

2008

AMERICAN FISHERIES ACT

CATCHER VESSEL INTERCOOP

ANNUAL REPORT

TO THE

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

Prepared by:

John Gruver

United Catcher Boats Association

Seattle, Washington

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Section 1. Introduction

1.1 Purpose of the Catcher Vessel Intercooperative Report

The AFA Catcher Vessel Intercooperative Report is a summary of the nine catcher vessel cooperative reports required by the American Fisheries Act (AFA) regulations. While the individual coop reports track the annual activities of each cooperative, a summary of AFA catcher vessel harvests in the Bering Sea and Gulf of Alaska fisheries is needed as NMFS allocates the catcher vessel sideboard caps in the aggregate to the catcher vessel fleet, not by individual cooperatives. The Catcher Vessel Intercooperative Report provides the North Pacific Fisheries Management Council, and the public, with a simple means of evaluating the AFA catcher vessel fleet's aggregate fishing performance under the AFA regulations. Additionally, this report provides information beyond the required elements of the individual coop reports to provide a broader understanding of catcher vessel cooperative activities.

1.2 The 2008 Catcher Vessel Intercooperative Agreement

The nine AFA catcher vessel cooperatives renewed the Intercooperative Agreement for 2008 with no significant changes from the 2007 Agreement. The 2008 agreement continues to emphasize the commitment by all members towards reducing bycatch in each Bering Sea and Gulf of Alaska groundfish fishery in which they participate.

Primary elements of the Intercoop Agreement:

- 1) Allocation, monitoring, and compliance of the BSAI and GOA sideboard limits and PSC caps among the AFA catcher vessel fleet;
- 2) Allocation, monitoring, and compliance of BSAI pollock harvest inside the Steller sea lion conservation area;
- 3) Establishment of penalties for coops that exceed pollock and sideboard allocations;
- 4) Provides for the harvest of BSAI pacific cod by the "under 1700 mt" exempt vessels while complying with AFA PSC limits;
- 5) Establishment and monitoring of sideboard species transfers between cooperatives;
- 6) Promotes compliance of the Council's recommended sideboard measures and PSC limits while allowing for the maximum harvest of AFA pollock and sideboard allocations; and
- 7) Promotes reduction of prohibited species catch (PSC) in the Bering Sea pollock fishery.

A copy of the 2008 Catcher Vessel Intercoop Agreement is found in Appendix I.

1.3 AFA Pollock and BSAI/GOA Sideboard Enforcement Actions

No coop enforcement or penalty actions regarding the over-harvest of AFA pollock, directly fished BSAI sideboard fishery caps, directly fished GOA sideboard caps, and BSAI & GOA PSC limits occurred in 2008.

Section 2. Bering Sea Pollock Fishery

2.1 Allocations and Harvest

The 2008 Bering Sea pollock Total Allowable Catch (TAC) was initially set at 1,000,000 metric tons. A portion of TAC (10%) is set aside for the Community Development Quota (100,000 metric tons). From the remaining 900,000 metric tons, 31,500 metric tons is reserved to fund the Incidental Catch Allowance (ICA). The ICA is established to cover pollock harvested in other Bering Sea groundfish fisheries. The remaining 868,500 metric tons, the Directed Fishing Allowance (DFA), is allocated among the three AFA harvest sectors. The inshore sector is allocated 50% of the DFA (434,250 mt), the mothership sector is allocated 10% (86,850 mt), and the catcher/processor sector is allocated 40% (347,400 mt). Catcher vessels that historically delivered pollock to the c/p sector (High Seas Catchers' Coop) are allocated 8.5% of the c/p sector share (29,529 mt).

There are a total of 111 AFA qualified catcher vessels. The inshore sector has 98 qualified vessels of which all 98 were members of inshore cooperatives in 2008. The mothership sector has a total of 19 qualified vessels, the Mothership Fleet Cooperative, of which thirteen are "dual qualified" for both the mothership and inshore sector fisheries. Seven catcher vessels are qualified for the catcher/processor sector and make up the High Seas Catchers' Cooperative.

The following information on Table 2.1 provides data for the number of members in each cooperative; each coop's allocation percentage; each coop's annual allocation; each coop's total directed pollock harvest; and the amount of pollock over or under the annual allocation.

Table 2.1

Source: Annual Catcher Vessel Coop Reports & NMFS

2008 AFA CATCHER VESSEL COOPERATIVES' ALLOCATIONS AND DIRECTED FISHING HARVESTS					
Cooperative	Number of Vessels in Coop	Annual Allocation Percentage	Annual Allocation	Harvest in Metric Tons	Over / (Under) Allocation
INSHORE CATCHER VESSEL COOPERATIVES					
Akutan Catcher Vessel Assoc.	36	31.145%	135,247	133,910.00	(1,337.00)
Arctic Enterprise Assoc.	1	1.146%	4,976	4,972.86	(3.14)
Northern Victor Fleet Cooperative	14	9.481%	41,169	40,583.00	(586.00)
Peter Pan Fleet Cooperative	10	2.876%	12,490	9,600.04	(2,889.96)
Unalaska Fleet Cooperative	11	12.191%	52,938	52,939.70	1.70
UniSea Fleet Cooperative	14	24.256%	105,332	104,647.89	(684.11)
Westward Fleet Cooperative	12	18.906%	82,098	81,092.90	(1,005.10)
Inshore Coop Totals	98	100.00%	434,250	427,746	(6,504)
Table 2.1 (continued)					
OFFSHORE CATCHER VESSEL COOPERATIVES					
Mothership Fleet Cooperative	19	10.0% of DFA	86,850	85,364	(1,486)
High Seas Catchers Cooperative	7	3.4% of DFA	29,529	Details of the HSCC pollock harvest are covered in the joint PCC and HSCC report	

2.2 Salmon Bycatch Management

During 2008 all ten AFA cooperatives, catcher vessel and catcher/processors alike, and all CDQ groups were members to the Salmon Bycatch Management Agreement. The “A” season portion of the agreement focused on reducing Chinook bycatch and the “B” season portion focused on reducing both chum salmon (chum salmon greatly dominate the “other salmon” category) and Chinook salmon. A copy of the agreement can be found in Appendix II.

The salmon agreement utilizes a “rolling hot spot” closure system which, twice weekly, identifies the areas of the Bering Sea pollock fishery with the highest bycatch rate and initiates “Savings Closures” for those areas. Each week individual coops, based on their member’s recent bycatch performance, are assigned to a “tier level”. Tier 1 for coops with the best bycatch performance, tier 2 for medium performance, and tier 3 for the lowest performance. A coop’s tier level determines the amount of fishing area restriction the coop will have for the ensuing week. The agreement also incorporates an element of peer pressure on poor performing vessels via three types of “Dirty Twenty Lists” which are updated and published each week. These lists specifically name the vessels with the highest bycatch rates on: 1) a weekly, 2) a 2 week rolling average, and 3) a seasonal basis. Additionally, the agreement requires tow-by-tow bycatch reporting by all AFA pollock vessels. Sea State, Inc. has been contracted to gather the data, compile it into useful information, determine tier assignments and closure areas, and monitor closure compliance by the fishing vessels.

The NPFMC passed Amendment 84 in October of 2005, and while implementation of the amendment took some time, the fleet began fishing under Amendment 84 regulations in 2008. Amendment 84 provides participating coops with an exemption to the suite of Chinook and “other salmon” regulatory salmon savings areas in the Bering Sea. To qualify, pollock cooperatives must enter into an acceptable intercooperative agreement that, at a minimum, meets the required criteria set forth in the Amendment 84 regulations. The Salmon Bycatch Management Agreement, described above, exceeds those minimum requirements and has been accepted by NMFS. As previously mentioned all ten AFA cooperatives and all CDQ groups are parties to the Agreement in 2008.

The 2008 Agreement was amended and restated in order to increase the amount of area available for Chinook salmon savings closures (the rolling hot spot closures) from 1,000 square miles to 1,500 Square miles. Also included in Appendix II is a technical correction to the Agreement. The technical Agreement was necessary to make the date for Sea State to re-set the B season Base Rate match up to the Amendment 84 regulations.

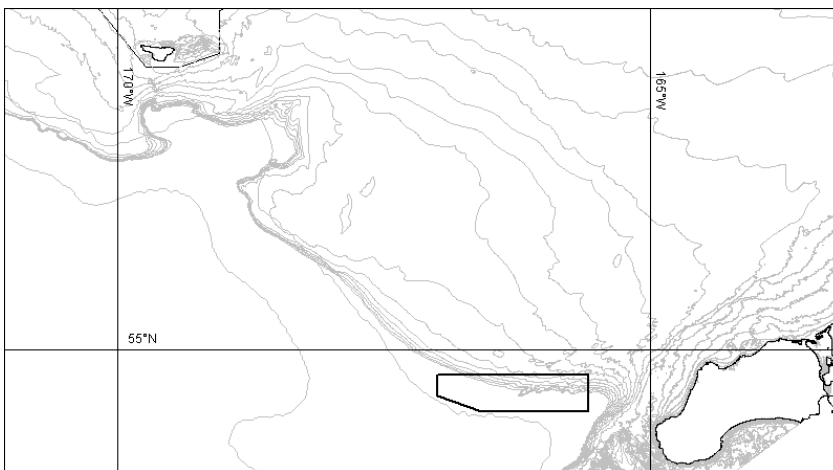
Amendment 84 Reporting Requirements

The Amendment 84 regulations require participating cooperatives to report several items; 1) the number of salmon taken by species and season by each vessel, 2) each member vessel's number of appearances on the weekly Dirty 20 list for both Chinook and "other salmon" categories, and 3) report any salmon savings closure compliance violations by their member vessels. The coops are also required to provide the number of salmon avoided as demonstrated by the movement of fishing effort away from the salmon savings areas, and the coops must provide a compliance audit performed by a third party contractor. The results of the last two requirements are allowed to be provided in the aggregate in this IC report. Due to circumstances concerning VMS data provided by VMS service contractors new to the industry in 2008, not all the necessary data for the third party audit was available until recently. That data is now in the hands of the audit contractor, however the report has not been completed in time for inclusion in this document. Once available, the report will be provided to the Council and NMFS.

A separate document is being presented to the North Pacific Fishery Management Council, along with this report, covering the Amendment 84 reporting requirements. A copy of the report is found in Appendix III.

Fixed Closure Area

In 2008 an additional Agreement for reducing Chinook bycatch in the A season was entered into by all AFA and CDQ pollock harvesters. Called the Chinook Conservation Area Agreement, it closes an area located in the southeastern Bering Sea to all pollock fishing during the A season. This area has been identified with a history of consistently high Chinook bycatch during the winter season. Below is a chart of the Chinook Conservation Closure Area. The full Agreement can be found in Appendix IV.



Section 3. Sideboard Fishery Management

The American Fisheries Act directed the North Pacific Fisheries Management Council (NPFMC) to provide regulations aimed at protecting non-AFA vessels participating in other groundfish and crab fisheries from adverse impacts that may occur due to the rationalization of Bering Sea pollock fishery. This mandate brought about the development of groundfish, crab, and prohibited species catch (PSC) sideboard limits by the NPFMC for the AFA fleet. Prior to the NPFMC Crab Rationalization Program, implemented in 2005, AFA catcher vessels eligible to participate in the Bristol Bay red king crab fishery were sideboarded to 10.96% of the general fishery guideline harvest level. However, under the Crab Rationalization program the AFA sideboards were lifted, the AFA fleet was issued quota shares, and participated in the program just the same as the non-AFA crab fleet. Consequently the AFA coop reports no longer include details of their member's participation in the Bristol Bay red king crab fishery.

Vessels with less than 1700 mt of historic catch in the BSAI pollock fishery and that meet minimum landing requirements in either the BSAI and/or GOA are granted exemptions to the BSAI cod fishery and/or GOA groundfish and PSC sideboards. Vessels in the Mothership cooperative also become exempt to BSAI cod sideboards after March 1. Exemptions to BSAI cod sideboards only apply to the directed fisheries; all AFA BSAI cod boats are subject to the PSC sideboard limits associated with the fishery.

NMFS restricts the non-exempt AFA catcher vessel fishing by an aggregate sideboard cap for each groundfish species category, and an associated PSC bycatch limit. In turn, the Intercoop Agreement manages the initial distribution, and re-distribution via intercoop transfers, of the aggregate sideboard caps and associated PSC among the nine catcher vessel coops based on their members catch history. In some cases the assigned caps are so small that, without the harvest management and monitoring provided by the Intercoop Agreement, NMFS would not open those fisheries to directed fishing by the AFA non-exempt catcher vessels. BSAI cod exempt vessels must meet PSC bycatch standards or face losing their exempt status (see section 3.a. and 3.b. of the Intercoop Agreement in Appendix 1.)

Tables covering the directed groundfish sideboard fisheries prosecuted by the AFA non-exempt vessels in 2008 are located in Appendix V. These tables provide information on initial coop allocations of sideboard cap, the transfer of allocations between coops, the directed harvest by each coop, and the amount of sideboard cap that was remained unharvested by the AFA non-exempt fleet.

3.1 Groundfish Sideboards

The following tables 3.1a and 3.1b provide aggregate information regarding the allocation and harvest of BSAI and GOA sideboard species by AFA non-exempt catcher vessels. The tables report the aggregate harvest of each sideboard species taken as directed catch and as incidental catch in other directed fisheries.

Table 3.1a Harvest data supplied by Annual Coop Reports & Sea State, Inc.

2008 BSAI AFA CATCHER VESSEL AGGREGATE GROUND FISH SIDEBOARD CATCH				
Species	Fishery	Sideboard Limit	Aggregate Catch, Directed & Bycatch	Over / (Under) Sideboard Limit
Pacific Cod	Jig Gear	0	0	0
	Hook & Line	0	0	0
	Pot Gear	8	0	(8)
	CV < 60' Fixed	2	0	(2)
	Trawl Gear CV	29,005	21,603	(7,402)
Sablefish	BS Trawl	110	2	(108)
	AI Trawl	33		(33)
Atka Mackerel	Eastern AI&BS	56	18	(38)
	Central AI	2	0	(2)
	Western AI	2	0	(2)
Yellowfin Sole	BSAI	n/a*	136	n/a
Rock Sole	BSAI	2,284	1,631	(653)
Greenland Turbot	BS	96	38	(58)
	AI	14	0	(14)
Arrowtooth	BSAI	4,399	1,204	(3,195)
Alaska Plaice	BSAI	1,874	15	(1,859)
Other Flatfish	BSAI	810	416	(394)
Flathead Sole	BS	2,255	2,386	131
POP	BS	357	179	(178)
	Eastern AI	34	4	(30)
	Central AI	11	0	(11)
	Western AI	0	0	0
Northern rockfish	BSAI	64	59	(5)
Shortraker	BSAI	1	0	(1)
Rougheye	BSAI	1	1	0
Other Rockfish	BS	2	10	8
	AI	5	5	0
Squid	BSAI	641	1,232	591
Other Species	BSAI	2,299	2,546	247

*no YFS sideboard limit in 2008 because the 2008 ITAC is greater than 125,000 mt.

Table 3.1b

Harvest data supplied by Annual Coop Reports & Sea State, Inc.

2008 GOA AFA CATCHER VESSEL AGGREGATE GROUND FISH SIDEBOARD CATCH				
Species	Fishery	Sideboard Limit	Aggregate Catch, Directed & Bycatch	Over / (Under) Sideboard Limit
Pollock	WYK	531	0	(531)
	SEO	2,883	0	(2,883)
	610 A,B,C,&D	10,758	610	(10,148)
	620 A,B,C,&D	2,738	1,938	(800)
	630 A,B,C,&D	3,325	673	(2,652)
Pacific Cod	WGOA Inshore A&B	2,490	10	(2,480)
	WGOA Offshore A&B	200	0	(200)
	CGAO Inshore A&B	1,847	302	(1,545)
	CGOA Offshore A&B	205	0	(205)
	EGOA Inshore (annual)	17	0	(17)
	EGOA Offshore (annual)	2	0	(2)
Deep-water Flatfish	WGOA	0	0	0
	CGOA	450	6	(444)
	EGOA	26	0	(26)
Rex Sole	WGOA	1	0	(1)
	CGOA	271	27	(244)
	EGOA	21	0	(21)
Flathead Sole	WGOA	7	5	(2)
	CGOA	131	78	(53)
	EGOA	19	0	(19)
Shallow-water Flatfish	WGOA	70	0	(70)
	CGOA	777	110	(667)
	EGOA	60	0	(60)
Arrowtooth Flounder	WGOA	17	18	1
	CGOA	927	737	(190)
	EGOA	10	0	(10)
Sablefish	WGOA Trawl	0	0	0
	CGOA Trawl	79	39	(40)
	EGOA Trawl	13	0	(13)
POP	WGOA	230	1	(229)
	CGOA	709	391	(318)
	EGOA	146	0	(146)
Shortraker	WGOA	0	0	0
	CGOA	7	5	(2)
	EGOA	6	0	(6)
Rougheye	WGOA	0	0	0
	CGOA	20	12	(8)
	EGOA	4	0	(4)
Other Rockfish	WGOA	1	0	(1)
	CGOA	117	3	(114)
	EGOA	0	0	0

Table 3.1b continued

2008 GOA AFA CATCHER VESSEL AGGREGATE GROUND FISH SIDEBOARD CATCH				
Northern Rockfish	WGOA	1	0	(1)
	CGOA	81	155	74
Pelagic Shelf Rockfish	WGOA	0	0	0
	CGOA	0	154	154
	EGOA	4		(4)
Thornyhead Rockfish	WGOA	8	0	(8)
	CGOA	26	4	(22)
	EGOA	24		(24)
Big Skates	WGOA	6	0	(6)
	CGOA	19	17	(2)
	EGOA	6		(6)
Longnose Skates	WGOA	1	0	(1)
	CGOA	18	9	(9)
	EGOA	7		(7)
Other Skates	Gulfwide	19	12	(7)
Demersal Shelf Rockfish	SEO	1	2	(1)
Atka Mackerel	Gulfwide	46		(46)
Other Species	Gulfwide	41	21	(20)

The aggregate sideboard harvest tables report overages in several species not directly fished by the AFA non-exempt vessels. The overages occurred in species taken as incidental catch in directed fisheries such as Bering Sea pollock and BSAI cod. While the coops have successfully managed the directed fisheries' sideboard limits, the incidental catch of species associated with those directed fisheries varies from season to season and from year to year. Because the sideboard limits are based on a three-year average it should be expected that the sideboard caps of species taken as incidental catch, rather than directed catch, would at times be exceeded. Additionally, rises in species abundance and changes in location may be different now than during the 3 year snapshot of the AFA sideboard years causing increases in the incidental catch of some species.

Finally, overages in the GOA rockfish species are the result of transfers allowed by the Rockfish Pilot Program. Further details are covered in that program's report.

3.2 PSC Sideboards

Tables 3.2a, 3.2b, and 3.2c cover prohibited species bycatch amounts taken by AFA catcher vessels participating in BSAI and GOA groundfish fisheries. Due to reductions to the halibut cap as a result of Amendment 80, the halibut sideboard exceeds the total halibut now available to non-Amendment 80 trawl fleets. Therefore the halibut sideboard cap no longer applies.

Table 3.2a Data supplied by SeaState and Annual Coop Reports

2008 BSAI AFA CATCHER VESSEL AGGREGATE PSC SIDEBOARD CATCH				
PSC Species	Target Fishery	Sideboard Limit	Aggregate PSC Mortality	Over / (Under) Sideboard Limit
Halibut	Pacific Cod, Trawl	n/a	223	n/a
	Yellowfin Sole	n/a	0	n/a
	Pollock/A.Mack/O.Species	n/a	113	n/a
Red King Crab, Zone 1	All AFA CV BSAI Fisheries (except pollock)	175,921	1,121	(174,800)
C.Opilio, COBLZ	All AFA CV BSAI Fisheries (except pollock)	3,884,550	16,773	(3,867,777)
C.Bairdi, Zone 1	All AFA CV BSAI Fisheries (except pollock)	875,140	25,922	(849,218)
C.Bairdi, Zone 2	All AFA CV BSAI Fisheries (except pollock)	2,652,210	combined with zone 1 data	n/a

Table 3.2b

Data supplied by Annual Coop Reports

2008 GOA NON-EXEMPT AFA CATCHER VESSEL PSC SIDEBOARD CATCH				
PSC Species	Target Fishery	Sideboard Limit	Aggregate PSC Catch	Over / (Under) Sideboard Limit
Halibut (mortality in metric tons)	Trawl, 1st Season Allowance			
	Shallow water Targets	153	11	(142)
	Deep water Targets	7	0	(7)
	Trawl, 2nd Season Allowance			
	Shallow water Targets	34	0	(34)
	Deep water Targets	21	4	(17)
	Trawl, 3rd Season Allowance			
	Shallow water Targets	68	8.00	(60)
	Deep water Targets	28	0	(28)
	Trawl, 4th Season Allowance			
	Shallow water Targets	51	7	(44)
	Deep water Targets	0	0	
	Trawl, 5th Season Allowance			
	All Targets	61	2	(59)

Shallow water Targets	Pollock, cod, shallow-water flatfish, flathead sole, atka mackerel, and "other species".
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Deep water Targets	Sablefish, rockfish, deep-water flatfish, rex sole, and arrowtooth flounder.
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Table 3.2c

Data supplied by Sea State, Inc.

2008 BSAI AFA CATCHER VESSEL HERRING BYCATCH		
PSC Species	Target Fishery	Aggregate Bycatch
Herring	Pollock	263

Appendix I

2008 Catcher Vessel Intercooperative Agreement

2008 INTERCOOPERATIVE AGREEMENT

This 2008 INTERCOOPERATIVE AGREEMENT is entered into by and among HIGH SEAS CATCHERS COOPERATIVE (“High Seas”), MOTHERSHIP FLEET COOPERATIVE (“MFC”) and the “Inshore Coops”, i.e., AKUTAN CATCHER VESSEL ASSOCIATION, ARCTIC ENTERPRISE ASSOCIATION, NORTHERN VICTOR FLEET COOPERATIVE, PETER PAN FLEET COOPERATIVE, UNALASKA FLEET COOPERATIVE, UNISEA FLEET COOPERATIVE and WESTWARD FLEET COOPERATIVE, all of which are Washington Fish Marketing Act corporations, as of Dec. 21, 2007, with respect to the following facts:

A. High Seas, MFC and the Inshore Coops (together, the “Coops”) are composed of certain catcher vessels (the “Vessels”) eligible to harvest Bering Sea (“BS”) pollock under the American Fisheries Act (the “AFA”). High Seas and the MFC are composed of all of the catcher vessels eligible to harvest BS and AI pollock in the “catcher/processor” and “mothership” sectors of such fisheries, respectively. The Inshore Coops have each received an allocation of BS pollock in accordance with Section 210 of the AFA. The members of each of the Coops have allocated among themselves the pollock available to their respective Coop, and have agreed that an over-harvest of its allocation by any member shall subject such member to a penalty.

B. The North Pacific Fishery Management Council (the “Council”) has adopted “trigger amounts” of chinook, other salmon and herring (the “Trigger Amounts”). Attainment of a Trigger Amount causes certain “savings areas” to be closed to trawling for pollock for certain periods of time. The Coops are also subject to limits on their incidental catch of halibut and crab (the “PSC Limits”). Each Coop’s members have agreed to exercise their best efforts to conduct their fishing efforts such that their Coop operates within the Trigger Amounts and PSC Limits, and to comply with the related management measures.

C. Pursuant to Section 211(c) of the AFA, the Council has adopted certain measures to prevent the Vessels from exceeding in the aggregate their traditional harvest levels in certain fisheries other than BS pollock (the “Sideboards”). The members of each of the Coops have allocated the Sideboards limits among themselves, and have agreed that an over-harvest of a Sideboard limit by any member shall subject that member to a penalty.

D. The Coops are subject to certain time and area limits on their harvest of BS pollock in connection with Steller sea lion protection measures (the “RPAs”).

Now, therefore, the parties agree as follows:

1. Trigger Amount Management. The Coops agree to exercise all reasonable efforts to reduce their salmon and herring bycatch to the lowest commercially practical levels, and specifically agree to coordinate their members' fishing activities with the goal of achieving the lowest practicable bycatch rates. For purposes of this Section, Coop catch data produced by the Monitoring Agent (as identified in Section 6.a, below) in conformance with NMFS catch accounting and bycatch estimation procedures shall be presumed accurate.

a. Bycatch Reporting. Each Coop shall arrange to have each of their members' Vessels' bycatch data (to the fullest extent available, with tow-by-tow data being considered optimal) released directly from the NMFS Observer Program to the Monitoring Agent and the Intercoop Manager (as identified in Section 8, below). The Monitoring Agent and the Intercoop Manager are hereby authorized to release all such data in forms and to parties as they reasonably deem appropriate to promote bycatch reduction.

2. Sideboard Limits. Subject to applicable Sideboard exemptions (including the "1700 metric ton" BS/AI cod and Gulf of Alaska ("Gulf") groundfish Sideboard exemptions and the mothership sector BS/AI cod sideboard exemption), the Coops agree to limit their collective members' Vessels' aggregate annual harvest of each Sideboard species to the amount that the Coop members' Vessels' collective catch histories contribute to the annual Sideboard for such species, as calculated by the National Marine Fisheries Service ("NMFS") in accordance with 50 C.F.R. § 679.64(b). To give effect to this provision, each Coop shall (i) limit its non-exempt members' Vessels' aggregate annual harvest of each Sideboard species to the amount that such Vessels contribute to the aggregate annual Sideboard for such species; or (ii) in the case of two or more Coops entering into an intercooperative agreement under which the parties have agreed to limit their collective non-exempt members' Vessels' aggregate annual harvest of one or more Sideboard species to the amount that such Coops' members' Vessels' collective catch histories contribute to the annual Sideboard for such species, limit its members catch in compliance with such intercooperative agreement.

3. Sideboard Management. The Coops acknowledge and agree that coordinated Sideboard management is essential to insure compliance with the aggregate Sideboard limits established under the AFA. Therefore, the Coops agree to the procedures set forth in this Section 3. For purposes of this Section, Coop catch data produced by the Monitoring Agent in conformance with NMFS catch accounting and bycatch estimation procedures shall be presumed accurate.

a. Sideboard and Sideboard-Related PSC Cap Allocation. The Monitoring Agent will annually allocate the BS/AI Pacific cod Sideboard (the "Cod Sideboard") in accordance with the terms and conditions of that certain Cod Allocation Agreement among the Coops dated as of June 1, 2000 (the "Cod Agreement"). The Monitoring Agent, in consultation with NMFS, will allocate all Sideboard species other

than BS/AI Pacific cod and will allocate all PSC Caps (including those applicable to BS/AI Pacific cod) in accordance with this Section 3.a.

The Monitoring Agent will first reserve an amount of each such Sideboard species necessary to fund the bycatch needs of pollock and other directed groundfish fisheries in which the AFA catcher vessels participate. Then, the Monitoring Agent will initially allocate the BS, AI and Gulf non-exempt vessel Sideboard directed fishery allowances, exempt vessel Sideboard reserves and PSC Limits among the Coops as set forth herein. The allocations will be based on NMFS data and formulas to the extent feasible, and on the best available data otherwise. Each Coop agrees to exercise its best efforts to provide the Monitoring Agent with all catch data that the Monitoring Agent reasonably requests for purposes of calculating such allocations. Upon the Monitoring Agent having allocated the non-exempt and exempt vessel Sideboard allowances among the Coops, the Monitoring agent shall allocate the PSC Limits such that:

(i) each Coop shall receive PSC Limit allocations for each of the Sideboard fisheries in which its vessels operate without exemptions proportionate such Coop's related Sideboard species allocations, provided that each Coop's initial PSC Limit allocations related to non-exempt vessel BS/AI cod harvest shall be reduced by five percent (5%) to fund the "traditional time and area" buffer (the "Buffer") provided to the exempt vessels pursuant to (ii), below; and

(ii) each Coop shall receive separate PSC Limit allocations for each of the fisheries in which one or more of its vessels operate on an exempt basis, proportionate to such vessels' contribution to the related NMFS reserve, provided that each Coop's initial "1700 mt" exempt vessel BS/AI cod PSC allocation shall be adjusted upward by a pro rata amount of the Buffer. In cases where an exempt vessel contributes less than 500 metric tons ("mt") to the BS/AI cod exempt vessel reserve, the initial allocation of PSC relative to that vessel shall be based on a presumed contribution of 500 mt.

For purposes of this Section 3, the mothership sector catcher vessels shall be considered "non-exempt" prior to March 1, and their initial coop Sideboard and PSC Limit allocations shall be made accordingly. The mothership catcher vessels shall become "exempt" as of March 1, and thereupon shall become eligible for a reallocation of PSC pursuant to Subsection b., below, if as a coop group they have harvested their initial BS/AI cod Sideboard allocation without exceeding their initial allocation of PSC.

b. BS/AI and Gulf Cod PSC Reallocation. The Monitoring Agent will track the aggregate BS/AI and Gulf cod catch and halibut and crab bycatch of each Coop's exempt vessels. Upon the Monitoring Agent determining that a Coop's exempt vessels (as a group) have harvested their initial or subsequent allocation(s) of cod in the BS/AI or Gulf cod fishery without exceeding the Coop's related allocation of exempt vessel PSC (as adjusted by intra or inter Coop transfers) (such Coop being a "Complying Coop"), the Monitoring Agent will reduce each Coop's (including the Complying

Coop's) remaining allocation of cod-related PSC for such cod fishery (if any) pro rata, according to the proportion of its initial non-exempt allocation of such PSC vis-a-vis the other Coops, such that the sum of the reductions is the lesser of (i) the amount of PSC necessary for each exempt vessel in the Complying Coop to harvest an additional 300 mt of cod at the pre-Buffer non-exempt cod/PSC ratio, or (ii) the proportionate amounts of such PSC that the Monitoring Agent deems necessary for the Complying Coop's exempt vessels to operate at such ratio until such fishery is closed to catcher vessel trawling; provided that the sum of such reductions under (i) or (ii) above shall in no case exceed that amount of PSC calculated to harvest 1500 mt at the pre-Buffer non-exempt cod/PSC ratio. The Monitoring Agent will then increase the relevant Coop's exempt vessel cod-related PSC allocations for such fishery by the sum of such reductions. On the other hand, if a Coop's exempt vessels harvest their initial or subsequent cod-related PSC allocation for the BS/AI or Gulf cod fishery (as adjusted by inter or intra Coop transfers) before having harvested the Coop's cod allocations made available therewith, the Monitoring Agent will not increase such Coop's exempt vessel allocations, and such Coop shall require such vessels to cease their directed fishing in that cod fishery, notwithstanding their exemption. If the Monitoring Agent determines that a PSC reallocation under this Section has provided a Coop with PSC in excess of the amount necessary to fish until fishery closure, the Monitoring Agent will have the authority to release an amount of the surplus that the Monitoring Agent deems reasonable back to the contributing Coops.

c. BS/AI Cod Harvest Timing. To facilitate harvest of the full amount of the BS/AI cod Sideboard, each Coop agrees to manage its non-exempt vessels' BS/AI cod directed fishing harvest such that no more than sixty percent (60%) of the related initial PSC allocation is harvested prior to March 1.

d. Optimal PSC Utilization. Each Coop agrees to exercise its best efforts to manage its vessels such that their aggregate PSC catch (as determined by the Monitoring Agent in accordance with NMFS procedures) does not exceed the Coop's PSC Limit allocations, as adjusted by transfers with other Coops and pursuant to Subsection 3.b., above. Each Coop agrees to release to the Monitoring Agent on a timely basis for redistribution at no cost the PSC it determines is not necessary to harvest its Sideboard allocations.

e. Gulf of Alaska Groundfish Sideboard Exemption.

(i) The Coops acknowledge that the Council has stipulated that no Vessel shall be exempt from the Gulf of Alaska groundfish Sideboards in any year during which other vessels are permitted to lease any portion of such Vessel's BS or AI pollock allocations. The Coops acknowledge that the Council's stipulation was intended to prevent a Vessel from using its ability to transfer or license its Coop BS or AI pollock allocation to increase its opportunity to harvest Gulf groundfish in excess of applicable Sideboards. The Coops agree to require that an exempt Vessel that actually exceeds an otherwise applicable Gulf groundfish Sideboard in 2008 shall not have transferred any

amount of such Vessel's BS/AI pollock allocation for 2008 to another vessel such that the aggregate amount of such exempt Vessel's annual BS/AI pollock allocation is reduced by such transfer(s). The Coops agree that an exempt Vessel which actually exceeds a Gulf groundfish Sideboard and fails to comply with the BS/AI pollock transfer limitations of this Section shall be deemed to have over-harvested its Sideboard allocation, notwithstanding its exempt status, and shall be subject to the related over-harvest penalties per the enforcement provisions of its Coop's Membership Agreement and this Agreement. For purposes of this provision, a Vessel's pollock allocations shall be calculated net of the amount normally reserved for harvest by a Coop "sweep-up" Vessel for purposes of season and/or area harvest limit compliance.

(ii) The Coops agree that while AFA vessels exempt from Gulf of Alaska Sideboards are restricted as described in Section 3.e.(i), above, the Council, through Congressional direction, has implemented the Gulf of Alaska Rockfish Pilot Program (RPP) which recognized a different set of years to define each vessel's historic participation in the Gulf of Alaska rockfish fisheries than the AFA Sideboard years of 1995, 1996, and 1997. Therefore, for purposes of this section, an AFA Gulf exempt Vessel's rockfish Sideboard limits will be equal to their initial RPP allocations.

4. Over-harvest Prevention Measures.

a. Harvest Limits. The Coops agree to exercise their best efforts to prevent any of their members from exceeding their pollock allocation and Sideboard limits. In cases where a member has done so, the Coops agree to exercise their best efforts to prevent such over-harvest from affecting non-members and/or resulting in a violation of fishery regulations. To that end, the Coops agree to facilitate pollock allocation and Sideboard limit transfers among members when practicable, agree to transfer PSC Limit apportionments among Coops when practicable, and to issue "stop fishing" orders as appropriate when such transfers are not practicable. The Coops also agree to encourage their members to mitigate the effects of inadvertent over-harvests by making directed fishing and PSC Limit allocations available to other Coop members on reasonable terms and conditions. However, other than as provided in Section 4.f.(ii), below, nothing in this Section 4 shall constitute an affirmative obligation on the part of any Coop or its members to transfer an allocation at the request of another Coop or other members.

b. Pollock Allocation and Sideboard Penalties. The Coops acknowledge that notwithstanding the provisions of Section 4.a, above, adopting and enforcing appropriate penalties is necessary to create over-harvest disincentives. The Inshore Coops therefore each agree to adopt the uniform penalty for an Inshore Coop member exceeding its BS, AI or Gulf pollock directed fishing allocation amount or area or season proportion of one hundred fifty percent (150%) of the total ex-vessel value of such over-harvest. For purposes of this Subsection 4.b and Subsection 4.c, below, provision, ex-vessel value shall be deemed to be the ex-vessel price paid by the processor(s) to which the over-harvesting member delivered for the over-harvested species during the season(s) in which the over-harvest takes place, and shall include all

consideration paid for the over-harvested allocation, including but not limited to all bonuses and post season adjustments. The Coops each agree to adopt the uniform penalty amount of One Thousand Dollars (\$1,000.00) per metric ton for over-harvests in the directed BS, AI and Gulf Pacific cod fisheries, and the amount of Three Hundred Dollars (\$300.00) per metric ton for over-harvests in all other BS, AI and Gulf directed groundfish fisheries. Over-harvests shall be determined on the basis of the best available data. Harvest reports developed by the Monitoring Agent shall be presumed accurate in the absence of demonstrable error.

c. PSC Limit Enforcement. Upon a Coop receiving written notice from the Monitoring Agent that it does not have an adequate PSC Limit allocation to support further fishing activity by its members' vessels, such Coop shall immediately cause its members' vessels to cease fishing in the relevant directed fisheries. The Coops hereby adopt as a uniform penalty for each landing following such notice that includes a PSC species harvested in excess of a Coop's PSC Limit allocation an amount equal to twice the ex-vessel value of all commercially harvestable species delivered in such landing. For purposes of this Subsection, Coop catch data produced by the Monitoring Agent in conformance with NMFS catch accounting and bycatch estimation procedures will be presumed accurate. The Coops agree to take all actions and execute all documents reasonably necessary to give effect to this provision.

d. Liquidated Damages. The Coops acknowledge that the financial impact associated with over-harvesting an allocation or exceeding a Sideboard limit or PSC Limit are difficult to estimate, and that penalty amounts are therefore intended to be a substitute in all cases for direct, indirect and consequential damages. Therefore, the Coops agree that the penalty amounts established under 4.b. and 4.c., above are liquidated damages, the payment of which (together with reasonable costs of collection) shall satisfy a member's obligation with respect to any harvest in excess of an allocation, Sideboard or applicable PSC Cap. The Coops hereby waive any and all claims to direct, indirect or consequential damages related to such over-harvest.

e. Rights of Action. Each Coop agrees that the members of all other Coops shall have rights to initiate penalty actions and to be paid overharvest forfeitures and related costs of collection equivalent to such Coop's own members' rights. Each Coop agrees to take all corporate action necessary to give effect to this provision.

f. Indemnification.

(i) Each Coop (an "Indemnifying Coop") hereby agrees to indemnify, defend and hold harmless all other Coops and their members (the "Indemnitees") against all third party claims, legal actions and proceedings of any type whatsoever (the "Actions"), and against all third party damages, including but not limited to all liabilities, obligations, judgments, penalties, fines, forfeitures, costs of defense and reasonable attorneys' fees (including fees incurred enforcing this indemnification)

(together, the “Damages”) that the Indemnitees incur as a result of an overharvest of a pollock allocation, Sideboard species or PSC Limit by a member of the Indemnifying Coop.

(ii) For purposes of this provision, in cases where an over-harvest by a member is (a) not willful or repeated; (b) is capable of being corrected by other members (of the same or other Coops) restraining their harvest(s), and timely written notice is provided to such members’ Coop(s); and (c) for which the appropriate amount of liquidated damages is tendered by the originally over-harvesting member to a qualified third party escrow agent in readily available funds, the obligation of indemnification for third party claims related to the original over-harvest shall shift to the Coop(s) receiving notice and the tender of liquidated damages.

5. Steller Sea Lion-Related Management Measures.

a. Non-Exempt Vessels. Other than as necessary to give effect to exemptions for which its members qualify, each Inshore Coop agrees to limit the aggregate annual pollock harvest of its members per season and per area (as determined in accordance with NMFS accounting procedures related to such harvests) to the percentage of the annual inshore pollock directed fishing allowance generally permitted to be harvested during such season and/or in such area.

b. SCA Exemption for Vessels Equal to or Less than 99’ in Overall Length. The Coops acknowledge that under the current Steller sea lion-related management measures, vessels equal to or less than 99 feet in length are eligible to harvest all of their BS pollock A season allocations inside the SCA. So long as this exemption remains in effect, the Coops agree that the Monitoring Agent in consultation with NMFS will calculate and reserve from the Coops’ aggregate pollock allocations an amount of quota inside the SCA adequate to fund the total seasonal directed harvest of all members’ Vessels equal to or less than 99 feet (the “99’ Reserve”). The Monitoring Agent will then allocate the 99’ Reserve among the Coops pro rata, according to the relative catch histories of their vessels under 99’. Each Coop shall in turn allocate its share of the 99’ Reserve among its members operating vessels under 99’ in length, prior to establishing the inside SCA allocations for its members’ Vessels over 99’ in length. The Coops agree to require that any license or transfer of pollock quota from a vessel equal to or less than 99’ to a vessel over 99’ shall be subject to generally applicable regulations concerning spatial and temporal distribution of catch, including but not limited to proportions which may be harvested inside the SCA, notwithstanding the exemption extended to vessels less than or equal to 99’.

6. Data Reporting.

a. Appointment of Monitoring Agent. The Coops acknowledge that it will not be possible to obtain the benefits associated with cooperative harvesting

activity unless catch data is reported on a timely basis to a centralized monitoring and reporting agent (the "Monitoring Agent"). The Coops agree to independently contract with Sea State, Inc. as their agent for that purpose.

b. Data Gathering. Each Coop agrees to take all commercially reasonable actions to obtain catch data and other information that may be necessary for effective fishery management from its members as soon as reasonably possible, and to provide such data to the Monitoring Agent as soon as reasonably possible after receiving such data. Data produced for the Coops by the Monitoring Agent shall be presumed accurate, which presumption shall only be rebuttable upon clearly demonstrating inaccuracy.

7. Vessel Pre-registration. The Coops acknowledge that it may be necessary for their members to provide advance notice of their intent to employ Vessels in certain fisheries, to provide NMFS and the Coops with the ability to project catch rates and amounts. Each Coop agrees to obtain such elections from its members and report them to the Monitoring Agent on a timely basis.

8. Intercooperative Management. The Coops acknowledge that resolving issues related to cooperative harvesting operations will be a continuing process. Each Coop agrees to appoint a person to represent it in intercooperative matters. The Coops further agree to retain United Catcher Boats ("UCB") to provide ongoing intercooperative coordination services and an intercooperative manager (the "Intercoop Manager") through December 31, 2008. The Coops agree such services shall not include representing the Coops or any of them in political or general policy matters, other than as authorized by all Coops in advance.

9. Term. This Agreement shall take effect upon execution by all of the Coops. This Agreement shall expire on November 30, 2008. The Coops agree to meet in good faith negotiations concerning modification of this Agreement and extension of its term not later than October 1, 2008, with the express intent of replacing or extending this Agreement prior to November 30, 2008.

10. Miscellaneous.

a. No amendment to this Agreement shall be effective against a party hereto unless in writing and duly executed by such party. The parties agree to amend this Agreement as reasonably necessary to comply with changes in law, and policies and regulations implementing the American Fisheries Act.

b. This Agreement shall be governed by and construed in accordance with applicable federal law and the laws of the State of Washington.

c. This Agreement may be executed in counterparts which, when taken together, shall have the same effect as a fully executed original. Delivery of

a signed copy of this Agreement by telefacsimile shall have the same effect as delivering a signed original.

d. The parties agree to execute any documents necessary or convenient to give effect to intents and purposes of this Agreement.

e. All notices required to be given under this Agreement shall be deemed given five (5) days following deposit in certified first class U.S. mail, postage prepaid, with the correct address, or upon the first business day following confirmed telefacsimile transmission to the recipient. Each Coop agrees to provide the name, postal address, telefacsimile number and e-mail address (if any) of its representative for purposes of receiving notices under this Agreement within three (3) days of executing this Agreement.

f. In the event that any provision of this Agreement is held to be invalid or unenforceable, such provision shall be deemed to be severed from this Agreement, and such holding shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

g. Each Coop agrees to use its best efforts to resolve any disputes arising under this Agreement through direct negotiations. Other than disputes related to overharvest of pollock, Sideboard limits or PSC Limits in connection with which one or more Coops or their members seek an injunction, a restraining order or some other form of equitable relief, all disputes not resolved through direct negotiation and/or dispute resolution will be submitted to arbitration in Seattle, Washington upon the request of any party to this Agreement. The party's written request will include the name of the arbitrator selected by the party requesting arbitration. The other party will have ten (10) days to provide written notice of the name of the arbitrator it has selected, if any. If the other party timely selects a second arbitrator, the two arbitrators will select a third arbitrator within ten (10) days. If the other party does not timely select the second arbitrator, there shall be only the one arbitrator. The single arbitrator or the three (3) arbitrators so selected will schedule the arbitration hearing as soon as possible thereafter. Every arbitrator, however chosen, must have no material ties to any Coop or Coop member. The decision of the arbitrator (or in the case of a three (3) arbitrator panel, the decision of the majority) will be final and binding. The arbitration will be conducted under the rules of (but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in its or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

Appendix II

2008 Amended and Restated Salmon Bycatch Management Agreement

And

Technical Amendment

AMENDED AND RESTATED
BERING SEA POLLOCK FISHERY
ROLLING HOT SPOT CLOSURE
SALMON BYCATCH MANAGEMENT AGREEMENT

This AMENDED AND RESTATED BERING SEA POLLOCK FISHERY ROLLING HOT SPOT CLOSURE SALMON BYCATCH MANAGEMENT AGREEMENT is entered into by and among POLLOCK CONSERVATION COOPERATIVE (“PCC”), the HIGH SEAS CATCHERS COOPERATIVE (“High Seas”), MOTHERSHIP FLEET COOPERATIVE (“MFC”), the “Inshore Coops”, i.e., AKUTAN CATCHER VESSEL ASSOCIATION, ARCTIC ENTERPRISE ASSOCIATION, NORTHERN VICTOR FLEET COOPERATIVE, PETER PAN FLEET COOPERATIVE, UNALASKA FLEET COOPERATIVE, UNISEA FLEET COOPERATIVE and WESTWARD FLEET COOPERATIVE, and the “CDQ Groups”, i.e., ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION, BRISTOL BAY ECONOMIC DEVELOPMENT CORPORATION, CENTRAL BERING SEA FISHERMEN’S ASSOCIATION, COASTAL VILLAGES REGION FUND, NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION and YUKON DELTA FISHERIES DEVELOPMENT ASSOCIATION, and SEA STATE, INC. (“Sea State”) and UNITED CATCHER BOATS ASSOCIATION (“UCB”) as of _____, 2007. PCC, High Seas, MFC, and the Inshore Coops are hereafter collectively referred to as the “Coops”.

This Agreement is entered into with respect to the following facts:

RECITALS

Western Alaskans have expressed conservation and allocation concerns regarding the incidental catch of salmon in the Bering Sea pollock fishery. While such bycatch is regulated by the North Pacific Fishery Management Council (the “Council”) and the National Marine Fisheries Service (“NMFS”), the Coops desire to address this issue by inter-cooperative agreement, out of respect for the concerns of Western Alaskans, to avoid unnecessary incidental catch of salmon and to obviate the need for regulatory salmon savings areas.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Purpose of Agreement. This Amended and Restated Salmon Bycatch Management Agreement amends and supersedes that certain Salmon Bycatch Management Agreement entered into among the parties set forth above as of February 1, 2006. The purpose of this Agreement is to implement a private, contractual inter-cooperative program to reduce salmon bycatch in the Bering Sea directed pollock fishery, inclusive of both the Community Development Quota (“CDQ”) and non-CDQ allocations (the “Fishery”). Each party to this Agreement agrees exercise all commercially reasonable efforts to achieve that purpose.

2. Monitoring and Management. The Coops shall retain Sea State to provide the data gathering, analysis, fleet monitoring and reporting services necessary to implement the bycatch management program contemplated under this Agreement. The Coops shall retain United Catcher Boats (UCB) to provide day-to-day management of inter-cooperative matters related to the performance of this Agreement.

3. “A” Season Bycatch Management. The parties agree that during the Fishery “A” seasons, Chinook salmon bycatch in the Fishery shall be managed on an inter-cooperative basis as follows. Sea State shall use a bycatch rate (the “Base Rate”) as a trigger for identifying areas closed to pollock fishing by certain Coops (“Savings Areas”), and as a basis for determining each Coop’s tier status, which in turn shall govern whether, and if so, when, each Coop’s members may harvest pollock inside of a Savings Area. The Base Rate will be adjusted once during each “A” season in response to Chinook bycatch experienced during the season, to take into account fluctuations in Chinook abundance.

a. Initial Chinook Base Rate Calculation. The initial “A” season Chinook Base Rate shall be equal to the Fishery “A” season Chinook bycatch rate for the prior “A” season, calculated by dividing the total number of Chinook taken incidentally in the Fishery “A” season during the prior year by the total number of metric tons of Fishery “A” season pollock catch during the prior year, provided that if the initial “A” season Chinook Base Rate for any given year is less than or equal to .04 Chinook per metric ton of pollock, the initial Base Rate shall be .04 Chinook per metric ton, and if the initial Base Rate for any given year is equal to or greater than .06 Chinook per metric tone, the initial Base Rate shall be .06 Chinook per metric ton.

b. Chinook Base Rate In-Season Adjustment. On February 14 of each year, Sea State shall recalculate the “A” season Chinook Base Rate. The recalculated Base Rate shall be the Chinook bycatch rate for the then-current year, calculated by dividing the total number of Chinook salmon taken incidentally in the then-current Fishery “A” season by the total number of metric tons of Fishery “A” season pollock

catch during the then-current season (the “Fixed Base Rate”). Sea State shall also recalculate the “A” season Base Rate on February 14 of each year and weekly thereafter for the duration of the pollock “A” season by dividing the total number of Chinook salmon taken incidentally in the Fishery during the prior three (3) week period by the total number of metric tons of Fishery “A” season pollock catch during the same three (3) week period (the “Floating Base Rate”). The lower of the Fixed Base Rate or the Floating Base Rate (as recalculated each week during the remainder of the “A” season) shall become the governing Base Rate for purposes of this Section 3 as of the first “Thursday Announcement” and “Friday Closure” (as defined below) following recalculation and each Thursday Announcement and Friday Closure thereafter for the remainder of the “A” season.

c. Implementation of Salmon Savings Measures. Sea State shall use Fishery “A” season bycatch data from the period January 20 through January 29 of each year to provide Coops with preliminary information regarding the location and concentration of Chinook salmon, and to determine initial Savings Area closures and Coop Tier assignments (as defined below). Sea State shall implement Chinook Savings Area closures as appropriate commencing on January 30th of each year, and thereafter through the balance of each Fishery “A” season.

d. Cooperative Tier Assignments. Rate calculations for purposes of tier assignments will be based on each Coop’s pollock catch in the Fishery for the prior two weeks (the denominator) and the associated bycatch of Chinook salmon taken by its members (the numerator), with the exception of the initial tier assignments as described in Section 3.c. For purposes of this Section, a Coop’s salmon bycatch amount shall be based on observed, counted Chinook salmon (i.e., whole haul samples), or sample sizes sufficiently large that Sea State reasonably concludes that estimated number of Chinook salmon has a high probability of being accurate. Classification of inshore Coops shall be based on plant observer data, and not on tow-by-tow estimates from the fishing grounds.

- Coops with Chinook salmon bycatch rates of less than 75% of the Base Rate shall be assigned to “Tier 1”.
- Coops with Chinook salmon bycatch rates equal to or greater than 75% of the Base Rate but equal to or less than 125% of the Base Rate shall be assigned to “Tier 2”.
- Coops with Chinook salmon bycatch rates greater than 125% of the Base Rate shall be assigned to “Tier 3”.

e. Bycatch Hot Zone Identification. When the Fishery “A” season is open to any of the inshore, catcher/processor or mothership components, Sea State shall calculate the Chinook salmon bycatch rates for each Alaska Department of Fish and Game (“ADF&G”) statistical area for which Sea State receives a salmon bycatch report, and when feasible, for each lateral half of each such statistical area. Bycatch rates shall

be recalculated and updated every four (4) or seven (7) days during the season, immediately proceeding the closure announcements described in Section 3.f., below, as Sea State determines appropriate given the quality of data available for the area. The bycatch rates shall be calculated on the basis of reports Sea State determines to be adequately accurate, including NMFS observer reports and Coop vessel electronic log books, and may include reliable tow-by-tow estimates from the fishing grounds. In every case, rates calculated on the basis of the actual number of salmon observed per tow will be given priority over rates based on sampling and extrapolation.

f. “A” Season Salmon Savings Areas. On January 30 of each year and on each Thursday and on each Monday thereafter, for the duration of the Fishery “A” season, Sea State shall, subject to the criteria set forth below, provide notice to the Coops identifying one or more areas designated as “Chinook Savings Areas”, within which pollock fishing will be restricted on the basis of each Coop’s Tier status.

(i) Savings Area Designation Criteria. To qualify as a Chinook Savings Area, (a) an amount of pollock that Sea State in its sole discretion determines to be substantial must have been taken in the Savings Area during the period on which its designation as a Chinook Savings Area is based, or the area must have been designated a Chinook Savings Area for the prior notification period and there must be evidence satisfactory to Sea State in its sole discretion that suggests that Chinook bycatch rates in the area are not likely to have changed, and (b) the Chinook salmon bycatch rate in the area for the period on which its definition as a Savings Area is based must exceed the Base Rate. For purposes of (a), above, Sea State shall consider a pollock harvest of two percent (2%) of the total amount of pollock harvested in the Fishery during the period on which a Savings Area designation is based to be indicative of, but not dispositive of, whether a substantial amount of pollock has been harvested in an area.

(ii) Savings Area Boundaries and Limitations. Subject to the limits set forth in this Section, Chinook Savings Areas shall be defined by a series of latitude/longitude coordinates as Sea State determines appropriate to address Chinook bycatch. Notwithstanding the foregoing, the following limits will apply to designations of Chinook Savings Areas: (i) for any single closure period, the Chinook Savings Area(s) West of 168 degrees West may not exceed five hundred (500) square miles in area; (ii) the total area within all Chinook Savings Area closures during any single closure period may not exceed one thousand five hundred (1500) square miles; and (iii) there may be no more than two (2) distinct Chinook Savings Areas West of 168 degrees West longitude and no more than two (2) distinct Chinook Savings Areas East of 168 degrees West longitude during any single closure period.

g. Chinook Savings Area Closure Announcements. Chinook Savings Area closures announced on Thursdays (the “Thursday Announcement” of the “Friday Closures”) shall be effective from 6:00 pm the following Friday through 6:00 pm the following Tuesday, and Chinook Savings Area closures announced on Mondays (the “Monday Announcement” of “Tuesday Closures”) shall be effective from 6:00 pm the

following Tuesday through 6:00 pm the following Friday. Upon a Chinook Savings Area closure taking effect, fishing by Coop vessels participating in the Fishery shall be restricted pursuant to Subsection 3.h., below. Each Thursday Announcement shall include the following information: (i) season update on pollock harvest and Chinook bycatch by pollock fishery sector and in total; (ii) each Coop's updated rolling two week bycatch rate, associated Tier status, and Chinook Savings Area closure dates, times and days; (iii) the coordinates describing each Chinook Savings Area, and a map of the Area; (iv) Chinook bycatch rates for each Alaska Department of Fish and Game statistical area in which there was directed pollock fishing during the previous week; and (v) updated vessel performance lists, as defined in 3.i., below. Each Monday Announcement shall include the information described in clauses (i), (iii), (iv), and a reminder to each Coop of its Tier status.

h. Chinook Savings Area Implementation. During the Fishery "A" seasons, Savings Area closures shall apply to Coop member vessels as follows. Chinook Savings Areas announced as Friday Closures and as updated by Tuesday Closures shall be closed to fishing by Tier 3 Coop vessels for seven (7) days. Chinook Savings Area announced as Friday Closures shall be closed to fishing by Tier 2 Coop vessels through 6:00 pm the following Tuesday. Tier 1 Coop vessels may fish in Chinook Savings Areas closed to the Tier 2 and Tier 3 coops. For purposes of this Agreement, "fishing" shall have the meaning set forth in Section 7.a., below.

i. Vessel Performance Lists. On a weekly basis, Sea State shall provide the following vessel performance information to the Coops:

i. A list of the 20 Coop member vessels with the poorest season-to-date Chinook bycatch performance. Vessels shall be selected for the list by assigning each vessel a number of points for each time the vessel is on the weekly list described in (iii), below. The vessel on the top of the weekly list shall be assigned 20 points, the vessel in second place shall be assigned 19 points, and so on. Each vessel's point score shall be tabulated on a weekly basis, and the vessels with the top 20 point scores shall appear on the list. A vessel must have harvested more than 500 mt of pollock in the season to date to be placed on this list.

ii. A list of the 20 vessels with the highest Chinook salmon bycatch rates in excess of the Base Rate for the previous 2 weeks.

iii. A list of the 20 vessels with the highest Chinook salmon bycatch rates in excess of the Base Rate for the previous week.

j. Advisory Notices. Throughout the term of this Agreement, Sea State shall provide Chinook salmon "hot spot" advisory notices concerning areas of high bycatch that do not fall within Chinook Savings Area closures.

4. “B” Season Bycatch Management. The parties agree that during the Fishery “B” seasons, Chinook and chum salmon bycatch in the Fishery shall be managed on an inter-cooperative basis as follows. Sea State shall use a bycatch rate (the “Base Rate”) as a trigger for identifying areas to be closed to pollock fishing by certain Coops (“Savings Areas”), and as a basis for determining each Coop’s tier status, which in turn shall govern whether, and if so, when, each Coop’s members may harvest pollock inside of a Savings Area. However, in contrast to “A” seasons, during which only Chinook salmon bycatch is used to determine Savings Areas closures and Coop tier status, during “B” seasons, Sea State shall monitor both Chinook and chum salmon bycatch, and may announce Savings Areas for either or both species, and Sea State shall assign each Coop both a Chinook and chum bycatch tier status. In addition, Sea State shall have the authority to declare up to two salmon Savings Areas in the Bering Sea region East of 168 degrees West longitude (the “East Region”) and up to two salmon Savings Areas in the Bering Sea/Aleutian Islands region west of 168 degrees West longitude (the “West Region”). However, in cases where both Chinook and chum bycatch exceed the respective “B” season Base Rates within a region, Sea State shall announce Chinook Savings Area closures for that region, and provide non-binding avoidance recommendations for areas of high chum bycatch within that region. The chum salmon Base Rate shall be adjusted once during each “B” season in response to chum bycatch rates, to take into account fluctuations in chum salmon abundance. For the years 2006 and 2007, the initial “B” season Chinook Base Rate shall not be adjusted. Thereafter, the initial Chinook Base Rate shall be the 2007 Fishery “B” season Chinook average bycatch rate, unless and until the Fishery “B” season initial Base Rate is further amended.

a. Initial Chum Base Rate. The initial “B” season chum salmon Base Rate shall be 0.19 chum salmon per metric ton of pollock.

b. Chum Base Rate In-Season Adjustment. Commencing on July 1 of each year that this Agreement is in effect, and on each Thursday through the duration of each “B” season thereafter, Sea State shall recalculate the “B” season chum salmon Base Rate. The recalculated Base Rate shall be the three week rolling average of the Fishery “B” season chum bycatch rate for the then-current year. The recalculated Base Rate shall be the governing chum salmon Base Rate for purposes of each “Thursday Announcement” of a “Friday Closure” (as defined below) following recalculation.

c. “B” Season Chinook Salmon Base Rate. For the 2006 and 2007 BS/AI pollock “B” seasons, the Chinook salmon base rate shall be .05 Chinook salmon per metric ton of pollock. For the 2008 “B” season and thereafter, Sea State shall calculate a Base Rate by dividing the Chinook salmon bycatch during a period of the prior year’s Fishery “B” season that Sea State determines in its sole discretion to be representative by the Coops’ directed pollock harvest (including CDQ pollock) for the same period. The recalculated Base Rate shall become the governing Chinook salmon Base Rate for purposes of this Section 4 as of the first “Thursday Announcement” and “Friday Closure” (as defined below) following recalculation.

d. Implementation of Salmon Savings Measures. Sea State shall use Fishery “B” season bycatch data from fishing activity after June 10 of each year to provide Coops with preliminary information regarding the location and concentration of chum and Chinook salmon, and to determine initial Savings Area closures and Coop Tier assignments (as defined below). Sea State shall implement Savings Area closures as appropriate upon chum and/or Chinook bycatch rates exceeding the relevant Base Rate, and thereafter through the balance of each Fishery “B” season.

e. Cooperative Tier Assignments. Rate calculations for purposes of tier assignments shall be based on each Coop’s pollock catch in the Fishery for the prior two weeks (the denominator) and the associated bycatch of chum and Chinook salmon taken by its members (the numerators). For purposes of this Section, a Coop’s salmon bycatch amount shall be based on observed, counted chum and Chinook salmon (i.e., whole haul samples), or sample sizes sufficiently large that Sea State reasonably concludes that estimated number of chum and Chinook salmon has a high probability of being accurate. Classification of inshore Coops shall be based on plant observer data, and not on tow-by-tow estimates from the fishing grounds.

- Coops with chum and/or Chinook salmon bycatch rates of less than 75% of the applicable Base Rate shall be assigned to “Tier 1” for the relevant species.
- Coops with chum and/or Chinook salmon bycatch rates equal to or greater than 75% of the applicable Base Rate but equal to or less than 125% of the Base Rate shall be assigned to “Tier 2” for the relevant species.
- Coops with chum or Chinook salmon bycatch rates greater than 125% of the applicable Base Rate shall be assigned to “Tier 3” for the relevant species.

f. Bycatch Hot Zone Identification. When the Fishery “B” season is open to any of the inshore, catcher/processor or mothership components, on an ongoing basis Sea State shall calculate the bycatch rates for each Alaska Department of Fish and Game (“ADF&G”) statistical area for which Sea State receives a salmon bycatch report, and when feasible, for each lateral half of each such statistical area. Bycatch rates shall be recalculated and updated every four (4) or seven (7) days during the season, immediately preceding the closure announcements described in Section 4.g., below, as Sea State determines appropriate given the quality of data available for the area. The bycatch rates shall be calculated on the basis of reports Sea State determines to be adequately accurate, including reliable tow-by-tow estimates from the fishing grounds. In every case, rates calculated on the basis of the actual number of salmon observed per tow shall be given priority over rates based on sampling and extrapolation.

g. “B” Season Salmon Savings Areas. On each Thursday and on each Monday following June 10, for the duration of the Fishery “B” season, Sea State shall, subject to the criteria set forth below, provide notice to the Coops identifying one or more

areas designated as “Chinook Savings Areas” and/or “Chum Savings Areas”, within which pollock fishing shall be restricted on the basis of each Coop’s Tier status.

(i) Savings Area Designation Criteria. To qualify as a Chinook Savings Area, (a) an amount of pollock that Sea State in its sole discretion determines to be substantial must have been taken in the Savings Area during the period on which its designation as a Savings Area is based, or the area must have been designated a Savings Area for the prior notification period and there must be evidence satisfactory to Sea State in its sole discretion that suggests that salmon bycatch rates in the area are not likely to have changed, and (b) the salmon bycatch rate in the area for the period on which its definition as a Savings Area is based must exceed the relevant Base Rate. For purposes of (a), above, Sea State shall consider a pollock harvest of two percent (2%) of the total amount of pollock harvested in the Fishery during the period on which a Savings Area designation is based to be indicative of, but not dispositive of, whether a substantial amount of pollock has been harvested in an area.

(ii) Savings Area Boundaries and Limitations. Subject to the limits set forth in this Section, Savings Areas shall be defined by a series of latitude/longitude coordinates as Sea State determines appropriate to address salmon bycatch. Notwithstanding the foregoing, the following limits shall apply to designations of “B” season Savings Areas: (i) Chum Savings Area closures in the East Region may not exceed three thousand (3,000) square miles in total area during any single closure period; (ii) Chum Savings Areas in the West Region may not exceed one thousand (1,000) square miles in total area during any single closure period; (iii) the total area of all Chinook Savings Area closures during any single closure period may not exceed one thousand five hundred (1500) square miles; (iv) Chinook Savings Areas in the West Region may not exceed five hundred (500) square miles in total area during any single closure period; (v) there may be up to two (2) Savings Areas per Region per closure period; (vi) within either Region, Sea State may declare Chum Savings Area closures or Chinook Savings Area closures, but may not declare both Chum and Chinook Savings Areas. In the event that the Base Rates for both chum salmon and Chinook salmon are exceeded within a Region, assuming the other criteria for declaring a Savings Area are met, Sea State shall declare one or two Chinook Savings Areas in the Region, and issue a non-binding avoidance recommendation for the area(s) of high chum bycatch.

h. “B” Season Savings Area Closure Announcements. Fishery “B” season Savings Area closures announced on Thursdays (the “Thursday Announcement” of the “Friday Closures”) shall be effective from 6:00 pm the following Friday through 6:00 pm the following Tuesday, and Savings Area closures announced on Mondays (the “Monday Announcement” of “Tuesday Closures”) shall be effective from 6:00 pm the following Tuesday through 6:00 pm the following Friday. Upon a Savings Area closure taking effect, fishing by Coop vessels participating in the Fishery shall be restricted pursuant to Subsection 4.i., below. Each Thursday Announcement shall include the following information: (i) season update on pollock harvest and salmon bycatch by pollock fishery sector and in total; (ii) each Coop’s updated rolling two week chum

salmon bycatch rate, associated Tier status, and Savings Area closure dates, times and days; (iii) the coordinates describing each salmon Savings Area, and a map of the Area; (iv) salmon bycatch rates by species for each Alaska Department of Fish and Game statistical area in which there was directed pollock fishing during the previous week; and (v) updated vessel performance lists, as defined in 4.j., below. Each Monday Announcement shall include the information described in clauses (i), (iii), (iv), and a reminder to each Coop of its chum bycatch Tier status.

i. “B” Season Savings Area Implementation. During the Fishery “B” seasons, Savings Area closures shall apply to Coop member vessels as follows. Chum Savings Areas announced as Friday Closures and as updated by Tuesday Closures shall be closed to fishing by Tier 3 Coop vessels for seven days. Chum Savings Areas announced as Friday Closures shall be closed to fishing by Tier 2 Coop vessels through 6:00 pm the following Tuesday. Tier 1 Coop vessels may fish in Chum Savings Areas closed to the Tier 2 and Tier 3 Coop vessels. Chinook Savings Areas shall be closed to fishing by all Coop vessels, regardless of Tier status. For purposes of this Agreement, “fishing” shall have the meaning set forth in Section 7.a., below.

j. Vessel Performance Lists. On a weekly basis, Sea State shall provide two salmon bycatch performance lists to the Coops, one calculated on the basis of Chinook bycatch, the other calculated on the basis of chum bycatch:

i. A list of the 20 Coop member vessels with the poorest season-to-date bycatch performance. Vessels shall be selected for the list by assigning each vessel a number of points for each time the vessel is on the weekly list described in (iii), below. The vessel on the top of the weekly list shall be assigned 20 points, the vessel in second place shall be assigned 19 points, and so on. Each vessel’s point score shall be tabulated on a weekly basis, and the vessels with the top 20 point scores shall appear on the list. A vessel must have harvested more than 500 mt of pollock in the season to date to be placed on this list.

ii. A list of the 20 vessels with the highest bycatch rates for the previous 2 weeks in excess of the Base Rate.

iii. A list of the 20 vessels with the highest bycatch rates for the previous week in excess of the Base Rate.

k. Throughout the Fishery “B” season, Sea State shall provide salmon “hot spot” advisory notices concerning areas of high salmon bycatch that do not fall within Savings Area closures.

5. Inshore Vessels Landing Pollock to a Non-Associated Processor. The provisions of this Section 5 shall apply in circumstances under which a Coop member

elects to employ its vessel to deliver pollock to a processor with which the member's Coop is not affiliated (a "Non-affiliated Processor").

a. If a Coop member elects to employ its vessel to deliver pollock to "Non-affiliated Processor" under an Amendment 69 charter arrangement, prior to commencing the first fishing trip under such arrangement, the member shall execute and deliver to the Authorized Representative of the Coop into which it is being chartered (the "Charter Coop") and to the intercoop manager an adherence agreement under which such member agrees to comply with all of the applicable terms and conditions of the Charter Coop's Membership Agreement, and grants such Charter Coop authority to impose penalties as appropriate for any failure to comply with such terms and conditions. The member shall notify the intercoop manager of each delivery made in whole or in part under an Amendment 69 charter within two (2) days of making such delivery. All salmon taken as bycatch under an Amendment 69 charter shall be counted as Charter Coop bycatch, and the vessel shall be subject to the salmon Savings Area closures applicable to the Charter Coop in connection with each fishing trip made under an Amendment 69 charter.

b. If a member's vessel delivers to a Non-affiliated Processor from the member's Coop's ten percent (10%) "free market" allocation, such deliveries shall be subject to all of the terms and conditions of the member's Coop's Membership Agreement. All salmon taken as bycatch in connection with such deliveries shall be counted as the member's Coop's bycatch, and the vessel shall be subject to the salmon Savings Area closures applicable to the member's Coop in connection with all such deliveries.

c. If a member's vessel delivers to a Non-Affiliated processor fish harvested both under an Amendment 69 charter and from the member's Coop's free market allocation during a single fishing trip (such trip being a "Split Trip"), the member shall comply with the terms and conditions of the Membership Agreements of both the member's Coop and the Charter Coop, and, without limitation, shall comply with the more restrictive of the Savings Area closures applicable to each of such Coops. All salmon bycatch taken during a Split Trip shall be allocated between the member's Coop and the Charter Coop in proportion to the amount of pollock taken under each such Coop's allocation during each such trip.

6. Data Gathering and Reporting. The Coops acknowledge that the effectiveness of the bycatch management program being implemented under this Agreement depends on rapidly gathering, analyzing and disseminating accurate data concerning Chinook and chum salmon bycatch in the Fishery. The Coops therefore agree as follows.

a. Each Coop shall require its members to take all actions necessary to release their vessels' NMFS observer reports and official landing records to Sea State as soon as commercially practicable after such documents are completed. Each Coop shall request its members' vessels to exercise commercially reasonable efforts to report to Sea

State within 24 hours the location of, estimated pollock tonnage of and estimated number of Chinook and chum salmon in each trawl tow. PCC may satisfy its obligation under this section 6.a. by arranging to have its members' vessels' observer reports concerning salmon bycatch transmitted to Sea State. MFC and High Seas may satisfy their obligations under this Section by arranging to have the pollock amounts and Chinook and chum salmon counts for their members' vessels reported to Sea State by the observers on the processing vessels to which their members' vessels deliver. The Inshore Coops shall arrange for their vessels to report the crew's best estimate of the amount of pollock and the number of Chinook and chum salmon in the tow when reporting its location. Each Inshore Coop shall develop its own methods and means to accurately calculate (when feasible) or estimate the amount of pollock and the number of salmon contained in each tow by its members' vessels, and to rapidly and accurately report that information to Sea State.

b. The Inshore Coops acknowledge that the Vessel Monitoring System ("VMS") is the most efficient means for reporting tow-by-tow data to Sea State, and the Inshore Coops therefore agree to encourage their members to use the VMS system to do so.

c. Sea State shall from time to time announce a Chinook or chum bycatch rate that shall trigger an incident reporting requirement. Each Coop shall require its members' vessels to notify their coop manager (if applicable), the intercooperative manager and, if feasible, Sea State as soon as possible of any tow with a chum or Chinook salmon bycatch rate that the crew estimates to be equal to or greater than the incident reporting rate threshold.

7. Savings Area Closure Enforcement. Upon a Coop receiving a Savings Area closure notice which has the effect of closing one or more Savings Areas to fishing by its members' vessels under this Agreement, the Coop shall timely notify its members. Each Coop agrees to take enforcement action with respect to any violation of a Savings Area closure notice, and to collect the assessments set forth below in cases where a vessel is found to have violated a closure.

a. Sea State shall monitor the fishing activities of all Coops' members' vessels, and shall promptly report all apparent Savings Area violations to all Coops. For purposes of this Agreement, "fishing" shall mean all activity of a vessel between the time of initial gear deployment and final gear retrieval. For purposes of this Section 7.a., "gear deployment" and "gear retrieval" shall have the meanings given them in 50 C.F.R. 679.2 or its successor, as the same may be amended from time to time. Initial gear deployment shall mean setting trawl gear with an empty codend, and final gear retrieval shall mean retrieving trawl gear to either pull a codend aboard the vessel or to deliver the codend to another vessel.

b. Upon receiving notice of an apparent violation from Sea State, the Board of Directors of the Coop to which the vessel belongs shall have one hundred and

eighty (180) days to take action in connection with the apparent violation, and to provide a report of the action taken and a copy of the record supporting that action to all other Coops. When the Board of Directors to which the vessel belongs provides its report, or if the Coop Board of Directors fails to provide its report within such 180 day period, then Sea State and/or UCB shall provide each other Coop, the CDQ Groups, the Association of Village Council Presidents (“AVCP”), Bering Sea Fishermen’s Association (“BSFA”), Tanana Chiefs’ Conference (“TCC”) and Yukon River Drainage Fishermen’s Association (“YRDFA”) with the Coop’s report (if provided) and the record developed by Sea State in connection with the apparent violation, and each of such parties shall have standing to pursue Savings Area closure enforcement actions equivalent to such Coop’s own rights with respect to its members.

c. The Coops hereby adopt a uniform assessment for a skipper’s first annual violation of a Savings Area closure of Ten Thousand Dollars (\$10,000.00), a uniform assessment for a skipper’s second annual violation of a Savings Area closure of Fifteen Thousand Dollars (\$15,000.00), and a uniform assessment of Twenty Thousand Dollars (\$20,000.00) for a skipper’s third and subsequent violations in a year. The Coops acknowledge that the damages resulting from violating a Savings Area closure are difficult to estimate, and that the foregoing assessment amounts are therefore intended to be a substitute in all cases for direct, indirect and consequential damages. Therefore, the Coops agree that the assessment amounts established under this Subsection 7.b are liquidated damages, the payment of which (together with reasonable costs of collection) shall satisfy a Coop’s and its members’ obligations related to a Savings Area closure violation. The Coops hereby waive any and all claims to direct, indirect or consequential damages related to such violation.

d. The Coops agree that any funds collected in connection with a violation of this agreement, in excess of those necessary to reimburse the prevailing party for its costs and attorneys fees, shall be used to support research concerning the stocks of origin of salmon taken incidentally in the Fishery. The Coops agree to consult with the CDQ Groups, AVCP, BSFA, TCC and YRDFA regarding the most appropriate use of such funds.

e. For purposes of this Section 7, State and Federal landing reports, observer data, VMS tracking data, vessel log books and plotter data and Coop catch data produced by the Sea State in conformance with NMFS catch accounting and bycatch estimation procedures shall be presumed accurate and sufficient for determining whether a vessel violated a Savings Area closure, absent a clear and compelling demonstration of manifest error. The Coops agree to take all actions and execute all documents necessary to give effect to this provision.

f. The Coops agree to require their members to obtain and maintain an operational VMS unit approved by Sea State on their vessels, provided that such units are available on a commercially reasonable basis. The Coops agree to cause their members to release their VMS tracking data to Sea State. Sea State agrees not to disclose any such

information, other than as specifically authorized under this Agreement, as necessary to fulfill the intents and purposes of this Agreement, or with prior consent from the affected vessel owner. The Coops agree that the damages resulting from vessels operating in non-compliance with this subsection are difficult to estimate, and the Coops therefore hereby adopt a uniform assessment of One Thousand Dollars (\$1,000.00) per day for each consecutive day over thirty (30) consecutive days that a Coop member's vessel is employed in the Fishery without an operational VMS unit approved by Sea State, provided such unit is available on a commercially reasonable basis.

8. Release and Waiver of All Claims Against SeaState and United Catcher Boats: Indemnification and Hold Harmless. The parties acknowledge that the effectiveness of this Agreement depends to a significant extent on Sea State's and UCB's discretion and judgment in designating and defining Savings Areas, determining each Coop's Tier status, monitoring compliance with Savings Area closures, and initiating and supporting enforcement actions under circumstances where a Coop member appears to have violated this Agreement. The parties further acknowledge that if Sea State or UCB were potentially liable for simple negligence in connection with such actions, it would be necessary for Sea State and UCB to charge a substantially larger fee for the services they provide in connection with this Agreement, to offset that potential liability. It is therefore in the parties' interest to reduce Sea State's and UCB's potential liability under this Agreement. Therefore, the Coops and the CDQ Groups hereby waive and release any and all claims against Sea State and UCB arising out of or relating to Sea State's or UCB's services in connection with this Agreement, other than those arising out of gross negligence or willful misconduct by Sea State or UCB. Further, the Coops jointly and severally agree to indemnify, defend and hold Sea State and UCB harmless against any third party claims asserted against Sea State or UCB arising out of or relating to Sea State's or UCB's services in connection with this Agreement, other than those arising out of gross negligence or willful misconduct by Sea State or UCB.

9. Coop Membership Agreement Amendments. To give effect to this Agreement, the Coops agree to cause each of their Membership Agreements to include the following provisions.

- a. Each member shall acknowledge that its vessel's operations are governed by this Agreement, and shall agree to comply with its terms.
- b. Each member shall authorize its Coop's Board of Directors to take all actions and execute all documents necessary to give effect to this Agreement.
- c. Each member shall authorize its Coop Board of Directors to enforce this Agreement, and if the Board fails to do so within one hundred eighty (180) days of receiving notice from Sea State that a cooperative member may have failed to comply with the Agreement, each member shall authorize each other Coop, each of the CDQ groups, AVCP, BSFA, TCC and YRDFa to individually or collectively enforce this Agreement.

d. Each member shall agree to maintain an operational VMS unit approved by Sea State on its vessel at all times that its vessel is participating in the Fishery, provided such VMS unit is available on a commercially reasonable basis, and shall agree to cause its vessel's VMS tracking data to be released to Sea State on a basis that permits Sea State to determine whether the member's vessel has operated in compliance with this Agreement. Each Coop member shall release to Sea State its State and Federal landing reports, observer data, VMS tracking data, and vessel log books and plotter data for purposes of determining its compliance with this Agreement, and agrees that in the event Sea State concludes that its vessel may have violated a hot spot closure, Sea State may release such data as Sea State in its sole discretion determines appropriate to facilitate enforcement of this Agreement.

e. Each member shall agree that the information contained in the records identified in d., above, shall be presumed accurate absent a clear and compelling demonstration of manifest error, and shall be presumed sufficient to determine its compliance with this Agreement.

f. Each member shall agree that the damages resulting from violating a Savings Area closure are difficult to estimate, and that the assessment amounts provided under this Agreement are therefore intended to be a substitute in all cases for direct, indirect and consequential damages. Each member shall agree that its Coop Board of Directors may modify Savings Area violation assessment amounts from time to time, as necessary to maintain an effective deterrent to Savings Area violations. Each member shall agree that each trawl tow during which the member's vessel fishes in a Savings Area in violation of this Agreement shall constitute a separate violation for purposes of assessment calculation. Each member shall agree that damages for violating this Agreement shall apply on a strict liability basis, regardless of a member's lack of knowledge of the violation or intent to violate the agreement. Each member shall agree that actual damages for violating this Agreement would be difficult to calculate, and shall therefore agree to pay the assessment amounts established under this Agreement, as amended from time to time, as liquidated damages. Each member agrees to modify its skipper contracts to make its skipper(s) fully responsible for the assessments levied in connection with a breach of the agreement. Further, each member agrees that in the event a skipper fails to assume such assignment of liability, or in the event such assumption of liability is deemed invalid, the member shall be liable for the full amount of such assessment, and all related costs and attorneys' fees.

g. Each member shall agree that in connection with any action taken to enforce this Agreement, the prevailing party shall be entitled to the costs and fees it incurs in connection with such action, including attorneys' fees.

h. Each member shall agree that in addition to legal remedies, the Board of Directors of each cooperative, each of the CDQ groups, and BSFA and YRDFA shall

be entitled to injunctive relief in connection with the second and subsequent violations of this Agreement.

i. Each member shall agree to waive and release any and all claims against Sea State and UCB arising out of or relating to Sea State's or UCB's services in connection with this Agreement, other than those arising out of gross negligence or willful misconduct by Sea State or UCB.

j. Each member shall acknowledge that, notwithstanding the definition of "fishing" used in this Agreement (which is the consistent with the definition used by NMFS for logbook entries and observer reporting purposes), it is the Coops' policy that no member's vessel will be present in a Savings Area that is closed to fishing by such Coops' members' vessels unless and until such vessel's trawl doors have been fully retrieved or stored. Further, each member shall agree that, absent extenuating circumstances, such member exercise its best efforts to comply with this policy.

10. Term. This Agreement shall take effect as of November 30, 2007. The initial term of this Agreement shall extend through November 1, 2010. The term of this Agreement shall be automatically extended for an additional year as of September 15 each year it remains in effect, i.e., as of September 15, 2008, the new expiration date of this Agreement shall be November 1, 2011, and so on. A party to this Agreement may terminate its status as a party by providing written notice to all other parties to this Agreement to that effect, provided that the effective date of such party's termination shall be the expiration date of this Agreement in effect at the time the termination notice is delivered. For example, if a Coop provides termination notice on August 15, 2008, its termination shall not be effective until November 1, 2010. If a Coop provides termination notice on October 1, 2008, its termination shall not be effective until November 1, 2011. Notwithstanding any party's termination of its participation in this Agreement or the expiration of its term, the enforcement provisions of Section 7, above, shall survive with full force and effect.

11. Breach and Termination of Exemption. Each Coop acknowledges that, as of the opening of the 2008 "A" season Fishery, NMFS is expected to issue an annual exemption to the regulatory salmon savings closures (the "Exemptions") to each Coop that is a party to and complies with this Agreement. Further, each Coop acknowledges that a Coop's material breach of this Agreement that is not timely cured shall result in forfeiture of such Coop's right to retain its Exemption. The following shall constitute material breaches of this Agreement:

(i) a Coop failing to take enforcement action within one hundred eighty (180) days of being notified by Sea State of an apparent violation of a Savings Area closure by one or more of its members, as provided in Section 7.a, above;

(ii) a Coop failing to collect and/or disburse an assessment in compliance with this Agreement within one hundred eighty (180) days of a determination that its member(s) violated a Savings Area closure, as provided in Sections 7.b and 7.c, above;

(iii) a Coop failing to collect and/or disburse an assessment in compliance with this Agreement within one hundred eighty (180) days of a determination that a member of the Coop failed to maintain an available, operational VMS unit approved by Sea State on its vessel as provided in Section 7.e of this Agreement and/or failed to cause such vessel(s) to release their VMS tracking data to Sea State as provided in Section 7.e of this Agreement.

In the event of a material breach of this Agreement by a Coop that is not cured within thirty (30) days of such Coop's authorized representative receiving written notice of such breach from one or more other Coop(s), a CDQ Group, AVCP, BSFA, TCC or YRDFA, any one of such parties may demand that the breaching Coop tender its Exemption to NMFS, and such Coop shall do so within ten (10) days. If a Coop fails to timely tender its Exemption, any of such parties may seek injunctive relief requiring such Coop to tender its Exemption.

12. Annual Compliance Audit. The Coops shall annually retain an entity that is not a party to this Agreement (the "Compliance Auditor") to review and prepare a report concerning Sea State's performance of its monitoring and notification obligations under this Agreement and actions taken by the Coops in response to all notifications from Sea State to the Coops regarding potential violations of this Agreement. The Coops shall provide the CDQ Groups, AVCP, BSFA, TCC and YRDFA with an opportunity to participate in selecting the Compliance Auditor. Sea State and the Coops shall cooperate fully with the Compliance Auditor, and shall provide any information the Compliance Auditor requires to complete its review and report. If the Compliance Auditor identifies a failure to comply with this Agreement as part of its review, the Compliance Auditor shall notify all parties to this Agreement of the failure to comply, shall distribute to all parties to this Agreement the information used to identify the failure to comply, and shall provide notice of any such failures in the Compliance Auditor's final report.

13. Miscellaneous.

a. No amendment to this Agreement shall be effective against a party hereto unless in writing and duly executed by such party. The parties agree to amend this Agreement as reasonably necessary to conform with changes in law or circumstances.

b. This Agreement shall be governed by and construed in accordance with applicable federal law and the laws of the State of Washington.

c. This Agreement may be executed in counterparts which, when taken together, shall have the same effect as a fully executed original. Delivery of a signed

copy of this Agreement by telefacsimile shall have the same effect as delivering a signed original.

d. The parties agree to execute any documents necessary or convenient to give effect to the intents and purposes of this Agreement.

e. All notices required to be given under this Agreement shall be deemed given five (5) days following deposit in certified first class U.S. mail, postage prepaid, with the correct address, or upon the first business day following confirmed telefacsimile or e-mail transmission to the recipient. Each party to this Agreement agrees to provide the name, postal address, telefacsimile number and e-mail address of its duly authorized representative(s) for purposes of receiving notices under this Agreement within three (3) days of executing this Agreement.

f. In the event that any provision of this Agreement is held to be invalid or unenforceable, such provision shall be deemed to be severed from this Agreement, and such holding shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

g. Each Coop agrees to use its best efforts to resolve any disputes arising under this Agreement through direct negotiations. Breaches of this Agreement for which a party seeks a remedy other than injunctive relief that are not resolved through direct negotiation shall be submitted to arbitration in Seattle, Washington upon the request of any party to this Agreement. The party's written request will include the name of the arbitrator selected by the party requesting arbitration. The other party will have ten (10) days to provide written notice of the name of the arbitrator it has selected, if any. If the other party timely selects a second arbitrator, the two arbitrators will select a third arbitrator within ten (10) days. If the other party does not timely select the second arbitrator, there shall be only the one arbitrator. The single arbitrator or the three (3) arbitrators so selected will schedule the arbitration hearing as soon as possible thereafter. Every arbitrator, however chosen, must have no material ties to any Coop or Coop member. The decision of the arbitrator (or in the case of a three (3) arbitrator panel, the decision of the majority) will be final and binding. The arbitration will be conducted under the rules of (but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in its or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

BERING SEA POLLOCK FISHERY
ROLLING HOT SPOT CLOSURE
SALMON BYCATCH MANAGEMENT AGREEMENT
AMENDMENT

This BERING SEA POLLOCK FISHERY ROLLING HOT SPOT CLOSURE SALMON BYCATCH MANAGEMENT AGREEMENT AMENDMENT is entered into by and among POLLOCK CONSERVATION COOPERATIVE (“PCC”), the HIGH SEAS CATCHERS COOPERATIVE (“High Seas”), MOTHERSHIP FLEET COOPERATIVE (“MFC”), the “Inshore Coops”, i.e., AKUTAN CATCHER VESSEL ASSOCIATION, ARCTIC ENTERPRISE ASSOCIATION, NORTHERN VICTOR FLEET COOPERATIVE, PETER PAN FLEET COOPERATIVE, UNALASKA FLEET COOPERATIVE, UNISEA FLEET COOPERATIVE and WESTWARD FLEET COOPERATIVE, and the “CDQ Groups”, i.e., ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION, BRISTOL BAY ECONOMIC DEVELOPMENT CORPORATION, CENTRAL BERING SEA FISHERMEN’S ASSOCIATION, COASTAL VILLAGES REGION FUND, NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION and YUKON DELTA FISHERIES DEVELOPMENT ASSOCIATION, and SEA STATE, INC. (“Sea State”) and UNITED CATCHER BOATS ASSOCIATION (“UCB”) as of _____, 2008. PCC, High Seas, MFC and the Inshore Coops are hereafter collectively referred to as the “Coops”.

This Agreement is entered into with respect to the following facts:

RECITALS

The National Marine Fisheries Service (“NMFS”) has requested several technical corrections to the Amended and Restated Bering Sea Rolling Hot Spot Closure Salmon Bycatch Management Agreement dated as of December 1, 2007 (the “Agreement”) in connection with NMFS’s review of the Agreement for compliance with the regulations implementing Amendment 84 to the Bering Sea Groundfish Fishery Management Plan. The Coops and the CDQ Groups wish to amend the Agreement per NMFS’s request.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Purpose of Agreement. This Amendment amends the Agreement. All capitalized terms not otherwise defined herein shall have the meaning given them in the Agreement.

2. Amendment to Section 4 of Agreement. Section 4 of the Agreement is amended to read as follows:

“4. “B” Season Bycatch Management. The parties agree that during the Fishery “B” seasons, Chinook and chum salmon bycatch in the Fishery shall be managed on an inter-cooperative basis as follows. Sea State shall use a bycatch rate (the “Base Rate”) as a trigger for identifying areas to be closed to pollock fishing by certain Coops (“Savings Areas”), and as a basis for determining each Coop’s tier status, which in turn shall govern whether, and if so, when, each Coop’s members may harvest pollock inside of a Savings Area. However, in contrast to “A” seasons, during which only Chinook salmon bycatch is used to determine Savings Areas closures and Coop tier status, during “B” seasons, Sea State shall monitor both Chinook and chum salmon bycatch, and may announce Savings Areas for either or both species, and Sea State shall assign each Coop both a Chinook and chum bycatch tier status. In addition, Sea State shall have the authority to declare up to two salmon Savings Areas in the Bering Sea region East of 168 degrees West longitude (the “East Region”) and up to two salmon Savings Areas in the Bering Sea/Aleutian Islands region west of 168 degrees West longitude (the “West Region”). However, in cases where both Chinook and chum bycatch exceed the respective “B” season Base Rates within a region, Sea State shall announce Chinook Savings Area closures for that region, and provide non-binding avoidance recommendations for areas of high chum bycatch within that region. The chum salmon Base Rate shall be adjusted once during each “B” season in response to chum bycatch rates, to take into account fluctuations in chum salmon abundance. For the years 2006 and 2007, the initial “B” season Chinook Base Rate shall not be adjusted. For 2008, the initial “B” season Chinook Base Rate shall be 0.05 Chinook salmon per metric ton of pollock. For the “B” season of the 2009 fishing year and each “B” season thereafter, the base rate shall be based on the Chinook salmon bycatch during a representative period of the prior year’s “B” season.

3. Amendment to Section 4.c of Agreement. Section 4.c of the Agreement is amended to read as follows:

“c. “B” Season Chinook Salmon Base Rate. For the 2008 BS/AI pollock “B” season, the Chinook salmon base rate shall be .05 Chinook salmon per metric ton of pollock. For the 2009 “B” season and thereafter, Sea State shall calculate a Base Rate by dividing the Chinook salmon bycatch during a period of the prior year’s Fishery “B” season that Sea State determines in its sole discretion

to be representative by the Coops' directed pollock harvest (including CDQ pollock) for the same period. The recalculated Base Rate shall become the governing Chinook salmon Base Rate for purposes of this Section 4 as of the first "Thursday Announcement" and "Friday Closure" (as defined below) following recalculation."

4. Definition of "Chum Salmon". The terms "chum" and "chum salmon" in the Agreement shall be construed as meaning "non-Chinook" salmon.

5. Miscellaneous.

a. This Agreement shall be governed by and construed in accordance with applicable federal law and the laws of the State of Washington.

b. This Agreement may be executed in counterparts which, when taken together, shall have the same effect as a fully executed original. Delivery of a signed copy of this Amendment by telefacsimile shall have the same effect as delivering a signed original.

Appendix III

2008 Amendment 84 Report

Report to the North Pacific Fishery Management Council
on the
Bering Sea Pollock Intercooperative Salmon Avoidance
Agreement

Karl Haflinger, Sea State Inc. - Intercoop Monitor
John Gruver, AFA Catcher Vessel Intercooperative Manager

This report is to the North Pacific Fishery Management Council and covers the Bering Sea and Aleutian Islands Management Area (BSAI) Pollock Intercoop Salmon Avoidance Agreement (“ICA”). During the course of the fishery, the pollock Intercoop closed 23 areas to fishing in the 2008 A season and 29 areas during the 2008 B season, based on high bycatch rates for chinook or chum salmon, experienced by vessels working in the area. In addition, during the 2008 A season an area (the “Chinook Conservation Area”) of approximately 735 sq. miles was closed permanently during the 2008 A season. Maps of the closures are shown in Appendix 1.

Under the terms of the ICA, applicants are to submit to the Council a report analyzing:

1. Number of salmon taken by species during the experiment
2. Estimated number of salmon avoided as demonstrated by the movement of fishing effort away from salmon hot-spots.
3. A list of each vessel’s number of appearances on the weekly dirty 20 lists for both salmon species
4. A compliance/enforcement report that will include the results of an external audit designed to evaluate the accuracy of the approach used by Sea State to monitor compliance with the agreement, and a report on the effectiveness of enforcement measures stipulated under the ICA in cases of non-compliance. Examination of a randomly selected subset of vessel/days representing 10% of the catch during the experiment will be used as the basis of the audit.

Number of salmon taken by species during the experiment:

The EFP ran for both the entire pollock A and B seasons in 2008. For the sake of comparison we have included catch and bycatch running back to 2000. These data are compiled from plant landing information for catcher vessels delivering to shoreside processors, and observer data for mothership catcher vessels and catcher-processors. The “other salmon” category includes all non-chinook salmon. Observer data for both offshore and shoreside deliveries show that only very small numbers of salmon other than chum in this category (for example, 152 unidentified, 31 pinks, and 5 silvers for the 2006B season EFP).

Table 1. Catch and bycatch of pollock and salmon in the directed pollock fishery by season and for full years, 2000 – 2008.

Year	A pollock	A other salmon	A chinook	B pollock	B other salmon	B chinook	Full year pollock	Full year other salmon	Full year chinook
1991								30,262	48,880
1992								41,450	41,995
1993								243,270	46,014
1994								94,548	43,821
1995								21,875	23,436
1996								78,060	63,205
1997								66,994	50,530
1998								66,612	55,431
1999								46,568	13,521
2000	418,285	235	3,418	631,755	57,228	1,793	1,050,039	57,463	5,210
2001	538,107	1,867	16,464	813,022	50,948	13,663	1,351,130	52,815	30,126
2002	570,464	387	21,989	866,034	83,033	13,309	1,436,498	83,420	35,298
2003	576,868	3,274	30,981	876,784	170,688	13,444	1,453,651	173,963	44,425
2004	579,816	419	22,011	858,799	427,234	29,238	1,438,615	427,653	51,248
2005	573,887	574	26,678	878,618	637,957	41,499	1,452,505	638,531	68,178
2006	579,112	1,210	57,637	874,435	276,779	24,024	1,453,547	277,989	81,661
2007	544,273	8,038	70,845	775,261	82,641	49,020	1,319,534	90,679	119,866
2008	387,606	344	13,409	572,384	14,453	4,270	959,990	14,797	17,678

Estimates of salmon bycatch for 1991-1999 are for all groundfish fisheries, including CDQ, and are available on the NOAA Fisheries, Ak Region web site.

(<http://www.fakr.noaa.gov/sustainablefisheries/catchstats.htm>)

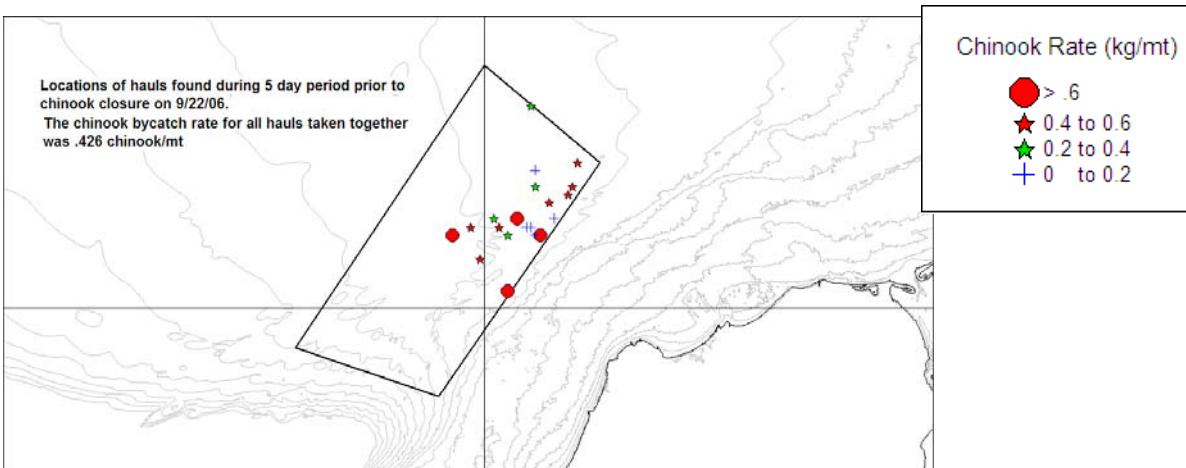
Estimates for 2000 – 2008 (compiled by Sea State, Inc) are for the pollock fishery only and were made using observer data when available and numbers of salmon counted at shore plants and reported on fish tickets for unobserved shoreside vessels.

Evaluation of salmon savings.

The evaluation of the number of salmon saved by the IC program is based on tracking vessels that fished in a closed area before it closed, and then comparing their subsequent bycatch to see if it was lower than expected if the area had not closed. Put more simply, we perform a before-and-after comparison of the bycatch observed and expected from the vessels that triggered the closure. The procedure is as follows:

1. Extract all observer data for haul locations falling inside a closure area, for a 5 day period preceding the closure. For shoreside catcher vessels, aggregate the hauls that have the same “start fishing date” so that hauls with the same bycatch rate are not artificially repeated. As an example, if 2 hauls from the same catcher vessel trip show up in the closed area, they will have the same bycatch rate because observers pro-rate bycatch evenly across all hauls. Consider them a single observation with a value equal to the sum of the two hauls’ pollock and salmon.
2. Consider all of independent offshore sector (C/P and mothership) hauls, and combined “trip-level” hauls to be estimates of the bycatch ratio $R_i = \sum y_i / \sum x_i$, where y are counts of chinook or chum salmon, and x is the pollock catch from individual hauls (offshore sector) or grouped, same-trip hauls (shoreside), and i indicates a separate closure.
3. Extract the same haul or “grouped” haul information, for the same vessels, for the duration of the closure (either 3 or 4 days). Their associated bycatch is available from either observer or plant delivery information. Compute their expected bycatch had they been able to stay and fish inside the now-closed area, by summing the pollock catch of all vessels in this category, and multiplying this summed pollock catch by the matching bycatch ration, R_i above.
4. Compute the standard error of this estimated Y (overall salmon bycatch if vessels had stayed in the area and fished with bycatch rate R) treating R as a ratio estimator (Snedecor and Cochran, Statistical Methods, 8th Edition, p 452).

The three maps below illustrate this procedure for the chinook closure of 9/22/06. Figure 1 shows the chinook closure that began on 9/22/06, and includes the locations of observed hauls taken in that area during the 5 day period preceding the closure. After the closure, vessels who had been in that closure area (i.e. those whose hauls are shown in Figure 1) either moved a small distance to the southwest, or made large moves to the northwest (Figures 2 and 3). Lower Chinook rates were found in all of the new fishing



areas.

Figure 1. Hauls selected for analysis of Chinook closure on 9/22

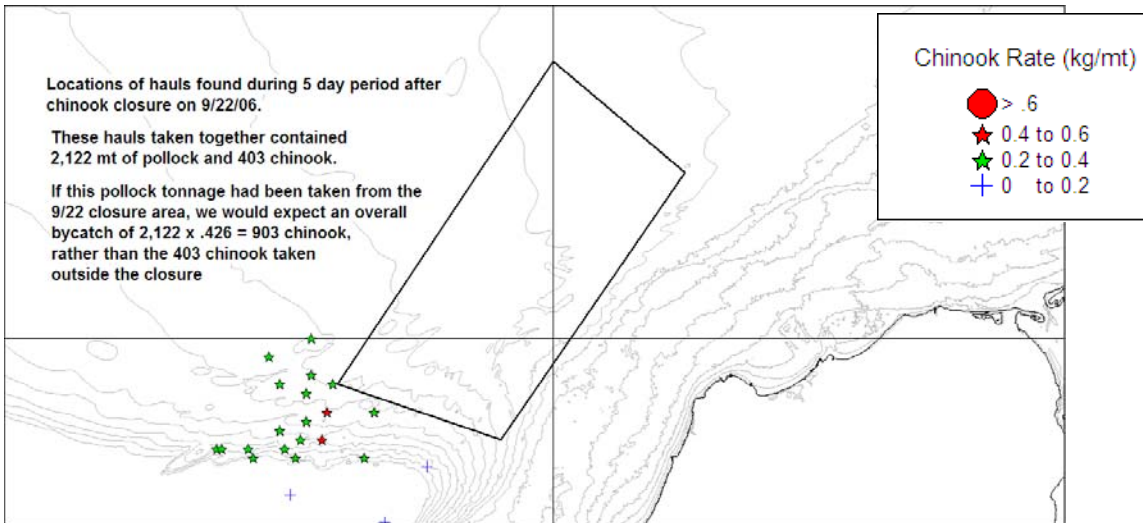


Figure 2. View at the same scale as above of five day fishing activity for vessels in the first map (Fig 2) showing positions that led to a reduction from an expected chinook take of 903 to 403 actual (i.e. counted by observers from the haul positions shown).

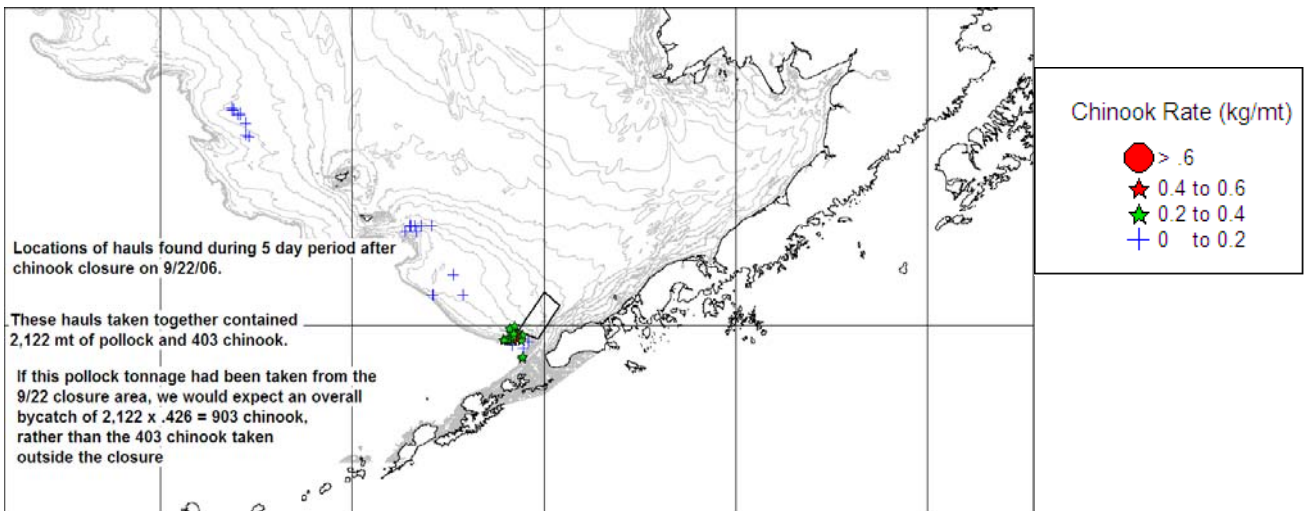


Figure 3. Full view of all hauls from boats in map 1-A for the 5 day period after the start of the 9/22 closure

Avoidance results from the 2008 Intercoop Agreement

The results from these calculations for the 2008 A and B seasons are shown in tables 2a - 2c below. (Charts showing the closures issued for both seasons may be found at the end of this document. Because so many closures were issued, we have not produced a chart for each closure and instead have grouped closures by season and species on three

separate charts.) During the A season there were 23 closures in addition to the full-season Chinook Conservation Area closure. Of these there were 17 closures for which observer data could be found from vessels fishing inside the areas before they closed. (Note that closures may be based on deliveries from catcher vessels that did not carry observers, and thus there could be closures for which there is no observer information prior to the closure). Of these 17, all had post-closure observer information for vessels that fished inside prior to the closure (that is, we had observer information for boats both before and after the closure). Again, shoreside catcher vessels may have had an observer aboard before the closure but then delivered and come back to the grounds without an observer, thus removing the boat from before/after comparisons. Table 2a summarizes of the results for both Chinook savings resulting from these closures (Appendix Tables A1a-c show the underlying data, by closure, with associated standard errors). The results indicate that for the approximately 45,000 mt of observed groundfish associated with boats that fished inside areas before they were closed, and that also had observers after closures, 4,953 chinook were avoided. This represents a reduction of 66% from the bycatch of chinook that would have been expected had the vessels continued to fish in those closure areas for the duration of those closures. Table 2a also shows observed and expected chum numbers, but since chum bycatch during the A season is such a small part of the overall chum bycatch for the year, these numbers are not particularly significant.

Table 2b shows results obtained in a similar fashion for the B season. Twenty-nine closures were put in place during the B season, and of these, 18 closures had both pre- and post-closure observer data that allowed for an analysis of reductions. As with the A season, some closures were based on shoreside delivery information and VMS track inspection alone, leaving no pre-closure information for analysis. Table 2b indicates that the combination of chinook and chum closures resulted in 7,419 mt of pollock catch that could be tracked. Chinook savings of -533 salmon compared to an expected bycatch of 535 (had boats continued to fish in the closed areas) indicated that closures may have been ineffective at reducing Chinook bycatch during the B season. Chum savings of 965 fish from an expected chum take of 1,400 (that would have been taken had vessels continued to fish in the closed areas) indicate a reduction of 69% in expected chum bycatch.

Table 2a. Summary of 2008A Chinook closure effectiveness

A season results	Chinook closures
Pollock catch (after closure)	44,782
Actual chinook bycatch (in moved tows)	1,461
Expected chinook bycatch	6,414
Chinook savings	4,953
% reduction	77%
Actual chum bycatch	65
Expected chum bycatch	194
Chum savings	129
% reduction	66%

Table 2b. Summary of 2008B chinook and chum closure effectiveness

B season results	B Chinook closures	B Chum closures	ombined B closures
Pollock catch (after closure)	3,971	3,448	7,419
Actual chinook bycatch (in moved tows)	1,056	12	1,068
Expected chinook bycatch	470	65	535
Chinook savings	-586	53	-533
% reduction	-125%	82%	-100%
Actual chum bycatch	153	282	435
Expected chum bycatch	350	1,050	1,400
Chum savings	197	768	965
% reduction	56%	73%	69%

Table 2c. Full year chinook and chum closure effectiveness

Full year results (A + B)	A and B closures
Pollock catch (after closure)	52,201
Actual chinook bycatch (in moved tows)	2,529
Expected chinook bycatch	6,949
Chinook savings	4,420
% reduction	64%
Actual chum bycatch	500
Expected chum bycatch	1,594
Chum savings	1,094
% reduction	69%

Compliance/ Enforcement

No violations of the Intercoop closed areas were found during the 2008 season.

An audit of Sea State compliance monitoring has again been awarded to ABR Inc of Fairbanks, Alaska. ABR is performing an independent review of 10% of the coop fishing records and associated VMS information; however, due to difficulties involved auditing new types of data associated with new VMS units introduced in the fishery in 2008, the audit has not been completed. It is anticipated to be available in March 2009 and results can then be obtained from the NPFMC.

Comments on the 2007 A and B seasons and changes to the IC closure system for 2008

The total Chinook bycatch for 2009 stands at 17,678, which is the lowest seen since 2000 and the 3rd lowest number since 1991 (Table 1). Avoidance results for the 5 seasons for which rolling hot spots have substituted for time/area closures are shown in Table 3

below. The table below suggests that less pollock harvest was displaced by closures during the 2008A season. While strictly true according to the methods used, this result does not accurately capture the effect on the fleet because the bycatch program operated in a significantly different manner in 2008. The changes were:

1. Incorporation of the Chinook Conservation Area
2. Fewer changes to closure area by extending a large 'A' season closure for three weeks.
3. Increase in potential closure area for the B season.

Table 3. Hot spot closure effectiveness, 2006 - 2008.

Summary item	2006B	2007A	2007 B	2008A	2008B
Pollock harvest moved from closures	41,691	102,592	182,111	44,782	7,419
% of pollock harvest affected	8%	19%	23%	12%	1%
Chinook savings	1,537	35,550	14,576	4,953	-533
% reduction	20%	70%	54%	66%	-100%
Chum savings	15,419		86,410		965
% reduction	67%		70%		73%

In accordance with the agreement, the first closure was put in place on 1/30/08. A map of this closure is shown below in Figure 4. This closure was kept in place through 2/22/08, although additional smaller closures west of 168 W were added to this area on 2/12 and 2/18). Because this large closure (at 825 sq. mi. it was considered the main closure east of 168 W) was kept in place for three weeks, there was very little chance to contrast before and after fishing in the area after the first 5 days the closure was in effect. After 5 days, the original hauls that were observed inside the closure area were not longer available for testing closure effectiveness. After this point, the only hauls that could be recorded inside the area came from Tier 1 or Tier 2 vessels test fishing inside the closure and this resulted in the relatively little bycatch that could be tracked to assess the effectiveness of the closure. However, this repeated test fishing in the closure and associated large percentage of bycatch reduction in the boats that then moved out indicate that leaving this closure in place was justified and effective in reducing bycatch. Although the net result appears to be that little pollock catch was displaced, in fact one of the major 'A' season fishing grounds, which repeatedly showed high bycatch rates when tested by vessels from coops in tiers 2 and 3, remained completely closed for 3 weeks. This undoubtedly resulted in significant salmon savings that cannot be captured by the methods used in this analysis.

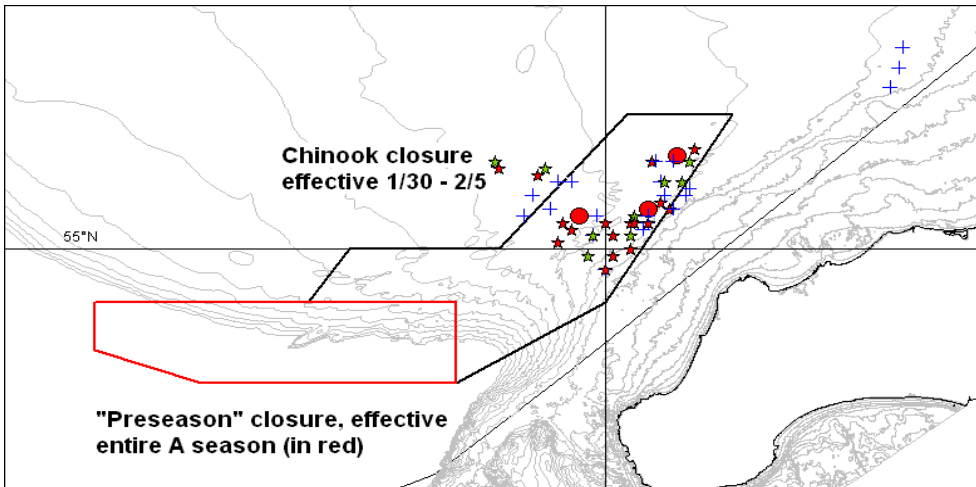
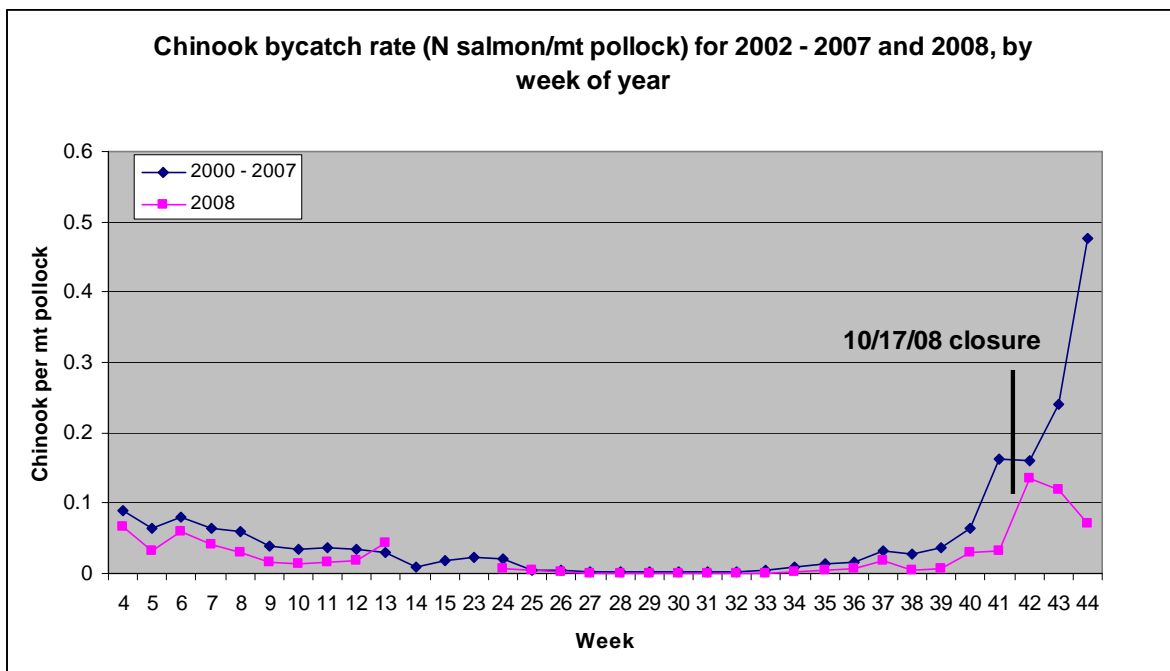


Figure 4. First I/C closure on 1/30. The “preseason” closure is also called the Chinook Conservation Area in the ICA (from IC announcement on 1/31).

Also notable in the results is an apparent loss of salmon as seen in the negative chinook savings in the 2008 ‘B’ season. During the time when chinook historically build in numbers on the grounds, relatively few vessels were fishing, yielding relatively few samples to test our closures, and none of those left fishing were in tier 1 or 2 coops. The IC managers also chose again to extend large closures for most of the duration of the ‘B’ season after chinook started to appear in mid-October.

Figure 5. Historical chinook bycatch rates in October and chinook bycatch rates from 2008.



The assumption that underlies the before and after comparison approach used to investigate savings is that bycatch rates within the closure area remain constant for the duration of the closure. Table 5 (above) indicates that at the time of the first closure that apparently yielded negative savings (10/17, which showed a loss of 303 chinook by using before/after rate comparisons), Chinook bycatch rates could be expected to be increasing. However, little of the area in the 10/17 closure was reopened; instead, it was expanded to the north, covering more of the traditional fishing grounds (Figs 6 - 9). Because there was no test fishing through tiered access and because so little of the grounds changed between the closures, only 1,667 mt of pollock catch could be used in the “after” fishing comparison. It is likely that bycatch rates continued to increase through October in 2008, as they did during other years from 2000 - 2007. If so, test fishing by vessels in lower tiers would presumably have shown a savings rather than a loss over the final 2 weeks of the season over the large closure area kept in place.

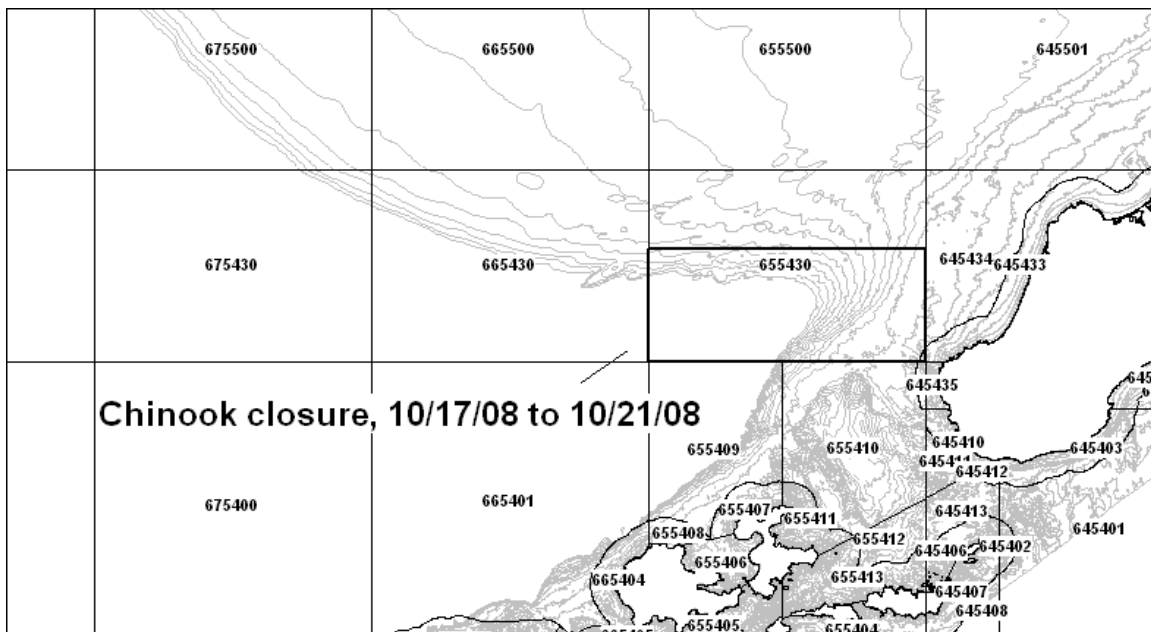
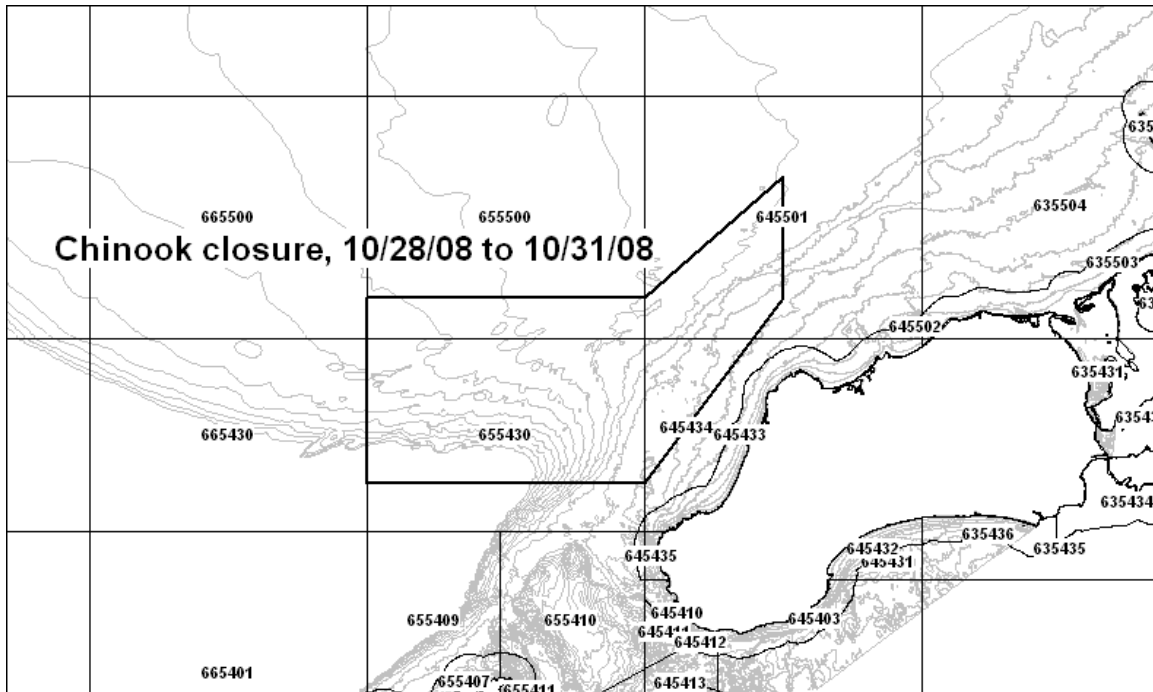


Figure 6. IC closure on 10/17/08

Figure 9. IC closure on 10/28/08



Appendix 1. Before-and-after closure fishing comparisons, by closure.

Table A1a. Chinook and chum salmon closure effectiveness, 2008 A season

ClosureType	Date	"After" closure pollock catch	"After" closure chinook	Estimated closed-area chinook catch	Chinook reduction (estimate - actual)	Std Err chinook	"After" closure chums	Estimated closed-area chum catch	Chum reduction (estimate - actual)	Std Err chum	Number of samples prior to closure	Number of samples after closure
Chinook	01/30/08	8,480	199	1,310	1,111	298	1	3	2	2	78	104
Chinook	02/01/08	3,284	210	709	499	655	2	2	0	4	15	44
Chinook	02/05/08	1,989	238	255	17	112	0	0	0	0	12	31
Chinook	02/08/08	4,308	171	775	604	390	1	0	-1	0	15	54
Chinook	02/12/08	242	0	0	0	0	0	0	0	0	1	4
Chinook	02/12/08	5,500	169	1,419	1,250	198	31	25	-6	14	58	87
Chinook	02/15/08	2,827	80	340	260	140	23	88	65	65	6	41
Chinook	02/15/08	1,639	101	94	-7	35	0	0	0	0	16	23
Chinook	02/19/08	5,208	28	432	403	118	0	72	72	47	11	55
Chinook	02/19/08	649	21	13	-8	4	0	0	0	0	8	11
Chinook	02/22/08	4,435	109	542	433	78	4	0	-4	0	14	49
Chinook	02/22/08	1,622	8	239	231	27	0	0	0	0	17	15
Chinook	02/26/08	103	5	0	-5	0	0	0	0	0	1	2
Chinook	02/26/08	911	2	77	75	52	0	0	0	0	6	13
Chinook	02/29/08	1,513	18	166	148	37	0	0	0	0	5	15
Chinook	02/29/08	228	5	10	5	1	0	0	0	0	2	3
Chinook	03/11/08	1,844	97	35	-62	18	3	4	1	5	17	29
Totals		44,782	1,461	6,414	4,953	2,163	65	194	129	138	282	580

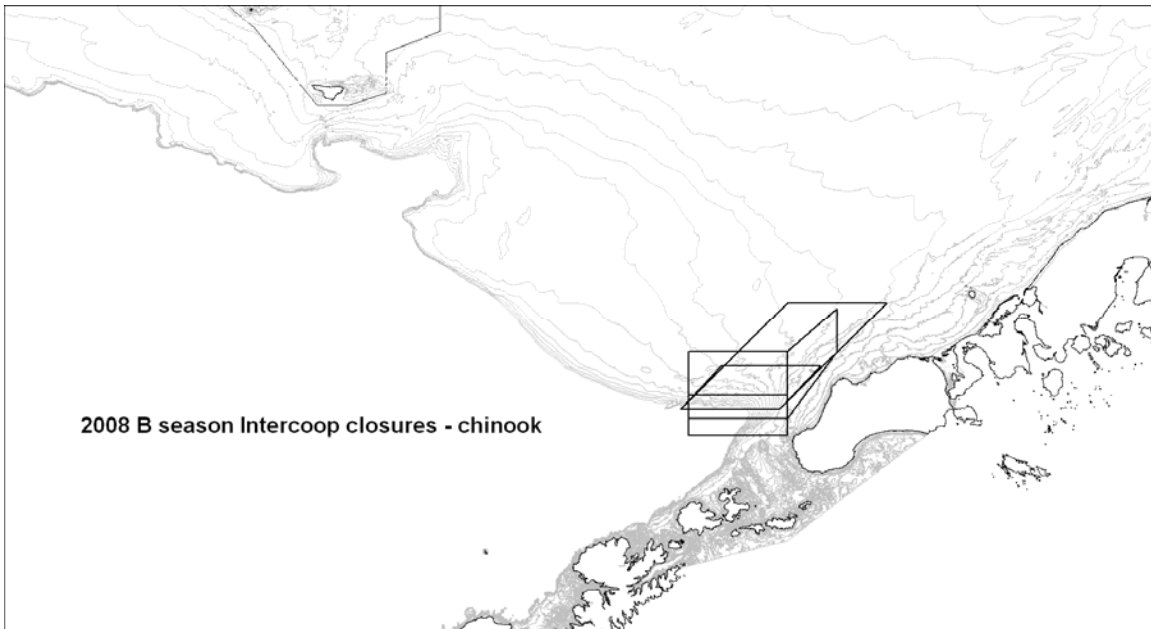
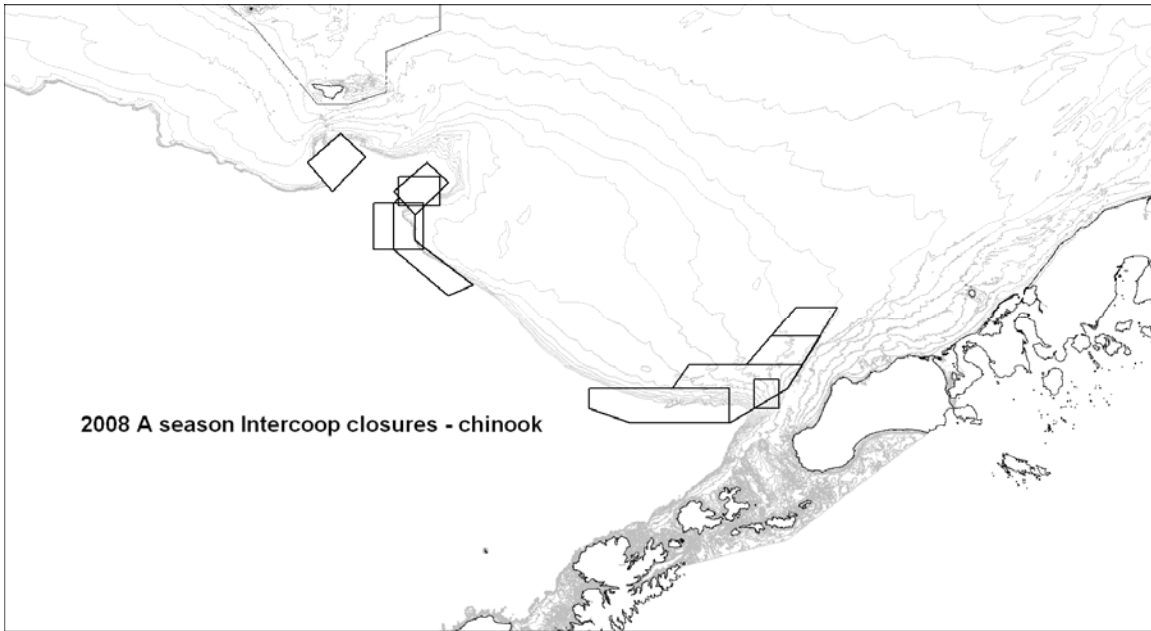
Table A1b. Chinook and chum salmon closure effectiveness, 2008 B season, by chinook closure.

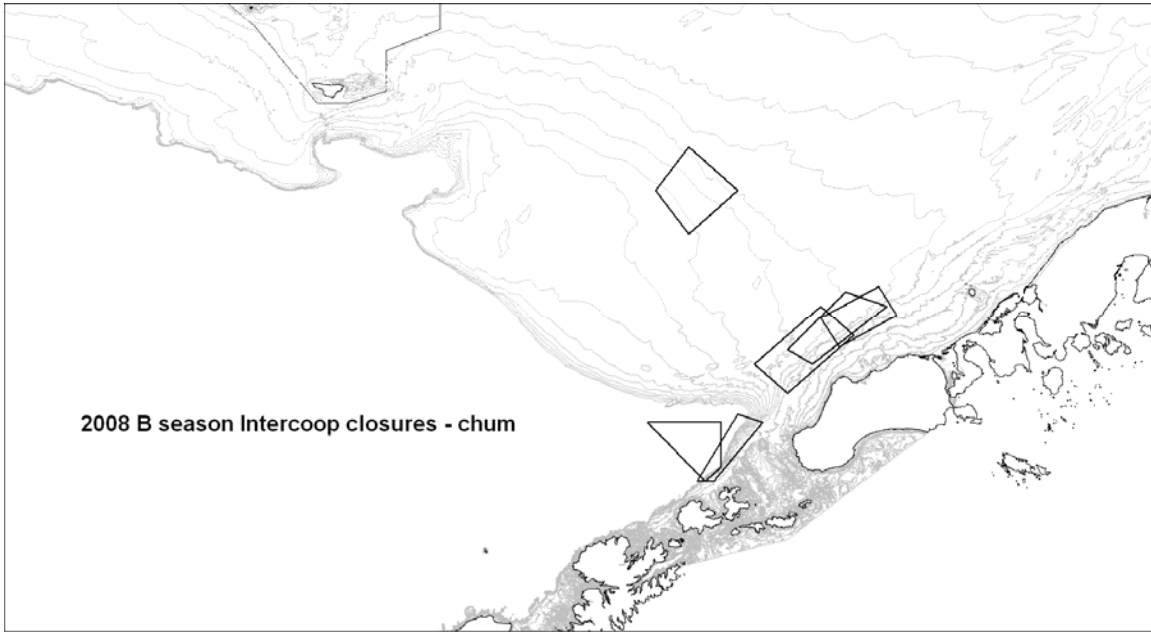
ClosureType	Date	"After" closure pollock catch	"After" closure chinook	Estimated closed-area chinook catch	Chinook reduction (estimate - actual)	Std Err chinook	"After" closure chums	Estimated closed-area chum catch	Chum reduction (estimate - actual)	Std Err chum	Number of samples prior to closure	Number of samples after closure
Chinook	09/16/08	1,523	22	102	80	27	112	257	145	63	23	32
Chinook	09/19/08	121	0	9	9	2	0	26	26	4	7	2
Chinook	10/10/08	589	98	46	-52	42	10	37	27	49	4	11
Chinook	10/14/08	71	12	0	-12	0	0	0	0	0	1	2
Chinook	10/17/08	1,466	522	219	-303	65	26	25	-1	12	20	26
Chinook	10/21/08	65	36	15	-21	5	1	1	0	0	8	1
Chinook	10/24/08	136	366	79	-287	67	4	3	-1	4	4	6
Totals		3,971	1,056	470	-586	207	153	350	197	132	67	80

Table A1c. Chinook and chum salmon closure effectiveness, 2008 B season, by chum closure.

ClosureType	Date	"After" closure pollock catch	"After" closure chinook	Estimated closed-area chinook catch	Chinook reduction (estimate - actual)	Std Err chinook	"After" closure chums	Estimated closed-area chum catch	Chum reduction (estimate - actual)	Std Err chum	Number of samples prior to closure	Number of samples after closure
Chum	07/08/08	112	0	0	0	0	14	0	-14	0	1	4
Chum	07/11/08	200	1	0	-1	0	31	0	-31	0	1	5
Chum	07/15/08	1,424	2	8	6	9	216	182	-34	112	14	31
Chum	07/22/08	291	0	0	0	0	1	41	40	6	2	6
Chum	08/15/08	163	0	0	0	0	0	4	4	0	2	5
Chum	08/29/08	215	3	1	-2	1	8	210	202	108	3	7
Chum	09/09/08	140	6	0	-6	0	12	515	503	0	1	5
Chum	09/12/08	6	0	0	0	0	0	21	21	0	1	1
Chum	10/03/08	899	0	55	55	8	0	77	77	8	12	15
Totals		3,448	12	65	53	18	282	1,050	768	234	37	79

Appendix 2: Charts showing closures





Appendix 3: Dirty 20 list appearances

Number of times each vessel was on a 2008 Chinook weekly dirty 20 list

Vessel	N of weeks	Vessel	N of weeks	Vessel	N of weeks
ALASKA OCEAN	2	GOLD RUSH	0	PACIFIC EXPLORER	7
ALASKA ROSE	2	GOLDEN DAWN	4	PACIFIC FURY	0
ALASKAN COMMAND	4	GOLDEN PISCES	0	PACIFIC GLACIER	0
ALDEBARAN	6	GREAT PACIFIC	2	PACIFIC PRINCE	1
ALEUTIAN CHALLE	0	GUN-MAR	2	PACIFIC RAM	0
ALSEA	3	HALF MOON BAY	0	PACIFIC VIKING	7
ALYESKA	2	HAZEL LORRAINE	2	PEGASUS	3
AMERICAN BEAUTY	3	HICKORY WIND	0	PEGGY JO	0
AMERICAN DYNASTY	1	HIGHLAND LIGHT	3	PERSEVERANCE	1
AMERICAN EAGLE	0	INTREPID EXPLORER	0	POSEIDON	1
AMERICAN TRIUMPH	5	ISLAND ENTERPRISE	3	PREDATOR	0
ANITA J	3	KODIAK ENTERPRISE	1	PROGRESS	0
ARCTIC EXPLORER	6	LESLIE LEE	0	RAVEN	1
ARCTIC FJORD	2	LISA MELINDA	0	ROYAL AMERICAN	3
ARCTIC STORM	0	MAJESTY	4	ROYAL ATLANTIC	3
ARCTIC WIND	3	MAR-GUN	0	SEA WOLF	3
ARCTURUS	11	MARCY J	0	SEADAWN	3
ARGOSY	3	MARGARET LYN	0	SEATTLE ENTERPRISE	2
AURIGA	3	MARK I	0	SEEKER	3
AURORA	1	MISTY DAWN	0	SOVEREIGNTY	6
BERING ROSE	1	MORNING STAR	5	STARBOUND	2
BRISTOL EXPLORER	3	NORDIC FURY	2	STARFISH	3
CAITLIN ANN	1	NORDIC STAR	2	STARLITE	2
CALIF HORIZON	0	NORTHERN EAGLE	0	STARWARD	0
CAPE KIWANDA	0	NORTHERN GLACIER	2	STORM PETREL	6
CHELSEA K	2	NORTHERN HAWK	6	SUNSET BAY	0
COLUMBIA	7	NORTHERN JAEGER	1	TRAVELER	1
COMMODORE	1	NORTHERN PATRIOT	6	VANGUARD	1
DEFENDER	3	NORTHWEST EXPLORER	2	VESTERAALEN	1
DESTINATION	2	OCEAN EXPLORER	1	VIKING	1
DOMINATOR	5	OCEAN HOPE 3	2	VIKING EXPLORER	3
ELIZABETH F	0	OCEAN LEADER	4	WALTER N	0
EXCALIBUR II	0	OCEAN ROVER	5	WESTERN DAWN	0
FIERCE ALLEGIANCE	2	OCEANIC	0	WESTWARD I	2
GLADIATOR	2	PACIFIC CHALLENGER	2		

Number of times each vessel was on a 2008 chum weekly dirty 20 list

ALASKA OCEAN	0	GOLD RUSH	3	PACIFIC EXPLORER	7
ALASKA ROSE	3	GOLDEN DAWN	5	PACIFIC FURY	1
ALASKAN COMMAND	2	GOLDEN PISCES	7	PACIFIC GLACIER	0
ALDEBARAN	6	GREAT PACIFIC	2	PACIFIC PRINCE	1
ALEUTIAN CHALLE	0	GUN-MAR	1	PACIFIC RAM	0
ALSEA	2	HALF MOON BAY	3	PACIFIC VIKING	10
ALYESKA	0	HAZEL LORRAINE	1	PEGASUS	0
AMERICAN BEAUTY	6	HICKORY WIND	4	PEGGY JO	0
AMERICAN DYNASTY	0	HIGHLAND LIGHT	0	PERSEVERANCE	0
AMERICAN EAGLE	7	INTREPID EXPLORER	0	POSEIDON	8
AMERICAN TRIUMPH	0	ISLAND ENTERPRISE	2	PREDATOR	0
ANITA J	5	KODIAK ENTERPRISE	1	PROGRESS	3
ARCTIC EXPLORER	7	LESLIE LEE	5	RAVEN	0
ARCTIC FJORD	0	LISA MELINDA	0	ROYAL AMERICAN	7
ARCTIC STORM	0	MAJESTY	12	ROYAL ATLANTIC	2
ARCTIC WIND	1	MAR-GUN	0	SEA WOLF	4
ARCTURUS	9	MARCY J	3	SEADAWN	4
ARGOSY	2	MARGARET LYN	2	SEATTLE ENTERPRISE	1
AURIGA	3	MARK I	0	SEEKER	6
AURORA	2	MISTY DAWN	2	SOVEREIGNTY	6
BERING ROSE	1	MORNING STAR	1	STARBOUND	0
BRISTOL EXPLORER	6	NORDIC FURY	3	STARFISH	1
CAITLIN ANN	1	NORDIC STAR	4	STARLITE	1
CALIF HORIZON	0	NORTHERN EAGLE	2	STARWARD	0
CAPE KIWANDA	4	NORTHERN GLACIER	2	STORM PETREL	6
CHELSEA K	2	NORTHERN HAWK	1	SUNSET BAY	0
COLUMBIA	9	NORTHERN JAEGER	0	TRAVELER	0
COMMODORE	8	NORTHERN PATRIOT	8	VANGUARD	3
DEFENDER	3	NORTHWEST EXPLOR	3	VESTERAALEN	0
DESTINATION	2	OCEAN EXPLORER	4	VIKING	0
DOMINATOR	6	OCEAN HOPE 3	3	VIKING EXPLORER	12
ELIZABETH F	1	OCEAN LEADER	0	WALTER N	1
EXCALIBUR II	4	OCEAN ROVER	1	WESTERN DAWN	3
FIERCE ALLEGIANCE	0	OCEANIC	1	WESTWARD I	0
GLADIATOR	5	PACIFIC CHALLENGER	0		

Appendix IV

2008 Chinook Conservation Area Agreement

CHINOOK SALMON CONSERVATION AREA AGREEMENT

This CHINOOK SALMON CONSERVATION AREA AGREEMENT is entered into by and among POLLOCK CONSERVATION COOPERATIVE (“PCC”), the HIGH SEAS CATCHERS COOPERATIVE (“High Seas”), MOTHERSHIP FLEET COOPERATIVE (“MFC”), the “Inshore Coops”, i.e., AKUTAN CATCHER VESSEL ASSOCIATION, ARCTIC ENTERPRISE ASSOCIATION, NORTHERN VICTOR FLEET COOPERATIVE, PETER PAN FLEET COOPERATIVE, UNALASKA FLEET COOPERATIVE, UNISEA FLEET COOPERATIVE and WESTWARD FLEET COOPERATIVE, and SEA STATE, INC. (“Sea State”) and UNITED CATCHER BOATS ASSOCIATION (“UCB”) as of _____, 2008. PCC, High Seas, MFC and the Inshore Coops are hereafter collectively referred to as the “Coops”. This Agreement is entered into with respect to the following facts:

RECITALS

The Coops are parties to that certain Amended and Restated Bering Sea Pollock Fishery Rolling Hot Spot Closure Salmon Bycatch Management Agreement dated December 1, 2007 (the “Salmon Bycatch Agreement”). The Coops believe that the effectiveness of the Salmon Bycatch Agreement may be enhanced by closing a certain area of the Bering Sea to pollock fishing by Coop member vessels during the Bering Sea pollock “A” season unless and until a determination is made that salmon bycatch rates within such closed area are not problematic.

Now, therefore, the parties agree as follows:

AGREEMENT

1. Purpose of Agreement. The purpose of this Agreement is to implement a Chinook salmon conservation area closure that enhances the effectiveness of the Salmon Bycatch Agreement. Each party to this Agreement agrees exercise all commercially reasonable efforts to achieve that purpose.

2. Monitoring and Management. The Coops shall retain Sea State to provide the data gathering, analysis, fleet monitoring and reporting services necessary to implement the Chinook salmon conservation area closure contemplated under this Agreement. The Coops shall retain UCB to provide day-to-day management of inter-cooperative matters related to the performance of this Agreement.

3. Definitions. All capitalized terms not otherwise defined in this Agreement shall have the meaning given to them in the Salmon Bycatch Agreement.

4. Chinook Salmon Conservation Area Closure. The area described on the attached Exhibit A (the “Chinook Conservation Area”) shall be closed to all pollock fishing by Coop member vessels, including but not limited to fishing for Community Development Quota pollock, from the opening of each Bering Sea pollock fishery “A” season until the earlier of (i) such time as Sea State authorizes pollock fishing to take place in the Chinook Conservation Area in accordance with this Agreement, and then only on the terms and conditions established by Sea State, or (ii) closure of the Bering Sea pollock fishery “A” season.

a. If Sea State determines in its sole discretion that it is reasonable to conduct test fishing within the Chinook Conservation Area, Sea State may establish a protocol under which Coop member vessels may conduct pollock fishing operations in such Area. The terms and conditions of such protocol shall have the same force and effect as the Chinook Conservation Area closure implemented under this Agreement, any violation of such terms shall constitute a breach of this Agreement, and the terms of Section 5, below shall apply to any violation of terms and conditions of such protocol.

b. If based on the results of test fishing activity within the Chinook Conservation Area Sea State determines in its sole discretion that Chinook salmon bycatch rates in the directed pollock fishery could be reduced by permitting pollock fishing to take place within the Chinook Conservation Area, Sea State may open the Chinook Conservation Area to pollock fishing, subject to the restrictions imposed under the Salmon Bycatch Agreement and any additional terms and conditions as Sea State may impose in its sole discretion.

5. Chinook Conservation Area Enforcement.

a. Sea State shall monitor the fishing activities of all Coops’ members’ vessels, and shall promptly report all apparent Chinook Conservation Area violations to all Coops. For purposes of this Agreement, “fishing” shall mean all activity of a vessel between the time of initial gear deployment and final gear retrieval. For purposes of this Section 5.a., “gear deployment” and “gear retrieval” shall have the meanings given them in 50 C.F.R. 679.2 or its successor, as the same may be amended from time to time. Initial gear deployment shall mean setting trawl gear with an empty codend, and final gear retrieval shall mean retrieving trawl gear to either pull a codend aboard the vessel or to deliver the codend to another vessel.

b. Upon receiving notice of an apparent violation from Sea State, the Board of Directors of the Coop to which the vessel belongs shall have one hundred and eighty (180) days to take action in connection with the apparent violation, and to provide a report of the action taken and a copy of the record supporting that action to all other Coops. When the Board of Directors of the Coop to which the vessel belongs provides

its report, or if the Coop Board of Directors fails to provide its report within such 180 day period, then Sea State and/or UCB shall distribute the Coop's report (if provided) and the record developed by Sea State in connection with the apparent violation to all other Coops, and each Coop shall have standing to pursue Chinook Conservation Area enforcement actions equivalent to such Coop's own rights with respect to its members.

c. The Coops hereby adopt a uniform assessment for a skipper's first annual violation of a Chinook Conservation Area closure of Ten Thousand Dollars (\$10,000.00), a uniform assessment for a skipper's second annual violation of a Chinook Conservation Area closure of Fifteen Thousand Dollars (\$15,000.00), and a uniform assessment of Twenty Thousand Dollars (\$20,000.00) for a skipper's third and subsequent annual violations. The Coops acknowledge that the damages resulting from violating a Chinook Conservation Area closure are difficult to estimate, and that the foregoing assessment amounts are therefore intended to be a substitute in all cases for direct, indirect and consequential damages. Therefore, the Coops agree that the assessment amounts established under this Subsection 5.c are liquidated damages, the payment of which (together with reasonable costs of collection) shall satisfy a Coop's and its members' obligations related to a Chinook Conservation Area closure violation. The Coops hereby waive any and all claims to direct, indirect or consequential damages related to such violation.

d. The Coops agree that any funds collected in connection with a violation of this agreement, in excess of those necessary to reimburse the prevailing party for its costs and attorneys fees, shall be used to support research concerning the stocks of origin of salmon taken incidentally in the Bering Sea pollock fishery.

e. For purposes of this Section 5, State and Federal landing reports, observer data, VMS tracking data, vessel log books and plotter data and Coop catch data produced by the Sea State in conformance with NMFS catch accounting and bycatch estimation procedures shall be presumed accurate and sufficient for determining whether a vessel violated a Chinook Conservation Area closure, absent a clear and compelling demonstration of manifest error. The Coops agree to take all actions and execute all documents necessary to give effect to this provision.

f. The Coops agree to require their members to obtain and maintain an operational VMS unit approved by Sea State on their vessels, provided that such units are available on a commercially reasonable basis. The Coops agree to cause their members to release their VMS tracking data to Sea State. Sea State agrees not to disclose any such information, other than as specifically authorized under this Agreement, as necessary to fulfill the intents and purposes of this Agreement, or with prior consent from the affected vessel owner. The Coops agree that the damages resulting from vessels operating in non-compliance with this subsection are difficult to estimate, and the Coops therefore hereby adopt a uniform assessment of One Thousand Dollars (\$1,000.00) per day for each consecutive day over thirty (30) consecutive days that a Coop member's vessel is

employed in the Fishery without an operational VMS unit approved by Sea State, provided such unit is available on a commercially reasonable basis.

6. Release and Waiver of All Claims Against Sea State and United Catcher Boats; Indemnification and Hold Harmless. The parties acknowledge that the effectiveness of this Agreement depends to a significant extent on Sea State's and UCB's discretion and judgment. The parties further acknowledge that if Sea State or UCB were potentially liable for simple negligence in connection with such actions, it would be necessary for Sea State and UCB to charge a substantially larger fee for the services they provide in connection with this Agreement, to offset that potential liability. It is therefore in the parties' interest to reduce Sea State's and UCB's potential liability under this Agreement. Therefore, the Coops hereby waive and release any and all claims against Sea State and UCB arising out of or relating to Sea State's or UCB's services in connection with this Agreement, other than those arising out of gross negligence or willful misconduct by Sea State or UCB. Further, the Coops jointly and severally agree to indemnify, defend and hold Sea State and UCB harmless against any third party claims asserted against Sea State or UCB arising out of or relating to Sea State's or UCB's services in connection with this Agreement, other than those arising out of gross negligence or willful misconduct by Sea State or UCB.

7. Coop Membership Agreement Amendments. To give effect to this Agreement, the Coops agree to cause each of their Membership Agreements to be amended to include the following provisions.

a. Each Coop member shall acknowledge that its vessel's operations are governed by this Agreement, and shall agree to comply with its terms.

b. Each Coop member shall authorize its Coop's Board of Directors to take all actions and execute all documents necessary to give effect to this Agreement.

c. Each Coop member shall authorize its Coop Board of Directors to enforce this Agreement, and each member shall authorize the other Coops to individually or collectively enforce this Agreement upon the passage of one hundred eighty (180) days from the date such Board receives notice from Sea State that a Coop member may have failed to comply with the Agreement.

d. Each Coop member shall release to Sea State its State and Federal landing reports, observer data, VMS tracking data, and vessel log books and plotter data for purposes of determining its compliance with this Agreement, and agrees that in the event Sea State concludes that its vessel may have violated a Chinook Conservation Area closure, Sea State may release such data as Sea State in its sole discretion determines appropriate to facilitate enforcement of this Agreement.

e. Each Coop member shall agree that the information contained in the records identified in d., above, shall be presumed accurate absent a clear and compelling demonstration of manifest error, and shall be presumed sufficient to determine its compliance with this Agreement.

f. Each Coop member shall agree that the damages resulting from violating a Chinook Conservation Area closure are difficult to estimate, and that the assessment amounts provided under this Agreement are therefore intended to be a substitute in all cases for direct, indirect and consequential damages. Each Coop member shall agree that its Coop Board of Directors may modify Chinook Conservation Area violation assessment amounts from time to time, as necessary to maintain an effective deterrent to Chinook Conservation Area violations. Each Coop member shall agree that each trawl tow during which the member's vessel fishes in a Chinook Conservation Area in violation of this Agreement shall constitute a separate violation for purposes of assessment calculation. Each Coop member shall agree that damages for violating this Agreement shall apply on a strict liability basis, regardless of a member's lack of knowledge of the violation or intent to violate the agreement. Each Coop member shall agree that actual damages for violating this Agreement would be difficult to calculate, and shall therefore agree to pay the assessment amounts established under this Agreement, as amended from time to time, as liquidated damages. Each Coop member shall agree to modify its skipper contracts to make its skipper(s) fully responsible for the assessments levied in connection with a breach of the agreement. Further, each Coop member shall agree that in the event a skipper fails to assume such assignment of liability, or in the event such assumption of liability is deemed invalid, the member shall be liable for the full amount of such assessment, and all related costs and attorneys' fees.

g. Each Coop member shall agree that in connection with any action taken to enforce this Agreement, the prevailing party shall be entitled to the costs and fees it incurs in connection with such action, including attorneys' fees.

h. Each Coop member shall agree that in addition to legal remedies, the Board of Directors of each cooperative shall be entitled to injunctive relief in connection with the second and subsequent violations of this Agreement.

i. Each Coop member shall agree to waive and release any and all claims against Sea State and UCB arising out of or relating to Sea State's or UCB's services in connection with this Agreement, other than those arising out of gross negligence or willful misconduct by Sea State or UCB.

8. Term. This Agreement shall take effect as of January 20, 2008. The initial term of this Agreement shall extend through November 1, 2008. The term of this Agreement shall be automatically extended for an additional year as of September 15 each year it remains in effect, i.e., as of September 15, 2008, the new expiration date of this Agreement shall be November 1, 2009, and so on. A party to this Agreement may terminate its status as a party by providing written notice to all other parties to this

Agreement to that effect, provided that the effective date of such party's termination shall be the expiration date of this Agreement in effect at the time the termination notice is delivered. For example, if a Coop provides termination notice on August 15, 2008, its termination shall not be effective until November 1, 2008. If a Coop provides termination notice on October 1, 2008, its termination shall not be effective until November 1, 2009. Notwithstanding any party's termination of its participation in this Agreement or the expiration of its term, the enforcement provisions of Section 5, above, shall survive with full force and effect.

9. Miscellaneous.

a. No amendment to this Agreement shall be effective against a party hereto unless in writing and duly executed by such party. The parties agree to amend this Agreement as reasonably necessary to conform with changes in law or circumstances.

b. This Agreement shall be governed by and construed in accordance with applicable federal law and the laws of the State of Washington.

c. This Agreement may be executed in counterparts which, when taken together, shall have the same effect as a fully executed original. Delivery of a signed copy of this Agreement by telefacsimile shall have the same effect as delivering a signed original.

d. The parties agree to execute any documents necessary or convenient to give effect to the intents and purposes of this Agreement.

e. All notices required to be given under this Agreement shall be deemed given five (5) days following deposit in certified first class U.S. mail, postage prepaid, with the correct address, or upon the first business day following confirmed telefacsimile or e-mail transmission to the recipient. Each party to this Agreement agrees to provide the name, postal address, telefacsimile number and e-mail address of its duly authorized representative(s) for purposes of receiving notices under this Agreement within three (3) days of executing this Agreement.

f. In the event that any provision of this Agreement is held to be invalid or unenforceable, such provision shall be deemed to be severed from this Agreement, and such holding shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

g. Each Coop agrees to use its best efforts to resolve any disputes arising under this Agreement through direct negotiations. Breaches of this Agreement for which a party seeks a remedy other than injunctive relief that are not resolved through direct negotiation shall be submitted to arbitration in Seattle, Washington upon the request of any party to this Agreement. The party's written request will include the name

of the arbitrator selected by the party requesting arbitration. The other party will have ten (10) days to provide written notice of the name of the arbitrator it has selected, if any. If the other party timely selects a second arbitrator, the two arbitrators will select a third arbitrator within ten (10) days. If the other party does not timely select the second arbitrator, there shall be only the one arbitrator. The single arbitrator or the three (3) arbitrators so selected will schedule the arbitration hearing as soon as possible thereafter. Every arbitrator, however chosen, must have no material ties to any Coop or Coop member. The decision of the arbitrator (or in the case of a three (3) arbitrator panel, the decision of the majority) will be final and binding. The arbitration will be conducted under the rules of (but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in its or their sole discretion. The arbitrator(s) will also determine the “prevailing party” and that party will be entitled to its reasonable costs, fees and expenses, including attorneys’ and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

Entered into as of the date first set forth above.


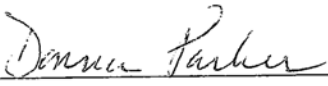

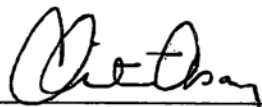


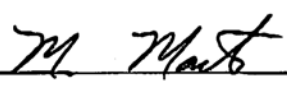
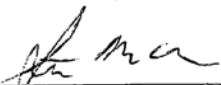
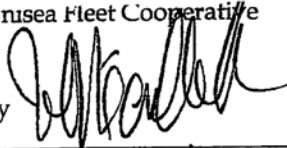

<p>Pollock Conservation Cooperative</p> <p>By <u></u></p> <p>Its <u>Pres.</u></p>	<p>High Seas Catchers Cooperative</p> <p>By <u></u></p> <p>Its <u>Exec. Dir.</u></p>
<p>Mothership Fleet Cooperative</p> <p>By <u></u></p> <p>Its <u>President</u></p>	<p>Akutan Catcher Vessel Association</p> <p>By <u></u></p> <p>Its <u>VP/MGR</u></p>
<p>Arctic Enterprise Association</p> <p>By <u></u></p> <p>Its <u>VP/MGR</u></p>	<p>Northern Victor Fleet Cooperative</p> <p>By <u></u></p> <p>Its <u>PRESIDENT</u></p>
<p>Peter Pan Fleet Cooperative</p> <p>By <u></u></p> <p>Its <u>PRESIDENT</u></p>	<p>Unalaska Fleet Cooperative</p> <p>By <u></u></p> <p>Its <u>President</u></p>
<p>Unisea Fleet Cooperative</p> <p>By <u></u></p> <p>Its <u>President</u></p>	<p>Westward Fleet Cooperative</p> <p>By <u></u></p> <p>Its <u>EXECUTIVE DIRECTOR</u></p>

Exhibit A. Chinook Salmon Conservation Area



Corner Coordinates:

Latitude		Longitude	
54	40	165	35
54	40	166	35
54	45	167	0
54	52	167	0
54	52	165	35

Appendix IV

Coop Sideboard Caps, Transfers, and Harvest in Directed Sideboard Fisheries Prosecuted in 2008

Table 1. BSAI PACIFIC COD

Sideboard cap less bycatch requirements: 27,005

Coop	Coop Sideboard Percentage	Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan Catcher Vessel Assoc.	28.38%	7,664	1,437	9,101	6,984	2,117
Arctic Enterprise Assoc.	1.20%	324	509	833	601	232
High Seas Catchers Cooperative	10.57%	2,854	295	3,150	2,214	936
Mothership Fleet Cooperative	14.97%	4,043	-931	3,111	2,721	390
Northern Victor Cooperative	15.64%	4,224	385	4,609	3,550	1,059
Peter Pan Fleet Cooperative	1.55%	419	-367	52	0	52
Unalaska Fleet Cooperative	8.11%	2,190	-330	1,860	0	1,860
UniSea Fleet Cooperative	11.66%	3,149	-500	2,649	1,322	1,327
Westward Fleet Cooperative	7.91%	2,136	-498	1,638	843	795
Intercoop Totals	99.99%	27,002	0	27,002	18,235	8,767

Table 2. AREA 610 POLLOCK

AFA CV Sideboard Cap (metric tons): 10,758

Coop	Coop Sideboard Percentage	Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan CV Assoc.	36.47%	3,923	0	3923	0	3,923
Arctic Ent. Assoc.	0.66%	71	0	71	0	71
HSCC	0.31%	33	0	33	0	33
Mothership Coop	0.91%	98	0	98	0	98
N. Victor Coop	6.58%	708	0	708	358	350
Peter Pan Fleet Coop	0.75%	81	0	81	0	81
Unalaska Fleet Coop	16.10%	1,732	0	1732	106	1,626
UniSea Fleet Coop	16.85%	1,813	0	1813	0	1,813
Westward Fleet Coop	21.36%	2,298	0	2298	0	2,298
Intercoop Totals	100%	10,757	0.00	10,757	464	10,293

Table 3. AREA 620 POLLOCK

AFA CV Sideboard Cap (metric tons): 2,738

Coop	Coop Sideboard Percentage	Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan CV Assoc.	60.52%	1,657	-103	1554	1186	368
Arctic Ent. Assoc.	0.00%	0	0	0	0	0
HSCC	1.80%	49	0	49	0	49
Mothership Coop	0.21%	6	0	6	0	6
N. Victor Coop	13.17%	361	-156	204	0	204
Peter Pan Fleet Coop	0.03%	1	272	273	0	273
Unalaska Fleet Coop	10.55%	289	257	546	480	66
UniSea Fleet Coop	5.28%	145	-103	42	0	42
Westward Fleet Coop	8.44%	231	-167	64	0	64
Intercoop Totals	100%	2,738	0.00	2,738	1,666	1,072

Table 4. AREA 630 POLLOCK

AFA CV Sideboard Cap (metric tons): 3,325

Coop	Coop Sideboard Percentage	A Season Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan CV Assoc.	49.33%	1,640	0	1,640	0	1,640
Arctic Ent. Assoc.	3.34%	111	0	111	0	111
HSCC	3.99%	133	0	133	0	133
Mothership Coop	8.54%	284	0	284	0	284
N. Victor Coop	9.64%	321	-112	208	0	208
Peter Pan Fleet Coop	6.18%	205	0	205	0	205
Unalaska Fleet Coop	12.31%	409	150	559	380	179
UniSea Fleet Coop	3.23%	107	-38	70	0	70
Westward Fleet Coop	3.43%	114	0	114	0	114
Intercoop Totals	100%	3,325	0	3,325	380	2,945

Table 8. CENTRAL GULF COD

Sideboard Cap (metric tons): 1,847

Coop	Coop Sideboard Percentage	A Season Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan CV Assoc.	50.23%	928	0	928	0	928
Arctic Ent. Assoc.	0.00%	0	0	0	0	0
HSCC	7.00%	129	0	129	0	129
Mothership Coop	10.01%	185	0	185	0	185
N. Victor Coop	5.29%	98	0	98	0	98
Peter Pan Fleet Coop	8.09%	149	0	149	0	149
Unalaska Fleet Coop	10.79%	199	0	199	166	33
UniSea Fleet Coop	0.01%	0	0	0	0	0
Westward Fleet Coop	8.59%	159	0	159	0	159
Intercoop Totals	100%	1,847	0	1,847	166	1,681

Table 9. CENTRAL GULF SHALLOW-WATER FLATFISH

Sideboard Cap (metric tons): 777

Coop	Coop Sideboard Percentage	Initial Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan Catcher Vessel Assoc.	26.52%	206	0	206	0	206
Arctic Enterprise Assoc.	0.00%	0	0	0	0	0
High Seas Catchers Cooperative	10.22%	79	0	79	0	79
Mothership Fleet Cooperative	0.21%	2	0	2	0	2
Northern Victor Cooperative	0.23%	2	0	2	0	2
Peter Pan Fleet Cooperative	1.30%	10	0	10	0	10
Unalaska Fleet Cooperative	61.24%	476	0	476	24	452
UniSea Fleet Cooperative	0.00%	0	0	0	0	0
Westward Fleet Cooperative	0.29%	2	0	2	0	2
Intercoop Totals	100%	777	0	777	24	753