



SEAFOOD PRODUCERS COOPERATIVE

PRODUCERS, PROCESSORS & MARKETERS OF PREMIUM QUALITY SEAFOODS

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GENERAL MARKETING AGREEMENT

SEAFOOD PRODUCERS COOPERATIVE (the "Cooperative") agrees to market fish and fish products (herein collectively referred to as "fish products") for the undersigned member of the Cooperative (the "Member") and to pay to such Member the net proceeds therefrom, and the Member agrees to deliver fish products to the Cooperative, or its order, for marketing and to supply the Cooperative with funds for its expenses, capital and reserves, all upon the following terms and conditions:

1. **MEMBERSHIP:** The undersigned hereby applies for membership in or acknowledges that he is already a member in good standing of the Cooperative and agrees to be bound by the terms and conditions of the Cooperatives Articles of Association and Bylaws as they now exist or may hereafter be amended and the terms and conditions thereof are hereby incorporated by reference into this Agreement.

2. **MARKETING:**

(a) As long as the undersigned is a member in good standing of the Cooperative, the undersigned shall be eligible to deliver to the Cooperative for marketing such type(s) or species of fish products as the Cooperative shall determine from time to time. The Cooperative shall receive and market such fish products as agent for the Member on a nonprofit, cooperative basis, subject to the terms and conditions of this Agreement. The Member shall not be obligated hereunder to deliver all or any portion of his fish products to the Cooperative; provided, however, that from time to time the Cooperative may request the Member to notify the Cooperative of the Member's intentions with regard to the delivery of his fish products to the Cooperative.

(b) The Member shall deliver his fish products to the Cooperative, or its order, at such ports, vessels or places as shall be designated from time to time by the Cooperative, or its agent. The Cooperative, or its agent, upon receipt of the fish products, shall deliver to the Member a receipt setting forth the number of pounds of each type of fish products delivered to the Cooperative, the grade, quality, or condition of such fish products and such other information as the Cooperative may deem appropriate. The Cooperative may refuse to accept any fish products not in a good, marketable condition in accordance with such minimum grading and quality standards as the Cooperative may establish and revise from time to time.

(c) The Cooperative shall not be obligated to accept fish products from the Member whenever proper and adequate facilities for handling and selling such fish products are not available as determined by the Cooperative. To this end, the Board of Directors of the Cooperative may establish limits or quotas or time limitations on deliveries of fish products to be accepted. In the event the Cooperative does not accept fish products from the Member that it would otherwise be obligated to accept hereunder and which have been offered to it, the Member shall otherwise dispose of his fish products.

(d) Notwithstanding any contrary construction or interpretation arising out of documentation required by the State in which the delivery is made, title to all fish products and the proceeds therefrom shall at all times remain in the Member and the members who sign similar agreements according to their respective interest, subject, however, to the right of the Cooperative to pledge, hypothecate, sell, assign, handle, and otherwise deal with said fish products and the proceeds thereof in accordance with the terms of the Agreement, in its own name or trade style.

(e) The Cooperative may grade and/or classify fish products as to kind, quality, state of preparation for marketing or other basis, and it may mingle said fish products with similarly classified or graded fish products delivered to it by other members. The Cooperative may also segregate fish products into pools or other classifications (all of which are hereinafter collectively referred to as "pools"), on the basis of use, grade, or otherwise. The Cooperative may deal with each such pool differently and account for each separately. The Cooperative will use its best endeavors to sell all said fish products at the best price obtainable in its judgment, but shall not be liable to the Member for failure to receive the highest price obtainable. The time, place, manner, terms and conditions of delivery, grading, pooling, classification and sale shall be such as the Cooperative may deem fair and advantageous to the group of members marketing fish products through it.

(f) The classification of pools will include troll salmon, seine salmon, gillnet salmon, halibut, sablefish, seine roe herring, gillnet roe herring and albacore. Within these pools, segregation may be made by size, time, grade, and location. The Cooperative reserves the right to add, delete, or consolidate pools as fishing conditions and/or market conditions warrant. The Cooperative will advise its members as soon as possible of any changes in pool classifications.

(g) The Cooperative is authorized to employ such processors, marketing agents and others on a contract basis or commission basis or otherwise as it may deem necessary or desirable for the purpose of carrying out the provisions of this Agreement and conducting its operations.

3. **DISTRIBUTION OF PROCEEDS:** The proceeds derived from the sale of all fish products in each pool shall be received by or at the order of the Cooperative. The Cooperative's cost in marketing fish products, including but not limited to any costs of handling, transporting, processing, packaging, storing, selling, and a proportionate share of the Cooperative's general and overhead costs, interest on its obligations and dividends on capital stock and operating loss carryforwards (if any), shall be chargeable to and deducted from said proceeds of each pool, as specified in paragraph 4 below, and the remainder shall be deemed to be "the net proceeds of sale" of such pool. The Member shall receive in full payment for his fish products in each pool a pro rata share of the net proceeds of sale of such pool. Such payments shall be disbursed to the Member as follows:

(a) The Cooperative may pay to the Member, and to other members who are parties to similar agreements, all or a portion of the anticipated net proceeds of sale in the form of one or more advances. The actual amount and time of payment of any such advance shall be determined from time to time by the Board of Directors of the Cooperative. The Cooperative may deduct from any such advance any amounts owed by the Member to the Cooperative. In addition, for the purpose of meeting the capital needs of the Cooperative, including working capital and asset acquisition, the Cooperative reserves the right to retain from any such advance a sum or sums (herein designated a "per unit retain") which shall be evidenced by a book credit, certificate of interest in a capital fund or certificate evidencing shares of capital stock of the Cooperative, all in such forms and amounts as may be determined by the Board of Directors of the Cooperative.

(b) Within 60 days of the end of its' fiscal year, the Cooperative shall declare payable to each member the entire balance of the net proceeds of sale of his fish products in each pool less deductions. After it shall have made its final determination of reasonable reserves for necessary purposes and the exact balance of the net proceeds of sale of fish products then remaining in its possession, and/or all deductions authorized herein or in the Cooperative's Articles and Bylaws (including obligations owed by the Member to the Cooperative including over-advances, if any) the Cooperative will distribute to the Member the balance of his funds in its possession. Such balance will be distributed in cash and/or noncash form, i.e., book credits, certificates of interest in a capital fund or certificates evidencing shares of capital stock of the Cooperative, all in such forms and amounts as may be determined by the Board of Directors of the Cooperative.

(c) In the event the operations of the Cooperative for any fiscal year should result in a net operating loss in a particular pool, department or classification, such loss shall be allocated to all members who patronized such pool, department or classification on the same basis as net proceeds are distributable hereunder. Notwithstanding the foregoing, a net operating loss in a particular pool, department or classification may be netted against the proceeds of another pool, department or classification: (1) where, in the judgment of the Trustees, the patrons of one are substantially similar to the patrons of the other, the fish products involved are similar, geographical separation is limited and the various patrons are adequately informed of this risk sharing arrangement before the loss transactions occur; or (2) in accordance with the then applicable provisions of the Internal Revenue Code and regulations thereunder, if any.

(d) The Cooperative shall have the right to off set any indebtedness of a Member to the Cooperative against: (1) any sums payable by the Cooperative to such member; (2) such member's book credits, capital funds, allocated reserves, preferred stock and/or common stock in the Cooperative; and/or (3) the cash portion of any patronage dividend payable by the Cooperative to such member. Each member of the Cooperative does hereby make, constitute and appoint the Cooperative such member's attorney-in-fact for him and in his name, place and stead, for his use and benefit, to sign, endorse and deliver to the Cooperative such portion of the cash portion of such member's patronage dividend as may be necessary to satisfy any indebtedness of such member to the Cooperative. In addition to the foregoing right of offset, each member hereby grants to the Cooperative a Uniform Commercial Code security interest in: (1) any sums payable by the Cooperative to such member; (2) such member's book credits, capital funds, allocated reserves, preferred stock and/or common stock in the Cooperative; and/or (3) the cash portion of any patronage dividend payable by the Cooperative to such member to secure repayment of any such indebtedness. This Agreement shall constitute a security agreement and the original or a copy hereof may be filed as a financing statement

(e) Records will be kept by the Cooperative of the amount of reserves retained, if any, and of the members contributing the same. The Cooperative (in the discretion of the Board of Directors) may retain such reserves on a basis which (under applicable federal tax law) is either "qualified" or "nonqualified". When it is determined that some part or all of the reserves retained in any year are no longer necessary, the residue (if any) of such reserves shall be distributed by the Cooperative to the members who participated in creating them. The time and manner of such distribution shall be determined by the Board of Directors of the Cooperative.

4. **DISTRIBUTION OF CHARGES:** All charges to the pools shall be allocated on a consistent method according to the following:

- (a) Operating expenses are charged against each pool pro rata based on the total pounds delivered to each pool.
- (b) Selling expenses are charged against each pool pro rata based on the sales value of each pool.
- (c) General and administrative expenses are charged against each pool pro rata based on the sales value of each pool.
- (d) Charges outlined in items a-c above shall be accounted for on an accrual basis to coincide with the Cooperative's fiscal year.

5. **TAX CONSENT:** The Member consents and agrees as follows: (a) that in reporting and paying his federal income tax he will take into account in the year received by him and as if it were cash, the stated dollar amount of each written notice of allocation (except those designated by their terms as "nonqualified" or "nonqualifying") distributed with respect to his patronage in the Cooperative; and (b) that for purposes of determining the amount he has received from the Cooperative in payment for his fish products, he shall treat the face value amount of any per unit retain certificates (except those designated by their terms as "non qualified" or "nonqualifying") issued to him as representing a cash distribution which he has constructively received and which he has reinvested in the Cooperative.

6. **COOPERATIVE POLICIES:** It is the intention of the Cooperative in the conduct of pools, allocation of costs, distribution of proceeds and in the doing of all other things herein authorized, to pay each member all of the net proceeds from the sale of his fish products upon a fair patronage basis. Its exercise of all authority and discretion herein conferred and its accounting and determination of proper costs, deductions, assessments, rates, advances, over advances (if any) and its determination of the reserves and capital to be supplied or offset, and of the book credits or classes of certificates to be issued therefore shall be final so long as the same are made in good faith.

7. **IMPOSSIBILITY OF PERFORMANCE:** Neither of the parties hereto shall be liable to the other for any failure to comply with the terms hereof when the same is made impossible by fire, the elements, acts of God, strike, lockout or other condition beyond control of the parties.

8. **TERM:** This Agreement shall become effective upon its acceptance by the Cooperative and thereupon supersedes any prior marketing agreement existing between the Member and the Cooperative. It shall remain in full force and effect thereafter unless and until terminated in one of the following ways: (a) it may be terminated by the Cooperative if the Member breaches any provision of this Agreement; or (b) it may be terminated by the Cooperative if the Member's membership in the Cooperative is terminated in any manner provided by the Bylaws; or (c) after this Agreement has been effective for not less than one complete fishing season, the Member of the Cooperative may terminate it by mailing written notice to the other party during the period between January 1 and February 28; provided, however, that the Member may so terminate this Agreement only if he shall have paid all indebtedness then owing from him to the Cooperative. Such notice from the Member shall be deemed waived if the Member continues delivering fish products to the Cooperative after the termination date therein specified, and in such case this Agreement shall remain in full force and effect the same as if notice had never been given.

9. **COSTS AND ATTORNEY'S FEES:** If by reason of any breach or default on the part of the Member or the Cooperative in performance of any provisions contained herein, it becomes necessary for either of the parties hereto to employ an attorney, to enforce or defend any rights or remedies hereunder, and should such party prevail, such party shall be entitled to a reasonable attorneys' fee and all costs and expenses expended or incurred in connection with such default or action including costs and attorney's fees on appeal.

10. **AGREEMENT EXCLUSIVE AND COMPLETE:** The Member expressly warrants that he has not heretofore contracted to sell, market, consign or deliver any of the fish products to be delivered pursuant to this Agreement to any person, firm or corporation in any way which would violate or be violated by his performance of this Agreement, and that he will not do so during the life of this Agreement without the prior written consent of the Cooperative. There are no oral or other agreements which alter or otherwise modify the terms of this Agreement as herein expressed.

Approved and executed this _____ day of _____, 20____. Read and considered and signed this _____ day of _____, 20____.

SEAFOOD PRODUCERS COOPERATIVE

MEMBER

By _____
President

Name (Please PRINT legibly)

By _____
Member Signature

By _____
Secretary

CIRCLE AS APPLICABLE:

Individual Partnership Husband & Wife Corporation

Street Address

Town/City, State, Zip

Phone