52,517	53,981
	2.0 <= % < 3.0	3	5	3.8	6.5	2	66.7	92,932	95,530
	3.0 <= % < 4.0	4	5	5.0	6.5	1	25.0	136,932	137,186
	4.0 <= % < 5.0	3	3	3.8	3.9	0	0.0	182,143	165,830
	5.0 <= % < 10	3	3	3.8	3.9	0	0.0	275,654	225,391
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		80	77			-3			

(Continued)

**Table 3-3b (con't). Initial Allocation and Year-end 1997 QS Holders
By Management Area and Size of QS Holding**

Area	Percent of Area QS	Initial Number of QS Holders	1997 Number of QS Holders	Initial Pct. of Area QS Holders	1997 Pct. of Area QS Holders	Change in QS Holders	Percent Change in QS Holders	Initial Average QS Holding	Year-end 1997 Average QS Holding
4D	% < .25	11	9	16.2	14.8	-2	-18.2	5,420	6,225
	.25 <= % < .5	12	9	17.6	14.8	-3	-25.0	18,196	18,627
	.5 <= % < 1.0	15	14	22.1	23.0	-1	-6.7	36,936	38,610
	1.0 <= % < 2.0	17	12	25.0	19.7	-5	-29.4	67,176	65,904
	2.0 <= % < 3.0	3	7	4.4	11.5	4	133.3	110,456	115,393
	3.0 <= % < 4.0	2	3	2.9	4.9	1	50.0	171,249	170,720
	4.0 <= % < 5.0	2	2	2.9	3.3	0	0.0	203,909	199,690
	5.0 <= % < 10	6	5	8.8	8.2	-1	-16.7	289,134	303,231
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		68	61			-7			
4E	% < .25	49	49	47.1	47.1	0	0.0	164	164
	.25 <= % < .5	20	20	19.2	19.2	0	0.0	486	486
	.5 <= % < 1.0	10	10	9.6	9.6	0	0.0	1,014	1,014
	1.0 <= % < 2.0	10	10	9.6	9.6	0	0.0	2,090	2,090
	2.0 <= % < 3.0	6	6	5.8	5.8	0	0.0	3,678	3,678
	3.0 <= % < 4.0	3	3	2.9	2.9	0	0.0	5,039	5,039
	4.0 <= % < 5.0	2	2	1.9	1.9	0	0.0	6,702	6,702
	5.0 <= % < 10	4	4	3.8	3.8	0	0.0	10,149	10,149
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		104	104			0			