


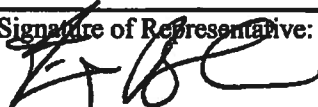
| | | |
|--|---|---|
| <p>APPLICATION FOR AN INCENTIVE PLAN AGREEMENT (IPA) AND LIST OF IPA PARTICIPANTS</p> | <p>U.S. Dept. of Commerce/NOAA National Marine Fisheries Service (NMFS) Sustainable Fisheries Division P.O. Box 21668 Juneau, AK 99802-1668 Fax: 907-586-7131 Telephone: 907-586-7228</p> |  |
|--|---|---|

| TYPE OF APPLICATION | | |
|---|---|--|
| <p>Indicate whether this application is for</p> | | |
| <input type="checkbox"/> New IPA | <input checked="" type="checkbox"/> Amended IPA | <input type="checkbox"/> Change IPA Participant List |
| <p>NOTE: Attach Incentive Plan Agreement.</p> | | |

| BLOCK A - IPA INFORMATION | |
|---|-----------------------------|
| <p>1. Name of IPA: Mothership Salmon Savings Incentive Plan</p> | <p>2. IPA Number: 3</p> |

| BLOCK B - IPA CONTACT INFORMATION | | |
|---|--|---|
| <p>1. Name of IPA's Representative: F. Joseph Bersch III</p> | <p>2. Name of Agent for Service of Process, if different from representative Mundt, MacGregor L.L.P.</p> | |
| <p>3. Permanent Business Mailing Address: 111 West Harrison Seattle, WA 98119</p> | <p>4. Temporary Business Mailing Address (if applicable):</p> | |
| <p>5. Business Telephone No.: (206) 286-8584</p> | <p>6. Business Fax No.: (206) 286-8810</p> | <p>7. E-mail address: jbersch@prempac.com</p> |

| BLOCK C - AFFIRMATION |
|--|
| <p><input checked="" type="checkbox"/> (Check if Applicable)</p> <p>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.</p> |

| BLOCK D - CERTIFICATION | | |
|---|--|-------------------------------------|
| <p>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.</p> | | |
| <p>1. Printed Name of Representative: F. Joseph Bersch III</p> | <p>2. Signature of Representative: </p> | <p>3. Date Signed: 01/12/11</p> |

PROCEED WITH CAUTION

Attach additional sheet if necessary.

| Name of vessel | ADF&G No. | Federal Fisheries Permit No. |
|---------------------------------|-----------|------------------------------|
| American Beauty - Mothership | 24255 | 1688 |
| Pacific Challenger - Mothership | 06931 | 657 |
| Nordic Fury - Mothership | 00200 | 1094 |
| Pacific Fury - Mothership | 00033 | 421 |
| Margaret Lyn - Mothership | 31672 | 723 |
| Misty Dawn | 68858 | 5946 |
| Vanguard - Mothership | 39946 | 519 |
| California Horizon | 33697 | 412 |
| Oceanic - Mothership | 03404 | 1667 |
| Mar-Gun - Mothership | 12110 | 524 |
| Mark 1 - Mothership | 06440 | 1242 |
| Aleutian Challenger | 62152 | 1687 |
| Ocean Leader - Mothership | 00032 | 1229 |
| Papado II | 55512 | 2087 |
| Morning Star | 41009 | 7270 |
| Traveler - Mothership | 58821 | 3404 |
| Vesteraalen | 38342 | 517 |
| Alyeska - Mothership | 00045 | 395 |
| Western Dawn - Mothership | 22294 | 134 |

AMENDED MOTHERSHIP SALMON SAVINGS
INCENTIVE PLAN AGREEMENT

This MOTHERSHIP SALMON SAVINGS INCENTIVE PLAN AGREEMENT (MSSIP) is entered into as of January 5, 2011 by and among the vessels and entities listed on Exhibits A and B hereto, and any other members admitted pursuant to this Agreement (together, the "Members").

RECITALS

A. Amendment 91 to the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Islands Fishery combines a Hard Cap on the amount of Chinook salmon that may be caught incidentally with an Incentive Plan Agreement ("IPA") and a Performance Standard designed to minimize bycatch to the extent practicable in all years and prevent bycatch from reaching the limit in most years.

B. The Members of this Agreement believe that an incentive plan that creates incentives for Chinook salmon avoidance at all rate of encounters is a more effective means of reducing Chinook salmon bycatch than a lower Hard Cap without incentive measures.

C. Mothership fishing operations are uniquely dependent upon individual fishermen's ability to work cooperatively. Under a Chinook salmon Incentive Plan Agreement, incentives to avoid Chinook salmon bycatch at all rates of encounter must not only be at the individual vessel level but also at the Fleet level such that individual incentives are carefully balanced with the need to maintain a cohesive and efficient Fleet. Since many decisions related to salmon avoidance strategies must be made collectively by the Vessels and processor (Fleet), it is at that level where the incentive to avoid Chinook at all rates of encounter is most appropriately directed.

D. In order to qualify for approval, an IPA must represent at least nine percent (9%) of the annual BSAI directed pollock allocation and must be composed of two or more unaffiliated entities as defined in CFR 679.2.

E. The Members, which represent nine percent of the BSAI directed pollock fishery, desire to form an IPA meeting all requirements for approval under the regulations implementing Amendment 91.

F. The name of this Incentive Plan Agreement shall be the **Mothership Salmon Savings Incentive Plan (MSSIP)**.

Now, therefore, the parties agree as follows:

Compliance Agreement – Each Vessel listed as a Member of this Agreement agrees to comply with all of the rules and obligations of the Mothership Salmon Savings Incentive Plan described

herein to ensure that all requirements in CFR 679 related to the implementation of BSAI Groundfish Amendment 91 are met in full.

DEFINITIONS

Vessel – Member of the Mothership Fleet Cooperative (“MFC”) and a participant in this IPA. A list of Vessels is provided as Appendix A.

Member – A participant in this agreement is considered a Member. In addition to Mothership Fleet Cooperative catcher vessels, American Fisheries Act (AFA) Catcher Processors, AFA Inshore Catcher Vessels, and CDQ groups are eligible to be Members. A list of Member AFA Catcher Processors, AFA Inshore Catcher Vessels, and CDQ groups is provided as Appendix B.

Fleet – A group of Vessels intending to land some or all of their MFC share of pollock to a particular mothership processor. There are three eligible AFA mothership processors.

Annual Allocation – The Annual Allocation for the Mothership Sector is 4,674 Chinook assuming participation of all Mothership Sector AFA catcher vessels in an approved IPA. In the instance that one or more mothership catcher vessels “opt-out” of participating in an IPA, the Annual Allocation is reduced by the number of Chinook associated with the opt-out vessels per Table 47b.

Annual Threshold – The Annual Threshold for the Mothership Sector is 3,707 Chinook assuming participation of all Mothership Sector AFA catcher vessels in an approved IPA. In the instance that one or more mother mothership catcher vessels “opt-out” of participating in an IPA, the Annual Threshold is reduced by the number of Chinook associated with the opt-out vessels per Table 47b.

Season – The term Season refers to the pollock “A” season or the pollock “B” season.

Seasonal Limit – The portion of the Annual Allocation available to the Mothership Sector during “A” season and “B” season is the Seasonal Limit. The “A” season limit is 3,360 Chinook (assuming no “opt-out” vessels) and the “B” season limit is 1,314 plus any unused “A” season Chinook.

Performance Standard – If a sector (mothership, catcher processor, inshore, or CDQ) exceeds its Annual Threshold (as described in Column G in Table 47b to Part 679) more than two times in seven years, then it is no longer allowed to operate under an IPA or IPAs and the Annual Threshold amount becomes a Hard Cap for that sector. In order to avoid exceeding the Performance Standard, the IPA treats the Annual Threshold as a Hard Cap if the Annual Threshold has been exceeded twice in six or fewer years (See Definition of MSSIP B)

MSSIP A – In MSSIP A the Chinook Use Cap Limit for the Mothership Sector is equal to the Mothership Sector’s Annual Allocation. MSSIP A refers to the rules in place when the sector’s Annual Threshold has not been exceeded twice in six or fewer years.

MSSIP B – In MSSIP B the Chinook Use Cap Limit for the Mothership Sector is equal to the Mothership Sector’s Annual Threshold. MSSIP B refers to the rules in place when the Mothership Sector’s Annual Threshold has been exceeded twice in six years or less.

Base Cap Allocation – Under MSSIP A, each Vessel in the IPA receives a share of the Annual Threshold (less the buffer) pro-rata to its MFC share of pollock. Under MSSIP B, each Vessel in the IPA receives a share of not less than 85% of the Mothership Sector Annual Threshold (less the buffer) pro-rata to its MFC share of pollock. MFC pollock percentages are provided in Appendix A.

Use Cap Limit – Under MSSIP A, each Vessel’s Use Cap Limit is their share of the Mothership Sector Annual Allocation (less the buffer) pro-rata to its MFC share of pollock. Under MSSIP B, a Vessel’s Use Cap Limit is their share of the Mothership Sector’s Annual Threshold (less the buffer), but that share of the Annual Threshold is determined by the ratio of Salmon Savings Credits (see Definition) and Base Cap and by the number of Salmon Savings Credits available to that vessel.

Salmon Savings – The difference between a Fleet’s aggregated Base Cap and its total annual aggregated Chinook bycatch is its annual Salmon Savings. For example, if a Fleet has an annual aggregated Base Cap of 1,000 Chinook and takes 300 Chinook as bycatch, that fleet has saved 700 Chinook. If a Fleet reaches or exceeds its aggregated Base Cap (through use of Salmon Savings Credits), then no savings are achieved in that year.

Salmon Savings Credit – For every 2.29 Chinook saved (See Salmon Savings), a Fleet receives one Salmon Savings Credit. A Salmon Savings Credit may not be transferred from one Fleet to another or from the Mothership Sector to another sector. A Salmon Savings Credit may be used once in the three years following the year in which it was earned.

Available Cap – The sum of a Vessel’s Base Cap and Salmon Savings Credits (up to the amount required to achieve the Use Cap Limit) is the Available Cap. In any given year, Available Cap may not exceed the Use Cap Limit.

Transfer – Subject to the limitation set forth herein, some or all of a Base Cap Allocation may be conveyed from one Fleet to another Fleet or to another sector by means of a transfer.

Paired Transfer – The transfer from one Fleet to another of Base Cap along with pollock such that the ratio of Base Cap to metric tons of pollock associated with the Transfer does not exceed the ratio of the Fleet’s aggregated Base Cap Allocation to the Fleet’s aggregated MFC metric tons of pollock is considered a paired transfer.

Unpaired Transfer – The transfer from one Fleet to another of Base Cap such that the ratio of Base Cap to pollock associated with the Transfer exceeds the ratio of the Fleet’s aggregated Base Cap Allocation to the Fleet’s aggregated MFC metric tons of pollock is considered an Unpaired Transfer.

Transfer Discount – In order to encourage the transfer of pollock to “clean” fishermen, Unpaired Transfers are taxed so that the transferee receives a number of Chinook that is smaller than the number of Chinook conveyed by the transferor. This is the Transfer Discount. Transfers required during periods of low salmon encounters are discounted at a higher rate than transfers occurring during periods of high salmon encounters. A Transfer Discount Table, which is used to determine the appropriate discount for a specific transfer, is included as Appendix C

DESCRIPTION

The Mothership Salmon Savings Incentive Plan (MSSIP) consists of two basic elements that are designed to result in Chinook avoidance at all levels of encounters. First, the MSSIP requires that mothership processor fleets “earn” savings credits, which in future years may provide the ability to exceed their share of the Annual Threshold, by keeping Chinook bycatch considerably below the threshold in most years. Second, a Rolling Hotspot Closure (RHC) program insures that MSSIP participants avoid areas with relatively higher bycatch rates even when actual bycatch encounters are low on the whole and when the Annual Threshold is not likely to be an influence on behavior.

1. **Incentives** – Each operator of a Vessel participating in the MSSIP is motivated to avoid salmon as a means to establish “insurance” against years when encounter rates are particularly high and bycatch amounts, even after best efforts of avoidance are taken, are destined to be large. It is that “insurance”, the ability to exceed the Annual Threshold in years of high encounters, that likely offer the ability to harvest all, or at least more, of one’s annual pollock allocation than a Vessel or Fleet could if it was limited to their Annual Threshold. In short, the primary incentive is to insure the ability to harvest one’s pollock allocation without violating the Performance Standard.

The RHC program establishes the incentive to maintain low bycatch rates in order to have access to all productive fishing grounds. Fleets achieving relatively low Chinook bycatch rates are not constrained by hotspot closures, while Fleets with average or higher rates are. The RHC creates the incentive to find ways and means to harvest pollock while avoiding Chinook bycatch at all times. Additionally, the RHC program insures that Fleets failing to meet that standard will be excluded from the fishing area with the highest bycatch rates.

The 2010 MSSIP Pilot Program provided additional incentive to avoid Chinook salmon in the year prior to the implementation of Amendment 91.

2. **Rewards and Penalties** – The MSSIP is designed to create rewards and penalties for bycatch performance relative to the Annual Threshold. If the vessels in a Fleet are successful in keeping their Chinook bycatch considerably below the Annual Threshold in most years, those vessels will be rewarded with Salmon Savings Credits that allow them to exceed their Annual Threshold in years of high Chinook encounters. On the other hand, Fleets of Vessels which are unable to maintain bycatch levels significantly below their Annual Threshold will be penalized by not receiving Salmon Savings Credits, therefore making it unlikely that those vessels will have a sufficient Available Cap in years of high Chinook encounters.

It is important to note that in the Mothership Sector, these rewards and penalties are in play at both the individual vessel and at the Fleet level. Each Fleet will start the fishing season with the aggregated Available Cap of its Vessels. While this pooling is necessary to insure that the Fleet is able to work cooperatively throughout the year, each Vessel has a responsibility to the Fleet to avoid Chinook, and each Vessel has a stake in the performance of all of the other Vessels in the Fleet because the rewards (and penalties) of each Fleet's performance are "disaggregated" back to the individual Vessels at the end of the season. The process of "disaggregating" Available Cap in the MSSIP is designed to insure that the rewards and penalties are distributed back to Vessels in proportion to their initial contribution of Available Cap.

The RHC program, which is also administered at the Fleet level in the Mothership Sector, provides them with the reward of fishing without constraint of Bycatch Avoidance Area Closures when they achieve lower than average Chinook bycatch rates.

The 2010 MSSIP Pilot Program was designed to create incentives in that year to avoid Chinook by offering the reward of Chinook Salmon Savings being available in 2011. Failure to avoid Chinook in 2010 may have resulted in the sector, or some portion thereof, not having Savings Credits available in 2011.

3. Expected Reductions in Chinook Bycatch – Fishing under a Chinook hard cap without the MSSIP incentive measures would likely take the form of a pure "cap and trade" model. Absent a compelling incentive to do otherwise, Fleets would likely incur only as much Chinook avoidance "cost" as was necessary to harvest their entire pollock allocation without exceeding the cap. So, in any given year in which the Chinook cap did not appear to be constraining, there would be virtually no incentive to avoid Chinook.

The incentives established in the MSSIP override the pure "profit" motive in two ways. First, it creates a significant reward for keeping Chinook bycatch far below the "constraining" level by creating the need for the "insurance" of Salmon Savings against years when Chinook encounters are high. Basically, a Fleet that chose to fish up to the Annual Threshold in most years in order to reduce its cost of Chinook avoidance would find its ability to harvest its entire pollock quota at great risk in years of high Chinook encounters.

The RHC insures that when Chinook encounters are so low that sufficient Salmon Savings Credits can be created without much avoidance effort, a Fleet that might not otherwise be responsive to the need to avoid Chinook bycatch when encounter levels are low would be closed out of the highest bycatch rate areas.

4. Incentive Measures in Various Conditions of Pollock and Chinook Abundance – Since the abundance of salmon and encounter rates of Chinook vary annually, fishermen cannot predict their future need of Salmon Savings Credits (which could be driven by either high Chinook encounters or a very large pollock quota or some combination thereof). As well, since Salmon Savings Credits generated in the MSSIP expire after three years, there is a significant incentive to keep bycatch considerably below the Annual Threshold in all years so that expiring Salmon Savings Credits are replaced with new ones.

While the MSSIP encourages salmon avoidance in the present in order to establish insurance against future high encounters, the RHC component of the Agreement is a real-time mechanism to insure that Vessels achieving average or higher-than-average Chinook bycatch rates are prevented from fishing in areas where Chinook bycatch rates are believed to be highest. The RHC program is in place from start to finish of each fishing season, regardless of pollock quota or Chinook abundance.

5. Managing Chinook Bycatch To Stay Below the Performance Standard – Under MSSIP B, which is in effect when the Mothership Sector has exceeded its Annual Threshold twice in six or fewer years, the Annual Threshold becomes a hard cap and a lower, “artificial” Threshold is established. This rule, in addition to a one percent buffer, will insure that the Mothership Sector does not exceed the performance standard. For MSSIP participants from other sectors, those participants must operate under the rules of MSSIP B when and if their respective sector exceeds its Annual Threshold twice in six or fewer years. While the rules of the MSSIP do not control the actions of vessels in other sectors that belong to a different IPA, the MSSIP rules insure that participating Catcher Processors, Inshore Catcher Vessels, and CDQ groups do not exceed their pro-rata “share” of their respective sector’s Threshold in years when the Performance Standard is vulnerable.

MSSIP Rules

1. Assignment of Available Cap – No later than January 15 of every year, each Vessel shall declare to the IPA Representative the Fleet or Fleets to which it intends to allocate its MFC pollock allocation during the following year and each Vessel’s Available Cap shall be assigned to its declared Fleet. If a Vessel declares that it will allocate its MFC share to two or more Fleets, then that Vessel shall designate the percentage of its MFC pollock share to be allocated in each declared Fleet and its Available Cap shall be assigned to each declared Fleet pro-rata to the designation of pollock. This rule shall not apply to Catcher Processors, Inshore Catcher Vessels, or CDQ groups.

2. Management Buffer Adjustment – When operating under the rules of MSSIP A and MSSIP B, each Vessel’s Base Cap shall be reduced, pro-rata to the Vessel’s corresponding MFC pollock share, to establish a one percent (47 Chinook) management buffer. The purpose of this buffer is to prevent the Mothership Sector from exceeding the Annual Threshold and/or Annual Allocation as the result of unexpected bycatch or data corrections. For Catcher Processors, Inshore Catcher Vessels, or CDQ groups, the buffer shall be one percent of the Member’s Annual Allocation.

3. Aggregation of Available Cap – Except as provided by Section 9 of this Agreement and for the duration of the fishing year, Available Cap assigned by each member Vessel to a Fleet or Fleets shall be aggregated at the Fleet level, except that each vessel has the option of independently transferring up to five of the Fleet’s Chinook to another fleet per the conditions described in Section 9 of this Agreement. A Fleet’s Available Cap may never exceed the Mothership Sector’s Annual Allocation multiplied by the aggregated percentage of annual

MFC pollock shares assigned to that Fleet. This rule shall not apply to Catcher Processors, Inshore Catcher Vessels, or CDQ groups.

4. Accounting of Chinook Bycatch – All Chinook bycatch occurring in deliveries of pollock to a particular mothership processor's Fleet shall be counted against the aggregated Available Cap of the Fleet associated with that processor. Once a Fleet has reached its seasonal limit or its annual Available Cap, it must cease fishing unless and until it obtains additional Base Cap through a transfer from another Vessel, Fleet, or Sector as allowed per Sections 8 and 9 of this agreement. This rule shall apply to Catcher Processors and Inshore Catcher vessels at the vessel level and to CDQ groups at the CDQ group level.

5. Salmon Savings Credits – Salmon Savings are earned by a Fleet by taking fewer Chinook as bycatch than its aggregated Annual Threshold. For every 2.29 Base Cap Chinook left unused by the Fleet, that Fleet shall receive one Savings Credit. Salmon Savings Credits shall be calculated by the IPA Representatives each year following the completion of directed pollock fishing by all mothership Fleets. Salmon Savings Credits earned that year shall be distributed to all vessels in each Fleet pro-rata to the pollock quota assigned to that Fleet by each Vessel in that year for use in one of the following three years. This rule shall apply to Catcher Processors and Inshore Catcher Vessels at the vessel level and to CDQ groups at the CDQ group level.

6. Duration of Salmon Savings Credits – A Salmon Savings Credit may be used once in the three years following the year in which it was earned. Salmon Savings Credits shall be accounted for on a first-in, first out basis such that all three-year-old aggregated Salmon Savings Credits are used first, then all two-year-old credits, then all one-year-old credits. This rule shall apply to Catcher Processors and Inshore Catcher Vessels at the vessel level and to CDQ groups at the CDQ group level.

7. End-of-Season Disaggregation of Remaining Available Cap – When a Fleet has harvested all of the pollock it has designated to a particular mothership processor or on November 1, whichever comes first, all remaining Available Cap shall be re-distributed to all Vessels in each Fleet pro-rata to the Available Cap assigned to that Fleet by each Vessel in that year. Each Vessel shall receive a proportionate number of remaining two-year-old and one-year old Salmon Savings Credits regardless of the age of the credits contributed by that Vessel when its Available Cap was assigned to a Fleet or Fleets. The IPA Representative shall be responsible to officially notify each Vessel of its End-of-Season Remaining Available Cap. This rule shall not apply to Catcher Processors, Inshore Catcher Vessels, or CDQ groups.

8. Fleet-Level Transfers – Prior to the disaggregation of remaining Available Cap and subject to the restrictions described herein, one Fleet may, with the agreement of all member Vessels in that Fleet, transfer some or all of its unused Base Cap to another Fleet, the Catcher Processor Sector, or an AFA Inshore Cooperative or may acquire through transfer additional Chinook from another Sector or Inshore Cooperative. All Unpaired Fleet-level transfers are subject to the Transfer Discount. Salmon Savings Credits may not be transferred in-season under any circumstances. Base Cap transferred to a Fleet will be assigned and accounted for in

the same manner as the initially assigned Available Cap. A Fleet that transfers unused Base Cap to another Fleet is prohibited from using any Available Salmon Credits in the year of that transfer, and a Fleet may not use transferred Base Cap until it has used all of its original Available Cap. A Fleet is prohibited from transferring Base Cap from another Sector unless the Mothership Sector has already exceeded its Annual Threshold in the same year. At the time of a Fleet-Level transfer, the members of the transferring fleet shall be responsible to provide the IPA Representative with a signed MSSIP Transfer Notice. (See Appendix E) This section shall apply to all transfers made by Catcher Processors, Inshore Catcher Vessels, and CDQ groups participating in this Agreement.

9. Vessel-Level Transfers – Once a Fleet has harvested at least 75% of its annual aggregated MFC pollock share and provided that at least 25% of the Fleet’s Base Cap remains unused, but prior to disaggregation of Available Cap, each Vessel shall have the annual right to transfer independently to another Fleet, without need of consent by the Fleet’s remaining vessels, up to five Base Cap Chinook from that Fleet’s aggregated base cap. Such a transfer is not subject to the Transfer Discount. Following the end-of-season disaggregation of a Fleet’s remaining Available Cap to that Fleet’s Vessel’s, those Vessels may transfer any amount of their remaining Base Cap to another Fleet, subject to the Transfer Discount. Following the End-of-Season Disaggregation of all Fleets’ Available Caps, any Vessel may transfer any of its remaining Base Cap to the Catcher Processor sector or to an AFA Inshore Cooperative, subject to the Transfer Discount. At the time of any Vessel-Level transfer, the transferring Vessel shall be responsible to provide the IPA Representative with a signed MSSIP Transfer Notice. (See Appendix E) This rule shall not apply to Catcher Processors, Inshore Catcher Vessels, or CDQ groups.

10. Use-Cap Limit Transfer – A transfer to a Fleet from another sector that results in that Fleet’s Use Cap Limit being exceeded is permitted in the sole instance in which the Mothership Sector has exceeded its Annual Allocation and the transfer is required to bring the Mothership Entity into regulatory compliance. Under no other circumstances may the Available Cap exceed the Use Cap Limit. This rule shall apply to Catcher Processors and Inshore Catcher vessels at the vessel level and to CDQ groups at the CDQ group level.

11. Change of Platforms – In the event that a processor to which a Fleet has assigned its quota leaves the fishery prior to the full harvest of the assigned pollock quota, that Fleet’s remaining Available Cap may be applied to a different mothership processor or processors. Available Cap that is moved (along with uncaught pollock quota) to a different mothership processor or processors is not pooled with Available cap that was already assigned to the new mothership processor and is not considered to have been “transferred”. In this instance, one mothership processor may be operating with more than one Fleet. This rule shall not apply to Catcher Processors, Inshore Catcher Vessels, or CDQ groups.

12. MSSIP B – Whenever the Mothership Sector has exceeded its Annual Threshold two times in six years or less, the sector shall operate in MSSIP B. The Hard Cap under MSSIP B shall be equal to the sector’s Annual Threshold. The Base Cap shall be the sector’s Annual Threshold minus the number of Salmon Savings Credits available for use in that year by the sector. In no event, however, shall the Base Cap be less than 85% of the Mothership Sector’s

Annual Threshold minus the one percent Chinook buffer deduction. MSSIP B Base Cap shall be apportioned, assigned, and disaggregated in the same way that MSSIP A Base Cap is apportioned, assigned, and disaggregated. MSSIP B Salmon Savings Credits shall be aggregated and disaggregated in the same manner that MSSIP A Salmon Savings Credits are aggregated and disaggregated. No Chinook may be transferred into the Mothership Sector from another sector under MSSIP B. All other MSSIP provisions apply under MSSIP B as per MSSIP A. This rule shall apply to Catcher Processors and Inshore Catcher vessels at the vessel level and to CDQ groups at the CDQ group level.

13. **2010 MSSIP Pilot Program** – In order to develop familiarity with the MSSIP rules and to create an incentive for Chinook salmon avoidance in the year prior to implementation of Amendment 91, the MSSIP allows for the creation of a limited number of Chinook Savings credits in 2010 for use in 2011 through 2013. Based on actual Chinook bycatch performance and according to the rules herein, each Fleet is able to create an amount of Savings Credits equal to the difference between that Fleet's annual Use Cap Limit and its Base Cap. These savings will be distributed to each Vessel in that Fleet pro-rata to the amount of each Vessel's annual MSC pollock allocation harvested by that Fleet. An accounting of Savings Credits earned in the 2010 Pilot Program is provided in this document as Appendix F.

14. **Penalties** – In the event that a Fleet exceeds its share of the sector's "A" season Seasonal Limit, that fleet shall pay an amount equal to \$2,000 per metric ton of pollock overage to the North Pacific Research Foundation and a deduction shall be made to that Fleet's remaining cap for the B season equal to the overage. In the event that a Fleet exceeds its Available Cap, that Fleet shall pay an amount equal to the \$2,000 per metric ton of pollock harvested in association with the Chinook overage. This rule shall apply to Catcher Processors and Inshore Catcher vessels at the vessel level and to CDQ groups at the CDQ group level.

15. **Rolling Hotspot Program** – All Members of this Agreement shall participate in the Rolling Hotspot Program described in Appendix D. This rule shall apply to MFC vessels at the Fleet level, to Catcher Processors and Inshore Catcher vessels at the vessel level, and to CDQ groups at the CDQ group level.

16. **Chinook Salmon Conservation Area Agreement** – All Members of this Agreement shall participate in the Chinook Salmon Conservation Area Agreement.

17. **Third Party Compliance Audit** – The Participants in this IPA shall, on an annual basis, engage knowledgeable and competent third-parties to conduct compliance audits of the MSSIP rules and the RHC program. The results of these audits shall be attached to the Annual IPA report.

18. **Changes to this Agreement** – Membership in the MSSIP for 2011 shall be indicated by signature of the Amendment to the Mothership Fleet Cooperative Membership Agreement to Designate the Mothership Fleet Cooperative as the Entity E or by written notice to the IPA Representative from the legal representative of an AFA Catcher Processor, AFA Inshore Catcher Vessel, or CDQ group. Any Member of the MSSIP may discontinue its participation in the IPA by providing written notice to the IPA Representative no later than September 1 prior to

Mothership Salmon Savings Incentive Plan Agreement – Revision 1

the year in which membership in the MSSIP would cease. All other changes to this Agreement shall be submitted to NMFS by the IPA Representative upon approval by the Board of Directors of the Mothership Fleet Cooperative.

Signed on Behalf of All Members of the Mothership Fleet Cooperative Entity,



F. Joseph Bersch III
Mothership Fleet Cooperative Entity Representative

Appendix A

Mothership Salmon Savings Incentive Plan Agreement Vessels

| Vessel | USCG Document Number | AFA Permit Number | Mothership Co-op Percent | Directed Fishery Percent |
|---------------------|----------------------|-------------------|--------------------------|--------------------------|
| American Beauty | 613847 | 1688 | 6.000 | 0.54 |
| Pacific Challenger | 518937 | 657 | 9.671 | 0.87 |
| Nordic Fury | 542651 | 1094 | 6.177 | 0.55 |
| Pacific Fury | 561934 | 421 | 5.889 | 0.53 |
| Margaret Lyn | 615563 | 723 | 5.643 | 0.51 |
| Misty Dawn | 926647 | 5946 | 3.569 | 0.32 |
| Vanguard | 617802 | 519 | 5.350 | 0.48 |
| California Horizon | 590758 | 412 | 3.786 | 0.34 |
| Oceanic | 602279 | 1667 | 7.038 | 0.63 |
| Mar-Gun | 525608 | 524 | 6.251 | 0.56 |
| Mark 1 | 509552 | 1242 | 6.251 | 0.56 |
| Aleutian Challenger | 603820 | 1687 | 4.926 | 0.44 |
| Ocean Leader | 561518 | 1229 | 6.000 | 0.54 |
| Papado II | 536161 | 2087 | 2.953 | 0.27 |
| Morning Star | 618797 | 7270 | 3.601 | 0.32 |
| Traveler | 929356 | 3404 | 4.272 | 0.38 |
| Vesteraalen | 611642 | 517 | 6.201 | 0.56 |
| Alyeska | 560237 | 395 | 2.272 | 0.20 |
| Western Dawn | 524423 | 134 | 4.150 | 0.37 |
| Total | | | 100.000 | 9.00 |

*For vessels that are qualified as both AFA Mothership Sector and AFA Inshore Sector catcher vessels, membership in the Mothership Salmon Savings Incentive Plan applies to Chinook allocated to the Mothership Sector only.

Appendix B

Additional Mothership Salmon Savings Incentive Plan Agreement Members –
AFA Catcher Processors, AFA Inshore Catcher Vessels, and CDQ Groups

| Vessel | USCG Document Number | AFA Permit Number | Directed Fishery Percent |
|--------|----------------------|-------------------|--------------------------|
| | | | |

Appendix C

Transfer Discount Table

| | | Percentage of Sector Annual TAC Harvested | | | | |
|--|----|---|----|----|----|----|
| Percentage of Mothership Sector Annual Threshold Harvested | | 50* | 60 | 70 | 80 | 90 |
| | 10 | 30 | 35 | 40 | 45 | 50 |
| | 20 | 25 | 30 | 35 | 40 | 45 |
| | 30 | 20 | 25 | 30 | 35 | 40 |
| | 40 | 15 | 20 | 25 | 30 | 35 |
| | 50 | 10 | 15 | 20 | 25 | 30 |
| | 60 | 0 | 0 | 10 | 20 | 25 |
| | 70 | 0 | 0 | 0 | 10 | 15 |
| | 80 | 0 | 0 | 0 | 0 | 5 |
| | 90 | 0 | 0 | 0 | 0 | 0 |

Appendix D

MSSIP Rolling Hotspot Closure Program

1. **RHC Manager** – The participants in the Agreement shall designate a Rolling Hotspot Closure (RHC) Manager. The RHC Manager shall be responsible to insure the timely collection and processing of Chinook salmon bycatch data, and to provide RHC notices to the participants in the MSSIP as appropriate.
2. **Bycatch Avoidance Areas** – At all times during the Bering Sea pollock A and B seasons when one or more participants (Mothership Fleet, Catcher Processor, Inshore Catcher Vessel, CDQ group) is engaged in pollock fishing, the RHC Manager shall, on a weekly basis, identify specific areas of relatively high Chinook salmon abundance on the pollock fishing grounds. These areas shall be designated as “*Bycatch Avoidance Areas*”. Unless overriding evidence indicates that traditional seasonal patterns of relative Chinook abundance have shifted spatially, Bycatch Avoidance Areas shall be those ADF&G statistical areas where the Area Rate exceeds the Base Rate and shall be established within Core Areas.
3. **Base Rate** – The ratio of the three (3) week rolling sum of the total number of Chinook salmon taken incidentally in the Fishery to the three (3) week rolling sum of the total number of metric tons of pollock caught in the Fishery is defined as an index of relative Chinook salmon abundance (the “*Base Rate*”). The RHC Manager shall update the Base Rate each week during the “A” and “B” pollock seasons to reflect changes in relative salmon abundance on the fishing grounds. The Base Rate shall have a minimum value of 0.035 Chinook salmon per metric ton of pollock catch.
4. **Initial “A” Season Base Rate Calculation** – The initial “A” season Base Rate shall be calculated by dividing the total number of Chinook salmon taken incidentally in the Fishery “A” season during the prior year by the total number of metric tons of pollock caught in Fishery “A” season during the prior year, provided that if the initial “A” season Base Rate for any given year is less than or equal to 0.04 Chinook salmon per metric ton of pollock catch, the initial Base Rate shall be 0.04 Chinook salmon per metric ton, and if the initial Base Rate for any given year is equal to or greater than 0.06 Chinook salmon per metric ton of pollock catch, the initial Base Rate shall be 0.06 Chinook salmon per metric ton.
5. **Initial “B” Season Base Rate Calculation** – The initial “B” season Base Rate shall be calculated by dividing the total number of Chinook salmon taken incidentally in the Fishery “B” season during the prior year by the total number of metric tons of pollock caught in Fishery “B” season during the prior year
6. **In-Season Base Rate Calculation** – On February 14 of each year and each week thereafter, the RHC Manager shall recalculate the Fishery “A” season Base Rate to reflect the

then-current “A” season. On July 15 of each year and each week thereafter, the RHC Manager shall recalculate the Fishery “B” season Base Rate to reflect the then-current “B” season.

7. Bycatch Area Rate Identification – For each week the Fishery “A” and “B” seasons are open to any of the inshore, catcher/processor or mothership components, and for each ADF&G statistical area for which the RHC Manager receives a salmon bycatch report and in which more than two (2) percent of the total number of metric tons of pollock catches occur, the RHC Manager shall calculate the ratio of the three (3) week rolling sum of total number of Chinook salmon taken incidentally to the three (3) week rolling sum of the total number of metric tons of pollock caught (“*Area Rate*”).

8. Core Areas – Relatively high rates of Chinook salmon bycatch historically occur along the eastern Bering Sea outer continental shelf, including approximately 11,280 square miles in the “A” season and 31,655 square miles in the “B” season (the “*Core Areas*”). The Core Areas are identified in Exhibit C to this Agreement.

9. Avoidance Area Map – Beginning on or about January 28, and then each week thereafter for the duration of the fishing year for the Fishery, the RHC Manager shall provide all Parties subject to this Agreement with a map depicting the Bycatch Avoidance Areas (“*Avoidance Area Map*”). The maximum extent of avoidance areas is 1,000 square miles.

10. Weekly Bycatch Avoidance Area Fishing Notification – For each Fleet subject to this Agreement, the RHC Manager shall determine when that Fleet’s Fleet Bycatch Performance exceeds the Performance Benchmark (“*Weekly Fishing Overage*”). The RHC Manager shall promptly notify the Fleet that it is subject to the Weekly Fishing Overage (“*Weekly Prohibition Notice*”).

11. Fleet Bycatch Performance – On a weekly basis, for each Fleet subject to this Agreement, the RHC Manager shall calculate the ratio of the prior two (2) week rolling sum of the number of Chinook salmon taken incidentally to the prior two (2) week rolling sum of the number of metric tons of pollock caught (“*Fleet Bycatch Performance*”). Assessment of Vessel Bycatch Performance shall begin on or about February 1st during the “A” season, and on or about July 1 during the “B” season.

12. Fleet Bycatch Performance Benchmark – The = performance benchmark shall be seventy-five (75) percent of the Base Rate (“*Performance Benchmark*”).

Mothership Salmon Savings Incentive Plan Agreement – Revision 1

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

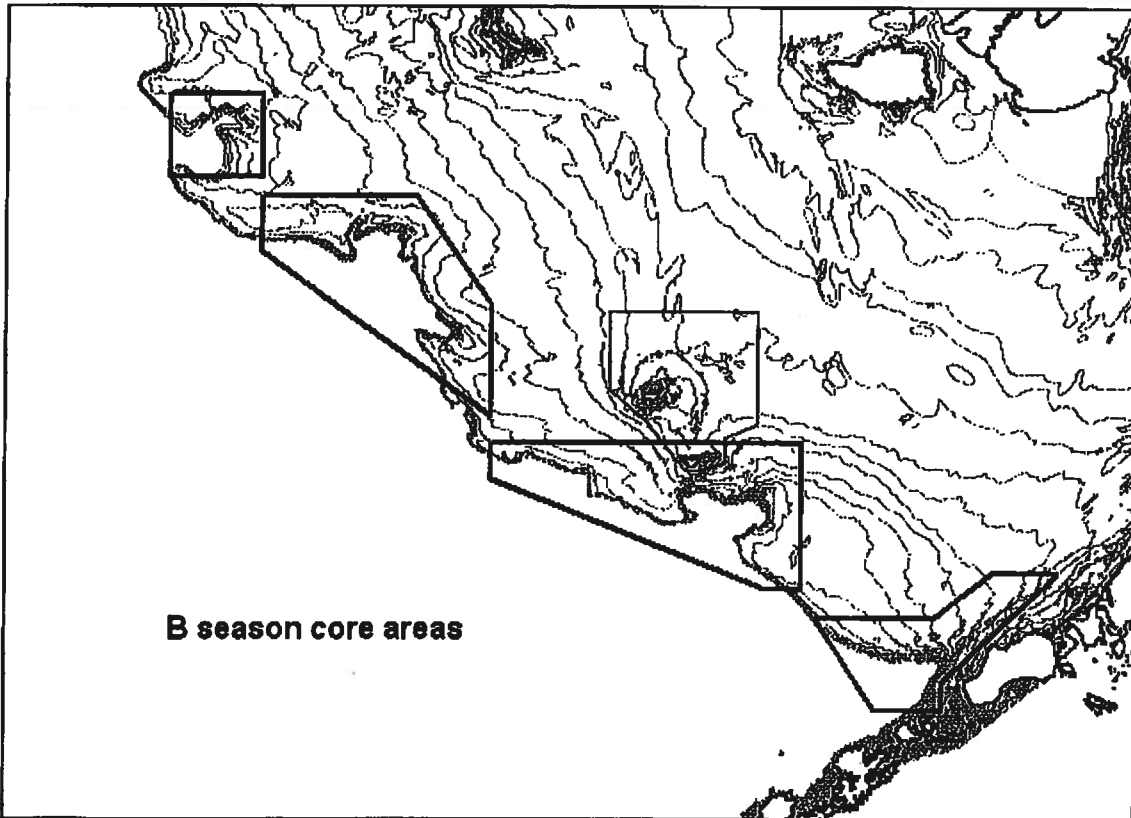
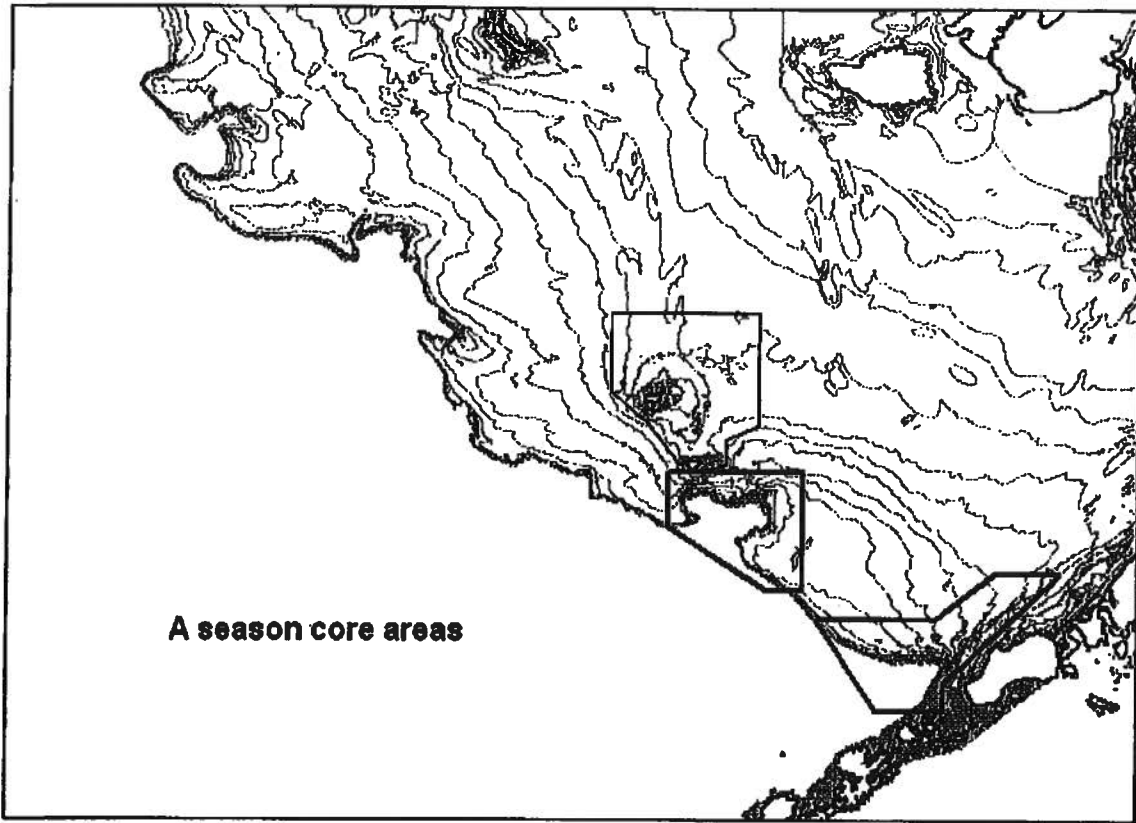
| Latitude | | Longitude | |
|----------|----|-----------|----|
| 56 | 45 | 173 | 0 |
| 56 | 45 | 167 | 45 |
| 55 | 25 | 167 | 45 |
| 55 | 25 | 168 | 20 |
| 56 | 25 | 173 | 0 |

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 |

B season, Pervenets

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



Appendix E

MSSIP Transfer Notice

| |
|-------------------|
| Date of Transfer: |
|-------------------|

| | | | |
|----------------------------|---------------------|-----|---------------------|
| Fleet-Level Transfer From: | Excellence Fleet | To: | Excellence Fleet |
| | Golden Alaska Fleet | | Golden Alaska Fleet |
| | Ocean Phoenix Fleet | | Ocean Phoenix Fleet |

| | |
|---|--|
| Post-Disaggregation Transfer From: (Vessel) | To: (Fleet, C/P Sector, Inshore Co-op) |
|---|--|

| | |
|--|---|
| a. Percentage of Mothership Annual Pollock Allocation Harvested to Date: | % |
| b. Percentage of Mothership Annual Threshold Used to Date: | % |
| c. Transfer Tax Applied (See Appendix C): | % |

| | |
|--|---|
| d. Number of Chinook Salmon Transferred From: | |
| e. Transfer Tax Deduction (Chinook Transf. From * c. Transfer Tax Percentage): | - |
| f. Number of Chinook Salmon Transferred To (d – e): | = |

| | |
|--|-------------|
| Vessel-Level Transfer (5 or less) from: (Vessel) | To: (Fleet) |
| Percentage of Fleet's Annual Pollock Allocation Harvested to Date: | % |
| Percentage of Fleet's Base Cap Used to Date: | % |

Fleet Signatures: (Please attach copy of Appendix A signed by all Fleet members)

| | | |
|---|-------|--------|
| Vessel Signature: (For 5 or less Vessel Level Transfer) | Sign: | Print: |
|---|-------|--------|

| | | |
|--------------------|-------|--------|
| IPA Representative | Sign: | Print: |
|--------------------|-------|--------|

Appendix F

2010 MSSIP Chinook Salmon Savings Calculation

| Catcher | Co-op % | Co-op MT | Actual MT | Actual % | Annual Allocation | Base Cap | Chinook Bycatch | Savings | Savings Credits | Fleet Credits Earned | Pilot Program Credits |
|---------------------|----------------|-----------------|-----------------|--------------|-------------------|-------------|-----------------|---------|-----------------|----------------------|-----------------------|
| Aleutian Challenger | 4.926% | 3,482.3 | 3,113.6 | 4.41% | 206 | 164 | 3 | | | | 47 |
| Alyeska | 2.272% | 1,606.1 | 0.0 | 0.00% | - | 0 | 0 | | | | 22 |
| American Beauty | 6.000% | 4,241.6 | 1,736.5 | 2.46% | 115 | 91 | 38 | | | | 57 |
| Ocean Leader | 6.000% | 4,241.6 | 8,223.9 | 11.85% | 545 | 432 | 132 | | | | 57 |
| Pacific Challenger | 5.225% | | 1,940.0 | 2.75% | 128 | 102 | 20 | | | | 50 |
| Vanguard | 5.350% | 3,782.1 | 5,805.0 | 8.23% | 384 | 305 | 94 | | | | 51 |
| Fleet Total | 29.773% | 17,353.7 | 20,818.9 | 29.5% | 1,379 | 1094 | 287 | | | | 807 |

| | | | | | | | | | | | | | |
|--------------------|----------------|-----------------|-----------------|---------------|--------------|--------------|------------|--|--|--|-------------|-------------|------------|
| California Horizon | 3.786% | 2,676.4 | 3,939.5 | 5.58% | 261 | 207 | 0 | | | | 37 | | |
| Margaret Lyn | 5.643% | 3,989.2 | 0.0 | 0.00% | - | 0 | 0 | | | | 55 | | |
| Mar-Gun | 6.251% | 4,419.0 | 0.0 | 0.00% | - | 0 | 0 | | | | 61 | | |
| Mark 1 | 6.251% | 4,419.0 | 6,951.7 | 9.85% | 460 | 365 | 0 | | | | 61 | | |
| Misty Dawn | 3.589% | 2,523.0 | 3,542.6 | 5.02% | 235 | 186 | 61 | | | | 35 | | |
| Morning Star | 3.601% | 2,545.7 | 0.0 | 0.00% | - | 0 | | | | | 35 | | |
| Nordic Fury | 6.177% | 4,366.7 | 4,132.4 | 5.86% | 274 | 217 | 53 | | | | 60 | | |
| Oceanic | 7.038% | 4,975.4 | 7,166.1 | 10.15% | 475 | 376 | | | | | 68 | | |
| Pacific Challenger | 4.446% | 6,836.7 | 2,077.0 | 2.94% | 138 | 109 | 13 | | | | 43 | | |
| Pacific Fury | 5.889% | 4,163.1 | 6,995.1 | 9.91% | 463 | 367 | 1 | | | | 57 | | |
| Papado II | 2.953% | 2,087.6 | 0.0 | 0.00% | - | 0 | 0 | | | | 29 | | |
| Traveler | 4.272% | 3,020.0 | 6,494.0 | 9.20% | 430 | 341 | 47 | | | | 41 | | |
| Vesteraalen | 6.201% | 4,383.7 | 4,390.0 | 6.22% | 291 | 231 | 40 | | | | 60 | | |
| Western Dawn | 4.150% | 2,933.8 | 4,069.3 | 5.77% | 270 | 214 | 75 | | | | 40 | | |
| Fleet Total | 70.227% | 53,339.3 | 49,757.6 | 70.51% | 3,296 | 2,614 | 290 | | | | 2324 | 1015 | 682 |

| | | | | | | | | | | |
|---------------------|-----------------|-----------------|-----------------|-------------|--------------|--------------|------------|--------------|--------------|------------|
| Sector Total | 100.000% | 70,693.0 | 70,576.5 | 100% | 4,675 | 3,707 | 577 | 3,130 | 1,367 | 967 |
|---------------------|-----------------|-----------------|-----------------|-------------|--------------|--------------|------------|--------------|--------------|------------|

Annual allocation - Each catcher vessel's share of the MS Fleet's portion of the 60,000 Chinook Annual Allocation, aggregated at the 2010 fleet level.

Base Cap - Each catch vessel's of the MS Fleet's portion of the 47,000 Chinook Annual Threshold, aggregated at the 2010 fleet level.

Chinook Bycatch - Each vessel's actual 2010 Chinook bycatch per the NMFS Groundfish Observer Program Database, aggregated at the 2010 fleet level

Savings - The difference of each vessel's Base Cap and actual Chinook bycatch, aggregated at the 2010 fleet level.

Saving Credits - Each fleets aggregated savings divided by 2.29.

Fleet Credits Earned - The maximum number of Savings Credits available in 2011 per the rules of the 2010 Pilot Program.

Pilot Program Credits - The Fleet Credits Earned disaggregated to each vessel pro-rata to the amount of MS quota assigned to each fleet.