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March 14, 2012

To: Regional Administrator, NMFS
P.O. Box 21668
Juneau, AK 99802-1668
FAX: 907-586-7131

Re: Application for Incentive Plan Agreement (IPA) Amendment
Mothership Salmon Savings Incentive Program

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NMFS MAIL ROOM
2012 MAR 16 AM 9:20

Dear Mr. Balsiger:

In the process of preparing the first annual report for performance under the Mothership Salmon Savings Incentive Program (MSSIP), we discovered several technical corrections and areas for improvement of the Incentive Plan Agreement (IPA). These relatively minor changes were agreed to by the Mothership Fleet Cooperative Entity consistent with Rule 18 of the MSSIP, to be applied retroactively to 2011, and do not affect the term of the MSSIP or the list of IPA participants. We respectfully submit the attached application for amendment of the IPA, as set forth in regulations at 50 CFR § 679.21(f)(v)(C).

1. Consistency with 50 CFR § 679.21(f)(12)(i) through (iv)

This proposed Amendment does not change any of the minimum participation requirements: the parties to the MSSIP remain unchanged, represent at least 9 percent of the BS pollock quota, and represent two or more unaffiliated AFA entities. The proposed Amendment does not change any membership requirements: no vessel owner or CDQ group is required to join, and participating vessel owners are members of the entity representing the sector. The information required to be submitted in a request for approval are provided in the attached application and Amended MSSIP. Changes to the MSSIP are briefly summarized below. There is no change to the duration of the MSSIP or to the list of IPA participants.

2. Rule 11 – Change of Platforms

When the original IPA was developed, three companies operated three separate motherships. Since that time, two of the companies have merged. This common ownership creates the need to maintain cohesive and efficient operations on a company basis when a Fleet changes mothership

platform during a season. This Amendment would revise Rule 11 such that a change in platform would aggregate the Chinook salmon bycatch of both Fleets in order to coordinate the Vessels' incentives to avoid Chinook salmon bycatch. The rule change also clarifies that this provision does not preclude the option of a Fleet to transfer pollock and Chinook salmon as an alternative to pooling Available Cap.

3. Appendix D - Rolling Hotspot Closure (RHC) Program

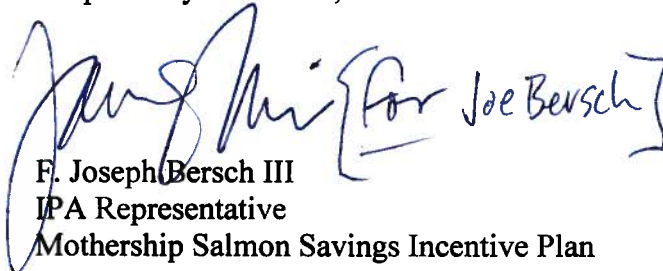
The Amendment clarifies the default duration of Bycatch Avoidance Areas under the RHC program, and that the RHC manager would have the ability to modify their duration and boundaries if overriding evidence indicates that traditional seasonal patterns of relative Chinook salmon abundance have shifted. This allows the RHC manager to establish boundaries that incorporate knowledge of high bycatch encounters that occur by participants in the pollock fishery outside of the MSSIP. This Amendment also clarifies the calculation of Base Rates in the Fishery by defining the Fishery as inclusive of all sectors (Mothership Fleet, Catcher Processor, Inshore Catcher Vessel, and CDQ groups).

4. Technical Edits


Numerous additional revisions are made in this Amendment to address inconsistent use of terms, typographical errors, and for clarity and improved readability. These revisions do not change the MSSIP substantively, but are included to improve the functionality and transparency of the IPA as a working document.

Should you have any questions about the enclosed, please contact me.

Respectfully submitted,

 [for Joe Bersch]

F. Joseph Bersch III
IPA Representative
Mothership Salmon Savings Incentive Plan


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

BLOCK A - IPA INFORMATION	
1. Name of IPA: Mothership Salmon Savings Incentive Plan	2. IPA Number: 3

BLOCK B - IPA CONTACT INFORMATION		
1. Name of IPA's Representative: F. Joseph Bersch III	2. Name of Agent for Service of Process, if different from representative Mundt, Macgregor L.L.P.	
3. Permanent Business Mailing Address: 333 First Avenue West Seattle, WA 98119	4. Temporary Business Mailing Address (if applicable):	
5. Business Telephone No.: 206-286-8584	6. Business Fax No.: 206-286-8810	7. E-mail address: jbersch@prempac.com

BLOCK C - AFFIRMATION
<input checked="" type="checkbox"/> (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: F. Joseph Bersch III	2. Signature of Representative: 	3. Date Signed: 3/19/12

BLOCK E – VESSEL IDENTIFICATION

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 or Agreement) 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 salmon 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 salmon associated with the opt-out vessels per CFR 679 Table 47b.

Annual Threshold – The Annual Threshold for the Mothership Sector is 3,707 Chinook salmon 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 salmon associated with the opt-out vessels per CFR 679 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 salmon (assuming no “opt-out” vessels) and the “B” season limit is 1,314 Chinook salmon plus any unused “A” season Chinook salmon.

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 salmon 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.

Mothership Salmon Savings Incentive Plan Agreement – Revision 2

MSSIP B – In MSSIP B the Chinook salmon 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 Allocation 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 salmon bycatch is its annual Salmon Savings. For example, if a Fleet has an annual aggregated Base Cap of 1,000 Chinook salmon and takes 300 Chinook salmon as bycatch, that fleet has saved 700 Chinook salmon. 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 salmon 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 Allocation 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 or from 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 salmon that is smaller than the number of Chinook salmon conveyed by the transferor. This is the Transfer Discount. Transfers required during periods of low Chinook salmon encounters are discounted at a higher rate than Transfers occurring during periods of high Chinook 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 salmon avoidance at all levels of encounters. First, the MSSIP requires that mothership processor Fleets “earn” Salmon Savings Credits, which in future years may provide the ability to exceed their share of the Annual Threshold, by keeping Chinook salmon bycatch considerably below the Annual 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 Chinook 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 offers 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 salmon bycatch rates are not constrained by hotspot closures, while Fleets with average or higher rates are. The RHC program creates the incentive to find ways and means to harvest pollock while avoiding Chinook salmon 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 salmon 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 salmon bycatch 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 salmon bycatch 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 salmon by offering the reward of Chinook Salmon Savings Credits being available in 2011. Failure to avoid Chinook salmon in 2010 may have resulted in the sector, or some portion thereof, not having Salmon Savings Credits available in 2011.

3. Expected Reductions in Chinook Salmon Bycatch – Fishing under a Chinook salmon 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 salmon avoidance "cost" as was necessary to harvest their entire pollock allocation without exceeding the cap. So, in any given year in which the Chinook salmon cap did not appear to be constraining, there would be virtually no incentive to avoid Chinook salmon.

The incentives established in the MSSIP override the pure "profit" motive in two ways. First, it creates a significant reward for keeping Chinook salmon bycatch far below the "constraining" level by creating the need for the "insurance" of Salmon Savings Credits against years when Chinook salmon bycatch 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 salmon avoidance would find its ability to harvest its entire pollock quota at great risk in years of high Chinook salmon bycatch encounters.

The RHC program insures that when Chinook salmon bycatch 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 salmon 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 Chinook salmon and encounter rates of Chinook salmon bycatch vary annually, fishermen cannot predict their future need of Salmon Savings Credits (which could be driven by either high Chinook salmon bycatch 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 program component of the Agreement is a real-time mechanism to insure that Vessels achieving average or higher-than-average Chinook salmon bycatch rates are prevented from fishing in areas where Chinook salmon 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 salmon abundance.

5. Managing Chinook Salmon 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 Annual 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 Allocation shall be reduced, pro-rata to the Vessel’s corresponding MFC pollock share, to establish a one percent (47 Chinook salmon) 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 Rules 9 and 11 of this Agreement and for the duration of the fishing year, Available Cap assigned by each 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 salmon to another Fleet per the

conditions described in Rule 9 of this Agreement. The Available Cap of a Fleet or pooled Fleet under Rule 11 may never exceed the Mothership Sector's Annual Allocation multiplied by the aggregated percentage of annual MFC pollock shares assigned to that Fleet or pooled Fleet. This Rule shall not apply to Catcher Processors, Inshore Catcher Vessels, or CDQ groups.

4. Accounting of Chinook Salmon Bycatch – All Chinook salmon bycatch occurring in deliveries of pollock to a particular mothership processor's Fleet (or pooled Fleet under Rule 11) shall be counted against the aggregated Available Cap of the Fleet pooled Fleet associated with that processor. Once a Fleet or pooled 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 Rules 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 Credits are earned by a Fleet or pooled Fleet under Rule 11 by taking fewer Chinook salmon as bycatch than its aggregated Annual Threshold. For every 2.29 Base Cap Chinook salmon left unused by the Fleet or pooled Fleet, that Fleet or pooled Fleet shall receive one Salmon Savings Credit. Salmon Savings Credits shall be calculated by the IPA Representative each year following the completion of directed pollock fishing by all Fleets. Salmon Savings Credits earned that year shall be distributed to all Vessels in each Fleet or pooled Fleet pro-rata to the pollock quota assigned to that Fleet or pooled 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 or pooled Fleet under Rule 11 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 or pooled Fleet pro-rata to the Available Cap assigned to that Fleet or pooled 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, an AFA Inshore Cooperative, or a CDQ Group or may acquire through Transfer additional Chinook salmon from another Sector or Inshore Cooperative. Paired Transfers from one Fleet to another Fleet are not subject to the Transfer Discount. All Unpaired Transfers and Fleet-level Transfers to the Catcher Processor Sector, an AFA Inshore Cooperative, or a CDQ Group 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 makes Unpaired Transfers of unused Base Cap to another Fleet is prohibited from using any available Salmon Savings Credits in the year of that Transfer, and a Fleet may not use Unpaired Transfers of 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 Rule 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 salmon 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 Vessels, 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 pooled with Available Cap that was already assigned to the new mothership processor and is not considered a Transfer. Nothing in this Rule precludes the

option of a Fleet to make Paired Transfers or Unpaired Transfers subject to all other Rules herein. 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 Allocation 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 Allocation be less than 85% of the Mothership Sector’s Annual Threshold minus the one percent Chinook salmon buffer deduction. MSSIP B Base Cap Allocation shall be apportioned, assigned, and disaggregated in the same way that MSSIP A Base Cap Allocation 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 salmon 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 Salmon Savings Credits in 2010 for use in 2011 through 2013. Based on actual Chinook salmon bycatch performance and according to the Rules herein, each Fleet is able to create an amount of Salmon Savings Credits equal to the difference between that Fleet’s annual Use Cap Limit and its Base Cap. These Salmon Savings Credits will be distributed in 2011 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 Salmon Savings Credits earned in the 2010 Pilot Program is provided in this document at Appendix F.

14. Penalties – In the event that a Fleet or pooled Fleet under Rule 11 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 or pooled Fleet’s remaining Base Cap for the B season equal to the overage. In the event that a Fleet or pooled Fleet exceeds its Available Cap, that Fleet or pooled Fleet shall pay an amount equal to the \$2,000 per metric ton of pollock harvested in association with the Chinook salmon 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 Closure (RHC) Program – All Members of this Agreement shall participate in the RHC program described in Appendix D. This Rule shall apply to 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.

Mothership Salmon Savings Incentive Plan Agreement – Revision 2

17. **Third Party Compliance Audit** – The Members 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 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 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 Entity and shall be effective as directed by the Board of Directors.

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



F. Joseph Bersch III
Mothership Fleet Cooperative Entity Representative

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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 salmon allocated to the Mothership Sector only.

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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				
		50*	60	70	80	90
Percentage of MotherShip Sector Annual Threshold Harvested	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 Members 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, shall be established within Core Areas, and shall have a duration of no more than one week.
3. Base Rate – The ratio of the three (3) week rolling sum of the total number of Chinook salmon taken incidentally in the Fishery (Mothership Fleet, Catcher Processor, Inshore Catcher Vessel, CDQ group) 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 Chinook 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 during the prior year’s “A” season by the total number of metric tons of pollock caught in the Fishery during the prior year’s “A” season, 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 during the prior year’s “B” season by the total number of metric tons of pollock caught in Fishery during the prior year’s “B” season.
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. 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.

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

12. 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*”).

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.

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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

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B season, Pribilofs

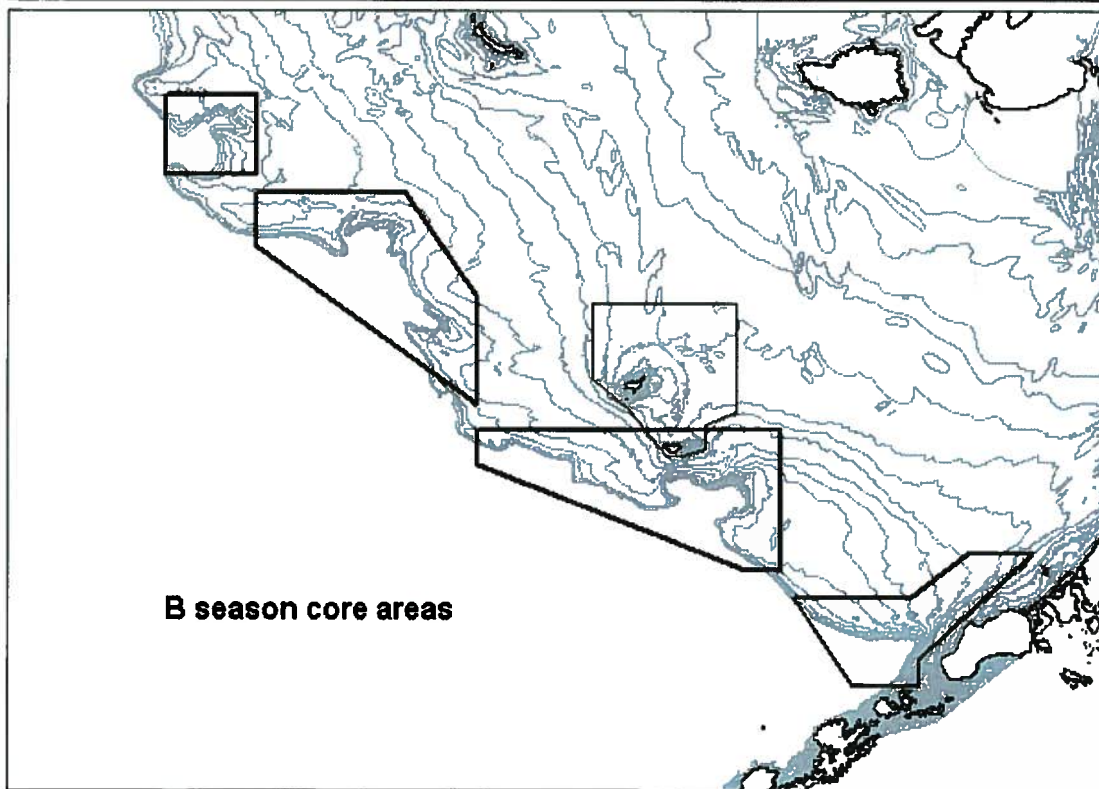
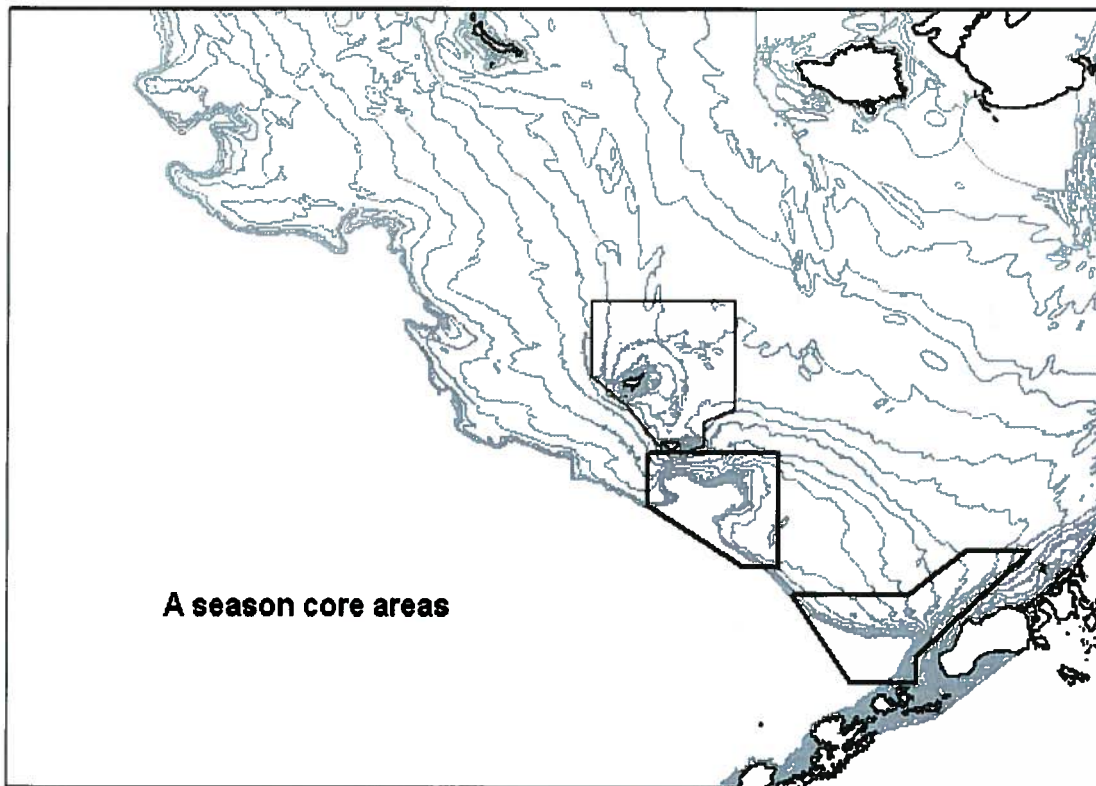
Latitude		Longitude	
56	45	173	0
56	45	167	45
55	25	167	45
55	25	168	20
56	25	173	0

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 Golden Alaska Fleet Ocean Phoenix Fleet	To:	Excellence Fleet Golden Alaska Fleet Ocean Phoenix Fleet
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Post-Disaggregation Transfer From: (Vessel)	To: (Fleet, C/P Sector, Inshore Co-op)
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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:
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IPA Representative	Sign:	Print:
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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	11.65%	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	3.569%	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
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- 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.

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