

2005

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

February 2006

Table of Contents

Section 1. Overview	
1.1 Purpose of the Catcher Vessel Intercooperative Report	3
1.2 The 2005 Catcher Vessel Intercooperative Agreement	3
1.3 Intercoop Enforcement Actions	4
Section 2. Bering Sea Pollock Fishery	
2.1 Allocations and Harvest	5
Table 2.1 Pollock Allocation & Harvest	6
2.3 Salmon Bycatch Avoidance	7
Section 3. Groundfish and Crab Sideboard Fisheries	
3.1 Groundfish Sideboards	10
Table 3.1a BSAI Groundfish Sideboards	10
Table 3.1b GOA Groundfish Sideboards	11
3.2 PSC Sideboards	13
Table 3.2a BSAI PSC Sideboards	14
Table 3.2b GOA PSC Sideboards	15
Table 3.2c BSAI Salmon & Herring Bycatch	15
Appendix I - 2005 Catcher Vessel Intercoop Agreement	17
Appendix II – 2005 Salmon Bycatch Management Agreement	27
Appendix III - Coop Sideboard Caps, Transfers, and Directed Fishing	39
Appendix IV – 2006 - 2008 Salmon Bycatch Agreement	47

Section 1. Overview

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 2005 Catcher Vessel Intercooperative Agreement

The nine AFA catcher vessel cooperatives renewed the Intercooperative Agreement for 2005 with no significant changes from previous agreements. The 2005 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 2005 Intercoop Agreement is found in Appendix I.

1.3 Intercooperative Enforcement Actions

No enforcement or penalty actions regarding the over-harvest of AFA pollock, directed BSAI sideboard fishery caps, or PSC limits occurred in 2005. One GOA exempt vessel exceeded the vessel’s historical share of GOA pollock in a year in which it had leased out a portion of its AFA pollock allocation. Further details can be found in the Northern Victor Fleet Cooperative report.

There were 2 savings closure violations of the IC Salmon Bycatch Agreement. Both violations were immediately settled, fines paid, and the funds are being held by the offending vessel’s coop boards for future donation to salmon research.

Section 2. Bering Sea Pollock Fishery

2.1 Allocations and Harvest

The 2005 Bering Sea pollock Total Allowable Catch (TAC) was set at 1,494,900 metric tons. A portion of TAC is set aside for the Community Development Quota (149,750 metric tons). From the remaining 1,345,150 metric tons, 37,577 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 1,307,573 metric tons, the Directed Fishing Allowance (DFA), is allocated among the three AFA harvest sectors. The inshore sector is allocated 50% of the DFA, the mothership sector is allocated 10%, and the catcher/processor sector is allocated 40%. Catcher vessels that historically delivered pollock to the c/p sector are allocated 8.5% of the C/P sector share (3.4% of the DFA). Note that initially 44,577 metric tons of pollock was set aside for the ICA. However, on August 31, 2005 NMFS reallocated 7,000 metric tons of ICA pollock back to the pollock DFA.

There are a total of 112 AFA qualified catcher vessels. The inshore sector has 99 qualified vessels of which all 99 were members of inshore cooperatives in 2005. This is the first year no inshore vessels were in open access. The mothership sector has a total of 19 qualified vessels of which fourteen are “dual qualified” for both the mothership and inshore sector fisheries. Seven catcher vessels are qualified for the catcher/processor sector.

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. Note that none of the catcher vessel cooperatives exceeded their annual pollock allocation in 2005.

Table 2.1

Source: Annual Catcher Vessel Cooperative Reports

2005 AFA CATCHER VESSEL COOPERATIVES' ALLOCATIONS AND DIRECTED FISHING HARVESTS					
Cooperative	Number of Vessels in Coop	Annual Allocation Percentage	Annual Allocation (includes ICA reallocation)	2005 Harvest in Metric Tons	Over / (Under) Allocation
INSHORE COOPERATIVES					
Akutan Catcher Vessel Assoc.	34	28.130%	183,910	181,287	(2,623)
Arctic Enterprise Assoc.	3	4.210%	27,525	27,491	(34)
Northern Victor Fleet Cooperative	13	8.425%	55,083	54,610	(473)
Peter Pan Fleet Cooperative	11	2.728%	17,836	17,286	(550)
Unalaska Fleet Cooperative	11	12.209%	79,822	79,821	(1)
UniSea Fleet Cooperative	14	24.424%	159,679	158,635	(1,044)
Westward Fleet Cooperative	13	19.874%	129,932	127,341	(2,591)
Inshore Coop Totals	99	100.000%	653,787	646,471	(7,316)
OFFSHORE CATCHER VESSEL COOPERATIVES					
Mothership Fleet Cooperative	19	10% of DFA	130,757	130,665	(92)
High Seas Catchers Cooperative	7	3.4% of DFA	44,457	Details of the HSCC pollock harvest are covered in the joint PCC and HSCC report	

Note that Table 2.1 shows 7,316 metric tons of pollock left unharvested by the inshore cooperatives. While there are several contributing factors that created the under harvest of pollock, two conditions contributed most significantly; salmon bycatch and increased fuel costs. Fuel costs were driven up not only from the recent rise in fuel prices, but also

from additional consumption due to the longer run times and slower fishing conditions that resulted from the regulatory salmon closures.

The regulatory closures of both the chum and chinook salmon savings areas in 2005 once again created difficult fishing conditions for the fleet. The regulatory salmon closures created slower fishing conditions locally by shutting off access to the most productive pollock grounds typically used by the inshore fleet. The fleet was then faced with either of two options; 1) run a far greater distance from their home ports to find productive fishing, or 2) stay closer to home and tow longer for less fish. Both choices involve burning more fuel than normal. While the larger capacity inshore vessels were able to continue fishing, albeit economically straining, for some smaller capacity vessels it became economically impracticable to continue in the later months of the B season. While some of these vessels found relief by leasing their fish to larger vessels, vessels participating in GOA fisheries found it prohibitively expensive to make the “back and forth” seasonal runs from the Kodiak area to the Bering Sea pollock grounds. GOA exempt vessels were particularly impacted because they are not allowed to lease their Bering Sea pollock and utilize their exempt status in the Gulf fisheries.

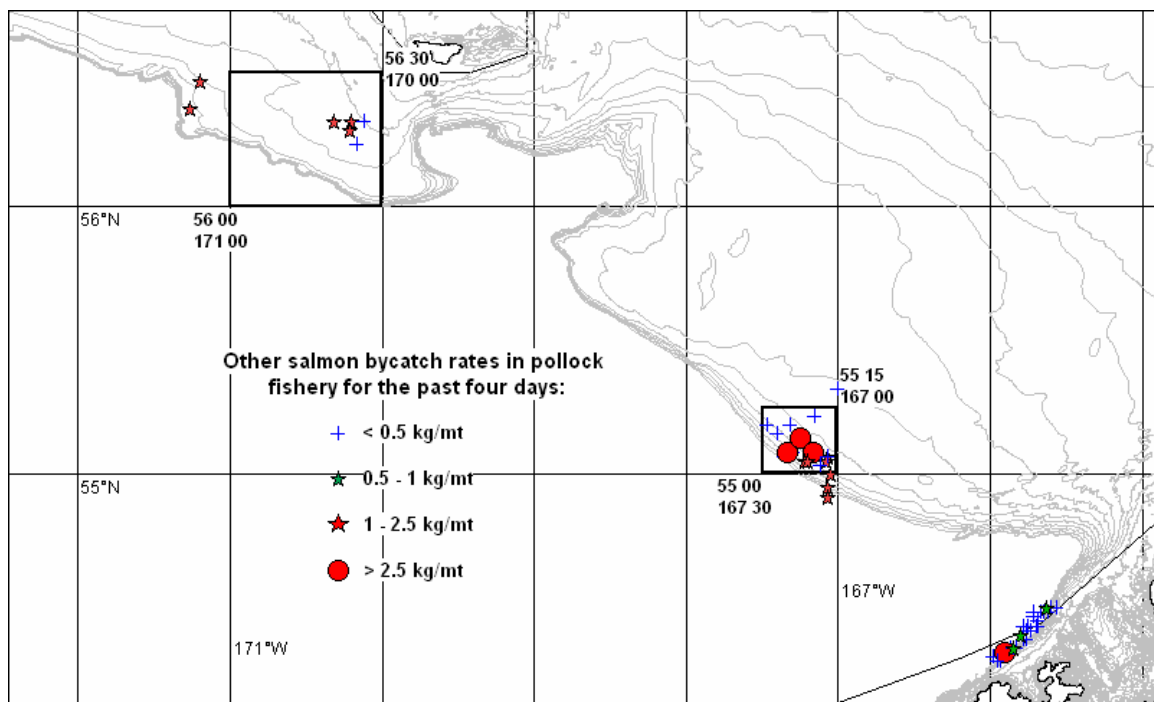
2.2 Salmon Bycatch Avoidance Agreements

During 2005 all ten AFA cooperatives, catcher vessel and catcher/processors alike, were members to into a 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 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 agreements also incorporate 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 season-to-date basis. Additionally, the agreements require tow-by-tow bycatch reporting by all AFA pollock vessels. SeaState, Inc. has been contracted to gather the data, compile it into useful information, and distribute it to back to the fleet.

Below is a typical report chart showing closure areas and bycatch rates provided to fleet by SeaState.



Section 3. Groundfish and Crab Sideboard Fisheries

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 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 North Pacific Management Council's 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 vessels 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. 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 available to the AFA non-exempt vessels in 2005 are located in Appendix III. 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 not harvested 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.

2005 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 1/1-6/10	5	0	(5)
	9/1-12/31	3	0	(3)
	CV < 60' H&L or Pot	1	0	(1)
	Trawl Gear CV	38,550	33,477	(5,073)
Sablefish	BS Trawl	94	11	(83)
	AI Trawl	36		(36)

Table 3.1a (continued)

Atka Mackerel	Eastern AI&BS Jig	0	740	740
	Other Gear	20	0	(20)
	Central AI 1/1-4/15	2	1	(1)
	HLA Limit	1	0	(1)
	9/1-11/1	2	0	(2)
	HLA Limit	1	0	(1)
	Western AI 1/1-4/15	0	0	0
	HLA Limit	0	0	0
	9/1-11/1	0	0	0
	HLA Limit	0	0	0
Yellowfin Sole	BSAI	4,887	129	(4,758)
Rock Sole	BSAI	1,203	1,382	179
Greenland Turbot	BS	148	5	(143)
	AI	14	0	(14)
Arrowtooth	BSAI	704	844	140
Alaska Plaice	BSAI	300		(300)
Other Flatfish	BSAI	131	463	332
Flathead Sole	BS	837	1,929	1,092
POP	BS	119	382	263
	Eastern AI	22	17	(5)
	Central AI	7	1	(6)
	Western AI	0	0	0
Northern rockfish	BSAI	39	37	(2)
Shorthead	BSAI	2	0	(2)
Rougheye	BSAI	1	0	(1)
Other Rockfish	BS	2	21	19
	AI	5	0	(5)
Squid	BSAI	415	774	359
Other Species	BSAI	1,334	782	(552)

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

2005 GOA AFA CATCHER VESSEL AGGREGATE GROUND FISH SIDEBOARD CATCH				
Species	Fishery	Sideboard Limit	Aggregate Catch, Directed & Bycatch	Over / (Under) Sideboard Limit
Pollock	WYK	591	0	(591)
	SEO	2,281	0	(2,281)
	610 A,B,C,&D	18,568	6,426	(12,142)
	620 A,B,C,&D	4,908	1,183	(3,725)
	630 A,B,C,&D	4,564	247	(4,317)

Table 3.1b (continued)

Pacific Cod	WGOA Inshore A&B	2,009	363	(1,646)
	WGOA Offshore A&B	161	0	(161)
	CGAO Inshore A&B	1,630	127	(1,503)
	CGOA Offshore A&B	181	0	(181)
	EGOA Inshore (annual)	26	0	(26)
	EGOA Offshore (annual)	3	0	(3)
Deep-water Flatfish	WGOA	0	0	0
	CGOA	224	0	(224)
	EGOA	54	0	(54)
Rex Sole	WGOA	2	0	(2)
	CGOA	295	1	(294)
	EGOA	56	0	(56)
Flathead Sole	WGOA	7	3	(4)
	CGOA	131	15	(116)
	EGOA	16	0	(16)
Shallow-water Flatfish	WGOA	70	0	(70)
	CGOA	777	0	(777)
	EGOA	41	0	(41)
Arrowtooth Flounder	WGOA	17	25	8
	CGOA	773	87	(686)
	EGOA	10	0	(10)
Sablefish	WGOA Trawl	0	0	0
	CGOA Trawl	104	0	(104)
	EGOA Trawl	15	0	(15)
POP	WGOA	160	0	(160)
	CGOA	739	308	(201)
	EGOA	115	0	(115)
Shortraker	WGOA	0	0	0
	CGOA	8	0	(8)
	EGOA	3	0	(3)
Rougheye	WGOA	0	0	0
	CGOA	13	0	(13)
	EGOA	3	0	(3)
Other Rockfish	WGOA	0	0	0
	CGOA	62	0	(62)
	EGOA	0	0	0
Northern Rockfish	WGOA	0	0	0
	CGOA	144	82	(62)
Pelagic Shelf Rockfish	WGOA	0	0	0
	CGOA	0	0	0
	EGOA	7	0	(7)
Thornyhead Rockfish	WGOA	13	0	(13)
	CGOA	31	1	(30)
	EGOA	16	0	(16)
Big Skates	WGOA	7	0	(7)
	CGOA	22	0	(22)
	EGOA	7	0	(7)

Table 3.1b (continued)

Longnose Skates	WGOA	1	0	(1)
	CGOA	18	0	(18)
	EGOA	7	0	(7)
Demersal Shelf Rockfish	SEO	1		(1)
Atka Mackerel	Gulfwide	19	1	(18)
Other Species	Gulfwide	125	1	(124)

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.

3.2 PSC Sideboards

Tables 3.3a, 3.3b, and 3.3c cover prohibited species bycatch amounts taken by AFA catcher vessels participating in BSAI and GOA groundfish fisheries. None of the halibut or crab sideboard limits were exceeded by the AFA catcher vessel sector. Herring bycatch in Bering Sea pollock fishery had been on the rise in 2003 and 2004, but tapered off some in 2005. The Herring Savings Areas were not triggered in 2005. Salmon bycatch has continued its upward trend as it has for the past 5 years. The Chinook Salmon Savings Area (CHSSA) trigger amount (26,825 salmon) was reached in August. Consequently the CHSSA closed to pollock fishing on September 1st for the remainder of the B season. The Chum Salmon Savings Area (CSSA) closure trigger amount was not reached during the B season despite record high chum salmon bycatch as the bycatch inside the CVOA was low. All indications point to steadily increasing numbers of both

Chinook and Chum salmon in the Bering Sea during both the A and B seasons over the past few years. Salmon bycatch in the 2005 pollock fishery clearly indicates that the trend continues.

Table 3.3a

Data supplied by Annual Coop Reports

2005 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	887	505	(382)
	Pacific Cod, fixed gear	2	0	(2)
	Yellowfin Sole	101	0	(101)
	Rock Sole	221	0	(221)
	Turbot,Arrowtooth,Sablefish	0	0	0
	Rockfish	2	0	(2)
	Pollock/A.Mack/O.Species	5	0	(5)
Red King Crab	Pacific Cod	16,424	2,881	(13,543)
	Yellowfin Sole	3,872	0	(3,872)
	Rsole/Fhead Sole/O.Flatfish	34,493	0	(34,493)
	Pollock/A.Mack/O.Species	9	0	(9)
C.Opilio, COBLZ	Pacific Cod	86,148	0	(86,148)
	Yellowfin Sole	354,859	0	(354,859)
	Rsole/Fhead Sole/O.Flatfish	307,546	0	(307,546)
	Pollock/A.Mack/O.Species	1,836	0	(1,836)
	Rockfish	1,101	0	(1,101)
	Turbot,Arrowtooth,Sablefish	10,459	0	(10,459)
C.Bairdi	Pacific Cod	313,656	46,831	(266,825)
	Yellowfin Sole	243,593	0	(243,593)
	Rsole/Fhead Sole/O.Flatfish	273,154	0	(273,154)
	Pollock/A.Mack/O.Species	660	0	(660)

Table 3.3b

Harvest data supplied by Annual Coop Reports.

2005 GOA AFA CATCHER VESSEL AGGREGATE 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	8	(145)
	Deep water Targets	7	0	(7)
	Trawl, 2nd Season Allowance			
	Shallow water Targets	34	1	(33)
	Deep water Targets	21	0	(21)
	Trawl, 3rd Season Allowance			
	Shallow water Targets	68	0	(68)
	Deep water Targets	28	0	(28)
	Trawl, 4th Season Allowance			
	Shallow water Targets	51	0	(51)
	Deep water Targets	0	0	
	Trawl, 5th Season Allowance			
	All Targets	61	0	(61)

Table 3.3c

Data supplied by Sea State, Inc.

2005 BSAI AFA CATCHER VESSEL AGGREGATE SALMON & HERRING BYCATCH		
PSC Species	Target Fishery	Aggregate Bycatch
Chinook	Pollock	41,100
	Pacific Cod	401
	Total	41,501
Other Salmon	Pollock	551,000
	Pacific Cod	279
	Total	551,279
Herring	Pollock	414
	Pacific Cod	1
	Total	415

Appendix I

2005 Catcher Vessel Intercoop Agreement

2005 INTERCOOPERATIVE AGREEMENT

This 2005 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 January 10, 2005, 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”) and Aleutian Islands (“AI”) 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 and AI 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 and AI 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 then 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. 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 2005 shall not have transferred any amount of such Vessel's BS/AI pollock allocation for 2005 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.

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, 2005. 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, 2005. The Coops agree to meet in good faith negotiations concerning modification of this Agreement and extension of its term not later than October 1, 2005, with the express intent of replacing or extending this Agreement prior to November 30, 2005.

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

2005 Salmon Bycatch Management Agreement

SALMON BYCATCH MANAGEMENT AGREEMENT

2005 BERING SEA POLLOCK “A and B” SEASONS

This 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”) 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, as of February 5, 2005, with respect to the following facts:

RECITALS

Western Alaskans have expressed conservation and allocation concerns regarding the incidental catch of chinook salmon in the Bering Sea/Aleutian Islands 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 chinook and chum salmon and, to the extent feasible, to avoid triggering a regulatory closure of the Chinook Salmon Savings Area (the “CHSSA”) and/or the Chum Salmon Savings Area (CSSA).

AGREEMENT

1. Purpose of Agreement. The purpose of this Agreement is to implement a private, contractual inter-cooperative program to reduce salmon bycatch in the 2005 Bering Sea trawl pollock non-CDQ fishery (the “Fishery”). Each party to this Agreement agrees exercise all commercially reasonable efforts to achieve that purpose.

2. The Coops will retain Sea State, Inc. (“Sea State”) to provide the data gathering, analysis, fleet monitoring and reporting services necessary to implement the bycatch management program contemplated under this Agreement.

3. “A” Season Bycatch Management. The parties agree that during the 2005 “A” season chinook salmon bycatch in the Fishery shall be managed on an inter-cooperative basis as follows.

a. Sea State will use the bycatch rate (the “Base Rate”) as a trigger for Savings Area closures (as described in Subsection 2.e, below) and determining the Tier to which a Coop is assigned for purposes of Savings Area access. The Base Rate is .067 chinook salmon per metric ton of pollock.

b. Sea State will use bycatch data from the period January 20 - 23, 2005 to provide Coops with preliminary information regarding the location and concentration

of chinook salmon. Sea State will use bycatch data from the period January 24 - 27, 2005 for initial Savings Area closures and Coop Tier assignments, and thereafter Sea State will determine each Coop's Tier assignment on a weekly basis.

c. 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 2.b. 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, i.e., with bycatch rates less than .05 chinook per metric ton ("mt") of pollock, shall be assigned to Tier 1.
- Coops with chinook salmon bycatch rates equal to or greater than 75% of the Base Rate but less than 125% of the Base Rate, i.e., with bycatch rates equal to or greater than .05 chinook per mt, but less than or equal to .084 chinook per mt, shall be assigned to Tier 2.
- Coops with chinook salmon bycatch rates greater than 125% of the Base Rate, i.e., above .084 chinook per mt, shall be assigned to Tier 3.

d. When the Fishery is open to any of the inshore, catcher/processor or mothership components, on an ongoing basis Sea State will 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. 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 will be given priority over rates based on sampling and extrapolation.

e. On January 27, 2005, and on each Thursday thereafter, and on January 31, 2005 and on each Monday thereafter, for the duration of the 2005 pollock "A" season, Sea State will provide notice to the Coops identifying one or two areas with the highest chinook salmon bycatch rate(s) in excess of the Base Rate, if any (the "Savings Areas") in the Bering Sea. Savings Areas will be sized as Sea State determines appropriate to address chinook bycatch. The maximum total area of Savings Closure(s) will be 1000 square miles. The boundaries of Savings Areas will be defined by a series of latitude/longitude coordinates and will be shaped as Sea State determines appropriate.

f. Savings Area closures announced on Thursdays (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 “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 2.g, below.

g. There will be two phases of Savings Area closures. From the beginning of the 2005 “A” season until such time as Sea State determines that chinook bycatch in the Fishery has reached 10,730 salmon (40% of the Fishery CHSSA trigger amount), Savings Areas shall be closed to fishing by Tier 3 Coop vessels for seven days beginning at 6 pm each Friday until 6 pm on the following Friday. As of the time that Sea State determines chinook bycatch in the Fishery has exceeded 10,730 salmon and delivers notice of the same to the Coops, and thereafter for the duration of the 2005 A season, in addition to all Savings Areas being closed to fishing by Tier 3 Coop vessels, the Savings Area(s) announced in the 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 salmon Savings Areas closed to the Tier 2 and Tier 3 coops.

h. On a weekly basis, Sea State will provide the following information to the Coops:

i. Each Coop’s season-to-date chinook salmon bycatch rate.

ii. A list of the 20 vessels with the highest season-to-date chinook salmon bycatch performance. The performance rating is calculated by using each vessel’s number of appearances on the weekly list as the numerator and the total number of weeks the vessel has been in the A season Fishery as the denominator. Vessels on this list must have a seasonal harvest of more than 500 mt.

iii. A list of the 20 vessels with the highest chinook salmon bycatch rates for the previous 2 weeks in excess of the Tier One rate.

iv. A list of the 20 vessels with highest chinook salmon bycatch rates for the previous week in excess of the Tier One rate.

i. Throughout the 2005 pollock “A” season, Sea State will provide chinook salmon “hot spot” advisory notices concerning areas of high bycatch that do not fall within Savings Area closures.

4. “B” Season Bycatch Management. The parties agree that during the 2005 “B” season chum and chinook salmon bycatch in the Fishery shall be managed on an inter-cooperative basis as follows.

a. Sea State will use bycatch rates (the “Base Rates”) as a triggers for chinook and chum salmon Savings Area closures (as described in Subsection 2.d, 2.f, and 2.g, below) and, for chum salmon Savings Areas only, to determine the Tier to which a Coop is assigned for purposes of Savings Area access. The chinook Base Rate is .05 chinook salmon per metric ton of pollock. The chum salmon base rate is .062 “other” salmon per metric ton of pollock.

b. Each week rate calculations for purposes of chum salmon 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 chum salmon taken by its members (the numerator). For purposes of this Section, a Coop’s salmon bycatch amount shall be based on observed, counted chum salmon (i.e., whole haul samples), or sample sizes sufficiently large that Sea State reasonably concludes that estimated number of chum 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 salmon bycatch rates of less than 75% of the Base Rate, i.e., with bycatch rates less than .047 chum per metric ton (“mt”) of pollock, shall be assigned to Tier 1.
- Coops with chum salmon bycatch rates equal to or greater than 75% of the Base Rate but less than 125% of the Base Rate, i.e., with bycatch rates equal to or greater than .047 chum per mt, but less than or equal to .078 chum per mt, shall be assigned to Tier 2.
- Coops with chum salmon bycatch rates greater than 125% of the Base Rate, i.e., above .078 chum per mt, shall be assigned to Tier 3.

c. When the Fishery is open to any of the inshore, catcher/processor or mothership components, on an ongoing basis Sea State will 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. 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 will be given priority over rates based on sampling and extrapolation.

d. Unless and until the relevant closure suspension provisions of Section 4.h., below, take effect, on June 16, 2005, and on each Thursday thereafter, and on June 20, 2005 and on each Monday thereafter, Sea State will provide notice to the Coops identifying the areas (if any) exceeding a salmon bycatch Base Rate that will be closed as salmon savings areas (the “Savings Areas”) in each of the “East Region” (i.e., east of 167

degrees 30 minutes west longitude) and “West Region” (i.e., west of 167 degrees 30 minutes west longitude) of the BS/AI. There shall be up to two Savings Areas per region at any one time. The Savings Areas within a region shall be either a “Chinook Closure” or a “Chum Closure”, but not both. In the event that the Base Rates for both chinook and chum salmon are exceeded in a region during a week, the Savings Area closure in that region shall be a “Chinook Closure”, and Sea State will issue a non-binding avoidance recommendation for the area of high chum salmon bycatch. Savings Areas will be sized as Sea State determines appropriate to address salmon bycatch. The maximum total area of chum salmon Savings Closure(s) may not exceed 1000 square miles per region. The maximum total area of chinook salmon Savings Closure(s) shall not exceed 500 square miles per region. The boundaries of Savings Areas will be defined by a series of latitude/longitude coordinates and will be shaped as Sea State determines appropriate.

e. Savings Area closures announced on Thursdays (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 “Tuesday Closures”) shall be effective from 6:00 pm the following Tuesday through 6:00 pm the following Friday.

f. Chum salmon Savings Areas closed on Fridays shall be closed to fishing by all Tier 3 Coop vessels through 6:00 pm the following Friday. Chum salmon Savings Areas closed on Fridays 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 salmon Savings Areas closed to the Tier 2 and Tier 3 coops.

g. Chinook salmon Savings Areas shall be closed to fishing by all Coop vessels, regardless of their Tier status. In the event a different chinook Savings Area cannot be identified for the Tuesday Closure, there will be no chinook Savings Area for the last 3 days of the week.

h. Upon the CSSA being closed by NMFS (excluding the August 1st - 31st regulatory closure), the chum salmon Savings Area closures shall be suspended for the remainder of the 2005 pollock “B” season, and thereafter Sea State shall issue chum salmon avoidance notices on Thursdays and Mondays, which shall be non-binding recommendations to avoid fishing in areas of elevated chum salmon bycatch. Upon the CHSSA being closed by NMFS, the chinook salmon Savings Area closures shall be suspended for the remainder of the 2005 pollock “B” season, and thereafter Sea State will issue chinook salmon avoidance notices on Thursdays and Mondays, which shall be non-binding recommendations to avoid fishing in areas of elevated chinook salmon bycatch.

i. On a weekly basis, Sea State will provide the following information to the Coops:

i. Each Coop’s season-to-date chinook and chum salmon bycatch rate.

ii. A list of the 20 vessels with the highest season-to-date chum salmon bycatch performance and a list of the 20 vessels with the highest season-to-date chinook salmon bycatch performance. The performance rating is calculated using each vessel's number of appearances on the weekly list as the numerator and the total number of weeks the vessel has been in the B season Fishery as the denominator. Vessels on this list must have a seasonal harvest of more than 500 mt.

iii. A list of the 20 vessels with the highest chinook salmon bycatch rates for the previous 2 weeks in excess of .050 chinook salmon per metric ton, and a list of the 20 vessels with the highest chum salmon bycatch rates for the previous 2 weeks in excess of the Tier One rate.

iv. A list of the 20 vessels with highest chinook salmon bycatch rates for the previous week in excess of .050 chinook salmon per metric ton, and a list of the 20 vessels with highest chum salmon bycatch rates for the previous week in excess of the Tier One rate.

j. Throughout the 2004 pollock "B" season, Sea State will provide salmon "hot spot" advisory notices concerning areas of high bycatch that do not fall within Savings Area closures.

5. Inshore Vessels Landing Pollock to a Non-Associated Processor.

a. If a member's vessel will be delivering to a 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 set forth in Sections 3, 4, and 5, above, depends on gathering, analyzing and disseminating accurate chinook salmon bycatch data rapidly. The Coops therefore agree as follows.

a. Each Coop shall require its members' vessels to exercise all commercially reasonable efforts to report to Sea State within 24 hours the location of, estimated pollock tonnage of and estimated number of chinook salmon in each trawl tow. PCC may satisfy its obligation under this section 3.a by arranging to have its members' vessels' observer reports concerning chinook 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 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 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. However, the Coops all acknowledge that in certain circumstances, it may be difficult to achieve accurate, reliable reporting through the VMS system, and that for vessels with relatively small pollock allocations, the cost of acquiring, installing and operating the VMS data transmission system may be higher than reasonable. Therefore, reporting bycatch information via the VMS system is not required.

c. Sea State will from time to time announce a chinook or chum bycatch rate that will 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 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 impose the penalties set forth below in cases where a vessel is found to have violated a closure.

g. The Coops hereby adopt a uniform penalty for the first violation of a Savings Area closure of an amount equal to fifty percent (50%) of the ex-vessel value of the pollock caught in the Savings Area. The Coops hereby adopt a uniform penalty for second and subsequent violations of a Savings Closure of one hundred percent (100%) of the ex-vessel value of the pollock caught in the Savings Area. For purposes of this Subsection, Coop catch data produced by the Sea State 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.

h. The Coops acknowledge that the damages resulting from violating a Savings Closure 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 Subsection 4.a., above, are liquidated damages, the payment of which (together with reasonable costs of collection) shall satisfy a Coop's and its members' obligations related to violating a Savings Closure. The Coops hereby waive any and all claims to direct, indirect or consequential damages related to such violation.

i. Each Coop agrees that the members of all other Coops shall have rights to initiate Savings Closure enforcement or penalty actions equivalent to such Coop's own members' rights. However, the authority to pursue enforcement or penalty actions with respect to alleged violation of a Savings Closure and the authority to levy fines, penalties, forfeitures or costs related to such actions shall in every case be reserved to the Coop to which the vessel involved belongs. Each Coop agrees to take all corporate action necessary to give effect to this provision.

j. The Coops agree to cause their members to release their VMS tracking data to Sea State, on the condition that Sea State executes a confidentiality agreement under Sea State agrees not to disclose any such information to any third party without prior consent from the affected vessel owner, and agrees to limit its use of such information to monitoring compliance with this Agreement.

8. Term. This Agreement shall take effect upon execution by all of the Coops. This Agreement shall expire on November 1, 2005, provided that the enforcement provisions of Section 4, above, shall survive such expiration with full force and effect.

9. Miscellaneous.

h. 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.

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

j. 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.

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

l. 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 Coop 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.

m. 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.

n. Each Coop agrees to use its best efforts to resolve any disputes arising under this Agreement through direct negotiations. 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 III

Coop Sideboard Caps, Transfers, and Harvest in 2005 Directed Sideboard Fisheries of the BSAI and Gulf of Alaska

Table 1. BSAI PACIFIC COD

Sideboard cap less bycatch requirements: 34,550

Coop	Coop Sideboard Percentage	Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan Catcher Vessel Assoc.	25.28%	8,734.240	19.020	8,753.260	5,213.00	3,540.26
Arctic Enterprise Assoc.	4.30%	1,485.650	288.132	1,773.782	856.00	917.78
High Seas Catchers Cooperative	10.57%	3,651.748	1913.590	5,565.338	4,430.00	1,135.34
Mothership Fleet Cooperative	14.97%	5,172.135	-96.570	5,075.565	3,429.00	1,646.57
Northern Victor Cooperative	13.49%	4,660.795	985.682	5,646.477	3,866.00	1,780.48
Peter Pan Fleet Cooperative	1.55%	535.525	-270.000	265.525	0.00	265.53
Unalaska Fleet Cooperative	8.11%	2,802.005	-1475.590	1,326.415	0.00	1,326.42
UniSea Fleet Cooperative	13.35%	4,612.425	-933.095	3,679.330	1,690.00	1,989.33
Westward Fleet Cooperative	8.38%	2,895.290	-431.169	2,464.121	1,222.00	1,242.12
Intercoop Totals	100.00%	34,549.813	0.000	34,549.813	20,706.00	13,844

Table 2. BSAI ROCK SOLE

Season Sideboard cap less bycatch requirements: 1,217

Coop	Coop Sideboard Percentage	Initial Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan Catcher Vessel Assoc.	13.54%	165		165	0	165
Arctic Enterprise Assoc.	4.37%	53		53	0	53
High Seas Catchers Cooperative	15.44%	188		188	0	188
Mothership Fleet Cooperative	5.96%	73		73	0	73
Northern Victor Cooperative	1.47%	18		18	0	18
Peter Pan Fleet Cooperative	1.94%	24		24	0	24
Unalaska Fleet Cooperative	15.61%	190		190	0	190
UniSea Fleet Cooperative	7.97%	97		97	0	97
Westward Fleet Cooperative	33.71%	410		410	0	410
Intercoop Totals	100%	1,217	0	1,217	0	1,217

Table 3. BSAI YELLOWFIN SOLE

Season Sideboard cap less bycatch requirements: 4,950

Coop	Coop Sideboard Percentage	Initial Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan Catcher Vessel Assoc.	9.27%	459		459	0	459
Arctic Enterprise Assoc.	0.02%	1		1	0	1
High Seas Catchers Cooperative	2.65%	131		131	0	131
Mothership Fleet Cooperative	2.72%	135		135	0	135
Northern Victor Cooperative	1.26%	62		62	0	62
Peter Pan Fleet Cooperative	0.16%	8		8	0	8
Unalaska Fleet Cooperative	25.39%	1,257		1,257	0	1,257
UniSea Fleet Cooperative	41.63%	2,061		2,061	0	2,061
Westward Fleet Cooperative	16.89%	836		836	0	836
Intercoop Totals	100%	4,950	0	4,950	0	4,950

Table 4. AREA 610 POLLOCK

AFA CV Sideboard Cap (metric tons): 18,568

Coop	Coop Sideboard Percentage	Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan CV Assoc.	36.47%	6,772	-1,223.00	5,549	1,428	4,121
Arctic Ent. Assoc.	0.66%	123	0.00	123	0	123
HSCC	0.31%	58	2,554.69	2,612	2,015	597
Mothership Coop	0.91%	169	0.00	169	0	169
N. Victor Coop	6.58%	1,222	0.00	1,222	0	1,222
Peter Pan Fleet Coop	0.75%	139	0.00	139	0	139
Unalaska Fleet Coop	16.10%	2,989	-680.00	2,309	1,409	900
UniSea Fleet Coop	16.85%	3,129	-145.00	2,984	0	2,984
Westward Fleet Coop	21.36%	3,966	-506.69	3,459	0	3,459
Intercoop Totals	100%	18,566	0.00	18,566	4,852	13,714

Table 5. AREA 620 "A" SEASON POLLOCK

AFA CV Sideboard Cap (metric tons): 4,908

Coop	Coop Sideboard Percentage	Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan CV Assoc.	60.52%	2,970	0.00	2,970	514	2,456
Arctic Ent. Assoc.	0.00%	0	0.00	0	0	0
HSCC	1.80%	88	0.00	88	18	70
Mothership Coop	0.21%	10	0.00	10	0	10
N. Victor Coop	13.17%	646	0.00	646	0	646
Peter Pan Fleet Coop	0.03%	1	167.00	168	0	168
Unalaska Fleet Coop	10.55%	518	190.07	708	526	182
UniSea Fleet Coop	5.22%	256	-190.07	66	0	66
Westward Fleet Coop	8.49%	417	-167.00	250	0	250
Intercoop Totals	100%	4,908	0	4,908	1,058	3,850

Table 6. AREA 630 POLLOCK

AFA CV Sideboard Cap (metric tons): 4,564

Coop	Coop Sideboard Percentage	A Season Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan CV Assoc.	52.67%	2,403.86	0.00	2,403.86	116.00	2,287.86
Arctic Ent. Assoc.	0.00%	0.00	0.00	0.00	0.00	0.00
HSCC	3.99%	182.10	0.00	182.10	0.00	182.10
Mothership Coop	8.54%	389.77	0.00	389.77	0.00	389.77
N. Victor Coop	9.64%	439.97	0.00	439.97	0.00	439.97
Peter Pan Fleet Coop	6.18%	282.06	-62.48	219.58	0.00	219.58
Unalaska Fleet Coop	12.31%	561.83	197.81	759.64	758.00	1.64
UniSea Fleet Coop	3.23%	147.42	-100.65	46.77	0.00	46.77
Westward Fleet Coop	3.43%	156.55	-34.68	121.87	0.00	121.87
Intercoop Totals	100%	4,564	0	4,564	874	3,690

Seasonal AFA CV Sideboard Cap (metric tons): 591

Table 7. AREA 640 POLLOCK

Coop	Coop Sideboard Percentage	Initial Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan Catcher Vessel Assoc.	0.11%	0.650	117.250	118	0	118
Arctic Enterprise Assoc.	7.08%	41.843	-41.840	0	0	0
High Seas Catchers Cooperative	0.07%	0.414		0	0	0
Mothership Fleet Cooperative	0.00%	0.000		0	0	0
Northern Victor Cooperative	12.76%	75.412	-75.410	0	0	0
Peter Pan Fleet Cooperative	0.00%	0.000		0	0	0
Unalaska Fleet Cooperative	0.00%	0.000		0	0	0
UniSea Fleet Cooperative	54.23%	320.499		320	0	320
Westward Fleet Cooperative	25.76%	152.242		152	0	152
Intercoop Totals	100%	591.06	0.000	591	0	591

AFA CV Sideboard Cap (metric tons): 1,829

Table 8. WESTERN GULF COD

Coop	Coop Sideboard Percentage	A Season Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan CV Assoc.	32.91%	602		602	0	602
Arctic Ent. Assoc.	9.01%	165		165	0	165
HSCC	9.92%	181		181	51	130
Mothership Coop	5.35%	98		98	0	98
N. Victor Coop	11.09%	203		203	0	203
Peter Pan Fleet Coop	7.57%	138		138	0	138
Unalaska Fleet Coop	8.16%	149		149	0	149
UniSea Fleet Coop	8.08%	148		148	0	148
Westward Fleet Coop	7.93%	145		145	0	145
Intercoop Totals	100%	1,829	0	1,829	51	1,778

Table 9. CENTRAL GULF COD

AFA CV Sideboard Cap (metric tons): 1,630

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%	819	-50	769	0	769
Arctic Ent. Assoc.	0.00%	0		0	0	0
HSCC	7.00%	114		114	0	114
Mothership Coop	10.01%	163		163	0	163
N. Victor Coop	5.29%	86		86	0	86
Peter Pan Fleet Coop	8.09%	132		132	0	132
Unalaska Fleet Coop	10.79%	176	50	226	102	124
UniSea Fleet Coop	0.01%	0		0	0	0
Westward Fleet Coop	8.59%	140		140	0	140
Intercoop Totals	100%	1,630	0	1,630	102	1,528

Table 10. CENTRAL GULF SHALLOW-WATER FLATFISH

AFA CV 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		206	0	206
Arctic Enterprise Assoc.	0.00%	0		0	0	0
High Seas Catchers Cooperative	10.22%	79		79	0	79
Mothership Fleet Cooperative	0.21%	2		2	0	2
Northern Victor Cooperative	0.23%	2		2	0	2
Peter Pan Fleet Cooperative	1.30%	10		10	0	10
Unalaska Fleet Cooperative	61.24%	476		476	21	455
UniSea Fleet Cooperative	0.00%	0		0	0	0
Westward Fleet Cooperative	0.29%	2		2	0	2
Intercoop Totals	100%	777	0	777	21	756

**Table 11. CENTRAL GULF DEEP-WATER
FLATFISH**

AFA CV Sideboard Cap (metric tons): 224

Coop	Coop Sideboard Percentage	Initial Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan Catcher Vessel Assoc.	12.56%	28		28	0	28
Arctic Enterprise Assoc.	0.00%	0		0	0	0
High Seas Catchers Cooperative	2.06%	5		5	0	5
Mothership Fleet Cooperative	0.03%	0		0	0	0
Northern Victor Cooperative	0.00%	0		0	0	0
Peter Pan Fleet Cooperative	5.46%	12		12	0	12
Unalaska Fleet Cooperative	74.49%	167		167	8	159
UniSea Fleet Cooperative	0.00%	0		0	0	0
Westward Fleet Cooperative	5.40%	12		12	0	12
Intercoop Totals	100%	224	0	224	8	216

**Table 12. CENTRAL GULF NORTHERN
ROCKFISH**

AFA CV Sideboard Cap (metric tons): 144

Coop	Coop Sideboard Percentage	Initial Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan Catcher Vessel Assoc.	55.69%	80		80	0	80
Arctic Enterprise Assoc.	0.00%	0		0	0	0
High Seas Catchers Cooperative	1.11%	2		2	0	2
Mothership Fleet Cooperative	0.03%	0		0	0	0
Northern Victor Cooperative	0.00%	0		0	0	0
Peter Pan Fleet Cooperative	0.00%	0		0	0	0
Unalaska Fleet Cooperative	36.05%	52		52	2	50
UniSea Fleet Cooperative	0.00%	0		0	0	0
Westward Fleet Cooperative	7.11%	10		10	0	10
Intercoop Totals	100%	144	0	144	2	142

Table 13. CENTRAL GULF POP

AFA CV Sideboard Cap (metric tons): 739

Coop	Coop Sideboard Percentage	Initial Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan Catcher Vessel Assoc.	31.05%	229		229	0	229
Arctic Enterprise Assoc.	0.00%	0		0	0	0
High Seas Catchers Cooperative	10.83%	80	-2	78	0	78
Mothership Fleet Cooperative	0.63%	5		5	0	5
Northern Victor Cooperative	0.00%	0		0	0	0
Peter Pan Fleet Cooperative	0.02%	0		0	0	0
Unalaska Fleet Cooperative	41.44%	306	2	308	308	0
UniSea Fleet Cooperative	0.00%	0		0	0	0
Westward Fleet Cooperative	16.01%	118		118	0	118
Intercoop Totals	100%	739	0	739	308	431

Seasonal AFA CV Sideboard Cap (metric tons): 115

Table 14. EASTERN GULF POP

Coop	Coop Sideboard Percentage	Initial Sideboard Allocation (mt)	Sideboard Cap Transfers	Final Sideboard Allocation (mt)	Directed Catch	Remaining Sideboard Allocation
Akutan Catcher Vessel Assoc.	0.00%	0		0	0	0
Arctic Enterprise Assoc.	0.00%	0		0	0	0
High Seas Catchers Cooperative	99.57%	115		115	0	115
Mothership Fleet Cooperative	0.00%	0		0	0	0
Northern Victor Cooperative	0.34%	0		0	0	0
Peter Pan Fleet Cooperative	0.00%	0		0	0	0
Unalaska Fleet Cooperative	0.00%	0		0	0	0
UniSea Fleet Cooperative	0.00%	0		0	0	0
Westward Fleet Cooperative	0.09%	0		0	0	0
Intercoop Totals	100%	115	0	115	0	115

Appendix IV

2006 – 2008 Salmon Bycatch Management Agreement

SALMON BYCATCH MANAGEMENT AGREEMENT
2006 – 2008 BERING SEA POLLOCK FISHERY

This 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 February 1, 2006. PCC, High Seas 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. The purpose of this Agreement is to implement a private, contractual inter-cooperative program to reduce salmon bycatch in the 2006, 2007 and 2008 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.

j. 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.

k. 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 recalculated Base Rate 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.

l. 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.

m. 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”.

n. 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 preceding 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.

o. “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 (1000) 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.

p. 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.

q. 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 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.

r. 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) Chinook Savings Areas in the East Region may not exceed five hundred (500) square miles in total area during any single closure period; (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.k., 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 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.

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.

6. 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.

d. 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.

e. 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.

f. 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. Upon receiving notice of an apparent violation from Sea State, the Board of Directors of the Coop to which the vessel belongs shall have sixty (60) 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. If the vessel's Coop Board of Directors fails to take action that is consistent with the terms and conditions of this Agreement within such 60 day time period, or fails to provide a report of the action taken and the supporting record to all other Coops within such 60 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 notice to that effect, and each of such parties shall have standing to pursue Savings Area closure enforcement or penalty actions equivalent to such Coop's own rights with respect to its members.

b. The Coops hereby adopt a uniform assessment for a member's first violation of a Savings Area closure of Ten Thousand Dollars (\$10,000.00), a uniform assessment for a member's second 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 member'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.

c. 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 YR DFA regarding the most appropriate use of such funds.

d. 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.

e. 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 be amended prior to the opening of the 2006 Fishery "A" season 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 member shall authorize its Coop Board of Directors to enforce this Agreement, and if the Board fails to do so within sixty (60) 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 YR DFA 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.

10. Term. This Agreement shall take effect as of January 20, 2006. 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, 2006, 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, 2006, its termination shall not be effective until November 1, 2008. If a Coop provides termination notice on October 1, 2006, 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 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 2006 “B” 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 sixty (60) 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 sixty (60) 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 sixty (60) 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. 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.