

AFA Inshore Cooperatives
c/o United Catcher Boats Association
4005 20th Ave. West
Suite 116
Seattle, Wash. 98199

RECEIVED

OCT - 1 2010

September 30, 2010

Ms. Sue Salvesson
National Marine Fisheries Service – Alaska Region
Sustainable Fisheries Division
P.O. Box 21668
Juneau, Alaska, 99802-1668

Dear Ms. Salvesson,

Enclosed with this letter is our completed NMFS application form for an incentive plan agreement (IPA) with the required list of participants and the Agreement itself; the Inshore Chinook Salmon Savings Incentive Plan Agreement (Inshore SSIP). The Inshore SSIP's membership at this time consists of the six active inshore AFA cooperatives and the two current inshore open access vessels. 100% of the AFA inshore qualified catcher vessels have decided to participate in the Inshore SSIP. The Agreement has been signed by the six inshore cooperative representatives on behalf of all their members. Exhibit 3 of the Agreement lists the participating vessels by cooperative. The two open access vessels, Northwest Explorer and Leslie Lee, have signed the Agreement individually.

While the current Inshore SSIP membership is made up of only AFA inshore vessels, the Inshore SSIP has been written to accommodate future participants from all 4 sectors of the Bering Sea pollock fishery. We believe that all sectors of the Bering Sea pollock fishery are aware of the Inshore SSIP, but none have contacted us in an attempt to join. Consequently no one has been denied the opportunity to participate the Inshore SSIP.

There are three clarifications that need to be made about the vessel lists. In Table 47c of the final rule, NMFS has listed the Flying Cloud (USCG# 598380, AFA# 1318). The Flying Cloud has been renamed the Gladiator (same USCG and AFA identification numbers) and is therefore listed in both our application and IPA as the Gladiator. The second issue concerns one of the two Morning Stars listed in Table 47c. The Morning Star of concern is listed as having the USCG # 652395 and AFA #1640 and is a member of the Peter Pan Fleet Cooperative. This Morning Star is a replacement vessel for the original AFA vessel Ocean Hope I. The identification numbers listed in Table 47c are not the correct identification numbers for this Morning Star; we believe them to be the identification numbers for the Ocean Hope I. In both the application and the IPA vessel list we have identified the Morning Star with the correct identification numbers (USCG #1037811, AFA #6204, and ADF&G #70323). Finally, there are 13 dual qualified Inshore/Mothership vessels participating in the Inshore SSIP as well as the

Mothership SSIP. Each of these vessels is participating in the Inshore SSIP with only their inshore allocation. Because these vessels' two allocations are not differentiated by their ADF&G number or their Federal Fisheries Permit number the vessel list in the application will include an inshore designation behind the names of the dual qualified vessels.

The following is a summary of the Inshore SSIP and may also be found in Section 2 of the Agreement:

The vessels participating in this IPA receive an annual allocation of Chinook salmon bycatch units, which limits their Chinook salmon PSC bycatch to their pro-rata share of the 47,591 Chinook salmon PSC performance standard, less insurance pool deductions for Inshore Cooperative Vessels. A vessel can earn additional Chinook bycatch units by catching fewer Chinook salmon PSC as bycatch than the amount of its annual allocation, at a rate of one (1) additional unit for every three (3) allocated units that are not used. The insurance pool is a Chinook bycatch unit reserve, which is available to Inshore Sector Cooperative Vessels whose Chinook bycatch exceeds the number of bycatch units they hold. Inshore Sector Cooperative Vessels using insurance pool bycatch units are required to repay the insurance pool, and to pay an additional insurance pool usage penalty. If the inshore sector's Chinook salmon bycatch exceeds its performance standard for two (2) years in a six (6) consecutive year period, each Cooperative is required to take all actions necessary to insure that the Chinook salmon bycatch of its Vessels does not exceed the Annual Threshold Amount for a third (3rd) year in a seven (7) consecutive year period. A rolling hot spot closure program closes areas of relatively high Chinook salmon PSC bycatch to vessels that have relatively high rates of Chinook salmon bycatch during periods when the vessels participating in this IPA are experiencing relatively low levels of Chinook salmon encounter.

The Inshore SSIP has been designed to meet each of the 5 required elements under 679.21(f)(12)(iii)(B)(3) found on page 53065 of the final rule. The first of the five requirements, (3)(i), states that "The incentive(s) that will be implemented under the IPA for the operator of each vessel participating in the IPA to avoid Chinook salmon bycatch under any condition of pollock and Chinook abundance in all years."

The Inshore SSIP's primary incentive deals directly with this issue. As noted in the description above, each vessel receives a bycatch allocation based on its pro rata share of the sector's annual Threshold Amount, essentially the 47,591 Performance Standard level (reduced by an insurance pool deduction) and must earn bycatch units (Salmon Savings Credits) to have access to a pro rata share of the 60,000 IPA hard cap in future years. Earning those Savings Credits is akin to buying insurance against a catastrophic event (i.e. car insurance, life insurance, etc.) and is only accomplished by taking less Chinook salmon than initially allocated; one Savings Credit earned for every three Chinook avoided below the vessel's initial allocation. Because a vessel never knows what the next year's bycatch conditions will be, and consequently never knows if it will be able to earn credits or have to use Savings Credits in the following year(s), it is always incentivized to keep its bycatch as low as possible, whenever possible.

Requirement (3)(ii) requests a description of “The rewards for avoiding Chinook salmon, penalties for failure to avoid Chinook salmon at the vessel level, or both”. The Inshore SSIP rewards vessels having avoided Chinook salmon, as discussed previously, by awarding them Salmon Savings Credits. Without having earned a sufficient level of Savings Credits, a vessel has not “insured” itself against the possibility of a high salmon encounter year. While this is in itself a very strong reward for avoiding salmon whenever possible, the Inshore SSIP also penalizes vessels that run out of bycatch credits before completing their pollock harvest by either to stop fishing or acquire additional credits via a transfer. However, if a vessel securing a credit transfer has fished with an abnormally high bycatch rate, the vessel must acquire more credits than it needs (a transfer tax) and retire the tax credits. (See Section 6.2 Transfer Tax of the Agreement for details). The Inshore SSIP rules are designed in a way that it makes more sense to move pollock to cleaner fishing vessels rather than to move salmon to poorer performing vessels.

The third requirement, (3)(iii) asks “How the incentive measures in the IPA are expected to promote reductions in a vessel’s Chinook salmon bycatch rates relative to what would have occurred in absence of the incentive program”. The primary incentive in the Inshore SSIP Agreement, earning Savings Credits, is a big departure from the traditional hard cap management approach for reducing bycatch. Without the incentives provided in the Inshore SSIP a vessel would suffer no future consequences whether it experiences an annual bycatch at 25% of its hard cap limit or 90% of its hard cap limit. Under the incentives found in the Inshore SSIP a participating vessel increases the possibility of suffering future pollock harvest restrictions with every salmon caught.

Requirement (3)(iv) requests a description of “How the incentive measures in the IPA promote Chinook salmon savings in any condition of pollock abundance or Chinook salmon abundance in a manner that is expected to influence operational decisions by vessel operators to avoid Chinook salmon”. As discussed earlier, the incentive of acquiring Savings Credits by avoiding Chinook bycatch below the 47,591 level is essentially an acquisition of insurance against future high bycatch encounters. The lower a vessel operator keeps his annual Chinook bycatch, the greater his insurance against high bycatch encounter years. A vessel operator never knows what his or her future bycatch needs may be. Similarly, the operator never knows how difficult it may be to catch his or her pollock allocation as the season progresses. Therefore, regardless of current pollock and Chinook abundance conditions an Inshore SSIP vessel operator must always consider the possibility of future conditions being less than desirable for earning Saving Credits, and consequently must maximize his or her bycatch insurance (by earning Savings Credits) whenever possible.

Finally, (3)(v) of the final rule asks “How the IPA ensures that the operator of each vessel governed by the IPA will manage his or her Chinook salmon bycatch to keep total bycatch below the performance standard described in paragraph (f)(6) of this section for the sector in which the vessel participates.” The Inshore SSIP stops the use of Savings Credits by any participant once the participant’s sector has exceeded its annual Threshold Amount two times in a seven year period. Put another way, each vessel may not exceed its allocation based on a pro rata share of the sector’s annual Threshold Amount once the Threshold Amount has been exceeded twice in seven years. This assures that the participants will not cause the sector to exceed the

performance standard. While the Agreement includes strict compliance measures for vessels to stay within their annual allocations, the Inshore SSIP includes a package of “stop fishing orders”, Section 8 of the Agreement, to back up Agreement compliance.

As noted in the Agreement, John Gruver, an employee of United Catcher Boats is the Representative for the Inshore SSIP. His telephone number is (206) 282-2599 and e-mail address is jgruver@ucba.org.

The Agreement has been signed by the following Inshore Cooperative representatives:

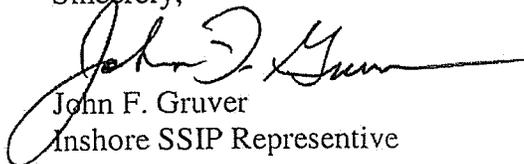
Christian Asay – Akutan Catcher Vessel Association
Pat Hardina – Northern Victor Fleet Cooperative
Mike Martin – Peter Pan Fleet Cooperative
Ken Tippet – Unalaska Fleet Cooperative
Joe Sullivan – UniSea Fleet Cooperative
Marcus Alden – Westward Fleet Cooperative

The Agreement has been signed by the two current inshore open access vessels owner/representatives:

Lee Woodard – F/V Leslie Lee
Jerry Downing – F/V Northwest Explorer

Thank you for consideration of the Inshore SSIP.

Sincerely,



John F. Gruver
Inshore SSIP Representative

**APPLICATION FOR AN
INCENTIVE PLAN AGREEMENT (IPA) AND
LIST OF IPA PARTICIPANTS**

U.S. Dept. of Commerce/NOAA
National Marine Fisheries Service (NMFS)
Sustainable Fisheries Division
P.O. Box 21668
Juneau, AK 99802-1668
Fax: 907-586-7131
Telephone: 907-586-7228



TYPE OF APPLICATION

Indicate whether this application is for

- New IPA Amended IPA Change IPA Participant List

NOTE: Attach Incentive Plan Agreement.

BLOCK A – IPA INFORMATION

1. Name of IPA: Inshore Chinook Salmon Savings Incentive Plan Agreement	2. IPA Number:
--	----------------

BLOCK B – IPA CONTACT INFORMATION

1. Name of IPA's Representative: John F. Gruver	2. Name of Agent for Service of Process, if different from representative Mundt MacGregor LLP	
3. Permanent Business Mailing Address: 4005 20th Ave. West Suite 116 Seattle, WA 98199	4. Temporary Business Mailing Address (if applicable):	
5. Business Telephone No.: (206) 282-2599	6. Business Fax No.: (206) 282-2414	7. E-mail address: jgruver@ucba.org

BLOCK C – AFFIRMATION

(Check if Applicable)

I claim, swear, and affirm that each eligible vessel owner or CDQ group, from whom I received written notification, requesting to join this IPA has been allowed to join this IPA subject to the same terms and conditions that have been agreed on by, and are applicable to, all other parties to the IPA.

BLOCK D – CERTIFICATION

Under penalty of perjury, I certify by my signature below that I have examined the information and the claims provided on this application and, to the best of my knowledge and belief, the information presented here is true, correct, and complete.

1. Printed Name of Representative: John F. Gruver	2. Signature of Representative: 	3. Date Signed: SEPT. 30, 2010
--	-------------------------------------	-----------------------------------

BLOCK E – VESSEL IDENTIFICATION

Attach additional sheet if necessary.

Name of vessel	ADF&G No.	Federal Fisheries Permit No.
Aldebaran	48215	901
Arctic Explorer	57440	3388
Arcturus	45978	533
Blue Fox	62892	4611
Bristol Explorer	55923	3007
Cape Kiwanda	61432	1235
Columbia	39056	1228
Dominator	08668	411
Excalibur II	54653	410
Exodus Explorer	33112	1249
Gladiator	32473	1318
Golden Dawn	35687	1292
Golden Pisces	32817	586
Hazel Lorraine	57117	523
Intrepid Explorer	64105	4993
Lisa Melinda	41520	4506
Majesty	60650	3996
Marcy J	00055	2142
Margaret Lyn (<i>INSHORE</i>)	31672	723

BLOCK E - VESSEL IDENTIFICATION

Attach additional sheet if necessary.

Name of vessel	ADF&G No.	Federal Fisheries Permit No.
Mark I (<i>INSHORE</i>)	06440	1242
Nordic Explorer	51092	3009
Northern Patriot	55153	2769
Ocean Explorer	51073	3011
Pacific Explorer	50759	3010
Pacific Ram	61792	4305
Pacific Viking	00047	422
Pegasus	57149	1265
Perseverance	12668	2837
Predator	33744	1275
Raven	56395	1236
Royal American	40840	543
Seeker	59476	2849
Sovereignty	55199	2770
Traveler (<i>INSHORE</i>)	58821	3404
Viking Explorer	36045	1116
American Eagle	00039	434
Anita J	00029	1913
Collier Brothers	54648	2791

BLOCK E – VESSEL IDENTIFICATION

Attach additional sheet if necessary.

Name of vessel	ADF&G No.	Federal Fisheries Permit No.
Commodore	53843	2657
Gold Rush	40309	1868
Half Moon Bay	39230	249
Miss Berdie	59123	3679
Nordic Fury (INSHORE)	00200	1094
Ocean Hope 3	48173	1623
Pacific Fury (INSHORE)	00033	421
Poseidon	37036	1164
Royal Atlantic	00046	236
Storm Petrel	39860	1641
Sunset Bay	35527	251
AJ	57934	3405
American Beauty (INSHORE)	24255	1688
Elizabeth F	14767	823
Morning Star	70323	6204
Ocean Leader (INSHORE)	00032	1229
Oceanic (INSHORE)	03404	1667
Pacific Challenger (INSHORE)	06931	657
Providian	70709	6308

BLOCK E – VESSEL IDENTIFICATION

Attach additional sheet if necessary.

Name of vessel	ADF&G No.	Federal Fisheries Permit No.
Topaz	40250	405
Walter N	34919	825
Alaska Rose	38989	515
Bering Rose	40638	516
Destination	60655	3988
Great Pacific	37660	511
Messiah	66196	6081
Ms Amy	56164	2904
Progress	00006	512
Sea Wolf	35957	1652
Vanguard (<i>INSHORE</i>)	39946	519
Western Dawn (<i>INSHORE</i>)	22294	134
Alsea	40749	2811
Argosy	38547	2810
Auriga	56153	2889
Aurora	56154	2888
Defender	56676	3257
Fierce Allegiance	55111	4133
Gun-Mar	41312	425

BLOCK E – VESSEL IDENTIFICATION

Attach additional sheet if necessary.

Name of vessel	ADF&G No.	Federal Fisheries Permit No.
Mar-Gun (INSHORE)	12110	524
Morning Star	38431	208
Nordic Star	00961	428
Pacific Monarch	54645	2785
Seadawn	00077	2059
Star Fish	00012	1167
Starlite	34931	1998
Starward	39197	417
Alaskan Command	57321	3391
Alyeska (INSHORE)	00045	395
Arctic Wind	01112	5137
Caitlin Ann	59779	3800
Chelsea K	62906	4620
Dona Martita	51672	2047
Hickory Wind	47795	993
Pacific Knight	54643	2783
Pacific Prince	61450	4194
Viking	00008	1222
Westward I	53247	1650

INSHORE CHINOOK SALMON SAVINGS
INCENTIVE PLAN AGREEMENT

This INSHORE CHINOOK SALMON SAVINGS INCENTIVE PLAN AGREEMENT is entered into by and among AKUTAN CATCHER VESSEL ASSOCIATION, NORTHERN VICTOR FLEET COOPERATIVE, PETER PAN FLEET COOPERATIVE, UNALASKA FLEET COOPERATIVE, UNISEA FLEET COOPERATIVE, WESTWARD FLEET COOPERATIVE (together, the "Inshore Sector Cooperatives"), B & N FISHERIES COMPANY, F/V LESLIE LEE, INC., UNITED CATCHER BOATS ("UCB"), and SEA STATE, INC. ("Sea State") as of September 29, 2010, with respect to the following facts:

RECITALS

A. The North Pacific Fishery Management Council has adopted Amendment 91 to the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Islands Management Area ("Amendment 91"). Under Amendment 91, Community Development Quota ("CDQ") organizations and individuals or entities that own a vessel that is permitted under the American Fisheries Act to harvest pollock in the Bering Sea directed pollock fishery may enter into any "incentive plan agreement" ("IPA") approved by the National Marine Fisheries Service ("NMFS") that implements incentives for the operator of each vessel participating in the IPA to avoid Chinook salmon bycatch under any conditions of pollock and Chinook salmon abundance in all years.

B. The Inshore Sector Cooperatives have elected to prepare and submit this Agreement as their IPA, which they are entering into on behalf of the vessel owners and vessels that are their members.

AGREEMENT

1. Definitions. The following terms shall have the following meanings when used in this Agreement.

1.1 Annual Threshold Amount. The "Annual Threshold Amount" is the annual number of Chinook salmon allocated to the members of a Bering Sea pollock fishery sector or to Bering Sea CDQ organizations that participate in an IPA pursuant to the regulations implementing Amendment 91, calculated with reference to a 47,591 Chinook salmon "Prohibited Species Catch" ("PSC") limit.

1.2 Annual Vessel Percentage. The "Annual Vessel Percentage" is each Vessel's, Opt-In Vessel's, or CDQ Vessel's percentage share of its pollock fishery sector's Annual Threshold Amount. Each Vessel's Annual Vessel Percentage is calculated by adding together the "Percent[s]" assigned to all of the Vessels in Column D of Table 47c to 50 CFR 679 (each, a "Percent", together, the "Percents"), and then dividing the individual Vessel's Percent by the total Percent amount that is the product of that addition. Each Opt-In Vessel's Annual Vessel Percentage is calculated by using the same method, with reference to Table 47a to 50 CFR Part 679 for an Opt-In Vessel that is a catcher/processor, and Table 47b to 50 CFR Part 670 for an Opt-In Vessel that is a mothership sector catcher vessel. Each CDQ Vessel's Percentage shall be the percentage assigned to it by the CDQ organization for which it is harvesting pollock, as communicated by such organization to the Manager (as defined in Section 15, below) and the Monitoring Agent (as defined in Section 16, below), subject to the CDQ organization "Percents" set forth on Table 47d to 50 CFR 679. References to Tables 47a, 47b, 47c and 47d shall be to such Tables as they are amended from time to time.

1.3 Annual Use Limit. The “Annual Use Limit” is (i) each Vessel’s share of the annual Chinook salmon PSC limit for the Bering Sea pollock fishery inshore sector, net of any Insurance Pool deductions made pursuant to Section 3, below; (ii) each Opt-In Vessel’s share of the annual Chinook salmon PSC limit for the Bering Sea pollock fishery sector, other than the inshore sector, in which the Opt-In Vessel is eligible to participate; and (iii) each CDQ Vessel’s share of the annual Chinook salmon PSC assigned to the CDQ organization whose pollock allocation it is harvesting, as determined by that CDQ organization and communicated to the Manager and the Monitoring Agent. Each Vessel’s Annual Use Limit is calculated by adding the Vessel Percents for all of the Vessels in the Cooperative of which such Vessel is a member, dividing such Vessel’s Percent by the total Percent amount that is the product of that addition, multiplying the Cooperative Hard Cap for the Cooperative of which the Vessel is a member by the product of that division, and then deducting all Insurance Pool repayments and usage assessments charged to such Vessel during the relevant fishing year. Each Opt-In Vessel’s Annual Use Limit is the amount of Chinook salmon PSC that the Opt-In Vessel is limited to using during the relevant fishing year by the Chinook salmon bycatch “entity” of which it is a member. Each CDQ Vessel’s Annual Use Limit is the amount of Chinook salmon PSC that the CDQ Vessel is limited to using during the relevant fishing year by the CDQ organization for which it is harvesting CDQ pollock under the terms of this Agreement. Notwithstanding the foregoing provisions of this Section 1.3, a Vessel’s Annual Use Limit shall be increased by an “inter-entity” transfer to the Inshore Sector Cooperative of which such Vessel is a member made for the benefit of that Vessel in accordance with this Agreement.

1.4 Available Credit Limit. Each Vessel’s, Opt-In Vessel’s and CDQ Vessel’s “Available Credit Limit” is the lesser of (i) the remaining balance of its annual Base Cap Credits and Salmon Savings Credits in its account, or (ii) its Annual Use Limit.

1.5 Available Cap Credits. Each Vessel’s, Opt-In Vessel’s and CDQ Vessel’s “Available Cap Credits” are the amount of the Vessel’s, Opt-In Vessel’s or CDQ Vessel’s unused Salmon Credits that such Vessel may use, subject to its Available Credit Limit.

1.6 Base Cap Credits. “Base Cap Credits” are units of Bering Sea Chinook salmon PSC bycatch that are annually allocated to Vessels, Opt-In Vessels and CDQ Vessels under Section 3 of this Agreement.

1.7 Base Cap Credit Allocation. A Vessel’s “Base Cap Credit Allocation” is that Vessel’s annual allocation of Base Cap Credits, as adjusted by Base Cap Credit transfers made in accordance with this Agreement. Each Vessel’s, Opt-In Vessel’s and CDQ Vessel’s Base Cap Credit Allocation is such Vessel’s share of the Annual Threshold Amount, as calculated and adjusted by the Manager in accordance with Section 3 of this Agreement, and as further adjusted by Base Cap Credit transfers made in accordance with this Agreement.

1.8 Blended Paired Transfers. “Blended Paired Transfers” are transfers of Salmon Credits and pollock harvest share into a transferee vessel’s account by one or more transferor vessels, which are “blended” with all other Salmon Credits and pollock harvest share assigned to the transferee vessel.

1.9 CDQ Vessels. CDQ Vessels are vessels that harvest Bering Sea pollock allocated to one of the CDQ groups identified on Table 47d to 50 CFR 679 which have opted to participate in the

Chinook salmon bycatch avoidance IPA implemented under this Agreement in accordance with the regulations implementing Amendment 91. A Vessel or Opt-In Vessel that harvests pollock allocated to a CDQ organization shall be deemed a CDQ Vessel in connection with each trawl tow during which it does so. Pursuant to Section 11, below, the individual(s) or entity or entities that own a CDQ Vessel and the CDQ organization whose pollock allocation the CDQ Vessel is harvesting shall be deemed to assume all legal responsibility and liability associated with such CDQ Vessel's obligations under this Agreement.

1.10 Cooperatives. The "Cooperatives" are collectively the Inshore Sector Cooperatives and the Virtual Cooperative. Each of the Cooperatives is referred to individually as a "Cooperative".

1.11 Cooperative Hard Cap. "Cooperative Hard Cap" is (i) for Inshore Sector Cooperatives, the annual amount of Chinook salmon PSC that NMFS allocates to that Inshore Sector Cooperative, and (ii) for the Virtual Cooperative, the sum of (a) the annual amount of Chinook salmon PSC allocated to Vessels participating in the inshore sector "open access" fishery, (b) the sum of the Opt-In Vessels' Annual Use Limits, and (c) the sum of the CDQ Vessels' Annual Use Limits.

1.12 Hardship Transfer. A "Hardship Transfer" is a Paired Transfer from a vessel that is unable to complete its pollock harvest for a season as the result of mechanical breakdown, collision, grounding or comparable event outside of the vessel owner's control, to one or more vessels that harvest the disabled vessel's Cooperative pollock harvest share for that season.

1.13 Inshore Sector Cooperative. An "Inshore Sector Cooperative" is an American Fisheries Act ("AFA") Bering Sea pollock fishery inshore sector cooperative that is recognized as such by NMFS under the regulations implementing Amendment 91 and that is a party to this Agreement.

1.14 Insurance Pool. The "Insurance Pool" is a pool of Base Cap Credits funded by deducting Base Cap Credits from the Inshore Sector Cooperative Vessels' annual Base Cap Credit Allocations. The Insurance Pool is used to cover Chinook salmon PSC bycatch by Inshore Sector Cooperative Vessels that exceed their Available Credit Limit. The Insurance Pool is not available to Vessels in the Virtual Cooperative.

1.15 Mop-Up Transfers. "Mop-Up Transfers" are Paired Transfers by one or more Vessels in an Inshore Sector Cooperative to a single Vessel in the same Inshore Sector Cooperative to enable the transferee Vessel to complete a Cooperative's seasonal pollock harvest on behalf of all of the Inshore Sector Cooperative's members.

1.16 Opt-In Vessels. "Opt-In Vessels" are vessels that are eligible to harvest pollock from the Bering Sea pollock fishery mothership sector or catcher/processor sector allocation under the AFA, which have opted to participate in the Chinook salmon bycatch avoidance IPA implemented under this Agreement in accordance with the regulations implementing Amendment 91. A Vessel that is qualified to harvest pollock from both the inshore and mothership sectors of the Bering Sea pollock fishery shall be deemed a Vessel for purposes of its fishing activity as a member of an Inshore Sector Cooperative under this Agreement, and shall be deemed an Opt-In Vessel for purposes of its harvest of pollock from the mothership sector allocation under this Agreement. Pursuant to Section 11, below, the individual(s) or entity or entities that own an Opt-In Vessel shall be deemed to assume all legal responsibility and liability associated with such Opt-In Vessel's obligations under this Agreement.

1.17 Paired Transfers. “Paired Transfers” are simultaneous transfers of Salmon Credits and Cooperative pollock harvest share between two or more vessels in the same Cooperative, including Vessels that are deemed to be members of the same Cooperative pursuant to an Amendment 69 fishing agreement. There are four types of Paired Transfers: “Blended Paired Transfers”, “Hardship Transfers”, “Mop-Up Transfers” and “Trip-Specific Paired Transfers”. Paired Transfers are not permitted between vessels in different Bering Sea pollock fishery sectors, between a non-CDQ Vessel and a CDQ Vessel, or between two CDQ Vessels fishing for different CDQ organizations. However, Paired Transfers may be made between Vessels in the Virtual Cooperative, if pollock harvest shares have been allocated between or among Vessels in the Virtual Cooperative.

1.18 Salmon Credits. Each “Salmon Credit” is equal to one Chinook salmon that the holder is eligible to take as PSC bycatch in the Bering Sea directed pollock fishery, subject to the terms and conditions of this Agreement. Salmon Credits are annually allocated as Base Cap Credits, and can be earned as Salmon Savings Credits. Inter-“entity” transfers of salmon bycatch units into an Inshore Sector Cooperative, Vessel, Opt-In Vessel or CDQ Vessel account from another Bering Sea pollock fishery sector or a CDQ organization shall become Salmon Credits upon completion of the transfer.

1.19 Salmon Savings Credits. “Salmon Savings Credits” are Salmon Credits that Vessels, Opt-In Vessels or CDQ Vessels earn by catching less Bering Sea Chinook salmon while participating in the Bering Sea directed pollock fishery during a particular year than the amount of Salmon Credits that the Vessel, Opt-In Vessel or CDQ Vessel receives as its Base Cap Credit Allocation for that year, as calculated in accordance with Section 4 of this Agreement.

1.20 Seasonal Hard Cap Amount. “Seasonal Hard Cap Amount” is the annual amount of Chinook salmon PSC which the Vessels, Opt-In Vessels or CDQ Vessels in a Cooperative are prohibited by regulation from exceeding during the relevant Bering Sea pollock fishery season. NMFS will assign an annual “A” season Seasonal Hard Cap Amount and an annual “B” season Seasonal Hard Cap Amount to each Inshore Sector Cooperative, pursuant to 50 CFR 679.21(f). The Manager shall calculate the Seasonal Hard Cap Amounts for the Vessels, Opt-In Vessels and CDQ Vessels in the Virtual Cooperative.

1.21 Transfer Tax. “Transfer Tax” is the tax applied to all Base Cap Credits in excess of twenty-seven (27) that a Vessel receives during a pollock fishing season, as calculated in accordance with the “Transfer Tax Schedule” attached as Exhibit 1, other than those transfers which are specifically exempted from application of the Transfer Tax under the terms of this Agreement.

1.22 Trip-Specific Paired Transfers. “Trip Specific Paired Transfers” are Paired Transfers from a single transferor Vessel to a single transferee Vessel that harvests only the transferor Vessel’s pollock harvest share during a fishing trip.

1.23 Vessels. “Vessels” are the catcher vessels eligible to harvest pollock from the Bering Sea pollock fishery inshore sector allocation under the AFA that are (i) either assigned to a Cooperative or fishing in the inshore sector “open access” fishery and (ii) participating in the Chinook salmon PSC savings IPA implemented by this Agreement. Pursuant to Section 11, below, the individual(s) or entity or entities that own a Vessel shall be deemed to assume all legal responsibility and liability associated with such Vessel’s obligations under this Agreement.

1.23 Virtual Cooperative. "Virtual Cooperative" means the group composed of the Vessels that are fishing in the inshore sector "open access" fishery during a given year, the Opt-In Vessels and the CDQ Vessels. For purposes of this Agreement, such group shall be treated as an association with certain rights and obligations among its members as provided under this Agreement, even though it is not organized as such.

2. Agreement Summary. The vessels participating in this IPA receive an annual allocation of Chinook salmon bycatch units, which limits their Chinook salmon PSC bycatch to their pro-rata share of the 47,591 Chinook salmon PSC performance standard, less Insurance Pool deductions for Inshore Cooperative Vessels. A vessel can earn additional Chinook bycatch units by catching fewer Chinook salmon PSC as bycatch than the amount of its annual allocation, at a rate of one (1) additional unit for every three (3) allocated units that are not used. The Insurance Pool is a Chinook bycatch unit reserve, which is available to Inshore Sector Cooperative Vessels whose Chinook bycatch exceeds the number of bycatch units they hold. Inshore Sector Cooperative Vessels using Insurance Pool bycatch units are required to repay the Insurance Pool, and to pay an additional Insurance Pool usage penalty. If the inshore sector's Chinook salmon bycatch exceeds its performance standard for two (2) years in a six (6) consecutive year period, each Cooperative is required to take all actions necessary to insure that the Chinook salmon bycatch of its Vessels does not exceed the Annual Threshold Amount for a third (3rd) year in a seven (7) consecutive year period. A rolling hot spot closure program closes areas of relatively high Chinook salmon PSC bycatch to vessels that have relatively high rates of Chinook salmon bycatch during periods when the vessels participating in this IPA are experiencing relatively low levels of Chinook salmon encounter.

3. Base Cap Credit Allocations. All Base Cap Credit Allocations shall be made by the Manager in accordance with this Section 3. All Vessel, Opt-In Vessel and CDQ Vessel Base Cap Credit Allocation amounts shall be calculated to the closest 10th of one percent, but all allocations shall be made in the closest round number. Base Cap Credits may only be used or transferred during the calendar year for which they are allocated. Unused Base Cap Credits expire at the end of each calendar year for which they are allocated.

3.1 Base Cap Credit Calculation. Each Vessel, Opt-In Vessel and CDQ Vessel shall receive an initial annual Base Cap Credit Allocation calculated by multiplying the Annual Threshold Amount by that Vessel's, Opt-In Vessel's or CDQ Vessel's Annual Vessel Percentage.

3.2 Seasonal Apportionments. Each Vessel's, Opt-In Vessel's and CDQ Vessel's initial Base Cap Credit Allocation shall be apportioned by season.

3.2.1 Inshore Cooperative Vessels. Each Inshore Sector Cooperative shall assign each Vessel in that Cooperative an "A" season Base Cap Credit Amount and a "B" season Base Cap Credit Amount, as determined by the Inshore Sector Cooperative, provided that: (i) the sum of a Vessel's "A" season apportionment and its "B" season apportionment shall not exceed the Vessel's Annual Base Cap Credit Allocation; (ii) the sum of an Inshore Sector Cooperative's "A" season Base Cap Credit Allocation apportionments among its Vessels shall not exceed that Inshore Sector Cooperative's "A" season Seasonal Hard Cap amount; and (iii) the sum of an Inshore Sector Cooperative's "B" season Base Cap Credit Allocation apportionments among its Vessels shall not exceed the difference between the sum of the Base Cap Credit Allocations for that Inshore Sector Cooperative's Vessels and the sum of that Inshore Sector Cooperative's "A" season Base Cap Credit Allocation apportionments. Each Inshore

Sector Cooperative shall complete the seasonal apportionment assignments for its Vessels and notify the Manager of those assignments in writing on or before January 10 of the year during which such seasonal apportionments are in effect.

3.2.2 Virtual Cooperative Vessels. The Manager shall calculate the annual seasonal apportionments of the Base Cap Credit Allocations of Vessels in the Virtual Cooperative by apportioning the "open access" pool "A" season Seasonal Hard Cap and "B" season Base Cap Credit amounts among such Vessels pro rata, on the basis of their Annual Vessel Percentage. Each Opt-In Vessel shall be subject to the annual seasonal apportionments imposed by the Chinook salmon PSC "entity" of which such Opt-In Vessel is a member. Each CDQ Vessel shall be subject to the annual seasonal apportionments imposed by the CDQ organization for which such vessel is harvesting Bering Sea pollock.

3.3 Insurance Pool Repayment and Usage Assessment Deductions. Each Inshore Sector Cooperative shall report the amount of Insurance Pool credits used by its Vessels in the prior "A" season by May 1 each year, and shall report the number of Insurance Pool credits used by its Vessels in the prior "B" season by December 1 each year. The Manager shall reduce the Base Cap Credit Allocation of each Vessel by the amount of Insurance Pool credits that the Vessel used in the prior season and did not repay in accordance with Section 7, below. The Manager shall next reduce the Base Cap Credit Allocation of each Vessel that used Insurance Pool credits in the prior season by that Vessel's Insurance Pool usage assessment amount, as calculated in accordance with Section 7, below. If a Vessel does not have a sufficient Base Cap Credit Allocation to cover its Insurance Pool repayment and usage assessment obligations, the Manager shall reduce the Vessel's Base Cap Credit Allocation for the next season to "0", and the Vessel's shortfall shall be carried over to the following season(s) until repaid in full. The Manager shall credit all Insurance Pool repayment and usage assessments reducing the annual Base Cap Credit Allocations of Inshore Sector Cooperative Vessels to the next season's Insurance Pool.

3.4 Insurance Pool "Top Off" Deductions. If the Insurance Pool repayment and usage assessment deductions made by the Manager result in an Insurance Pool credit balance which is equal to or greater than an amount equal to the product of multiplying 1,000 by the sum of all Inshore Sector Cooperative Vessels' Annual Vessel Percentages (the "Insurance Pool Target Amount"), the Manager shall not make any further Base Cap Credit Allocation deductions to fund the Insurance Pool. However, if the Insurance Pool repayment and usage assessment deductions result in an Insurance Pool credit balance that is less than the Insurance Pool Target Amount, the Manager shall deduct from the Inshore Sector Cooperative Vessels' Base Cap Credit Allocations the additional amount necessary to fund the Insurance Pool to the Insurance Pool Target amount. Each Inshore Sector Vessel's contribution to such additional deduction shall be calculated by multiplying the Vessel's Annual Vessel Percentage by the difference between the Insurance Pool credit balance after making the prior season's repayment and usage assessment deposits and the Insurance Pool Target Amount.

4. Salmon Savings Credit Allocations. A Vessel, Opt-In Vessel or CDQ Vessel that catches an amount of Chinook salmon PSC in the Bering Sea pollock fishery during a calendar year that is less than its Base Cap Credit Allocation for that year shall earn Salmon Savings Credits in accordance with the terms of this Section 4. In addition, a Vessel that has some or all of its Cooperative harvest share for the Bering Sea pollock fishery harvested by one or more other Vessels shall earn Salmon Savings Credits in accordance with the terms of this Section 4 if the harvesting Vessel(s) catch an amount of Chinook

salmon that is less than the Base Cap Credit amount assigned to the harvesting Vessels by the non-harvesting Vessel, while harvesting the assigned harvest share.

4.1 Monitoring and Reporting Salmon Credit Usage. For purposes of this Section 4.1, Salmon Credit usage shall mean, for each delivery of pollock and associated Chinook salmon PSC, the allocation of the full amount of that Chinook salmon PSC to an identified vessel or vessels in accordance with this Agreement, such that their Available Cap Credits are reduced by that Chinook salmon PSC. Each Inshore Sector Cooperative shall monitor the Salmon Credit usage of its Vessels, and shall make such information available to the Manager and the Monitoring Agent on a trip-by-trip basis, within forty eight (48) hours of the date on which the related Alaska Department of Fish and Game (“ADF&G”) fish ticket is completed. The Manager or the Monitoring Agent shall make all such information available to the members of all Inshore Sector Cooperatives that are parties to this Agreement. Further, each Inshore Sector Cooperative shall have until May 1, for the prior “A” season, and until December 1, for the prior “B” season to report and resolve any in-season reporting discrepancies with the Manager. The Manager shall monitor the Salmon Credit usage of the Vessels, Opt-In Vessels, and CDQ Vessels in the Virtual Cooperative. Because transparency is necessary to assure uniform implementation of this Agreement by the Cooperatives and to monitor the relative performance of the Cooperatives in relation to the Annual Threshold amount, all information the Manager in his or her sole discretion deems necessary to verify the same shall be provided by the Cooperatives to the Manager and/or Monitoring Agent promptly upon the Manager’s request, and shall be available to all parties to this Agreement. Subject to the foregoing, all information reported to the Manager and/or the Monitoring Agent pursuant to this Section 4.1 shall be treated as confidential, and shall not be disclosed to individuals or entities other than the authorized representatives and members of the Inshore Sector Cooperatives, except as required by the regulations implementing Amendment 91.

4.2 Salmon Savings Credit Calculation. For every three (3) annual Base Cap Credits that a Vessel, Opt-In Vessel or CDQ Vessel does not use during the year they are allocated to it, such Vessel, Opt-In Vessel or CDQ Vessel shall receive one (1) Salmon Savings Credit. For purposes of calculating Salmon Savings Credits under this Section 4.2, Base Cap Credits a Vessel transfers to another Vessel shall generate Salmon Savings Credits for the transferor Vessel. The Manager shall maintain a Salmon Savings Credit account for each Vessel, Opt-In Vessel and CDQ Vessel, and shall calculate and assign Salmon Savings Credits to each Vessel’s, Opt-In Vessel’s and CDQ Vessel’s account at the end of each fishing year. If a Vessel’s, Opt-In Vessel’s or CDQ Vessel’s resulting account balance contains a fraction of a Salmon Savings Credit equal to or greater than one-half, the account balance shall be rounded up to the next whole number.

4.3 Salmon Savings Credit Account Balances. There is no limit on the amount of Salmon Savings Credits a Vessel, Opt-In Vessel or CDQ Vessel may have in its Salmon Savings Credit account.

4.4 Salmon Savings Credit Duration. Salmon Savings Credits shall last for five (5) calendar years.

5. Restrictions on Salmon Credit Usage. No Salmon Credit shall be used other than in strict compliance with the terms and conditions of this Section 5. All other attempted use of Salmon Credits shall be void and have no effect. Salmon Credit transfers are governed by the provisions of Section 6, below.

5.1 Available Cap Credit Usage. No Vessel, Opt-in Vessel or CDQ Vessel shall use an amount of Salmon Credits in excess of its Available Credit Limit. No Cooperative shall permit a Vessel, Opt-In Vessel or CDQ Vessel that is a member of such Cooperative to exceed its Available Credit Limit.

5.2 Salmon Savings Credit Usage. No Vessel, Opt-In Vessel or CDQ Vessel shall use Salmon Savings Credits other than in strict compliance with this Section 5.2.

5.2.1 Salmon Savings Credits shall only be used by a Vessel, Opt-In Vessel or CDQ Vessel after such vessel has used all of its Base Cap Credits.

5.2.2 Vessels, Opt-In Vessels or CDQ Vessels that transfer more than five (5) Base Cap Credits to another Vessel, Opt-In Vessel or CDQ Vessel during a calendar year shall not use Salmon Savings Credits during the same calendar year.

5.2.3 No Vessel shall use Salmon Savings Credits during the "A" season.

5.2.4 If used, Salmon Savings Credits shall be deducted from a Vessel's, Opt-In Vessel's or CDQ Vessel's account on a "first-in, first-out" basis.

6. Salmon Credit Transfers. No Salmon Credit shall be transferred from the Vessel, Opt-In Vessel or CDQ Vessel to which it is allocated or the Vessel, Opt-In Vessel or CDQ Vessel Salmon Savings Credit account to which it is assigned by the Manager other than in strict compliance with this Section 6. All other attempted transfers of Salmon Credits shall be void and have no effect. No Salmon Credit transfer shall be made in violation of the regulations implementing Amendment 91.

6.1 Base Cap Credit Transfers. Base Cap Credits may only be transferred between Vessels, Opt-In Vessels and CDQ Vessels that are participating in the Chinook salmon PSC savings IPA that is implemented under this Agreement, and only in strict compliance with the terms and conditions of this Agreement.

6.2 Transfer Tax. All Base Cap Credit transfers other than those specifically exempted under this Section 6 are subject to the Transfer Tax, as defined in Section 1.21, above. When a Base Cap Credit transfer is subject to the Transfer Tax, the transferee Vessel shall receive a number of Base Cap Credits calculated by multiplying the number of Base Cap Credits acquired from the transferor Vessel by the applicable percentage reflected on Exhibit 1, and deducting the product from the number of Base Cap Credits acquired from the transferor. The Base Cap Credits that are deducted from a transfer as a result of applying the Transfer Tax shall be nullified, and shall not be available for use by the transferor or the transferee.

6.3 Base Cap Credit Transfers Without Accompanying Pollock Harvest Share Transfers. Base Cap Credits may be transferred from any Inshore Sector Cooperative Vessel to any other Inshore Sector Cooperative Vessel on such terms as the owners of the transferor Vessel and the transferee Vessel agree, provided that no such Base Cap Credit transfer shall take effect unless and until the Manager has been informed of and approved the proposed transfer. Base Cap Credits may be transferred between Vessels in the Virtual Cooperative and between Opt-In Vessels from the same pollock fishery sector on such terms as the owners of the transferor Virtual Cooperative Vessel or Opt-In Vessel and the transferee Virtual Cooperative Vessel or Opt-In Vessel agree, provided that no such Base

Cap Credit transfer shall take effect unless and until the Manager has been informed of and approved the proposed transfer. Base Cap Credits may be transferred between CDQ Vessels harvesting pollock for the same CDQ organization on such terms as the affected CDQ organization and owners of CDQ Vessels may agree, provided that no such Base Cap Credit transfer shall take effect unless and until the Manager has been informed of and approved the proposed transfer. If the transferee and transferor Vessels are each in an Inshore Sector Cooperative, the Manager shall not approve the transfer until the authorized representatives of the Inshore Cooperative(s) involved have been informed of and approved the transfer.

6.3.1 No Vessel, Opt-In Vessel or CDQ Vessel shall receive an amount of Base Cap Credits by transfer such that the sum of Salmon Credits allocated to, earned by and transferred to the Vessel, Opt-In Vessel or CDQ Vessel in a particular calendar year exceeds the Vessel's, Opt-In Vessel's or CDQ Vessel's Annual Use Limit for that calendar year.

6.3.2 A Vessel may exchange its "A" season Base Cap Credits for an equal amount of another Vessel's "B" season Base Cap credits and vice versa, on such terms as such Vessels may agree upon in their sole discretion. Such reciprocal exchanges of seasonally apportioned Base Cap Credits shall not be subject to the Transfer Tax.

6.3.3 An Inshore Sector Cooperative Vessel may obtain Salmon Credits to reduce or avoid Insurance Pool deductions and assessments. Such transfers shall be subject to the Transfer Tax, if applicable.

6.4 Paired Transfers. Subject to the terms and conditions set forth in this Section 6.4: (i) a Vessel in an Inshore Sector Cooperative may make Paired Transfers to one or more other Vessels that are members of the same Inshore Sector Cooperative, or harvesting from the same Inshore Sector Cooperative's annual allocation under an Amendment 69 contract; (ii) a Vessel in the Virtual Cooperative may make Paired Transfers to one or more other Vessels in the Virtual Cooperative, if pollock harvest shares have been allocated between or among Vessels in the Virtual Cooperative; (iii) an Opt-In Vessel may make Paired Transfers to one or more other Opt-In Vessels from the same pollock fishery sector; and (iv) a CDQ Vessel may make a Paired Transfer to another CDQ Vessel fishing for the same CDQ organization. Paired Transfers made in accordance with the provisions of this Section 6.4 are not subject to the Transfer Tax, and the Base Cap Credits transferred as part of a Paired Transfer do not count towards the 27 credits exempted from a Transfer Tax. All Chinook salmon PSC catch taken by a transferee vessel under a Paired Transfer shall be accounted for under the transferor vessel's Annual Use Limit, and not under the transferee vessel's Annual Use Limit.

6.4.1. Salmon Credit Transfer Ratios. Unless the provisions of Sections 6.4.1.1 or 6.4.1.2, below, apply, a Blended Paired Transfer's ratio of Salmon Credits to pollock tonnage shall not exceed the transferor's pre-harvest ratio of Salmon Credits to pollock tonnage for the season in connection with which the transfer is made. For example, if the transferor Vessel's Available Credit Limit for a pollock "B" season is 50 Salmon Credits, and the transferor Vessel's pollock harvest share for that "B" season is 500 metric tons, the number of Salmon Credits transferred per metric ton of pollock transferred in connection with a Blended Paired Transfer shall not exceed 0.10. The provisions of this Section 6.4.1 do not apply to Trip-Specific Paired Transfers, Hardship Transfers and Mop-Up Transfers.

6.4.1.1 Notwithstanding the provisions of Section 6.4.1, above, if the weekly inshore sector rate of Chinook salmon per metric ton of pollock is greater than the transferor Vessel's or Opt-In Vessel's pre-harvest ratio for that season, the transferor Vessel or Opt-In Vessel may make a Blended Paired Transfer of Salmon Credits per metric ton of pollock in an amount not to exceed the weekly inshore sector's Chinook bycatch rate.

6.4.1.2 Notwithstanding the provisions of Section 6.4.1, above, because Chinook salmon bycatch rates typically increase during the latter part of the "B" season, if a Blended Paired Transfer is made on or after September 15, the transferor Vessel or Opt-In Vessel may transfer Salmon credits per metric ton of pollock at the higher of (i) the then-current weekly inshore sector rate of Chinook salmon per metric ton of pollock, or (ii) the following rates per period: September 15 through September 30, 0.108 Credit per metric ton; October 1 through October 14, 0.312 Credit per metric ton; October 15 through November 1, 0.489 Credit per metric ton.

6.4.2 Blended Paired Transfers. Each transferor vessel that transfers Salmon Credits and Cooperative pollock share to a transferee vessel for harvest as part of a Blended Paired Transfer shall bear a pro rata share of the transferee vessel's Salmon Credit usage and Salmon Savings Credits earned (if any), calculated with reference to the amount of Salmon Credits transferred to the transferee vessel, and an equivalent pro rata share of any related Insurance Pool usage and all related deductions and assessments related to the transferee vessel's harvest of the pollock transferred in connection with the Blended Paired Transfer(s), provided that nothing in this Section 6.4.2 shall prevent the parties to a Blended Paired Transfer from allocating responsibility for such Salmon Credit Usage, Salmon Savings Credits earned and Insurance Pool usage and assessments among them otherwise by private agreement.

6.4.3 Trip-Specific Paired Transfers. In connection with a Trip-Specific Paired Transfer, all related Salmon Credit usage, all Salmon Savings Credits earned (if any), and all Insurance Pool usage and all related deductions and assessments shall be attributed to the transferor's account, provided that nothing in this Section 6.4.3 shall prevent the parties to a Trip-Specific Paired Transfer from allocating responsibility for such Salmon Credit Usage, Salmon Savings Credits earned and Insurance Pool usage and assessments among them otherwise by private agreement. Trip-Specific Paired Transfers are not subject to the ratio restrictions of Section 6.4.1, above.

6.4.4 Hardship Transfers. Notwithstanding the provisions of this Section 6 to the contrary, a vessel making a Hardship Transfer may transfer all of its Available Cap Credits and all of its Cooperative pollock harvest share to one or more other vessels. However, the transferee vessel(s) shall not use any of the transferor vessel's Salmon Savings Credits received in a Hardship Transfer in connection with harvests of any pollock other than the pollock harvested in connection with the Hardship Transfer. Hardship Transfers are not subject to the ratio restrictions of Section 6.4.1, above.

6.4.5 Mop-Up Transfers. Notwithstanding the provisions of this Section 6 to the contrary, Vessels making a Mop-Up Transfer may transfer all of their Available Cap Credits and all of their remaining Inshore Sector Cooperative pollock harvest share for a season to the Vessel conducting the Inshore Sector Cooperative's "mop-up" harvests. In connection with a Mop-Up Transfer, all related Salmon Credit usage, all Salmon Savings Credits earned (if any), and all Insurance Pool usage and all related deductions and assessments shall be attributed to the transferor Vessels' accounts pro-rata, according to the Salmon Credits each of them transfers to the transferee Vessel, provided that nothing

in this Section 6.4.5 shall prevent the parties to a Mop-Up Transfer from allocating responsibility for such Salmon Credit Usage, Salmon Savings Credits earned and Insurance Pool usage and assessments among them otherwise by private agreement. Mop-Up Transfers are not subject to the ratio restrictions of Section 6.4.1, above.

6.5 Inter-Sector Transfers. The regulations implementing Amendment 91 permit transfers of Chinook salmon PSC bycatch units issued to “entities” between Bering Sea pollock fishery sectors. However, inter-sector transfers of salmon bycatch units do not change a sector’s Annual Threshold Amount. Therefore, salmon bycatch units transferred to an Inshore Sector Cooperative from another fishery sector, if used, could increase the risk of the inshore sector’s Chinook salmon PSC bycatch exceeding its Annual Threshold Amount. Therefore, no inter-sector transfers of Chinook salmon PSC bycatch units shall be made to a Cooperative other than in strict compliance with this Section 6.5. All other attempted transfers shall be void and have no effect.

6.5.1 An Inshore Sector Cooperative may receive a post-delivery inter-sector transfer of Chinook salmon PSC bycatch units to cover Chinook salmon PSC bycatch by a Vessel that causes a Cooperative to exceed the seasonal or annual bycatch limits imposed on the Cooperative under the regulations implementing Amendment 91, provided that the transfer is accomplished in compliance with the regulations governing such post-delivery transfers. A Cooperative that receives an inter-sector transfer of Chinook salmon PSC bycatch units to cover an “A” season overage shall reduce the amount of its Vessels’ “B” season Base Cap Credit Allocations by the amount of the inter-sector transfer. The Inshore Sector Cooperative receiving an inter-sector transfer of Chinook salmon PSC units shall notify the Manager of the identity of the Vessel(s) receiving the transferred units. An inter-sector transfer received under this provision shall increase the Annual Use Limit(s) of the Vessel(s) to which it is allocated.

6.5.2 If the inshore sector’s Chinook salmon PSC bycatch in the Bering Sea pollock fishery exceeds the Annual Threshold Amount during the course of a year, and if there has been no more than one (1) year during the prior six (6) years when the inshore sector has exceeded the Annual Threshold Amount, an Inshore Sector Cooperative may receive an inter-sector transfer of Chinook salmon PSC bycatch units, provided that the Vessel(s) using such transferred bycatch units must have an equal or greater amount of Salmon Savings Credits available, and all such transferred bycatch units used by such Vessel(s) shall be accounted for as Salmon Savings Credits used by such Vessel(s). The Inshore Sector Cooperative receiving an inter-sector transfer of Chinook salmon PSC units shall notify the Manager of the identity of the Vessel(s) receiving the transferred units. An inter-sector transfer received under this provision shall increase the Annual Use Limit(s) of the Vessel(s) to which it is allocated.

6.5.3 No Inshore Sector Cooperative shall transfer any inshore sector Chinook bycatch units to an “entity” in another sector unless and until all Inshore Sector Cooperatives have completed their directed pollock fishing for the year. Subject to the foregoing, an Inshore Sector Cooperative may transfer only Base Cap Credit Chinook salmon bycatch PSC units to entities in other sectors.

7. Insurance Pool Management. The Insurance Pool shall be funded annually in accordance with Section 3, above. Insurance Pool credits that are not used during the “A” season shall be carried

over to fund the Insurance Pool for the “B” season. If the entire Insurance Pool is used during any single season, there shall be no Insurance Pool credits available for the balance of that season.

7.1 Insurance Pool Use. Subject to the terms and conditions of this Section 7, if a Vessel in an Inshore Sector Cooperative takes Chinook salmon PSC as bycatch in the Bering Sea pollock fishery in an amount that exceeds the Vessel’s Available Credit Limit, the excess bycatch shall be covered with credits from the Insurance Pool, if any are available. Any Vessel using Insurance Pool credits shall immediately notify the Manager in writing.

7.2 Insurance Pool Repayment and Usage Assessments. A Vessel that has Chinook salmon PSC bycatch covered by the Insurance Pool shall contribute credits to the Insurance Pool in accordance with this Section 7.2.

7.2.1 Each Vessel shall repay to the Insurance Pool the amount of Insurance Pool credits used to cover the Vessel’s Chinook salmon PSC bycatch. A Vessel may repay the Insurance Pool by acquiring Base Cap Credits from another Vessel within ten (10) days of completing its offload for the trip in connection with which its Chinook salmon PSC bycatch is covered by the Insurance Pool. Any Vessel repaying Insurance Pool credits shall immediately notify the Manager in writing. If a Vessel makes a repayment with acquired Base Cap Credits within such 10 day period, the Vessel shall not be liable for an Insurance Pool usage assessment. If a Vessel fails to do so within such 10 day period, it shall pay the appropriate Insurance Pool usage assessment, and unless they are repaid before through a Base Cap Credit acquisition and transfer, the amount of credits the Vessel owes as repayment shall be deducted from its Base Cap Allocation at the beginning of the following season(s) until its repayment obligation is satisfied in full. All Insurance Pool repayments shall be accounted for as deposits into the Insurance Pool.

7.2.2 In addition to repaying the Insurance Pool for the credits used to cover its Chinook salmon PSC bycatch, each Vessel that has its Chinook salmon PSC bycatch covered by the Insurance Pool and fails to repay the Insurance Pool by acquiring additional Base Cap Credits within the 10 day period set forth in Section 7.2.1, above, shall pay an additional Insurance Pool usage assessment. All Insurance Pool usage assessments shall be accounted for as deposits into the Insurance Pool account.

7.2.2.1 Vessels that are “Qualified” shall have an Insurance Pool usage assessment obligation equal to fifty percent (50%) of the amount of credits from the Insurance Pool used to cover their Chinook salmon PSC bycatch. For purposes of this Section 7.2.2.1, a Vessel shall be deemed to be “Qualified” if (i) as of the date on which the Vessel started its first tow of the fishing trip during which the Vessel’s Chinook salmon PSC bycatch exceeded its Available Credit Limit, the Vessel had an amount of Available Cap Credits sufficient to cover the Vessel’s actual pollock harvest from such fishing trip, if the Vessel’s Chinook bycatch rate during such fishing trip had been equal to or less than the then-current seven (7) day rolling average Chinook bycatch rate of all other Vessels as calculated and published by the Monitoring Agent; and (ii) the Vessel at no time during such fishing trip fished within a rolling hot spot Savings Closure Area (as defined in Section 9, below), regardless of the Vessel’s eligibility to do so. The Manager shall have the authority to determine if a Vessel is Qualified, in the Manager’s sole discretion.

7.2.2.2 Vessels using Insurance Pool credits that are not deemed to be Qualified, but that started the relevant fishing trip with Available Cap Credits, shall pay an Insurance

Pool usage assessment payment equal to two hundred percent (200%) of the amount of credits from the Insurance Pool used to cover their Chinook salmon PSC bycatch.

7.2.2.3 Pursuant to Section 11 of this Agreement, each Vessel is obligated to have Available Cap Credits when it starts a fishing trip. A Vessel that starts a fishing trip without Available Cap Credits which has its Chinook salmon PSC bycatch covered by the Insurance Pool shall pay an Insurance Pool usage assessment equal to four hundred percent (400%) of the amount of credits from the Insurance Pool used to cover its Chinook salmon PSC bycatch.

8. Vessel and Cooperative Overage Stop Fishing Orders. If the Chinook salmon PSC bycatch of a Vessel, Opt-In Vessel or CDQ Vessel exceeds its Available Credit Limit, the Cooperative of which such vessel is a member shall immediately issue a "stop fishing" order to such vessel. If the aggregate Chinook salmon PSC bycatch of the vessels in one or more Cooperatives exceeds their Cooperative's aggregate Available Cap Limit, such that Manager in his or her sole discretion concludes that the inshore sector is at risk of exceeding its Annual Threshold Amount for the third (3rd) time in a seven (7) year period, upon receiving notice to that effect from the Manager, all Cooperatives shall immediately take all steps necessary to prevent the inshore sector from exceeding the Annual Threshold Amount, including but not limited to issuing "stop fishing" orders to all Vessels in the Cooperative, regardless of whether the Vessels in the Cooperative still have Available Cap Credits. If the Manager is notified that the Chinook salmon PSC bycatch of one or more Opt-In Vessels or CDQ Vessels could cause the catcher/processor sector, mothership sector or a CDQ organization to exceed its performance standard, the Manager shall immediately issue a "stop fishing" order to such vessel(s).

8.1 Cooperative Vessel Injunctions. To give effect to the provisions of this Section 8, each Cooperative agrees to take all actions necessary to obtain injunctive relief against any vessel in such Cooperative that does not cease fishing when the Cooperative issues a "stop fishing order", including but not limited to obtaining written consent in advance to such injunctive relief and a waiver of all rights to request an injunction-related bond from all Cooperative members.

8.2 Manager and Third Party Cooperative Authority. Each Cooperative agrees that if such Cooperative fails to issue a "stop fishing" order to one or more of its member vessels on a timely basis or fails to seek injunctive relief on a timely basis, both as determined by the Manager in his or her sole discretion, then one or more other Cooperatives and/or the Manager shall have the authority to issue the "stop fishing" order and seek injunctive relief against any of such Cooperative's vessels that do not stop fishing when the "stop fishing" order is issued.

9. Rolling Hot Spot Program. All references to "Vessels" in this Section 9 shall be construed as referring collectively to "Vessels", "Opt-In Vessels" and "CDQ Vessels". When the Vessels' catch of Chinook salmon PSC during a season is less than twenty-five percent (25%) of the total amount of Base Cap Credits held by the Vessels for that season, all Bering Sea pollock fishing by the Vessels shall be subject to area closures implemented under a "rolling hot spot" program, as provided in this Section 9 (the "Rolling Hot Spot Program"). When in effect, the terms and conditions of this Section 9 implementing the Rolling Hot Spot Program shall be in addition to, and not in substitution for, the other terms and conditions of this Agreement.

9.1 Monitoring and Management. The Cooperatives shall retain the Monitoring Agent to provide the data gathering, analysis, fleet monitoring and reporting services necessary to implement

the Rolling Hot Spot Program. The Coops shall retain UCB to provide day-to-day management of the Rolling Hot Spot Program.

9.2 Savings Area Management. The Monitoring Agent shall use a bycatch rate (the "Base Rate") as a trigger for identifying areas closed to pollock fishing by certain Vessels, and as a basis for determining each Vessel's "tier status", which in turn shall govern whether, and if so, when, each Vessel may harvest pollock inside of a Savings Area.

9.3 Base Rate Calculation and Announcement. The Monitoring Agent shall set the Base Rate on a weekly basis. The Monitoring Agent shall announce the Base Rate each Thursday by 6:00 pm Pacific time, and the Base Rate shall be in effect for seven (7) days, from the following day (Friday) at 6:00 pm Pacific time. Other than as provided in Section 9.4, below, the Monitoring Agent shall calculate the average weekly rate of Chinook salmon taken as bycatch per metric ton of pollock by vessels harvesting pollock from the inshore sector allocation for the last three (3) weeks, as of each Thursday. The Base Rate shall be the greater of (i) the average bycatch rate calculated by the Monitoring Agent, or (ii) the rate of 0.035 Chinook salmon PSC per metric ton of pollock.

9.3.1 The Monitoring Agent shall use "A" season bycatch data from the period January 20 through January 29 of each year to provide the Vessels with preliminary information regarding the location and concentration of Chinook salmon, and to determine the initial Base Rate, the initial Savings Area closures and the initial Vessel Tier assignments (as defined below). The Monitoring Agent shall implement Chinook Savings Area closures as appropriate commencing on January 30th of each year, and thereafter through the balance of each "A" and "B" season.

9.4 Vessel Tier Assignments. For purposes of tier assignments, Vessel Chinook salmon PSC bycatch rates shall be the rate of Chinook salmon PSC taken as bycatch per metric ton of pollock during the relevant time period (i.e., initially the January 20 through 29 time period, and thereafter, the prior three (3) weeks). For purposes of this Section 9.4, a Vessel's Chinook salmon PSC bycatch shall be determined with reference to observer data. Vessels with Chinook salmon PSC bycatch rates equal to or less than the then-current Base Rate shall be assigned to "Tier 1". Vessels with Chinook salmon PSC bycatch rates greater than the then-current Base Rate shall be assigned to "Tier 2".

9.5 Bycatch Hot Spot Identification. The Monitoring Agent shall calculate the Chinook salmon PSC bycatch rates for each ADF&G statistical area for which the Monitoring Agent receives a Chinook salmon PSC bycatch report, and when feasible, for each lateral half of each such statistical area. Each Thursday, the Monitoring Agent shall calculate the rate of Chinook salmon PSC taken as bycatch per metric ton of pollock in each such area by vessels harvesting pollock from the inshore sector allocation during the prior seven (7) days, as the Monitoring Agent determines appropriate given the quality of data available for the area. The bycatch rates shall be calculated on the basis of NMFS observer data.

9.6 Salmon Savings Areas. When the Rolling Hot Spot Program is in effect pursuant to this Section 9, on January 30 and on each Thursday thereafter, for the duration of the "A" season, and on June 20 and on each Thursday thereafter for the duration of the "B" season, the Monitoring Agent shall, subject to the criteria set forth below, provide notice to the Vessels identifying one or more areas designated as "Chinook Savings Areas", within which pollock fishing shall be restricted on the basis of each Vessel's Tier status.

9.6.1 Savings Area Designation Criteria. To qualify as a Chinook Savings Area, (a) an amount of pollock that the Monitoring Agent in its sole discretion determines to be substantial must have been taken in the Chinook 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 the Monitoring Agent 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, the Monitoring Agent shall consider a pollock harvest of two percent (2%) of the total amount of pollock harvested by vessels harvesting from the inshore allocation 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. Notwithstanding the foregoing, the Monitoring Agent shall identify and close Chinook Savings Areas in accordance with the terms of that certain "Chinook Conservation Agreement" among the Inshore Sector Cooperatives, dated as of January 11, 2008, a copy of which is attached to this Agreement as Exhibit 2. For purposes of this Agreement, all Vessels shall be subject to the terms and conditions of the Chinook Conservation Agreement as though they were parties to that Agreement.

9.6.2 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 the Monitoring Agent determines appropriate to address Chinook salmon PSC bycatch. Notwithstanding the foregoing, the following limits shall apply to designations of Chinook Savings Areas: (i) unless overriding evidence indicates that seasonal patterns of Chinook salmon PSC bycatch have shifted spatially relative to those experienced during the years 2000-2009, "A" season Chinook Savings Area closures shall only be made within areas that the Monitoring Agent identifies as having high Chinook salmon bycatch potential based on the Chinook bycatch patterns and rolling hot spot closures during the years 2000 through 2009; (ii) the total closed area encompassed by all Chinook Savings Areas in effect at any given time shall not exceed one thousand (1,000) square miles; (iii) subject to (ii), above, at the discretion of the Monitoring Agent and the Manager, up to three separate areas may be closed during any single one week closure period.

9.6.3 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 Friday thereafter. Upon a Chinook Savings Area closure taking effect, Bering Sea pollock fishing by Vessels shall be restricted pursuant to Section 9.7, below. Each Thursday Announcement shall include the following information: (i) identification of the Chinook Savings Areas by chart and by listing the corner coordinates of the Chinook Savings Area boundaries; (ii) a season update on pollock harvest and Chinook salmon PSC bycatch by pollock fishery sector and in total; (iii) each Vessel's Tier status and rolling three (3) week average bycatch rate; (iv) the current Base Rate; (v) the average bycatch rate for the inshore sector fleet during the previous week; (vi) the most recent Chinook salmon PSC bycatch rates for each ADF&G statistical area in which there was directed pollock fishing during the previous week; (vii) a summary of seasonal and annual pollock harvests and seasonal and annual Chinook salmon PSC bycatch in the pollock fishery; (viii) a summary of Chinook salmon PSC bycatch amounts and trends relative to the Annual Threshold Amount; and (ix) general commentary on Chinook salmon PSC bycatch patterns and trends.

9.7 Chinook Savings Area Implementation. Tier 2 Vessels shall not fish in Chinook Savings Areas announced on a Thursday for a one (1) week period, commencing on the immediately

following Friday at 6:00 pm Pacific time. Tier 1 Vessels may fish in Chinook Savings Areas. For purposes of this Agreement, "fishing" shall mean all activity of a Vessel between the time of initial "gear deployment" and final "gear retrieval". "Gear deployment" and "gear retrieval" shall have the meanings given them in 50 C.F.R. 679.2 or its successor, as the same may be amended from time to time. Initial gear deployment shall mean setting trawl gear with an empty codend, and final gear retrieval shall mean retrieving trawl gear to either pull a codend aboard the Vessel or to deliver the codend to another vessel.

9.8 Data Gathering and Reporting. Vessels shall take all actions necessary to release their NMFS observer reports and official landing records to the Monitoring Agent as soon as commercially practicable after such documents are completed.

9.9 Savings Area Closure Enforcement. The Monitoring Agent shall monitor the fishing activities of all Vessels and shall promptly report all apparent Chinook Savings Area violations by a Vessel to the Board of Directors of the Cooperative to which the Vessel belongs. If the Vessel is a member of the Virtual Cooperative, the Monitoring Agent shall report apparent violations to the Manager. Upon receiving notice of an apparent violation from the Monitoring Agent, the Board of Directors or the Manager of the Cooperative to which the Vessel belongs shall have one hundred and eighty (180) days to take action in connection with the apparent violation, and to provide a report of the action taken and a copy of the record supporting that action to all other Coops.

9.10 Savings Area Violation Damages. If a Cooperative Board of Directors (or, in the case of the Virtual Cooperative, the Manager) determines that a Vessel that is a member of the Cooperative fished in a Chinook Savings Area in violation of this Agreement, the master of the Vessel determined to be in violation shall be required to pay an assessment. The assessment for a Vessel master's first (1st) annual violation of a Chinook Savings Area closure shall be one thousand dollars (\$1,000.00); the assessment for a Vessel master's second (2nd) annual violation of a Chinook Savings Area closure shall be five thousand dollars (\$5,000.00); and the assessment for a Vessel master's third (3rd) and subsequent annual violations of a Chinook Savings Area closure shall be ten thousand dollars (\$10,000.00). Because the damages resulting from violating a Chinook Savings Area closure are difficult to estimate, the foregoing assessment amounts are liquidated damages, the payment of which (together with reasonable costs of collection) shall satisfy a Vessel's and a Vessel master's obligations related to a Chinook Savings Area closure violation. The Inshore Sector Cooperatives shall take all actions necessary to give effect to this Section 9.10.

9.10.1 Funds collected in connection with a Chinook Savings Area violation, in excess of those necessary to reimburse the prevailing party for its costs and attorneys' fees, shall be paid to the Manager, and shall be expended as decided by majority vote of authorized representatives of the Inshore Sector Cooperatives to support research concerning salmon bycatch issues.

9.10.2 For purposes of this Section 9, state and federal landing reports, observer data, VMS tracking data, vessel log books and plotter data and Cooperative catch data produced by the Monitoring Agent in conformance with NMFS catch accounting procedures shall be presumed accurate and sufficient for determining whether a Vessel violated a Chinook Savings Area closure, absent a clear and compelling demonstration of manifest error. The Cooperatives agree to take all actions and execute all documents necessary to give effect to this provision.

9.11 Vessel Monitoring System. The Vessels shall obtain and maintain an operational VMS unit approved by the Monitoring Agent, provided that such units are available on a commercially reasonable basis. The Vessels shall release their VMS tracking data to the Monitoring Agent. The Monitoring Agent shall not disclose any such information, other than as specifically authorized by the Inshore Sector Cooperatives and the Manager. Because the damages resulting from a Vessel operating in non-compliance with this subsection are difficult to estimate, Vessels shall pay an assessment of One Thousand Dollars (\$1,000.00) per day for each consecutive day over thirty (30) consecutive days that a Vessel is employed in the Bering Sea pollock fishery without an operational VMS unit approved by Monitoring Agent, provided such unit is available on a commercially reasonable basis.

10. Virtual Cooperative Vessels, Opt-In Vessels and CDQ Vessels. The Vessels, Opt-In Vessels and CDQ Vessels in the Virtual Cooperative shall be subject to all obligations that are assumed in common by the Vessels in the Inshore Sector Cooperatives in connection with the Inshore Sector Cooperatives' participation in the Chinook salmon savings incentive plan implemented by this Agreement. Such obligations include the obligation to manage the Chinook salmon PSC allocations of the Vessels, Opt-In Vessels and CDQ Vessels such that the aggregate annual and seasonal allocations of such Vessels, Opt-In Vessels and CDQ Vessels are not exceeded.

10.1 The Manager shall have absolute authority, in the Manager's sole discretion, to establish annual and seasonal allocations of Chinook salmon PSC among the members of the Virtual Cooperative on a pro rata basis, according to the amounts of Chinook salmon PSC assigned to open access fishery in connection with each Vessel's participation in that fishery, and the amount of Chinook salmon PSC available for each Opt-In Vessel's and CDQ Vessel's use in connection with their Chinook salmon bycatch entity membership.

10.2 Because allocations to some or all of the Virtual Cooperative's members may not be transferable, Vessels, Opt-In Vessels and CDQ Vessels in the Virtual Cooperative shall not participate in the Insurance Pool.

11. General Vessel and Cooperative Rights and Obligations. To give effect to this Agreement, all Vessels, Opt-In Vessels, CDQ Vessels and Cooperatives shall have the following general rights and shall be subject to the following general obligations.

11.1 Compliance Agreement. The parties to this Agreement hereby agree to comply with all provisions of this Agreement. Each person who signs this Agreement as an authorized representative of an Inshore Sector Cooperative acknowledges that the Inshore Sector Cooperative he or she represents is executing this Agreement on behalf of the individuals, entities and vessels that are members of such Cooperative and that have agreed to participate in the IPA implemented under this Agreement, as listed on Exhibit 3.

11.2 Further Actions. The Cooperatives shall cause their members to take all actions and execute all documents necessary to give effect to this Agreement.

11.3 Vessel Owner Assumption of Vessel Obligations. Vessels, Opt-In Vessels and CDQ Vessels are granted rights and assume obligations under this Agreement, because this Agreement will not achieve its full intended effect unless those rights are granted and obligations are imposed on individual Vessels, Opt-In Vessels and CDQ Vessels, rather than on an individual or entity that may own

more than one Vessel, Opt-In Vessel or CDQ Vessel. However, notwithstanding any provisions of this Agreement to the contrary, the obligations of each Vessel, Opt-In Vessel and CDQ Vessel under this Agreement are and shall be deemed obligations of the individual(s) or entity or entities that own such Vessel, Opt-In Vessel or CDQ Vessel, other than those which are specifically imposed on the Vessel's master under Section 9, above. The Inshore Sector Cooperatives shall cause their Vessel owner members to each assume the obligations of their Vessels under this Agreement. The owners of each of the Vessels, Opt-In Vessels and CDQ Vessels in the Virtual Cooperative shall be deemed to have assumed all obligations imposed on their respective Vessels, Opt-In Vessels and CDQ Vessels by their election to participate in the Chinook salmon PSC bycatch avoidance incentive plan implemented under this Agreement.

11.4 Available Cap Credit Accounting and Management. Each Vessel, Opt-In Vessel and CDQ Vessel shall be responsible for accurately calculating the amount of Available Cap Credits it has available during the course of its fishing activity, and for conducting its fishing activity in compliance with its Available Credit Limit.

11.5 No Fishing Without Available Cap Credits. No Vessel, Opt-In Vessel or CDQ Vessel shall commence a fishing trip without Available Cap Credits. If a Vessel, Opt-In Vessel or CDQ Vessel does so, the Cooperative of which such vessel is a member shall immediately issue a "stop fishing" order to such vessel, and shall promptly seek injunctive relief to cause such vessel to cease fishing if such vessel fails to immediately comply with such "stop fishing" order.

11.6 Initial Allocation of Savings Credits Based on 2010 Fishing Year. The Inshore Sector Cooperatives have conducted their 2010 pollock fishing activities as though the IPA implemented under this Agreement was in effect, and Vessels have accrued Salmon Savings Credits accordingly. All Salmon Savings Credits earned in connection with 2010 fishing activity shall be credited to the Vessels' accounts for the 2011 fishing year.

12. Remedies for Breach: Waiver of All Monetary Damages, Limitation of Remedies and Authorization of Injunctive Relief. The Cooperatives acknowledge that the consequences associated with a breach of this Agreement by one or more Cooperatives or their members could include extremely large financial losses associated with forgone pollock fishing opportunities, and if the breach results in the inshore sector exceeding its performance standard under Amendment 91, a breach of this Agreement could result in permanent revision of the annual Bering Sea Chinook salmon PSC limit for the inshore sector from 60,000 Chinook salmon to 47,591 Chinook salmon, which could result in extremely large financial losses associated with forgone pollock fishing opportunities over a period of many years. The damages associated with these consequences are very difficult to quantify and could be so large that the Cooperative(s) or the Cooperative member(s) whose breach of this Agreement caused the damages to be suffered by others would not be capable of paying them within any reasonable period of time. Under these circumstances, the parties to this Agreement have concluded that, other than as specifically and explicitly provided in this Agreement, damages are not an effective remedy for breach of this Agreement. The parties to this Agreement have therefore elected instead to waive any rights to monetary damages, other than the damages specifically and explicitly authorized under this Agreement, and instead to adopt specific performance as the sole remedy for all other breaches of this Agreement by a Cooperative or its members, as set forth in this Section 12.

12.1 Waiver and Release of All Monetary Damages. The Cooperatives, acting on behalf of themselves and their members, hereby waive and release any and all claims that they may have against another Cooperative or its members for monetary damages for a breach of this Agreement, other than those specifically and explicitly authorized under this Agreement. This waiver extends to and includes all claims to direct, indirect, consequential, punitive, special or exemplary damages, regardless whether such damages are based on breach of contract, tort, or some other cause of action. This waiver and release applies to every type of breach of this Agreement, including but not limited to willful, knowing, grossly negligent, negligent and non-negligent breaches of this Agreement of any nature whatsoever.

12.2 Limitation of Remedies. As a substitute for the monetary damages waived and released under this Agreement, the Cooperatives, acting on behalf of themselves and their members, hereby limit their remedies for breach to the following:

12.2.1 Specific Performance. The Cooperatives, their members, the Manager and the Monitoring Agent shall individually and collectively have the right to demand and receive immediate specific performance of each and every obligation that each Cooperative and its members have under this Agreement.

12.2.2 Injunctive Relief. If a Cooperative or any of its members are in breach of any obligation whatsoever they may have under this Agreement, and if the Cooperative or Cooperative member in breach fails to immediately comply with each and every obligation it has under this Agreement upon receiving a written demand to that effect from the Manager, the Monitoring Agent, another Cooperative or one or more Cooperative members, the Manager, the Monitoring Agent, each Cooperative and each Cooperative member shall individually and collectively have the right to seek and obtain injunctive relief requiring the Cooperative or Cooperative member in breach to immediately and fully comply with each and every obligation it has under this Agreement.

12.2.3 Reimbursement of All Costs and Fees. Notwithstanding any provision of this Agreement to the contrary, each Cooperative and each Cooperative's members, the Manager and the Monitoring Agent shall be entitled to reimbursement of all costs and fees they incur in connection with any legal action they may individually or collectively take to enforce the terms and conditions of this Agreement, including but not limited to all attorneys' fees, arbitration costs, court costs, costs of bonds or other financial security posted or pledged in connection with such action, expert witness costs, costs of receivers or special masters, and each and every other cost or fee of any nature or amount whatsoever incurred in connection with such action, regardless of whether such cost is deemed reasonable in nature or amount.

12.3 Indemnification Against All Governmental Fines, Penalties and Forfeitures. Notwithstanding any provision of this Agreement to the contrary, each Cooperative that breaches this Agreement or whose member or members breach this Agreement shall indemnify, defend and hold the Manager, the Monitoring Agent and each Cooperative and each Cooperative's members harmless from and against all claims, liabilities, fines, penalties, forfeitures and fees of any nature and amount whatsoever asserted or obtained by NMFS, the U.S. Department of Justice or any other U.S. governmental agency with jurisdiction over the Bering Sea pollock fishery in connection with a Cooperative or a Cooperative's member or members' breach of this Agreement. This indemnification, defense and hold harmless shall extend to all attorneys' fees and all other costs and fees of any nature

or amount whatsoever incurred in relation to such action, regardless of whether such cost is deemed reasonable in nature or amount.

13. Agreement Duration and Termination. This Agreement shall take effect as of January 1, 2011, unless its effectiveness is delayed beyond that date under the regulations implementing Amendment 91. This Agreement shall remain in effect unless and until it no longer satisfies the IPA requirements of the regulations implementing Amendment 91.

14. Withdrawal and Continuing Obligations. No Vessel, Opt-In Vessel or CDQ Vessel shall withdraw from participation in the IPA implemented under this Agreement other than in strict compliance with this Section 14. All other attempts to withdraw shall be void and shall have no effect.

14.1 No Vessel, Opt-In Vessel, CDQ Vessel or Inshore Sector Cooperative shall withdraw from the IPA during a Bering Sea pollock fishing year.

14.2 No Vessel, Opt-In Vessel, CDQ Vessel or Inshore Sector Cooperative shall withdraw from this Agreement unless and until all of its outstanding obligations (and, in the case of a Cooperative, its members' obligations) under this Agreement are fully satisfied. For purposes of illustration, and without limitation, no Vessel shall withdraw unless and until it has satisfied all of such Vessel's Insurance Pool repayment and usage assessment obligations.

14.3 A Vessel, Opt-In Vessel, CDQ Vessel or Inshore Sector Cooperative that wishes to withdraw from this Agreement must notify the Board of Directors of the Cooperative to which it belongs and the Manager in writing on or before October 1 of the year prior to the year in which such withdrawal will be effective. If delivered by that date, the Vessel's withdrawal shall be effective as of December 31 of the year during which such notice was delivered.

15. Manager. The Inshore Sector Cooperatives shall retain a person to fulfill the obligations of the "Manager" under this Agreement. The Manager shall be the "IPA representative" as defined in the regulations implementing Amendment 91. The Inshore Sector Cooperatives and UCB shall enter into an arrangement under which Mr. John Gruver, an employee of UCB, shall assume the obligations of "Manager" under this Agreement, until such time as the Inshore Cooperatives appoint a substitute Manager.

16. Monitoring Agent. The Inshore Sector Cooperatives shall retain Sea State as the "Monitoring Agent" under this Agreement, until such time as the Inshore Sector Cooperatives appoint a substitute Monitoring Agent.

17. Release and Waiver of All Claims Against Manager, UCB and Monitoring Agent; Indemnification and Hold Harmless. The parties acknowledge that the effectiveness of this Agreement depends to a significant extent on the Manager and Monitoring Agent exercising their independent responsibility and judgment in fulfilling its terms. The parties further acknowledge that if the Manager or the Monitoring Agent were potentially liable for simple negligence in connection with such actions, the Manager and/or the Monitoring Agent would not accept the responsibilities they assume under this Agreement. It is therefore in the parties' interest to reduce the Manager's and the Monitoring Agent's potential liability under this Agreement. Therefore, the Inshore Sector Cooperatives hereby waive and release any and all claims against John Gruver, UCB and Sea State arising out of or relating to John

Gruver's, UCB's or Sea State's services in connection with this Agreement, other than those arising out of gross negligence or willful misconduct by John Gruver, UCB and Sea State. Further, the Inshore Sector Cooperatives jointly and severally agree to indemnify, defend and hold John Gruver, UCB and Sea State harmless against any third party claims asserted against John Gruver, Sea State or UCB arising out of or relating to John Gruver's, Sea State's or UCB's services in connection with this Agreement, other than those arising out of gross negligence or willful misconduct by John Gruver, Sea State or UCB.

18. Amendments. No amendment to this Agreement shall be effective unless and until it is executed in writing by all parties to this Agreement, and approved by NMFS in accordance with the regulations implementing Amendment 91.

19. Miscellaneous.

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

19.2 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 or email shall have the same effect as delivering a signed original.

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

19.4 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 email transmission to the recipient. Each party to this Agreement agrees to provide the name, postal address, telefacsimile number and email address of its duly authorized representative(s) for purposes of receiving notices under this Agreement within three (3) days of executing this Agreement.

19.5 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.

19.6 Each party to this Agreement 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 binding 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. No arbitrator, however chosen, shall have any material ties to any party to this Agreement or any Inshore Cooperative 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 his or her or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

Entered into as of the date first set forth above.

AKUTAN CATCHER VESSEL ASSOCIATION

By _____
Its _____

NORTHERN VICTOR FLEET COOPERATIVE

By _____
Its _____

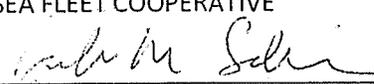
PETER PAN FLEET COOPERATIVE

By _____
Its _____

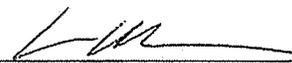
UNALASKA FLEET COOPERATIVE

By  _____
Its Authorized Representative

UNISEA FLEET COOPERATIVE

By  _____
Its Authorized Representative

WESTWARD FLEET COOPERATIVE

By  _____
Its EXECUTIVE DIRECTOR

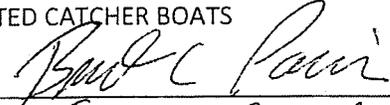
F/V NORTHWEST EXPLORER
By B & N FISHERIES COMPANY

By _____
Its _____

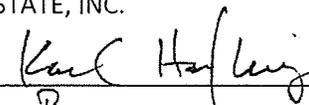
F/V LESLIE LEE
By F/V LESLIE LEE, INC.

By Lee Woodward
Its _____

UNITED CATCHER BOATS

By  _____
Its EXECUTIVE DIRECTOR

SEA STATE, INC.

By  _____
Its PRESIDENT

(but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in his or her or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

Entered into as of the date first set forth above.

AKUTAN CATCHER VESSEL ASSOCIATION

By _____
Its _____

NORTHERN VICTOR FLEET COOPERATIVE

By _____
Its _____

PETER PAN FLEET COOPERATIVE

By _____
Its _____

UNALASKA FLEET COOPERATIVE

By _____
Its _____

UNISEA FLEET COOPERATIVE

By _____
Its _____

WESTWARD FLEET COOPERATIVE

By _____
Its _____

F/V NORTHWEST EXPLORER
By B & N FISHERIES COMPANY

By [Signature]
Its MANAGER

F/V LESLIE LEE
By F/V LESLIE LEE, INC.

By Lee Woodward
Its [Signature]

UNITED CATCHER BOATS

By _____
Its _____

SEA STATE, INC.

By _____
Its _____

(but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in his or her or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

Entered into as of the date first set forth above.

AKUTAN CATCHER VESSEL ASSOCIATION

By _____
Its _____

NORTHERN VICTOR FLEET COOPERATIVE

By _____
Its _____

PETER PAN FLEET COOPERATIVE

By Michael Hunt
Its PRESIDENT

UNALASKA FLEET COOPERATIVE

By _____
Its _____

UNISEA FLEET COOPERATIVE

By _____
Its _____

WESTWARD FLEET COOPERATIVE

By _____
Its _____

F/V NORTHWEST EXPLORER
By B & N FISHERIES COMPANY

By _____
Its _____

F/V LESLIE LEE
By F/V LESLIE LEE, INC.

By Lee Woodward
Its _____

UNITED CATCHER BOATS

By _____
Its _____

SEA STATE, INC.

By _____
Its _____

(but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in his or her or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

Entered into as of the date first set forth above.

AKUTAN CATCHER VESSEL ASSOCIATION

By [Signature]
Its VP/mgr

NORTHERN VICTOR FLEET COOPERATIVE

By _____
Its _____

PETER PAN FLEET COOPERATIVE

By _____
Its _____

UNALASKA FLEET COOPERATIVE

By _____
Its _____

UNISEA FLEET COOPERATIVE

By _____
Its _____

WESTWARD FLEET COOPERATIVE

By _____
Its _____

F/V NORTHWEST EXPLORER
By B & N FISHERIES COMPANY

By _____
Its _____

F/V LESLIE LEE
By F/V LESLIE LEE, INC.

By Lee Woodward
Its _____

UNITED CATCHER BOATS

By _____
Its _____

SEA STATE, INC.

By _____
Its _____

(but not by) the American Arbitration Association. The parties will be entitled to limited discovery as determined by the arbitrator(s) in his or her or their sole discretion. The arbitrator(s) will also determine the "prevailing party" and that party will be entitled to its reasonable costs, fees and expenses, including attorneys' and arbitrator fees, incurred in the action by said party. In no event will arbitration be available pursuant to this paragraph after the date when commencement of such legal or equitable proceedings based on such claim, dispute, or other matter in question would be barred by the applicable statute of limitations.

Entered Into as of the date first set forth above.

AKUTAN CATCHER VESSEL ASSOCIATION

By _____
Its _____

NORTHERN VICTOR FLEET COOPERATIVE

By *Pat A. Medina*
Its *PRESIDENT*

PETER PAN FLEET COOPERATIVE

By _____
Its _____

UNALASKA FLEET COOPERATIVE

By _____
Its _____

UNISEA FLEET COOPERATIVE

By _____
Its _____

WESTWARD FLEET COOPERATIVE

By _____
Its _____

F/V NORTHWEST EXPLORER
By B & N FISHERIES COMPANY

By _____
Its _____

F/V LESLIE LEE
By F/V LESLIE LEE, INC.

By Lee Woodward
Its _____

UNITED CATCHER BOATS

By _____
Its _____

SEA STATE, INC.

By _____
Its _____

Exhibit 1

Base Cap Transfer Tax Percentages						
		% of Sector TAC Harvested at Time of Transfer (Base Cap Transfers made prior to 50% of the season TAC having been harvested are taxed at the rate of 50%.)				
		≥50 - <60	≥60 - <70	≥70 - <80	≥80 - <90	≥90 - 100
% of Annual Threshold Amount Used at Time of Transfer	0 - <20	30	35	40	45	50
	≥20 - <30	25	30	35	40	45
	≥30 - <40	20	25	30	35	40
	≥40 - <50	15	20	25	30	35
	≥50 - <60	10	15	20	25	30
	≥60 - <70	0	0	10	20	25
	≥70 - <80	0	0	0	10	15
	≥80 - <90	0	0	0	0	5
	≥90 - 100	0	0	0	0	0

Exhibit 2

Coordinates for the core areas are shown below. A season core areas enclose 11,280 sq mi. B season core areas enclose 31,655 sq mi.

A and B seasons, Unimak

Latitude		Longitude	
55	10	167	30
55	10	165	30
55	35	164	30
55	35	163	23
54	35	165	20
54	20	165	20
54	20	166	30

A season, Pribilofs

Latitude		Longitude	
56	30	170	0
56	30	167	45
55	25	167	45
55	25	168	20
56	0	170	0

B season, Pribilofs

Latitude		Longitude	
56	45	173	0
56	45	167	45
55	25	167	45
55	25	168	20
56	25	173	0

B season Zhemchug

Latitude		Longitude	
59	0	176	50
59	0	174	15
58	0	173	0
57	0	173	0
58	30	176	50

Exhibit 2

B season, Pervenets

Latitude		Longitude	
59	55	178	25
59	55	176	50
59	10	176	50
59	10	178	25

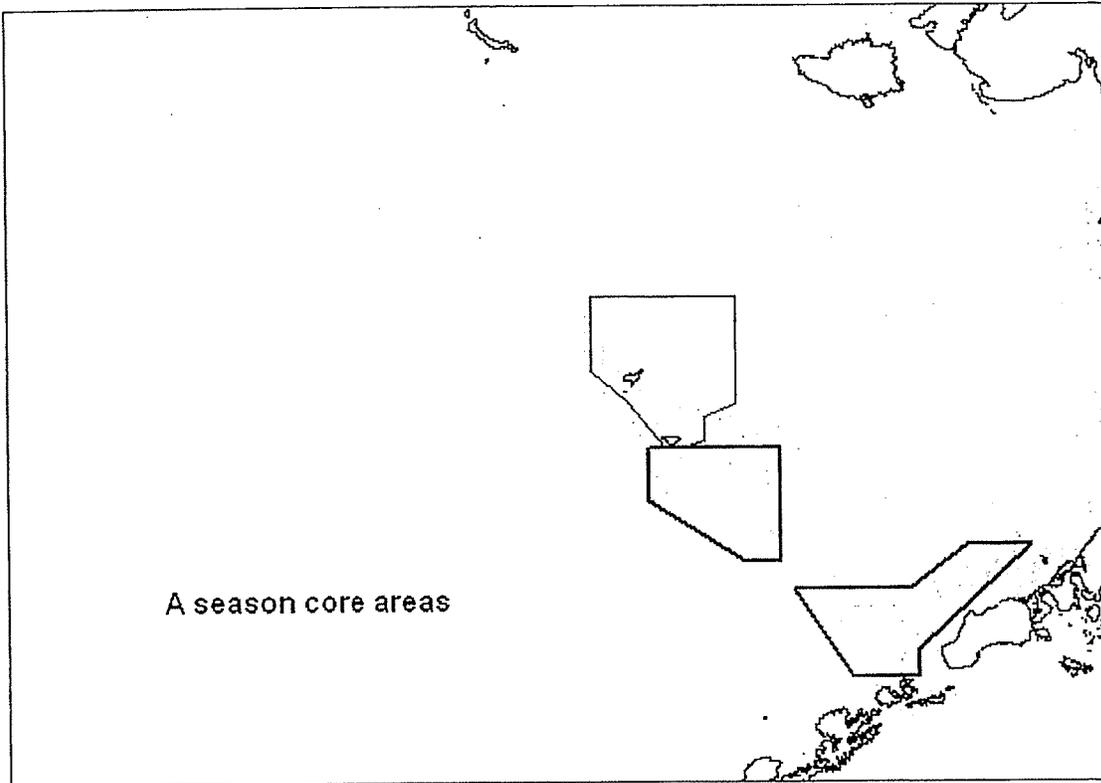


Exhibit 2

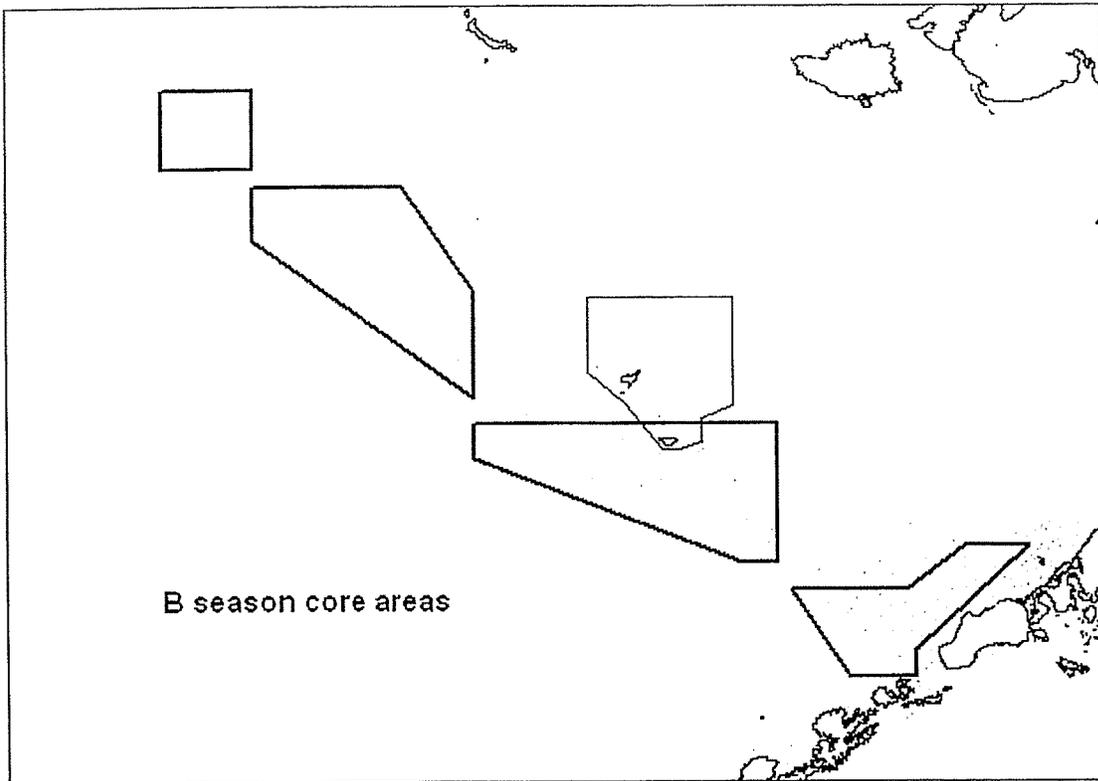


Exhibit 3

Inshore Coop	Vessel	ADF&G Number	USCG Vessel Documentation Number	Federal Fisheries Permit Number (also AFA Permit Number)
Akutan Catcher Vessel Association - AFA Coop Permit # 101	Aldebaran	48215	664363	901
	Arctic Explorer	57440	936302	3388
	Arcturus	45978	655328	533
	Blue Fox	62892	979437	4611
	Bristol Explorer	55923	647985	3007
	Cape Kiwanda	61432	618158	1235
	Columbia	39056	615729	1228
	Dominator	08668	602309	411
	Excalibur II	54653	636602	410
	Exodus Explorer	33112	598666	1249
	Gladiator	32473	598380	1318
	Golden Dawn	35687	604315	1292
	Golden Pisces	32817	599585	586
	Hazel Lorraine	57117	592211	523
	Intrepid Explorer	64105	988598	4993
	Lisa Melinda	41520	584360	4506
	Majesty	60650	962718	3996
	Marcy J	00055	517024	2142
	Margaret Lyn	31672	615563	723
	Mark I	06440	509552	1242
	Nordic Explorer	51092	678234	3009
	Northern Patriot	55153	637744	2769
	Ocean Explorer	51073	678236	3011
	Pacific Explorer	50759	678237	3010
	Pacific Ram	61792	589115	4305
	Pacific Viking	00047	555058	422
	Pegasus	57149	565120	1265
	Peggy Jo	09200	502779	979
	Perseverance	12668	536873	2837
	Predator	33744	547390	1275
	Raven	56395	629499	1236
	Royal American	40840	624371	543
	Seeker	59476	924585	2849
Sovereignty	55199	651752	2770	
Traveler	58821	929356	3404	
Viking Explorer	36045	605228	1116	

Inshore Coop	Vessel	ADF&G Number	USCG Vessel Documentation Number	Federal Fisheries Permit Number (also AFA Permit Number)
Northern Victor Fleet Cooperative - AFA Coop Permit # 103	American Eagle	00039	558605	434
	Anita J	00029	560532	1913
	Collier Brothers	54648	593809	2791
	Commodore	53843	914214	2657
	Gold Rush	40309	521106	1868
	Half Moon Bay	39230	615796	249
	Miss Berdie	59123	913277	3679
	Nordic Fury	00200	542651	1094
	Ocean Hope 3	48173	652397	1623
	Pacific Fury	00033	561934	421
	Poseidon	37036	610436	1164
	Royal Atlantic	00046	559271	236
	Storm Petrel	39860	620769	1641
Sunset Bay	35527	598484	251	
Peter Pan Fleet Cooperative - AFA Coo Permit # 104	AJ	57934	599164	3405
	American Beauty	24255	613847	1688
	Elizabeth F	14767	526037	823
	Morning Star	70323	1037811	6204
	Ocean Leader	00032	561518	1229
	Oceanic	03404	602279	1667
	Pacific Challenger	06931	518937	657
	Providian	70709	1062183	6308
	Topaz	40250	575428	405
	Walter N	34919	257365	825
Unalaska Co-Op - AFA Coop Permit # 105	Alaska Rose	38989	610984	515
	Bering Rose	40638	624325	516
	Destination	60655	571879	3988
	Great Pacific	37660	608458	511
	Messiah	66196	610150	6081
	Ms Amy	56164	920936	2904
	Progress	00006	565349	512
	Sea Wolf	35957	609823	1652
	Vanguard	39946	617802	519
	Western Dawn	22294	524423	134

Inshore Coop	Vessel	ADF&G Number	USCG Vessel Documentation Number	Federal Fisheries Permit Number (also AFA Permit Number)
UniSea Fleet Cooperative - AFA Coop Permit # 106	Alsea	40749	626517	2811
	Argosy	38547	611365	2810
	Auriga	56153	639547	2889
	Aurora	56154	636919	2888
	Defender	56676	554030	3257
	Fierce Allegiance	55111	588849	4133
	Gun-Mar	41312	640130	425
	Mar-Gun	12110	525608	524
	Morning Star	38431	610393	208
	Nordic Star	00961	584684	428
	Pacific Monarch	54645	557467	2785
	Seadawn	00077	548685	2059
	Star Fish	00012	561651	1167
	Starlite	34931	597065	1998
	Starward	39197	617807	417

Westward Fleet Cooperative - AFA - Permit # 107	Alaskan Command	57321	599383	3391
	Alyeska	00045	560237	395
	Arctic Wind	01112	608216	5137
	Caitlin Ann	59779	960836	3800
	Chelsea K	62906	976753	4620
	Dona Martita	51672	651751	2047
	Hickory Wind	47795	594154	993
	Pacific Knight	54643	561771	2783
	Pacific Prince	61450	697280	4194
	Viking	00008	565017	1222
	Westward I	53247	615165	1650