

AK LEGISLATURE SPECIAL COMMITTEE FILES SCOMM 146 3135

December 19, 2006

Chairman Kevin J. Martin
Federal Communications Commission
445 12th Street SW
Room 8-B201
Washington, DC 20554

Dear Chairman Martin:

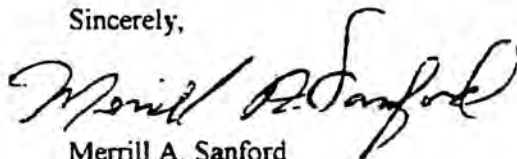
The Alaska Municipal League recently passed a resolution in support of free nationwide broadband internet service. I want to lend my support to this effort as well. I understand that the FCC currently is considering such a proposal. I believe such a system would be extremely beneficial to my constituents.

Currently available internet services can be slow speed, unaffordable for low income families and contain certain content that may be objectionable for young children. It is my understanding that the proposal currently before the FCC would address these problems. Expanded internet accessibility and portability are important aspects of the M2Z proposal. Firefighters, police, paramedics and rural residents not currently served by the internet would all benefit under the M2Z proposal.

My constituents have come to depend on the internet for information, commerce and communication. Free nationwide broadband internet service could only enhance the use and benefits of the internet for them.

I urge the commission to promptly and favorably consider the M2Z proposal for free nationwide broadband internet.

Sincerely,



Merrill A. Sanford
Deputy Mayor
City & Borough of Juneau, Alaska
3188 Pioneer Avenue
Juneau, Alaska 99801

cc: Senator Ted Stevens
Senator Lisa Murkowski
Representative Don Young
Commissioner Michael J. Copps
Commissioner Jonathan S. Adelstein

Page 2

Commissioner Deborah Taylor Tate
Commissioner Robert M. McDowell
FCC Secretary Marline Dortch
Acting Chief, Wireless Bureau, Kathy Seidel



PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Internet: <http://www.fcc.gov>
TTY: 1-888-835-5322

DA 07-736

Released: February 16, 2007

**PLEADING CYCLE ESTABLISHED FOR COMMENTS ON
PETITION OF M2Z NETWORKS, INC. FOR FORBEARANCE UNDER
47 U.S.C. § 160(c) TO PERMIT ACCEPTANCE AND GRANT OF ITS APPLICATION
FOR A LICENSE TO PROVIDE RADIO SERVICE IN THE 2155-2175 MHZ BAND**

WT Docket No. 07-30

Comments Due: March 19, 2007

Reply Comments Due: April 3, 2007

On September 1, 2006, M2Z Networks, Inc. (M2Z) filed a petition for forbearance¹ pursuant to Section 10(c) of the Communications Act of 1934, as amended (the Act), and Section 1.53 of the FCC's rules,² in connection with a license application that it filed on May 1, 2006.³ In its Forbearance Petition, M2Z asks that the Commission forbear from applying Sections 1.945(b) and (c) of its rules, "and any other rule, provision of the Act, or Commission policy, to M2Z's Application . . . , to the extent such rules, statutory provisions, or policies impede the acceptance and grant of the Application."⁴ Specifically, M2Z asserts that the Commission must forbear from these rules, to the extent that enforcement of these provisions would impede the acceptance and grant of M2Z's Application, because M2Z's request meets the three criteria set forth in Section 10(a) of the Act.⁵

¹ See In the Matter of Petition of M2Z Networks, Inc. for Forbearance under 47 U.S.C. § 160(c) Concerning Application of Sections 1.945(b) and (c) of the Commission's Rules and Other Regulatory and Statutory Provisions, WT Docket No. 07-30 (filed Sept. 1, 2006) (Forbearance Petition).

² See 47 U.S.C. § 160(c); 47 C.F.R. § 1.53.

³ See Application [of M2Z Networks, Inc.] for License and Authority to Provide a National Broadband Radio Service in the 2155-2175 MHz Band (filed May 5, 2006) (Application). On September 1, 2006, M2Z amended the Application to incorporate by reference its separately filed Forbearance Petition. See Letter from W. Kenneth Ferree, Esq., to Marlene Dortch, Secretary, FCC (Amendment to Pending Application, filed Sept. 1, 2006).

⁴ Forbearance Petition at 1.

⁵ 47 U.S.C. § 10(a). See Forbearance Petition at 18-35.

M2Z's Application was found, upon initial review, acceptable for filing, pursuant to the Commission's general statutory authority under Section 309 of the Communications Act of 1934, as amended.⁶ A Public Notice announcing that M2Z's Application was accepted for filing was released on January 31, 2007.⁷ Given the issuance of that Public Notice, to the extent that M2Z asks for forbearance to accept the Application for filing, that portion of the Forbearance Petition is moot.

This Public Notice establishes certain procedural requirements relating to consideration of the M2Z Forbearance Petition. This matter shall be treated as a "permit-but-disclose" proceeding in accordance with the Commission's *ex parte* rules. See 47 C.F.R. §§ 1.1200, 1.1206. Specifically, *ex parte* presentations that are made with respect to the issues involved in the Petition will be allowed but must be disclosed in accordance with the requirements of § 1.1206(b).⁸ Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must contain the presentation's substance and not merely list the subjects discussed.⁹ More than a one-or two-sentence description of the views and arguments presented is generally required.¹⁰ Other rules pertaining to oral and written *ex parte* presentations in permit-but-disclose proceedings are set forth in Section 1.1206(b) of the Commission's rules, 47 C.F.R. § 1.1206(b).

The Forbearance Petition is available for public inspection and copying in the Commission's Reference Center, Room CY A257, 445 12th Street, S.W., Washington, DC 20554. Copies of the Petition also may be obtained via the Commission's Electronic Comment Filing System (ECFS) by entering the docket number, WT 07-30. Copies of the Petition are also available from Best Copy and Printing, Inc., telephone (800) 378-3160, facsimile (301) 816-0169, e-mail FCC@BCPIWEB.com.

Pursuant to Sections 1.415 and 1.419 of the Commission's rules, 47 C.F.R. §§ 1.415, 1.419, interested parties may file comments on M2Z's Forbearance Petition on or before March 19, 2007, and reply comments on or before April 3, 2007. All filings must be addressed to the Commission's Secretary, Marlene H. Dortch, Office of the Secretary, Federal Communications Commission, 445 12th Street, SW, Suite TW-A325, Washington, DC 20554. One (1) copy must be sent to Best Copy and Printing, Inc., 445 12th Street, Suite CY-B402, Washington, DC 20554, telephone 202-488-5300, facsimile 202-488-5563, or via e-mail FCC@BCPIWEB.COM.

Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. See generally Electronic Filing of Documents in Rulemaking Proceedings, 63 Fed. Reg. 24121 (1998). Petitions or comments filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/cgb/ecfs>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding,

⁶ See 47 U.S.C. § 309. See also 47 U.S.C. §§ 308(a) (stating that "the Commission may grant construction permits and station licenses . . . only upon written application therefore received by it") and 308(b) (requiring that Section 308(a) applications set forth "such facts as the Commission by regulation may prescribe," but not requiring the Commission to prescribe such regulations) (emphasis added).

⁷ See "Wireless Telecommunications Bureau Announces that M2Z Networks, Inc.'s Application for License and Authority to Provide a National Broadband Radio Service in the 2155-2175 MHz Band is Accepted for Filing," WT Docket No. 07-16, Public Notice, DA 07-492 (rel. Jan. 31, 2007).

⁸ 47 C.F.R. § 1.1206(b).

⁹ See "Commission Emphasizes the Public's Responsibilities in Permit-But-Disclose Proceedings," Public Notice, 15 FCC Rcd 19945 (2000).

¹⁰ See 47 C.F.R. § 1.1206(b)(2). For further guidance regarding the requirements and content of *ex parte* submissions, see also Fact Sheet, "FCC's Ex Parte Rules," July 2001, http://www.fcc.gov/ogc/admain/ex_partefactsheet.html. Other rules pertaining to oral and written presentations are set forth in § 1.1206(b) as well.

however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic petition or comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002.

- The filing hours at this location are 8:00 a.m. to 7:00 p.m.

- All hand deliveries must be held together with rubber bands or fasteners.

- Any envelopes must be disposed of before entering the building.

- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.

- U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554.

- All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

- Parties shall send one copy of their filings to Best Copy and Printing, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, D.C. 20554, (800) 378-3160, e-mail FCC@BCPIWEB.com.

Comments filed in response to this Public Notice will be available for public inspection and copying during business hours in the FCC Reference Information Center, Portals II, 445 12th Street SW, Room CY-A257, Washington, D.C. 20554, and via the Commission's Electronic Comment Filing System (ECFS) by entering the Docket Number, WT 07-30. The Petition or comments may also be purchased from Best Copy and Printing, Inc., telephone (800) 378-3160, facsimile (301) 816-0169, e-mail FCC@BCPIWEB.com.

Alternate formats of this Public Notice (computer diskette, large print, audio recording, and Braille) are available to persons with disabilities by contacting Brian Millin at (202) 418-7426 (voice), (202) 418-7365 (TTY), or send an e-mail to access@fcc.gov.

FOR FURTHER INFORMATION, CONTACT: Joel Taubenblatt of the Wireless Telecommunications Bureau, Broadband Division, at (202) 418-2487, joel.taubenblatt@fcc.gov. All press inquiries should be directed to Chelsea Fallon, at (202) 418-7991.

Action by the Chief, Wireless Telecommunications Bureau

-FCC-



Freedom. Innovation.

M2Z: Revolutionizing Wireless Broadband

Long History of Watching Out for Consumers...Advocacy in the public and private sectors...a life's mission

- » Responsible for making cell phone local number portability a reality in the US despite strong industry opposition
 - WLNP allowed you the consumers to keep your cell phone number when changing service providers
 - Increased consumer leverage over service providers and created direct consumer benefits and also reduced churn to the carriers
- » Headed up the Enforcement Division at the FCC's Common Carrier Bureau
 - The Bureau that is charged with responding to consumer concerns and ensuring fairness and accountability in telecommunications
 - Active enforcement of slamming, cramming and other anti-consumer
 - Not afraid to take on big or small ranging from AT&T, MCI to Matrix and HOLD as long as consumers were being harmed...
- » Head of global network development for PSINet and led expansion efforts to India, Middle East and Africa bringing the benefits of Internet and competition to billions of people in 28 different countries

M2Z Has Assembled a World Class Team and Resources from Leading Financial Institutions

Milo Medin – Former CTO and co-founder of @Home network

- » Over 20 years of experience in building large service provider networks for NASA, the Federal Government and @Home
- » Led technology team for development and deployment of national broadband network from concept to 4M operational North American subscribers
- » Helped create the DOCSIS standard and drove it through the vendor community

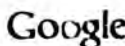
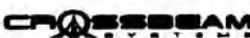
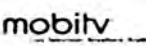
John Muleta – Former wireless bureau chief at FCC, and SVP of global IP infrastructure build-out for PSINet

- » Over 22 years of experience in telecommunications
- » Served in the Hundt/Kennard and Powell/Martin FCC administrations
- » Enforcement Division Chief responsible for anti-slamming and anti-cramming enforcement in the 1990's.
- » Responsible for Wireless Local Number Portability rules and for E911 deployment
- » Provisioned a global ISP backbone and local loop infrastructure in 28 countries
- » CEO of wireless OEM company based out of California

» **\$400 million investment commitment towards network build-out from leading financial institutions**

» **Fully funded current business plan led by Kleiner Perkins (Google & Netscape), Charles River Ventures (Flarion), Redpoint Ventures (MySpace & TIVO)**

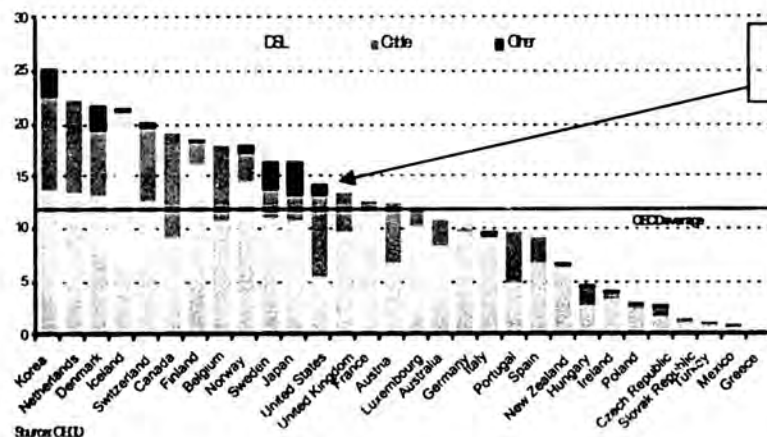
Founders and Board committed to innovation, open networks and consumer empowerment

Name	Firm	Select Investments	Other Board Memberships
John Doer	Partner, Kleiner Perkins Caufield & Byers	   	Google, Amazon, Intuit, Homestore, Sun, Good Technology, Miasole, Purkinje, Spatial Photonics
Bruce Sachs	Partner, Charles River Ventures	     	iControl, BigBand Networks, Celerica, Cedar Point Communications, Acopia Networks and Vertex Pharmaceuticals, Inc.
Geoff Yang	Partner, Redpoint Ventures	     	Ask Jeeves, Tivo, Azul Systems, BigBand Networks, Calix, Caymas Systems, Efficient Frontier, M2Z Networks, MySpace, JotSpot and Oodle
Milo Medin	Chairman & CTO, M2Z		
John Muleta	CEO, M2Z		First Avenue Networks, HRSmart, PacketHop, Visto

Bipartisan Support for Affordable and Universal Broadband Access

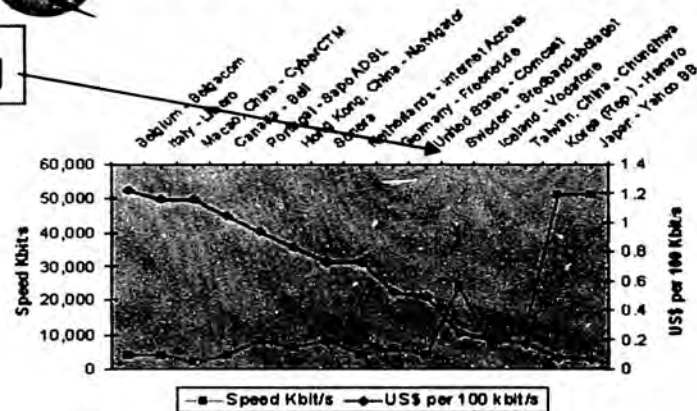
- » President Bush has challenged America's broadband providers to provide:
 - **Ubiquitous broadband internet access by the end of 2007**
- » Speaker Pelosi's Democratic Innovation Agenda calls for:
 - Invest in a sustained federal research and development initiative that promotes public-private partnerships;
 - **Guarantee affordable access to broadband technology for all Americans within 5 years**

The US is Falling Behind in Global Broadband Competitiveness ---- Our Children's Future is At Stake!



Broadband Bargains 2005

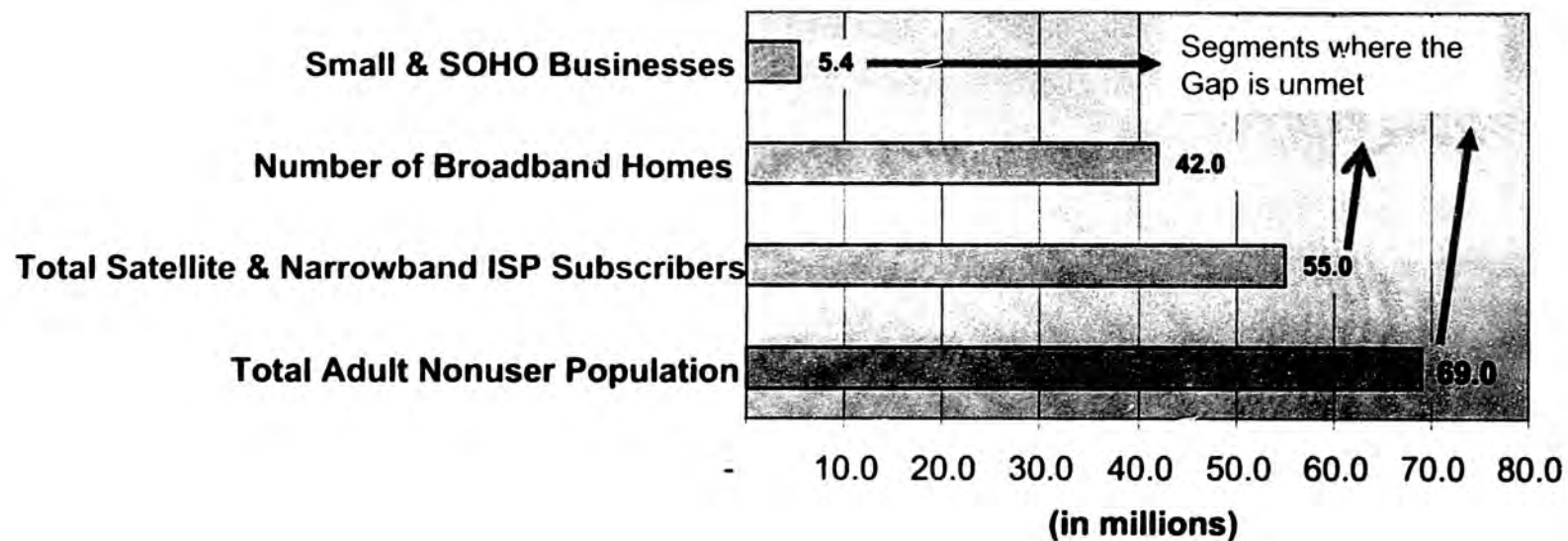
Japan followed by Korea leads in "most megabits for the dollar"



According to ITU Global Rankings, we are 12th in Broadband penetration and have one of the Lowest Value Indicators (Speed to Price Ratios) among industrial nations...

The Broadband Availability Gap

Distribution of Broadband Market



Notes:

1. Total Adult Narrowband or Adult Nonuser Population calculated as 69 million of Adult Non-users (32% of Adult Population 2005) plus 45 million of Adult Narrowband Users (Pew Internet Research)
2. Small Businesses defined as less than 100 employees (data from US Census)
3. Satellite Subs based on SEC Reports

Congress, FCC, and the Courts have firmly pushed for facilities based competition and wireless is the only viable way for new, unaffiliated entry

- » In 2005 following the Brand X decision, FCC also classified DSL and other LEC broadband services (e.g., FTTH) as information services without any common carriage obligations and unclear non-discrimination regulations which effectively eliminates “non-facilities based competition”
- » ISPs and DBS providers are now stranded without competitive bundling opportunities due to inherent conflicts with existing incumbents (i.e., cable and telcos)
- » There is a need for an “open national broadband wholesale network” that is an alternative capable of delivering competitive speeds and scalable capacity while using its own facilities (i.e., a “third” data pipe)

The US Broadband market has limited competition leading to high cost to consumers and inconsistent coverage

- » US Density and Geography make it difficult to accomplish cost effective and scalable Universal coverage for Broadband using existing technology (both wireline and wireless)
- » Large number of users cannot afford existing broadband offerings or have limited to no access, leading municipalities to step in to bridge the gap
- » Increasing demands to include broadband as part of an existing Universal Service structure strains the system and imposes undue burden on growth

Significant market failure to deliver consumers with “family friendly” internet access

How can policymakers help in achieving ubiquitous and affordable access to Broadband?

- » Encourage *market based solutions and increased competition*
- » *Promote technology neutrality and encourage new technology* in order to overcome the business problems that have kept the current players from achieving broadband ubiquity
- » Support market entrants that provide real and substantial consumer welfare enhancing solutions

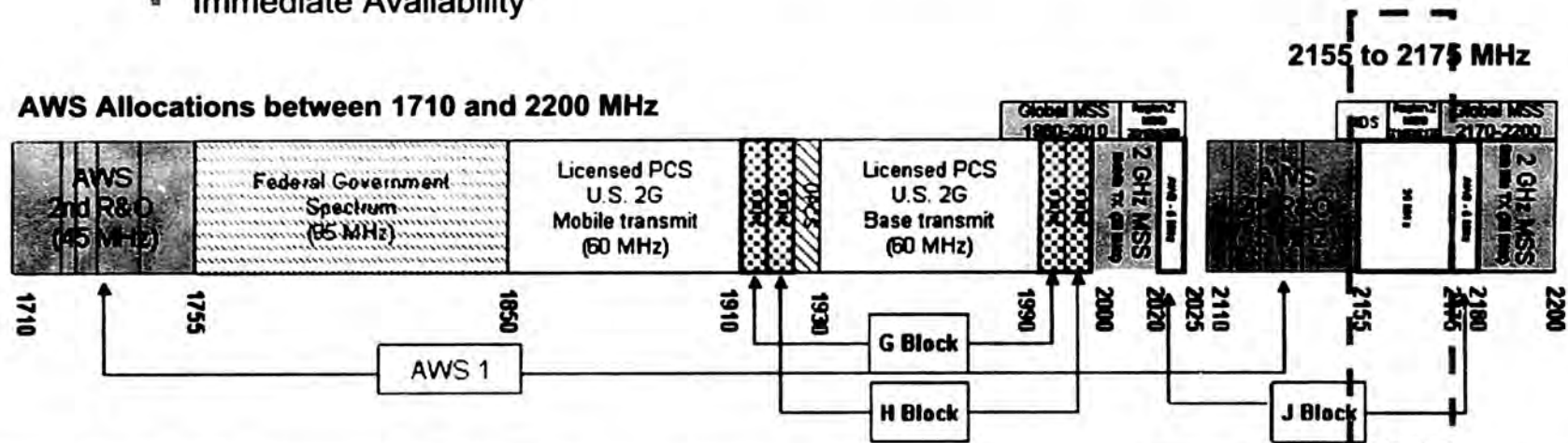
M2Z plans to provide an innovative nationwide, wireless consumer broadband service that rises to the Challenge

- » Free to the consumer broadband service (384 kbps = 6x faster than dialup)---supported by internet "text search" advertising
- » Robust portable premium broadband service (3 Mbps = 60x faster than dialup provided wholesale to video and ISP service providers)
- » National footprint (95% plus of U.S.) in 10 years with interim build-out at 33% in 3 years and 66% in 5 years
- » Standards based WiMax (802.16) technology with no interest in the consumer equipment business (no proprietary tech tax!)

M2Z's technology for delivering its services requires unpaired spectrum

- » The current technical paradigm in the domestic wireless industry uses paired spectrum so unpaired spectrum has little to no value to incumbents
- » M2Z has submitted a license application for **Unpaired and Fallow** spectrum that is without service rules for at least 5 Years
 - 20 MHz Unpaired spectrum between 2155 and 2175
 - No service rules or geographic assignment proposed by FCC
 - Issues related to unpaired spectrum make it infeasible to be used by existing technologies and service providers
 - Immediate Availability

AWS Allocations between 1710 and 2200 MHz



M2Z filed a spectrum license application with the FCC with conditions that will generate real consumer welfare benefits of at least \$10 billion

1. Spectrum to be leased to M2Z under specified conditions for payment of 5% gross revenues from subscription services---a voluntary payment to US Treasury
2. M2Z to provide nationwide broadband service for consumers with no recurring costs to them (a "free network" like broadcast television)
3. ***M2Z to Construct a network to provide coverage for 95% of the US population and commit never to take USF funding***
4. M2Z Block access to indecent content for all **free access users to provide a family friendly broadband alternative and to protect children**
5. M2Z to provide Public Safety officials with free access to an broadband network as a supplement to their existing networks (allowing desktop like and interoperable access to the officers' at the incident site)

Note: M2Z's application will meet the following service obligations: (i) meet specific technical rules to avoid harmful interference in adjacent bands and (ii) clear incumbents on a timely basis

M2Z Free Broadband Service in Competitive Context

M2Z WiMax Search Supported Free Service:

- » Downstream: 384 kbps
- » Upstream: 128 kbps
- » Coverage: 95% of US Pop.
- » Cost: One time CPE only
- » Technology: Standards based

EV-DO Revision A Service:

- » Downstream: 400-800 kbps
- » Upstream: 300-400 kbps
- » Coverage: 40 million subs
- » Cost: CPE + \$720/year
- » Technology: Proprietary

M2Z's ability to add geo-relevancy to web searches helps local businesses and lets them participate in the digital economy by

- » Research from the National Federation of Independent Businesses (NFIB) shows that the Internet is underutilized by local business:
 - Only 57% of small businesses use the internet for business related activities, even fewer have high-speed connectivity
 - Only 35% have company websites
- » M2Z's geo-tagged search features will pave the road to e-commerce for small, local businesses across the country

Municipalities are considering WiFi Networks in order to address a market failure in broadband---too expensive and not ubiquitous

- » M2Z can help achieve this mission in two distinct ways
- » For communities that can afford to sponsor a WiFi network (either owned or contracted), M2Z can provide wholesale backhaul to support the thousands of access points required
- » For communities that cannot afford to sponsor a network, M2Z can be the source of primary broadband to consumers that is both affordable and ubiquitous

M2Z Requires Spectrum to create a New National and Unaffiliated Broadband Competitor

» M2Z Application for Spectrum License on May 5, 2006

- M2Z's commitments to the Public Interest Obligations are conditions of the FCC License
- Spectrum is lying fallow and unused with no FCC plans for its use and no existing or future interference issues
- M2Z proposes to do a graduated lease of the spectrum instead of a one-time auction for the use of the spectrum to get into the market quickly and avoid unjust enrichment
- Application on file for 4 months and no FCC action so far

» M2Z's Forbearance Petition on September 1, 2006

- Asks the FCC to forbear using authority given to it by Congress in Section 10 of the Telecommunications Act
- Requires FCC to provide a date certain answer within 12-15 months
- Statutory test for forbearance is whether enforcement of the rules are necessary for protection of consumers and whether avoiding enforcement of the rules would encourage competition

You can help by writing to the FCC and asking it to Grant the M2Z License application quickly!

- » Encourage the FCC to focus on *market based solutions and increased competition that foster affordable and ubiquitous broadband....like M2Z's Plan*
- » *Encourage the FCC to be technology neutrality and encourage new technologies that foster affordable and ubiquitous broadband like those in M2Z's plan*
- » Encourage the FCC to support to new market entrants providing real and substantial consumer welfare enhancing solutions...like M2Z!



Freedom. Innovation.

Headquarters

2800 Sand Hill Road Suite 150

Menlo Park, CA 94025

(650) 687-5600

East Coast Office

2000 North 14th Street Suite 600

Arlington, VA 22201

(703) 894-9500

The Problem – The current U.S. broadband infrastructure is incomplete, inadequate and expensive.

The United States does not have a ubiquitous nationwide broadband network.

Facts About U.S. Broadband Deployment

- At least 114 million adults in the U.S. that are either completely unconnected to the Internet or still using narrowband access (e.g., using dialup circuits at 64 kilobits per second or less).
- Current prices for broadband access range from \$15 to \$45 per megabits per second (mbps); among the highest rates in the world on a per mbps basis.
- Currently the U.S. assesses nearly \$5 billion to consumers using interstate telephone facilities in order to provide "voice" only Universal Service access.
- Current proposals to expand universal service to cover broadband (defined as 200 Kbps) range from an additional \$500 million a year to \$3 billion to the Universal Service fund. These potential increases represent additional "universal service" payments of \$4 to \$27 a year by 110 million American households.

The Problem – The U.S. public safety network is too slow, too expensive and not interoperable.

The United States does not have an interoperable public safety network capable of providing broadband to first responders.

Facts About the U.S. Public Safety Network

- Department of Homeland Security and Public Safety organizations have estimated that building a modern interoperable broadband data network in the U.S. will cost nearly \$18 billion and take decades to develop.
- The FCC has concluded that enabling commercial networks that also serve public safety might be a viable solution to handle the increased demand for interoperability and affordability.

The Consumer Solution: M2Z's family friendly and free nationwide wireless broadband network

M2Z plans to build a family friendly nationwide data network that provides free (384 Kbps down and 128 Kbps up) asymmetric broadband wireless Internet Protocol (IP) connectivity.

The network will be available to 95% of American consumers that purchase or obtain an M2Z certified modem from various distribution channels, including retailers, local ISPs and other M2Z distribution partners. The 384 Kbps download speed is a guaranteed rate, not a ceiling.

- The M2Z "free" and "family friendly" consumer service is able to provide consumers (both individuals and households) with broadband capacity at least 6 times faster than narrowband and at least 1.5 times faster than the FCC's definition of Broadband and is designed to serve individuals and homes.
- M2Z's Free Network will be protected by a sophisticated indecency filter to protect minors from inappropriate information and make it a valuable alternative in the marketplace. Adults wishing to obtain otherwise lawful material can do so by providing credit card and other age verification information and upgrading their class of service.
- M2Z will provide 95% of population in the United States access to this level of connectivity within a decade:
 - 1/3 of the population to be passed within 3 years of license grant
 - 2/3 of the population to be passed within 5 years of license grant
 - 95% of the population to be passed within 10 years of license grant
- The M2Z "free" and "family friendly" service complements unlicensed devices and helps extend the reach of low power service known as Wi-Fi. M2Z anticipates that modems will be available for approximately \$250 as an initial price point will decline substantially and rapidly with increased market penetration. M2Z also plans to offer consumers, either directly or through the M2Z partners, a premium subscription service that consists of a competitively priced 3 Mbps fixed/portable wireless broadband IP connectivity.
- The M2Z network will require 20 MHz of unpaired spectrum at 2155- 2175. This is unassigned spectrum with no identified uses. The FCC has already determined a new spectrum "home" for the limited number of incumbents at 2155- 2175 and M2Z is committed to relocating these licenses according to FCC rules and regulations. M2Z is also committed to protecting those operators from interference prior to the transition pursuant to the FCC's rules and regulations.
- M2Z seeks the assignment of spectrum without an auction in consideration for providing significant public interest benefits to the American public. M2Z's plans for providing "free and family friendly" broadband access is estimated to reduce the need to increase USF between \$9-20 billion in net present value over a 25 year horizon. Additionally, M2Z's commitment to provide America's First Responders' a nationwide interoperable broadband data network, at no cost for access, will provide considerable savings to the public. In contrast, DHS and other public safety experts contend that such a publicly funded network with similar attributes would cost at least \$18 billion and many decades to build.
- Additionally, consistent with Section 309(j)(3)(C) mandate that the Commission will "recover a portion of the value of the public spectrum", M2Z has volunteered to pay to the U.S. Treasury a "usage" fee in an amount equal to five percent (5%) of the gross revenues derived from its Premium Services.

The Public Safety Solution – M2Z's nationwide interoperable broadband network for first responders.

M2Z plans to offer free (384 Kbps down and 128 Kbps up) asymmetric broadband IP fixed wireless Internet Protocol (IP) connectivity to first responder units operating within the M2Z network (e.g., 95% of the population) so long as they use an M2Z certified modem.

Similar to the consumer modem, the First Responder equipment will also come enabled with Wi-Fi radios enabling First Responders local area connectivity (e.g., at the incident site).

- M2Z's offer to First Responders allows them to have a high speed network that supplements and complements their existing networks with broadband access through a seamless nationwide secondary data network at no cost to the first responder organizations and at no cost to federal and state governments.
- Similar to the M2Z consumer offer, each first responder unit can be upgraded to a premium connectivity of 3 mbps of access connectivity. M2Z is committed to working with DHS and other public safety organizations to develop features such as priority access, emergency alert systems, and localized preemption of non-critical communications when faced with natural or man-made catastrophes.
- Additionally, M2Z has entered into an agreement with PacketHop (www.packethop.com) to make each M2Z First Responder device enabled to utilize PacketHop's First Responder optimized software applications. PacketHop's software applications meet all of the DHS specified requirements for First Responder data connectivity and can be activated by First Responder organizations as a subscription service by working directly with PacketHop and its activation partners. PacketHop's proprietary applications allow First Responder units and organizations to:
 - Create secure virtual private networks
 - Instant mesh networking of individual First Responder CPE units at incident sites for information sharing
 - Allow white boarding and video capture of incident sites
 - Video capture and display

SCOMM

146:7

Message from the Executive Director

This year marks a quarter century of service to the Alaska seafood industry by ASMI. This unique partnership has weathered a number of storms over this time and is in a strong position going forward. Most importantly, our brand, Alaska Seafood, is one of the strongest seafood brand names in the world, something ASMI can rightfully take a large share of the credit for creating. Persistent, targeted messaging about Alaska Seafood has gained a strong foothold in a very competitive world market.

At a time when sustainability is catching on in the global marketplace, we are proud to point out that Alaska Seafood is the world leader in sustainable seafood. Since statehood, Alaska, through its progressive and forward looking seafood management practices has been ensuring Alaska's seafood stocks will be here for the generations to come; in fact, this concept is enshrined in our State Constitution. It is gratifying to see the rest of the world embracing this long standing Alaska seafood management principle, to which the Alaska seafood industry is committed.

This year, for the first time in over a decade, the Alaska Legislature joined with the Governor to provide state general funds to help ASMI conduct its very important work on behalf of all who harvest and process Alaska seafood products. This action renews a vital partnership between the State of Alaska and its seafood industry; it ensures we will continue to get the word out about our great products and help Alaska's seafood industry remain competitive in a very demanding world market.

The visionaries that founded ASMI 25 years ago were giants in the industry and forward thinkers. Three of the original industry members involved, Al Burch, Ron Jolin and Jeff Stephan, continue to serve ASMI to this day. We owe these fine people, along with the hundreds that have voluntarily served on ASMI boards and committees over the years, a debt of gratitude for giving so much of their time and intellect for the good of the Alaska seafood industry. It is because of people like these that ASMI has been able to make a positive difference in the market place and establish Alaska Seafood as a proud and highly respected brand wherever seafood lovers gather.

These are exciting times for the Alaska seafood industry and ASMI will have a very important role to play in the years ahead just as it has for the last quarter century, in promoting the great seafood products that come from the bountiful waters of Alaska.

Ray Riutta

Executive Director

What is Alaska Seafood Marketing Institute (ASMI)

A Partnership of Public and Private Sectors

Established 25 Years Ago

The Alaska Seafood Marketing Institute (ASMI) was created twenty-five years ago as a cooperative partnership between the Alaska seafood industry and state government to advance the mutually beneficial goal of a stable seafood industry in Alaska. It is Alaska's official seafood marketing arm, and is established under state law as a public corporation.

How does ASMI work?

Supports the Alaska seafood industry through promotion of Alaska seafood products, education and research

Promotions of Alaska seafood in the United States and key overseas markets in the European Union (E.U.), China and Japan are conducted at retail grocers, at restaurants, and through foodservice distributors. The promotions are complemented by trade show participation, public relations, trade education, research and technical support. Recently, consumer advertising has been a major component of the promotional program in the United States.

A board of directors, appointed by the Alaska's governor, guides decision making, taking into account the recommendations of industry advisory committees.

What's new at ASMI?

Agency structure

Legislative action in 2004 streamlined the agency, reducing the size of the board and facilitating more effective alignment with the seafood industry.

Streamlined board

A new seven-member board replaced the 25-member board, and improved alignment between the marketing efforts of ASMI and the seafood suppliers.

New board Appointments

In May 2004 Governor Frank Murkowski named five processors and two commercial harvesters to the ASMI board.

Revamped revenue stream: processors increase contribution

Seafood industry assessments provide the core of ASMI funding, and are used to leverage federal funds.

Processors voted in fall 2004 to continue the seafood marketing assessment that supports ASMI, and to raise it to .5% of the first value of the seafood they process. It had formerly stood at a rate of .3%. The 1% salmon tax formerly paid by salmon fishermen ended in January 2005. In 2006 the legislature approved the governor's proposal to contribute unrestricted general funds to ASMI for the first time in 10 years.

Redefined mission: increase economic value

The Alaska Seafood Marketing Institute is a marketing organization with the mission of increasing the economic value of the Alaska seafood resource through

- Increasing positive awareness of the Alaska Seafood brand
- Collaborative marketing programs that align ASMI and industry marketing efforts for maximum impact within the food industry
- Long-term proactive marketing planning
- Quality assurance, technical industry analysis, education, advocacy and research
- Prudent, efficient fiscal management

Expand exploration of new markets

Agressive pursuit of new opportunities in Asia, Europe and the U.S., including the U.S. Hispanic market.

Amphasis on consumer campaigns

Effective consumer campaigns aligned with marketing efforts of suppliers provide efficient, cost effective service to Alaska's seafood industry.

Special allocations of federal funding through Governor Murkowski's Fisheries Revitalization Strategy and the Alaska Fisheries Marketing Board helped finance the launch of national consumer campaigns in the U.S. The campaigns cover the full range of Alaska seafood products.

Leading U.S. campaigns

- Cook it Frozen
- Hispanic canned salmon campaign – introducing canned salmon to new users

Raise volume, value of exports

Increase *volume* and *value* of Alaska seafood exports to specific

countries in which ASMI is active— Western Europe, Northern Europe, United Kingdom, Southern Europe, Japan and China

Boost sales of frozen seafood in the u.s.

Stimulate sales of frozen salmon and other Alaska products during the “shoulder season”

Research prospects for Additional market development in the e.u., china and eastern europe

Accomplishments

- Increased consumption of fresh and frozen Alaska Seafood in the U.S. and key international markets
- Focused on consumer campaigns and consumer advertising for key products in the U.S.
- Conducted vigorous campaigns specifically promoting canned salmon in the U.S. to traditional and Hispanic markets
- Achieved greater alignment than ever before with industry trade spending
- The seafood industry is maximizing the impact of its marketing dollars by aligning sales and promotional activities with ASMI campaigns.

Ex-vessel value of the Alaska salmon fishery was \$454 million in 2005, the first time this decade that fleet earnings have been over \$400 million.

Results

Results reflect a more positive outlook on behalf of the industry, including the salmon sector

INCREASED FIRST WHOLESALE VALUE OF ALASKA SALMON PRODUCTS

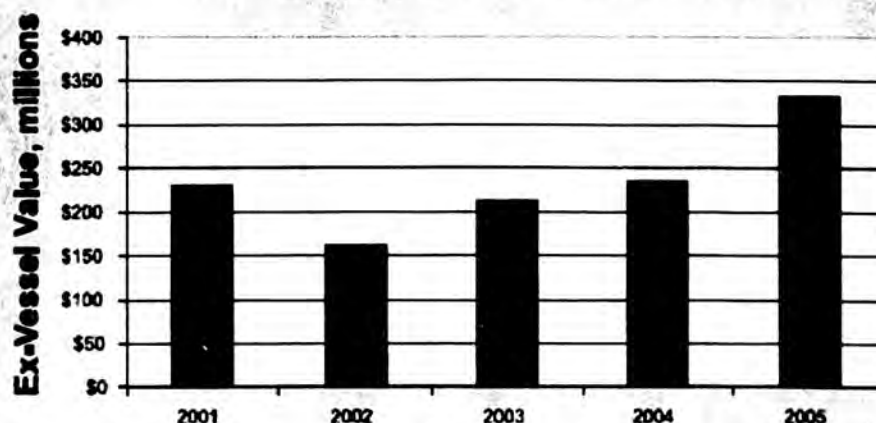
U.S. frozen salmon sales were up 18.7% in 2004 over the same period in 2003, through a Cook It Frozen consumer campaign

AGGREGATE FIRST WHOLESALE VALUE, SELECTED ALASKA SALMON PRODUCTS



INCREASED EX-VESSEL VALUE OF SALMON

ALASKA SALMON EX-VESSEL VALUE



Source: ADF&G

The price paid to fishermen doubled in three years to more than \$300 million

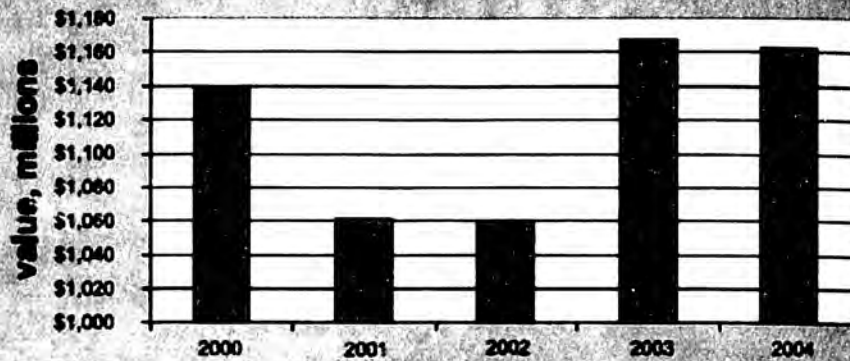
Boosted volume and value of pink salmon

Increased sales volume and value reflect promotional effort; market data show increased sales in six of the seven U.S. markets where the Hispanic canned salmon campaign was conducted

Increased ex-vessel value of key commercial species

There was volume sales growth of cod, halibut, and salmon in the U.S. with frozen salmon sales up 18.7% in 2004 over same period in 2003, through a Cook it Frozen consumer campaign.

ALASKA EX-VESSEL VALUE, KEY COMMERCIAL SPECIES



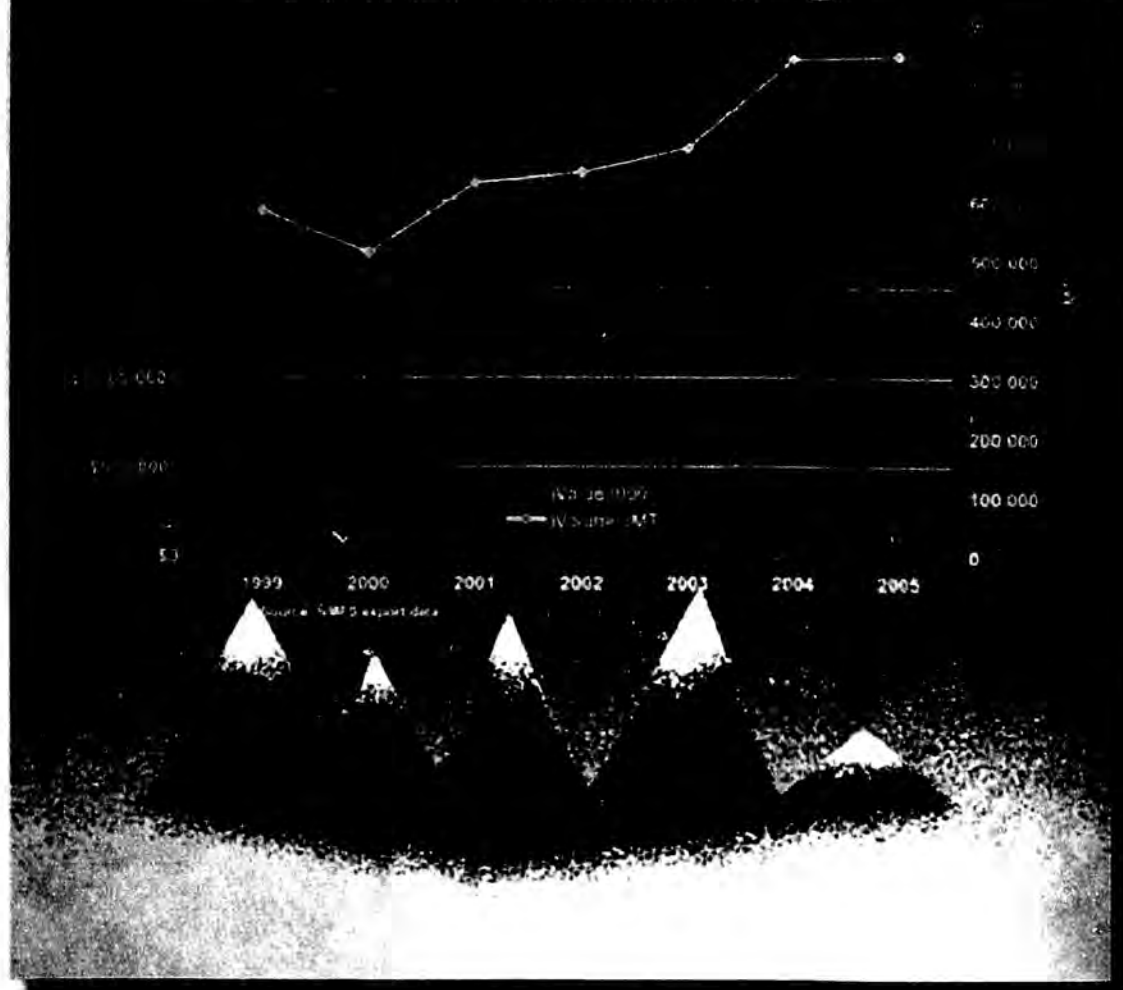
Source: ADF&G, NMFS
salmon, pollock, P-cod, halibut, sablefish, shellfish, other groundfish
(Note: 2004 went down slightly, due to seasonal fluctuations in the
harvest volume of certain species such as crab.)

Increased export volume and value

Alaska Seafood exports to the world increased 48% by value and 74% by volume (aggregate) from 2000 to 2005.

Exports of Alaska Seafood to countries where ASMI is active accounted for 70% of the total by value, and 74% by volume.

EXPORTS



Increased popularity of surimi in the European union
More fresh and frozen salmon and salmon fillets going into Europe and the united kingdom.

Asmi's Alaska pavilion in Europe's largest trade show generated projected sales over 12 months of over \$106 million for 15 participating Alaska seafood companies, leveraged the value of corporate partnerships

ASMI has achieved increased use and awareness of the Alaska Seafood brand and companion brands through developing its relationships with grocery retailers, restaurant operators and foodservice distributors at the corporate level.

Increased popularity of surimi in the European Union
More fresh and frozen salmon and salmon fillets going
into Europe and the United Kingdom.

Asmi's Alaska pavilion in Europe's largest trade
show generated projected sales over 12 months of
over \$106 million for 15 participating Alaska seafood
companies.

Leveraged the value of corporate partnerships
ASMI has achieved increased use and awareness of the Alaska
Seafood brand and companion brands through developing its
relationships with grocery retailers, restaurant operators and
foodservice distributors at the corporate level.

ASMI and Alaska's Fisheries Revitalization Strategy

Governor Frank Murkowski initiated the Alaska Fisheries
Revitalization Strategy to address the needs of those affected by an
economic downturn in the salmon fishing industry and to stimulate
profitability in the seafood industry. The multi-year strategic effort was
funded utilizing \$50 million in federal funds, obtained through the
efforts of the state's congressional delegation. Many Alaska seafood
companies received allocations of funds for product innovation
and supporting sales of new value added products in the marketplace.
\$4.5 million of the Fisheries Revitalization Strategy is dedicated to special promotions
through the Alaska Seafood Marketing Institute. These project monies were
augmented by allocations of federal funds by the Alaska Fisheries
Marketing Board.

Cook it frozen

The Alaska seafood industry wished to boost sales during the fall
"shoulder season," when frozen products present an excellent
option for consumers, so ASMI initiated a \$1.4 million Cook it
Frozen media campaign, aligned with the seafood industry's sales
efforts, to educate consumers about eating frozen seafood. Sales
at retail grocery stores were supported by chef demonstrations,
celebrity sales support including streaming video on the Cook
it Frozen website, newspaper articles with Alaska seafood
recipes, colorful point of purchase materials for more than
3500 participating stores, radio ads (13 major market areas),
and billboards for Wild Alaska Salmon in Seattle, Portland, and
Washington, D.C.

ASMI expenditure of funds received from Alaska Fisheries Marketing Board

The Alaska Seafood Marketing Institute, a public-private partnership between the State of Alaska and the Alaska seafood industry, received Saltonstall-Kennedy funding through the Alaska Fisheries Marketing Board.

The Saltonstall-Kennedy program was established by the U.S. Congress to provide financial assistance for projects to strengthen the U.S. fishing industry, and the fund source is duties and tariffs on imported fish and fish products.

Alaska Seafood Marketing Institute is using \$6.5 million in funding received through AFMB for a multi-year national consumer campaign that includes advertising, publicity, internet resources for consumers, retail grocery and foodservice promotions, trade education and research.

The attention focused on Alaska seafood marketing during the past three years has had a measurable effect. Millions of Americans have been exposed to favorable messages about Alaska Seafood. Demand for most products has increased markedly, new markets are being developed, and prices paid to the producers for a number of products are improving, thus strengthening the U.S. seafood industry in the face of a tide of cheap foreign imports.

Highlights

- Media coverage of Alaska seafood products, particularly salmon, has been favorable. Hundreds of favorable mentions have occurred in magazines, newspapers, radio, television, and on the internet.
- The consumer advertising campaign included ads in *Sunset*, *Cooking Light*, and *Bon Appetit* as well as some advertising in foodservice trade publications. The series of ads targeted American consumers and professional cooks, and stimulated further demand for Alaska seafood products.
- The Alaska Seafood brand became the second most popular food brand on menus of the top 500 restaurant chains – the result of ASMI programs to educate key corporate executive chefs and conduct promotions with high-profile foodservice operators and foodservice distributors.
- Sales of Alaska Seafood through retail grocery stores received additional lift from ASMI promotions. Support for the retail

promotions includes merchandising guidance, special coupon offers, advertising, cooking demonstrations, cooperative partnerships with national brands, Alaska Seafood promotions at consumer shows and events, internet website enhancements catering to consumers, and development of emerging markets such as the U.S. Hispanic market.

Products promoted were wild Alaska seafood products:

- salmon (fresh, frozen and canned)
- whitefish varieties (Alaska Pollock, sole, rockfish, halibut, black cod, Pacific cod) and surimi seafood.
- shellfish (three kinds of crab, other shellfish including scallops, shrimp)

ASMI History

ASMI was established in 1981 as a cooperative endeavor of industry and state government to stabilize the economics of the seafood industry. Twenty-five years later it has successfully built the Alaska Seafood brand and works to increase the value of Alaska's seafood harvest.

Asmi History in A Nutshell

Alaska's Seafood Industry Steps to the Plate

When ASMI was created, seafood processing companies elected to tax themselves to fund the program; for many years, they paid an assessment of .3% of the value of all seafood species they processed. The board included members of both the fishing and processing sectors. In 1993, the legislature enacted a 1% salmon marketing tax to be paid by commercial fishermen. More fishermen were added to the board of directors, resulting in a 25-member board. The legislation establishing the salmon marketing tax paid by fishermen was up for renewal after five years, and was reinstated in 1998, thanks to support from commercial fishermen.

Federal Support for International Marketing

The first federal funds to support the marketing activities overseas were received in 1988, allowing promotional efforts to expand from the United Kingdom to Japan and France. Australia joined the mix in 1992, as did Italy, Korea, and The Netherlands. Four years later, Belgium, China, Taiwan, and Hong Kong were added to the program.

The international program, which is made possible by the assistance of the Market Access Program operated by the U.S. Dept. of Agriculture (USDA) Foreign Agricultural Service now spans the Japan, China and the European Union, with concentrated activity

in Northern, Southern and Western Europe. Russia has recently been added to the list of emerging markets.

ALASKA SEAFOOD
1981 2006
www.alaskaseafood.org
Silver Anniversary



Alaska Seafood Marketing Institute



ASMI BOARD OF DIRECTORS

Mark Palmer
Chair, Ocean Beauty Seafoods, Inc.

Bruce Wallace
Vice Chair, Commercial harvester

Kevin Adams
Commercial harvester

Joe Bundrant
Trident Seafoods Corp.

Barry Collier
Peter Pan Seafoods, Inc.

Duncan Fields
Kodiak Salmon Packers

Don Giles
Icicle Seafoods

EX OFFICIO MEMBERS

William Noll
*Commissioner, Dept. of Commerce,
Community and Economic
Development*

Margy Johnson
*International Trade and Market
Development, Office of the Governor*

Senator Gary Stevens
Senate, Alaska State Legislature

Rep. Bill Stoltze
*House of Representatives, Alaska State
Legislature*

Alternate - Rep. Gabrielle LeDoux
*House of Representatives, Alaska State
Legislature*



Message from the Chair of the Board

Alaska's seafood industry is undergoing dramatic and permanent change. As in most sectors of American business, Alaska seafood has seen tremendous consolidation, driven by increased worldwide competition and changing consumer preferences. As a result of this consolidation the remaining companies are stronger and better able to capitalize on the changing consumer and the new manufacturing climate. In recent years seafood processing companies have made significant progress toward the goal of becoming modern market-driven food production operations, and are producing more value-added products for more different markets around the world than ever before.

The public-private partnership of Alaska Seafood Marketing Institute has been rejuvenated by active participation of seafood industry leaders and the support of the State of Alaska through the Alaska Fisheries Revitalization program. By exploiting the partnership of the industry and the state, the Alaska Seafood Marketing Institute has been able to field highly effective promotional activities that have helped drive up the value of the products Alaska has to offer.

These are exciting times for the Alaska seafood industry, for harvesters and processors, and for the many communities – small towns and large cities – that depend on the industry for economic survival. Our fisheries resources are abundant, managed for sustainability, and offer a source of delicious and healthy food to people around the world. We are meeting the challenge of providing the products that today's customers want, and providing them in an environmentally friendly way, so that businesses can plan on having a supply of Alaska seafood for generations to come. As ASMI celebrates 25 years of service to the industry and to Alaska, we look forward to our future successes in promoting Wild Alaskan Seafood.

Sincerely,



Mark Palmer, Chair
Board of Directors



Message from the Executive Director

This year marks a quarter century of service to the Alaska seafood industry by ASMI. This unique partnership has weathered a number of storms over this time and is in a strong position going forward. Most importantly, our brand, Alaska Seafood, is one of the strongest seafood brand names in the world, something ASMI can rightfully take a large share of the credit for creating. Persistent, targeted messaging about Alaska Seafood has gained a strong foothold in a very competitive world market.

At a time when sustainability is catching on in the global marketplace, we are proud to point out that Alaska Seafood is the world leader in sustainable seafood. Since statehood, Alaska, through its progressive and forward looking seafood management practices has been ensuring Alaska's seafood stocks will be here for the generations to come; in fact, this concept is enshrined in our State Constitution. It is gratifying to see the rest of the world embracing this long standing Alaska seafood management principle, to which the Alaska seafood industry is committed.

This year, for the first time in over a decade, the Alaska Legislature joined with the Governor to provide state general funds to help ASMI conduct its very important work on behalf of all who harvest and process Alaska seafood products. This action renews a vital partnership between the State of Alaska and its seafood industry; it ensures we will continue to get the word out about our great products and help Alaska's seafood industry remain competitive in a very demanding world market.

The visionaries that founded ASMI 25 years ago were giants in the industry and forward thinkers. Three of the original industry members involved, Al Burch, Ron Jolin and Jeff Stephan, continue to serve ASMI to this day. We owe these fine people, along with the hundreds that have voluntarily served on ASMI boards and committees over the years, a debt of gratitude for giving so much of their time and intellect for the good of the Alaska seafood industry. It is because of people like these that ASMI has been able to make a positive difference in the market place and establish Alaska Seafood as a proud and highly respected brand wherever seafood lovers gather.

These are exciting times for the Alaska seafood industry and ASMI will have a very important role to play in the years ahead just as it has for the last quarter century, in promoting the great seafood products that come from the bountiful waters of Alaska.



Ray Riutta
Executive Director



What is Alaska Seafood Marketing Institute (ASMI)

**A Partnership of Public and Private Sectors
Established 25 Years Ago**

The Alaska Seafood Marketing Institute (ASMI) was created twenty-five years ago as a cooperative partnership between the Alaska seafood industry and state government to advance the mutually beneficial goal of a stable seafood industry in Alaska. It is Alaska's official seafood marketing arm, and is established under state law as a public corporation.



How does ASMI work?

Supports the Alaska seafood industry through promotion of Alaska seafood products, education and research

Promotions of Alaska seafood in the United States and key overseas markets in the European Union (E.U.), China and Japan are conducted at retail grocers, at restaurants, and through foodservice distributors. The promotions are complemented by trade show participation, public relations, trade education, research and technical support. Recently, consumer advertising has been a major component of the promotional program in the United States.

A board of directors, appointed by the Alaska's governor, guides decision making, taking into account the recommendations of industry advisory committees.



What's new at ASMI?

AGENCY STRUCTURE

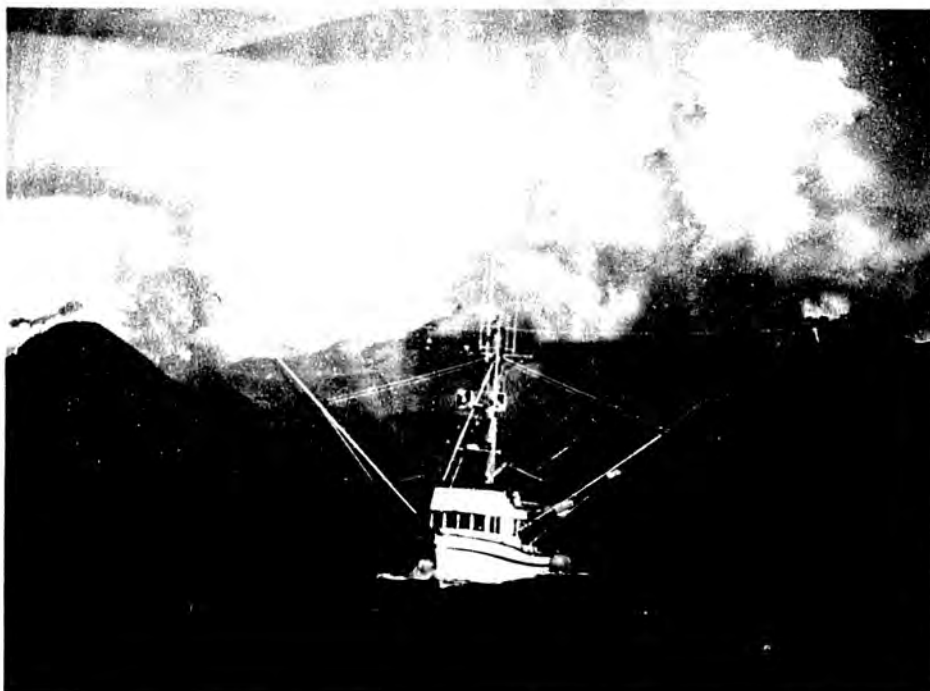
Legislative action in 2004 streamlined the agency, reducing the size of the board and facilitating more effective alignment with the seafood industry.

STREAMLINED BOARD

A new seven-member board replaced the 25-member board, and improved alignment between the marketing efforts of ASMI and the seafood suppliers.

NEW BOARD APPOINTMENTS

In May 2004 Governor Frank Murkowski named five processors and two commercial harvesters to the ASMI board.



REVAMPED REVENUE STREAM: PROCESSORS INCREASE CONTRIBUTION

Seafood industry assessments provide the core of ASMI funding, and are used to leverage federal funds.

Processors voted in fall 2004 to continue the seafood marketing assessment that supports ASMI, and to raise it to .5% of the first value of the seafood they process. It had formerly stood at a rate of .3%.

The 1% salmon tax formerly paid by salmon fishermen ended in January 2005.

In 2006 the legislature approved the governor's proposal to contribute unrestricted general funds to ASMI for the first time in 10 years.



REDEFINED MISSION: INCREASE ECONOMIC VALUE

The Alaska Seafood Marketing Institute is a marketing organization with the mission of increasing the economic value of the Alaska seafood resource through

- Increasing positive awareness of the Alaska Seafood brand
- Collaborative marketing programs that align ASMI and industry marketing efforts for maximum impact within the food industry
- Long-term proactive marketing planning
- Quality assurance, technical industry analysis, education, advocacy and research
- Prudent, efficient fiscal management

EXPAND EXPLORATION OF NEW MARKETS

Aggressive pursuit of new opportunities in Asia, Europe and the U.S., including the U.S. Hispanic market.



EMPHASIS ON CONSUMER CAMPAIGNS

Effective consumer campaigns aligned with marketing efforts of suppliers provide efficient, cost effective service to Alaska's seafood industry.

Special allocations of federal funding through Governor Murkowski's Fisheries Revitalization Strategy and the Alaska Fisheries Marketing Board helped finance the launch of national consumer campaigns in the U.S. The campaigns cover the full range of Alaska seafood products.

LEADING U.S. CAMPAIGNS

- Cook it Frozen
- Hispanic canned salmon campaign - introducing canned salmon to new users

RAISE VOLUME, VALUE OF EXPORTS

Increase *volume* and *value* of Alaska seafood exports to specific countries in which ASMI is active— Western Europe, Northern Europe, United Kingdom, Southern Europe, Japan and China

BOOST SALES OF FROZEN SEAFOOD IN THE U.S.

Stimulate sales of frozen salmon and other Alaska products during the "shoulder season"

RESEARCH PROSPECTS FOR ADDITIONAL MARKET DEVELOPMENT IN E.U., CHINA AND EASTERN EUROPE



Accomplishments

Salmon fleet participation has increased substantially with the rebound in salmon value. The number of salmon permits fished rose 86% (13 percent) from 6,645 in 2002 to 7,508 in 2005.

Accomplishments

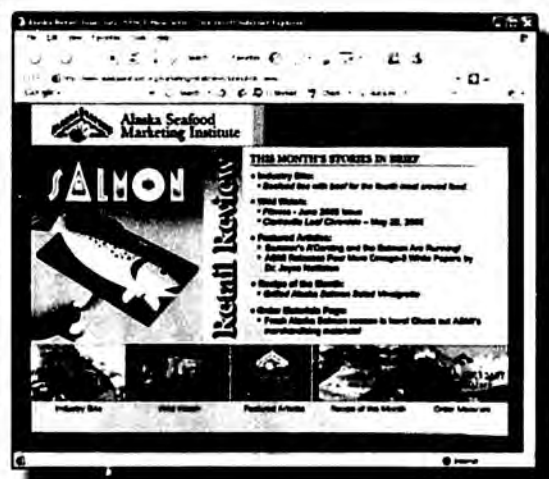
- Increased consumption of fresh and frozen Alaska Seafood in the U.S. and key international markets
- Focused on consumer campaigns and consumer advertising for key products in the U.S.
- Conducted vigorous campaigns specifically promoting canned salmon in the U.S. to traditional and Hispanic markets
- Achieved greater alignment than ever before with industry trade spending
- The seafood industry is maximizing the impact of its marketing dollars by aligning sales and promotional activities with ASMI campaigns.



ASMI's New Website

ASMI's new website launched in early 2006. There are resources on the website for processors and harvesters, retailers, chefs, foodservice operators, dietitians, and consumers. Members of the Alaska seafood industry have access to special promotional resources, a long-range calendar of promotions, advertising placements and trade shows, image library, market research, and industry e-newsletters.

Fleet earnings in the Alaska salmon fishery have recovered significantly in the last three years. According to revised ADP & G data released this Spring, harvester earnings in the 2005 Alaska salmon season totaled \$334 million, more than double the low point of \$162m in 2002.



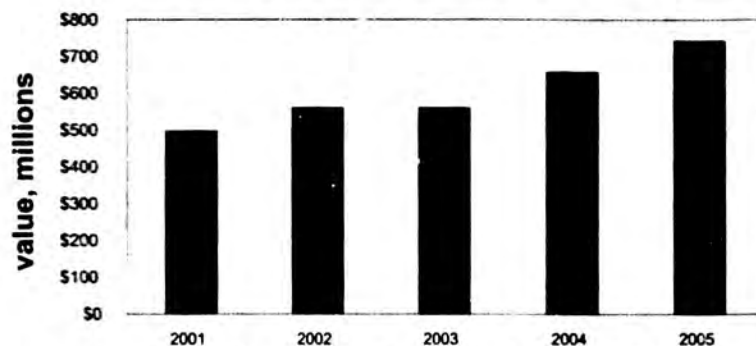
Results

Results reflect a more positive outlook on behalf of the industry, including the salmon sector

INCREASED FIRST WHOLESALE VALUE OF ALASKA SALMON PRODUCTS

U.S. frozen salmon sales were up 18.7% in 2004 over the same period in 2003, through a Cook it Frozen consumer campaign

AGGREGATE FIRST WHOLESALE VALUE, SELECTED ALASKA SALMON PRODUCTS



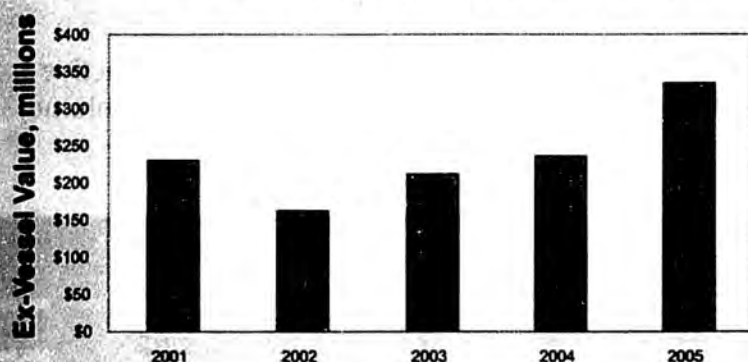
Source: AK Dept of Revenue Alaska Salmon Price Report
Fresh and froz H&G, fresh and froz fillet, canned salmon, salmon roe



Results

INCREASED EX-VESSEL VALUE OF SALMON

ALASKA SALMON EX-VESSEL VALUE



Source: ADF&G

The price paid to fishermen doubled in three years to more than \$300 million

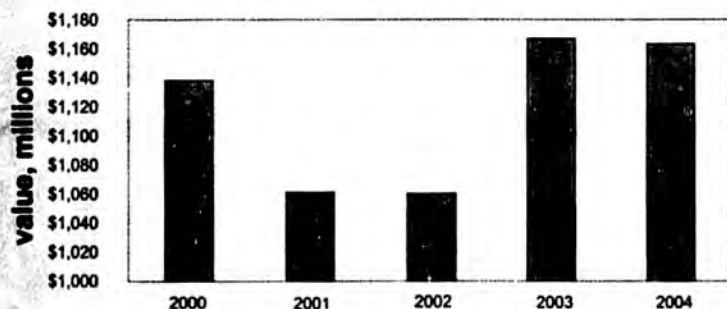
BOOSTED VOLUME AND VALUE OF PINK SALMON

Increased sales volume and value reflect promotional effort; market data show increased sales in six of the seven U.S. markets where the Hispanic canned salmon campaign was conducted

INCREASED EX-VESSEL VALUE OF KEY COMMERCIAL SPECIES

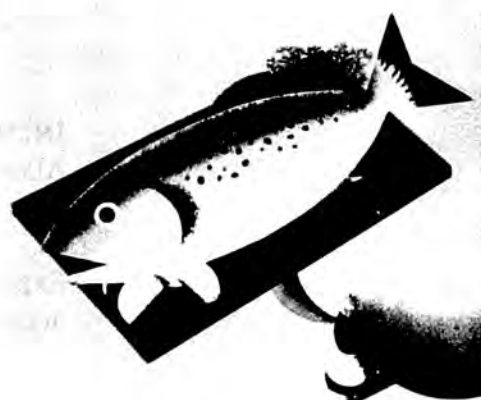
There was volume sales growth of cod, halibut, and salmon in the U.S. with frozen salmon sales up 18.7% in 2004 over same period in 2003, through a Cook it Frozen consumer campaign.

ALASKA EX-VESSEL VALUE, KEY COMMERCIAL SPECIES



Source: ADF&G, NMFS

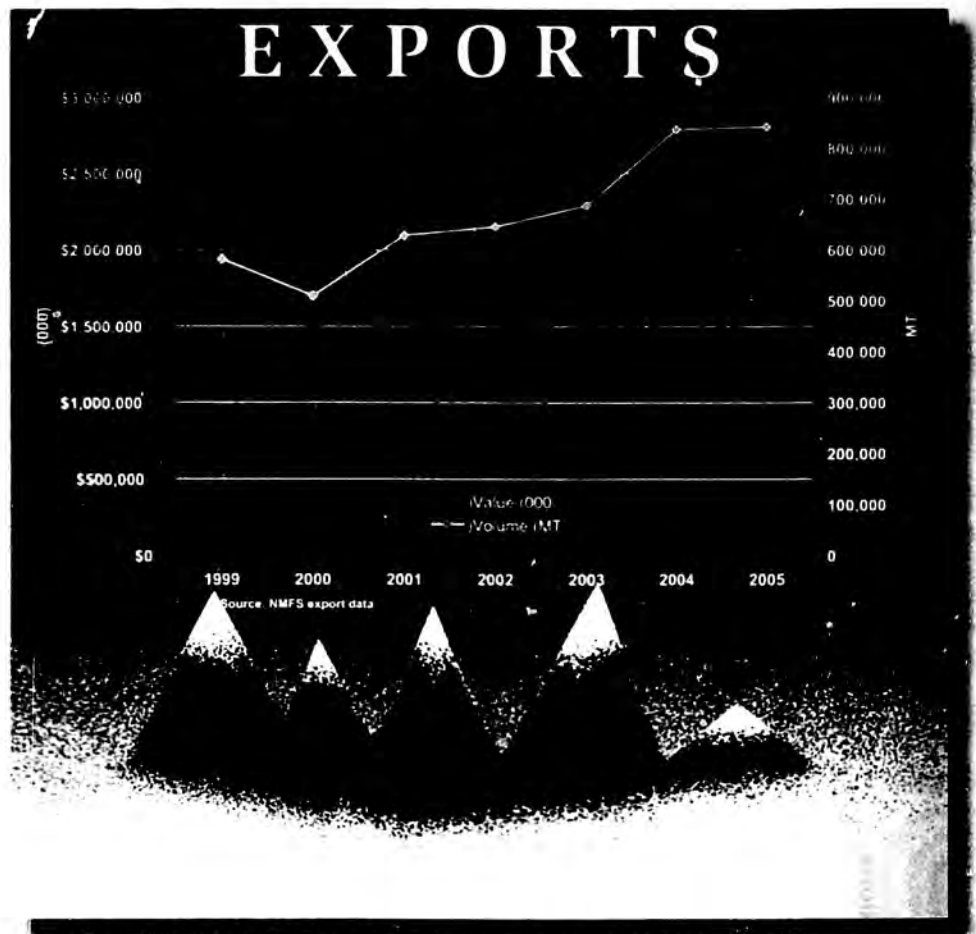
salmon, pollock, P-cod, halibut, sa. lefish, shellfish, other groundfish
(Note: 2004 went down slightly, due to seasonal fluctuations in the harvest volume of certain species such as crab.)



INCREASED EXPORT VOLUME AND VALUE

Alaska Seafood exports to the world increased 48% by value and 74% by volume (aggregate) from 2000 to 2005.

Exports of Alaska Seafood to countries where ASMI is active accounted for 70% of the total by value, and 74% by volume.



13 months

INCREASED POPULARITY OF SURIMI IN THE EUROPEAN UNION

MORE FRESH AND FROZEN SALMON AND SALMON FILLETS GOING INTO EUROPE AND THE UNITED KINGDOM.

ASMI's ALASKA PAVILION IN EUROPE'S LARGEST TRADE SHOW GENERATED PROJECTED SALES OVER 12 MONTHS OF OVER \$106 MILLION FOR 15 PARTICIPATING ALASKA SEAFOOD COMPANIES.

LEVERAGED THE VALUE OF CORPORATE PARTNERSHIPS

ASMI has achieved increased use and awareness of the Alaska Seafood brand and companion brands through developing its relationships with grocery retailers, restaurant operators and foodservice distributors at the corporate level.

Total Alaska harvest of groundfish and flatfish rose slightly in 2005, up from 2.12 million MCT in 2004 to 2.14 million MCT in 2005.



Respect

EARNED RESPECT IN THE MARKETPLACE FOR THE ALASKA SEAFOOD BRAND

Built brand equity for Alaska Seafood through relationships built by ASMI and as a result of educating retail seafood managers, chefs, restaurant operators, foodservice distributors and seafood buyers about Alaska Seafood.

In the U.S. 77% of restaurant diners have a positive impression of the Alaska Seafood brand

The Alaska Seafood brand is the second most popular food brand on menus of the top 500 U.S. restaurant chains, up from third place in 2001



**2ND PLACE -
THIS IS UP FROM 3RD
PLACE IN 2001!**

**SOURCE: DATASSENTIAL
RESEARCH 2004**

TR 4

THE MESSAGE IS OUT ON ALASKA SEAFOOD

Through consumer advertising and branded campaigns, more people than ever before are being exposed to the brand and to key messages. "Alaska" signifies wild, natural, unparalleled flavor, superior quality, sustainability, versatility, ease of preparation, and healthfulness.

Bering Sea crab stocks harvested in 2005 was just under 24,000 TMT, consistent with the previous three years. For 2006, statewide allowable catch of Alaska crab shows an increase to approximately 28,000 TMT.



ASMI and Alaska's Fisheries Revitalization Strategy

Governor Frank Murkowski initiated the Alaska Fisheries Revitalization Strategy to address the needs of those affected by an economic downturn in the salmon fishing industry and to stimulate profitability in the seafood industry. The multi-year strategic effort was funded utilizing \$50 million in federal funds, obtained through the efforts of the state's congressional delegation. Many Alaska seafood companies received allocations of funds for product innovation and supporting sales of new value added products in the marketplace.



\$4.5 million of the Fisheries Revitalization Strategy is dedicated to special promotions through the Alaska Seafood Marketing Institute. These project monies were augmented by allocations of federal funds by the Alaska Fisheries Marketing Board.

COOK IT FROZEN

The Alaska seafood industry wished to boost sales during the fall "shoulder season," when frozen products present an excellent option for consumers, so ASMI initiated a \$1.4 million Cook it Frozen media campaign, aligned with the seafood industry's sales efforts, to educate consumers about eating frozen seafood. Sales at retail grocery stores were supported by chef demonstrations, celebrity sales support including streaming video on the Cook it Frozen website, newspaper articles with Alaska seafood recipes, colorful point of purchase materials for more than 3500 participating stores, radio ads (13 major market areas), and billboards for Wild Alaska Salmon in Seattle, Portland, and Washington, D.C.

