March 2011

U.S. Seafood Market Report

Íslandsbanki Seafood Research

Íslandsbanki
Your Seafood Financial Partner

Foreword

Dear Reader,

For over a century, Íslandsbanki has served the Icelandic seafood industry, placing a strong emphasis on the needs of its customers in that sector, in Iceland and internationally.

In recent years, the Bank has maintained its research work and published numerous well-received reports on individual countries and fish species. With this U.S. Seafood Market Report, we continue our annual coverage on this important and valuable seafood market.

The United States is one of the most important seafood markets in the world, both from a consumption and catch perspective. This report provides an analytical overview of the main driving forces within the U.S. seafood industry, from U.S. fishing activities, import of fish and seafood products, processing, to the plates of U.S. consumers.

The report builds upon data from various sources, including the National Marine Fisheries Service, National Fisheries Institute, the U.S. Census, and others.

The Íslandsbanki Seafood Industry Team

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Key highlights

The U.S. Seafood Market

1. Favorable transaction trend with M&A activity in 2010 surpassing 2009 levels.
2. Seafood companies have seen strong growth in their share prices since the beginning of 2009. European shares have outperformed their counterparts.
3. The U.S. is the world's sixth largest fishing nation and third largest market for seafood.
4. Alaska is the leading state, both in volume and value.
5. Alaska pollock remains the most important species by volume and crab by value.
6. Canada is the most important trade partner, in terms of exports.
7. China became the most important importer in 2009, closely followed by Canada and Thailand. Imports account for 89% of the total U.S. edible supply.
8. Salmon is the most important export species by value.
9. Shrimp is the most consumed species, with tilapia consumption growing fast.
10. The five-year increase of 21.6% in consumer price for seafood products is eradicated mostly in primary processing and food retail, with an actual decrease in ex-vessel price in 2009.

Íslandsbanki

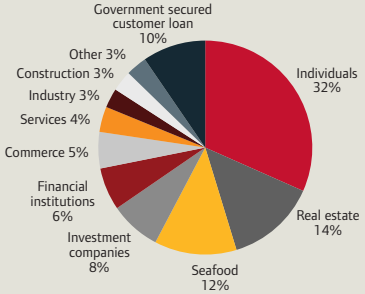
Íslandsbanki is an Icelandic bank offering comprehensive financial services to individuals, households, corporations and professional investors. Building on a heritage of servicing the country's core industries, Íslandsbanki has developed specific expertise in two industry sectors globally – seafood and geothermal energy.

Today, loans to seafood companies represent the third largest category in the Bank's loan portfolio, accounting for 12% of the total. Therefore, the seafood sector remains an important focus area for the Bank.

Íslandsbanki's value proposition

- Experienced team focusing on the seafood sector
- Extensive understanding of seafood at all levels of the Bank
- Advisory in the global seafood sector, across the entire value chain
- Extensive geographical and industry research
- Industry player mapping and network
- Strategic global partners with local knowledge in main markets

Íslandsbanki's loan portfolio by industry



Íslandsbanki employs a team of experts who focus exclusively on the seafood industry. As part of the Bank's Corporate Banking Division, the team is responsible for customer relations and services to seafood companies in Iceland and abroad, as well as for the publication of research material and reports.

Over the years, many of the largest and most prominent seafood companies globally have been valued customers of Íslandsbanki.

Íslandsbanki Seafood Industry Dashboard

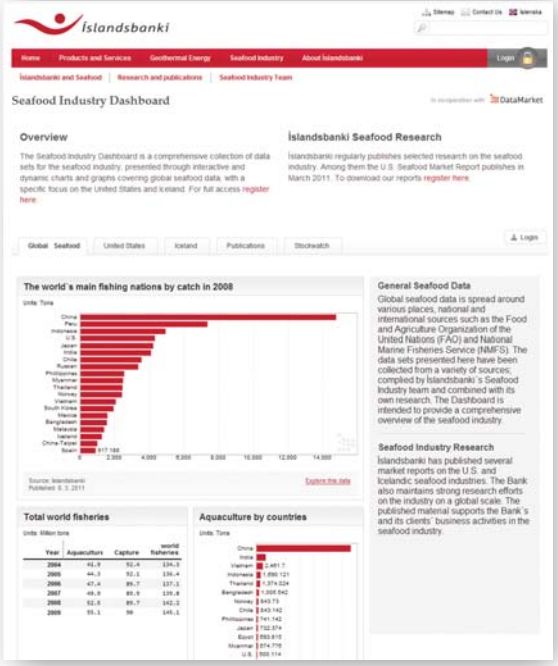
As part of our ongoing efforts to promote the seafood industry, Íslandsbanki is proud to announce the launch of a seafood industry market dashboard with data from our research, international sources and live data as it relates to the seafood industry.

The dashboard includes a Stockwatch with live stock prices of major seafood companies worldwide. Íslandsbanki also recently launched seafood indexes for the Americas, Europe and Asia, Oceania & Africa.

The "Seafood Dashboard" is accessible free of charge, but requires registration. Within the dashboard site you will also have access to all our current and past seafood market reports.

The Dashboard is a joint effort by Íslandsbanki and Icelandic data portal company DataMarket.

Íslandsbanki's seafood publications and Seafood Industry Dashboard:
www.islandsbanki.is/seafood-dashboard



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I The Global Seafood Industry

The Main Seafood Markets

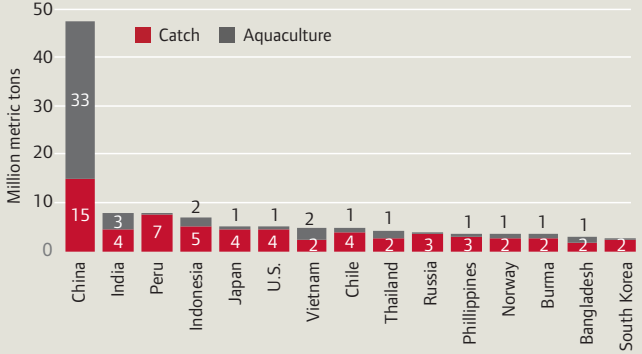
U.S. is one of the most important seafood markets in the world

The U.S. is the world's sixth largest fishing nation and one of the most important seafood market in the world, both from a consumption and catch perspective. Total landed catch in 2008 was 4.3 million metric tons and aquaculture was 0.5 million metric tons. Combined, the U.S. represents about 3.4% of all landed fish and fish produced in aquaculture. The leading five nations account for 51.9% of the world's total catch and aquaculture.

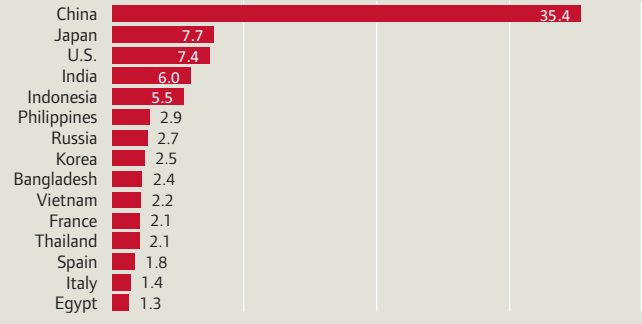
The U.S. is the third largest consumer of seafood worldwide, with U.S. total consumption in 2007 of 7.4 million metric tons. The leading three nations account for 46% of the world's total consumption.

The U.S. consumes about 6.8% of the world's seafood consumption and relies heavily on imports to meet demand. Imports now account for 89% of the U.S. edible seafood supply, after exports have been subtracted from the overall supply. The U.S. is also a large exporter and exports approximately 79% of its domestic catch.

The world's main seafood supply countries in 2008



Total seafood consumption by countries in 2007
million metric tons



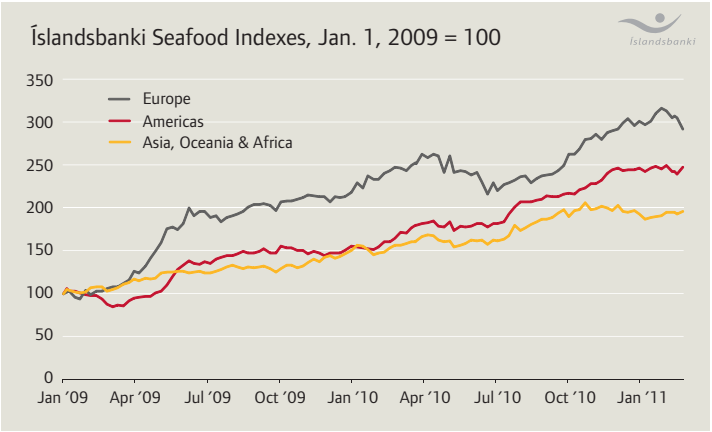
Source: NMFS, The Wall Street Journal, Food Industry Center of University of Minnesota

Íslandsbanki Seafood Indexes

Strong recovery

Íslandsbanki recently launched three stock market indexes for the Americas, Europe and Asia, Oceania & Africa. Further information on stock prices and index composition can be found on the Seafood Dashboard at **www.islandsbanki.is/seafood-dashboard**.

Each index contains fifteen of the largest publicly traded companies, by market capitalization, in the Americas, Europe and Asia, Oceania & Africa. Companies are ranked within the index based on market capitalization and free float number of shares.



Íslandsbanki Seafood Stockwatch – Americas
March 11, 2011

	Company	Mkt Cap USD million	Change % YTD
1	Cia Pesquera Camanchaca SA	621	-6,7%
2	Multiexport Food SA	531	-2,3%
3	Copeinca ASA	510	-11,2%
4	Pesquera Itata SA	489	0,0%
5	Pesquera Exalmar SA	461	-9,5%
6	Austral Group SAA	309	-8,3%
7	Sociedad Pesquera Coloso SA	258	-8,0%
8	Omega Protein Corp.	235	53,8%
9	High Liner Foods Inc.	234	-5,9%
10	Empresa Pesquera Eperva SA	216	-1,5%
11	Invertec Pesquera Mar de Chiloé SA	176	3,2%
12	Umami Sustainable Seafood Inc.	141	7,6%
13	Pesquera Iquique Guanaye SA	127	-15,0%
14	Clearwater Seafoods Income Fund	64	20,6%
15	Agrimarine Holdings Inc	33	-1,1%

Seafood companies have seen strong growth in their share prices since the start of 2009. European stocks have outperformed their counterparts, up 192% since January 2009.

Source: Íslandsbanki, Bloomberg

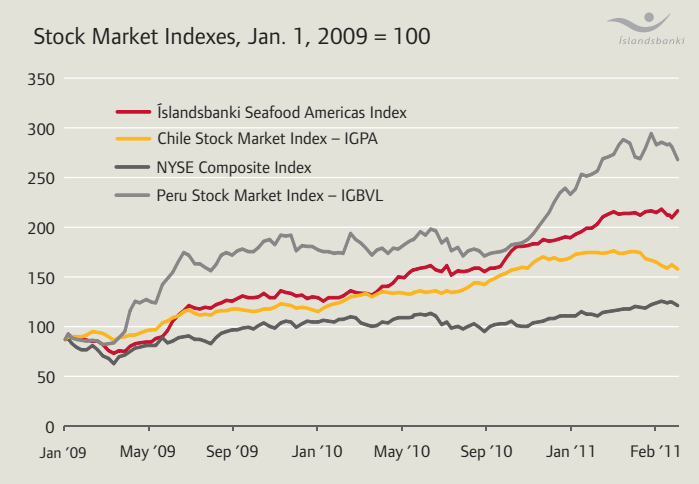
Íslandsbanki Seafood Americas Index compared to other Americas stock indexes

The Íslandsbanki Seafood Americas Index is a free-float market capitalization weighted index which measures the performance of 15 seafood companies in the Americas, seven of which are listed on the Santiago Stock Exchange.

The Chile Stock Exchange Index (IGPA) is a free-float market capitalization weighted index which includes the majority of the companies traded on the Santiago Stock Exchange.

The NYSE Composite Index is a free-float market capitalization weighted index which measures the performance of all common stocks listed on the New York Stock Exchange. The two largest sectors within the index are financials and oil & gas.

The Peru Stock Exchange Index (IGBVL) is market capitalization weighted index which tracks the performance of the largest and most actively traded companies on the Lima Stock Exchange. Mining is the largest single sector within the index.



Global initial public offering (IPO) activity has seen a record start to the year with over $25bn raised in 193 deals in the first two months. This has however not been reflected in activity in Chile and Peru although IPO activity is anticipated to increase this year, aided by the imminent merger of the Santiago, Lima and Bogota stock exchanges. Five initial public offerings are expected to take place in Chile this year, the busiest year since 2005, reflecting growing investor interest and confidence in South America.

Source: Íslandsbanki, Bloomberg, Ernst & Young

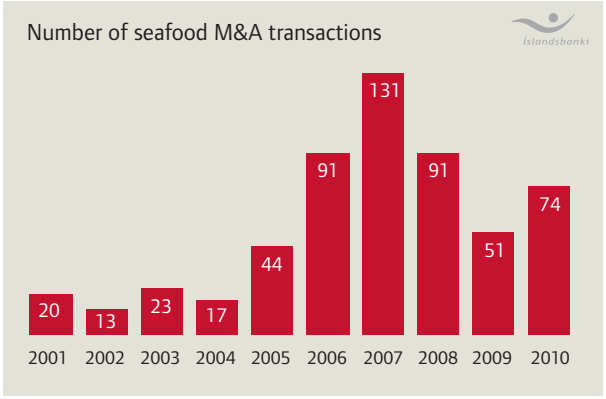
Seafood M&A Transactions

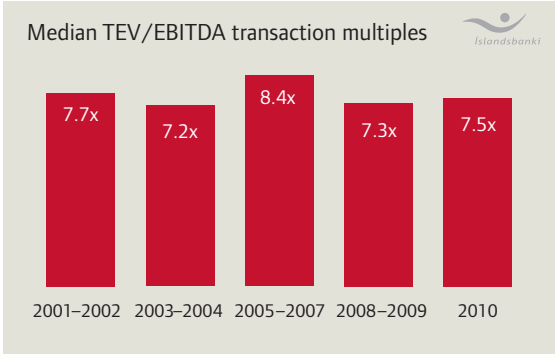
Favorable transaction trend

Seafood companies are likely to continue their consolidation trend as world-wide demand for seafood increases while at the same time the resource remains fixed. Due to the limited global resource, aquaculture is forecast to have an even greater impact on seafood supply in the future.

The graph to the right includes M&A transactions completed in the last decade for both private and public seafood companies. The number of closed seafood related transactions reached a high in 2007 but fell significantly in 2008 and 2009 due to market conditions. However, M&A activity has regained momentum with 74 closed transactions in 2010 with reported transaction value in excess of $4.6 billion, including 42 of 74 closed transactions.

The start of 2011 is showing a similar trend in activity as 2010.





M&A Transaction Multiples

Transaction multiples in the seafood sector hit their highest point in the 2005–2007 period, with a median TEV/EBITDA multiple of 8.4x, reflecting market sentiment at the time. Since then multiples have come back to last decade's median.

The graph includes all M&A deals with reported transaction multiples.

Source: Merger Market, Capital IQ, Íslandsbanki

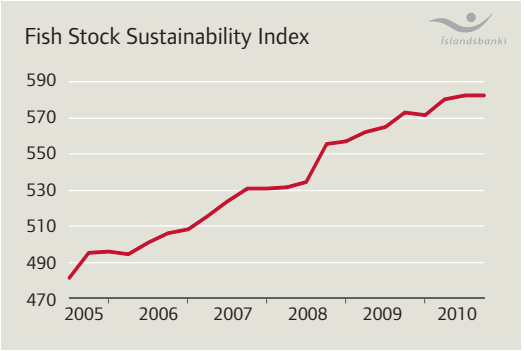
II U.S. Seafood Industry

State of the Resource in the U.S.

Resource management in the U.S. has improved as indicated by Fish Stock Sustainability Index (FSSI) computed by National Oceanic and Atmosphere Administration (NOAA). The index demonstrates that U.S. overfishing has been declining and stocks increasing. The index includes 230 fish stocks selected for their importance to commercial and recreational fisheries. The maximum score each stock can have is 4 and the value of the index is the sum of all 230 stocks. The score is based on the size of the stock biomass and overfishing. The score will therefore increase when stock status becomes known, overfishing is ending, and stocks increase to the level that provides maximum sustainable yield.

In the fourth quarter of 2010 the FSSI was at 583 points which represents an increase of approximately 100 points over the last 5 years. The maximum total score for the index, if every stock receives a score of 4, is 920.

In 2010, NOAA set up a new regulation system in the Northeast multispecies fishery, specifically designed to prevent overfishing and allow stock rebuilding. Based on historical research conducted by the NOAA, this new system divides the catch of 13 species (including cod, haddock and redfish) among a number of co-operative groups of boats called sectors, which simultaneously enables quota trading among the fishermen. Íslandsbanki expects that the new sector system along with declining catch limits will lead to a consolidation within the regional fishing industry with smaller boats leasing or selling their quota to larger and more efficient vessels.



Source: NOAA, NEFSC, AFSC

Stock biomass estimates, selected species

Alaska pollock

The increases and decreases in the pollock spawning stock biomass (SSB) are thought to be affected by both natural environment conditions and fishing. In the Eastern Bearing Sea Pollock spawning biomass is currently estimated to be above the target level. However in the Gulf of Alaska, spawning biomass is below the target level but is projected to increase.

Menhaden

National Marine Fisheries Service conducts regular estimate of the menhaden population status. The most recent assessment for Atlantic (2010) and Gulf (2006) menhaden show that the species is not overfished and overfishing is not occurring.

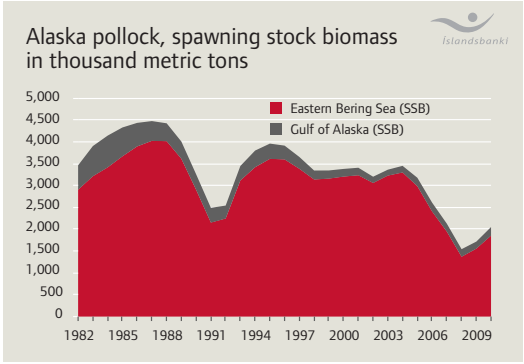
Pink salmon

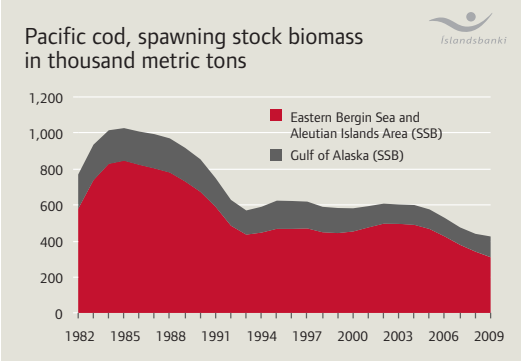
Unlike most groundfish stocks, biomass measurements are not used to describe the status of salmon stocks. Instead measures of spawning escapement, productivity and recruitment are usually used to describe the stock status.

Pink salmon populations in Alaska are abundant, with historic record catches over the past decade.

Pacific cod

The Gulf of Alaska and Bering Sea biomass estimates are both very close to their target levels. There are no estimates for Pacific Coast biomass.





Source: NOAA, NEFSC, AFSC

Alaskan snow crab

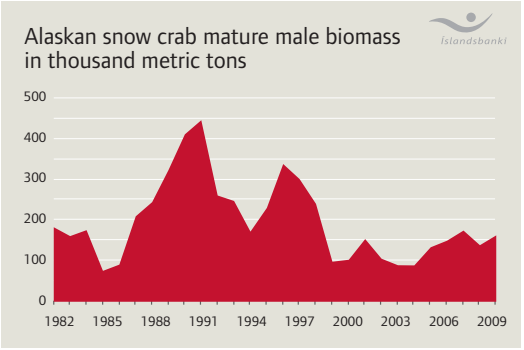
Estimates of mature male biomass have improved in the past few years following a low period. The biomass reached its highest points, in the last three decades, in 1991 and 1996.

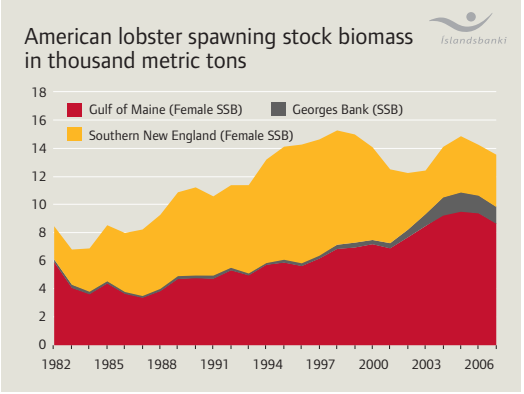
Shrimp

Shrimp are an annual crop, most shrimp do not survive longer than 1 year, therefore biomass estimates are not as meaningful for managing shrimp as for other stocks. Instead of using biomass estimates, management goals are based on historic landings.

American lobster

The Gulf of Maine and Georges Bank lobster stocks have shown an increase in abundance over the past 10 to 15 years. The Southern New England stock increased from 1982 until 1997 but is currently at the lowest level observed since the 1980s.





Source: NOAA, NEFSC, AFSC

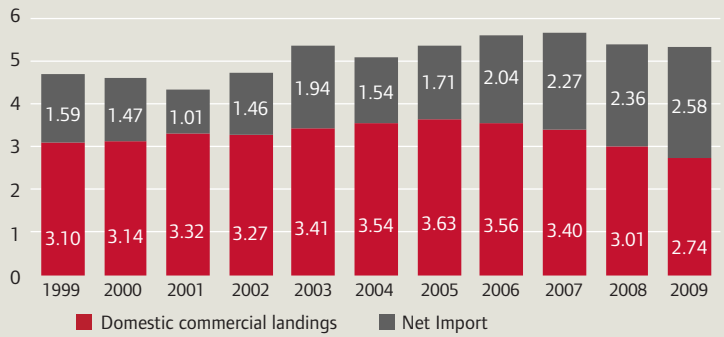
Seafood Supply

U.S. supply of edible fish products decreased in 2009

The total supply of U.S. edible fish products (domestic landings and imports, minus exports) was 5.31 million metric tons (round weight) in 2009, a decrease of 32 thousand metric tons compared to 2008. This is the second year in a row with a decrease in the overall supply of edible fishery products in the United States. The continuing increase of net imports of edible fish products has not been able to compensate for the continuing decrease in commercial landings since 2005.

- Finfish supply was 3.3 million metric tons, a 2.0% decrease compared to 2008.
- Shellfish supply was 2.0 million metric tons, a 1.7% increase compared to 2008.

U.S. supply of edible fishery products 1999–2009 (round weight) in million metric tons



Sources: NMFS

Edible Fish and Shellfish Landings

A decrease in volume and value

Volume

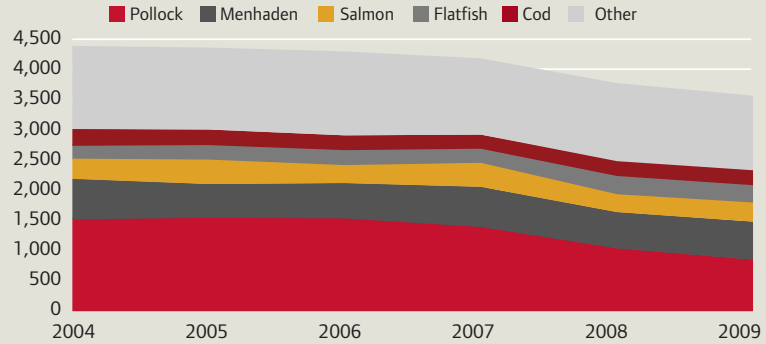
U.S. landings in 2009 totaled 3.6 million metric tons, a decrease of 6% compared to 2008.

Edible fish and shellfish landings totaled 2.7 million metric tons and landings for industrial purposes totaled 831 thousand metric tons. Finfish accounted for 84% of the total landings, but only 47% of the value.

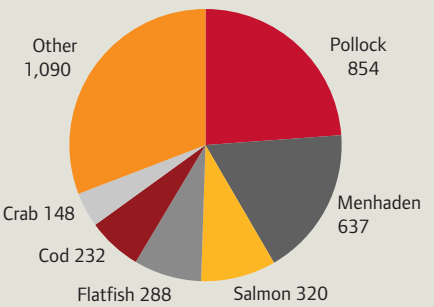
Pollock is the largest volume fishery, representing around 24% of total landings, followed by menhaden, 18%. Landings of pollock have been decreasing and totaled 854 thousand metric tons in 2009, a decrease of 188 thousand metric tons compared to 2008. This is mostly due to stock declines and resulting reductions in allowable harvest level in Alaska. Average landings of pollock from 2004–2008 totaled 1,413 thousand metric tons, 559 thousand metric tons more than landings in 2009.

Salmon landings in 2009 totaled 320 thousand metric tons, an increase of 7% from 2008.

U.S. domestic landings 2004–2009 (Volume in thousand metric tons)
Top 6 species



U.S. supply of edible fishery products in 2009 (Volume in thousand metric tons)



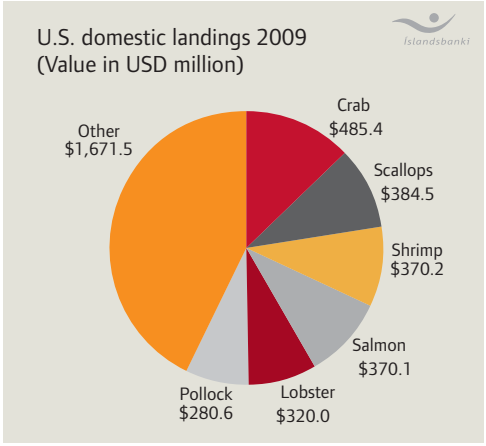
Sources: NMFS

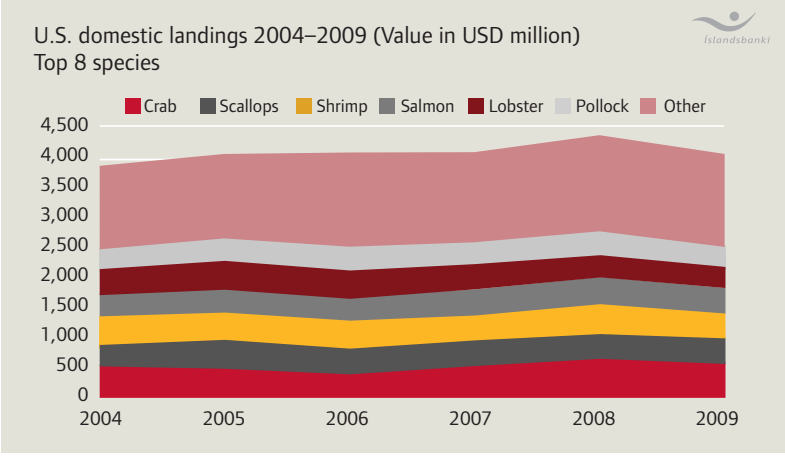
Value

Total U.S. landings in 2009 were valued at $3.88 billion, an 11% decrease from 2008.

Edible fish and shellfish landings were valued at $3.72 billion, and landing values for industrial purposes totaled $0.16 billion.

Crab, scallops and shrimp were the most valuable species in terms of landed value. The top eight most landed species all decreased in total value in 2009, returning to 2005 levels. Scallop is the only species which increased in value from 2008 to 2009.





Sources: NMFS

Industrial Landings

Landings for reduction and other industrial purposes totaled 831 thousand metric tons in 2009.

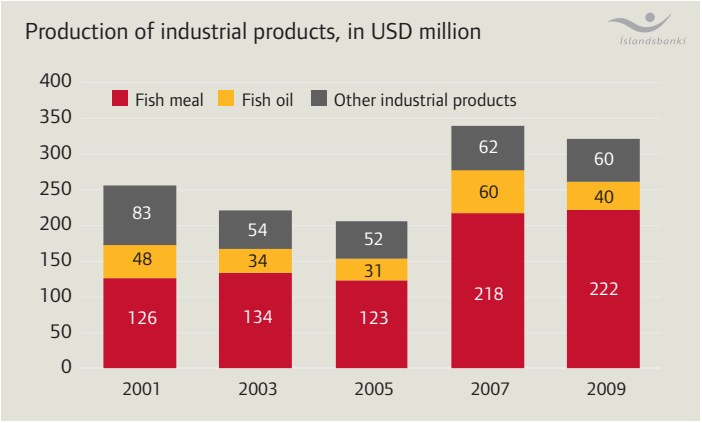
The total value of the domestic production of industrial fishery products was $322 million.

Fish meal

The domestic production of fish and shellfish meal was valued at $221.9 million. Most of this production was fish meal, 254 thousand metric tons, while shellfish meal production was only 0.6 thousand metric tons.

Fish oil

The domestic production of fish oils was 76 thousand metric tons in 2009, valued at $40.4 million.



Sources: NMFS

Alaska

Over half of U.S. landings

As in previous years, Alaska led all U.S. states in both volume and value in 2009, with landings of 1.8 million metric tons valued at $1.3 billion, more than three times the value of the second largest state, Massachusetts.

Alaska accounted for over 52% of the volume of the commercial seafood harvested in the United States. Based on global commercial landing figures, were it an independent nation, Alaska would have ranked number 14 among the top seafood producing countries in 2008.

The Alaska port Dutch Harbor was the leading U.S. port in quantity of commercial fishery landings in 2009. New Bedford, Massachusetts was the leading U.S. port in terms of value, followed by Dutch Harbor.

The seafood industry is one of Alaska's most important industries with regard to economic activity, ranking third in importance behind the North Slope oil and gas industry and the federal government in Alaska.

Alaska is also one of the primary sources of U.S. exports of seafood products. Alaska's seafood exports account for more than half of the state's total export value. Japan, China and South Korea continue to be the leading importers of Alaskan seafood products but the European market, particularly Germany and the Netherlands, is becoming an increasingly important export market.

Alaska fisheries operate under limited access or catch share quota systems that are now recognized as a key strategy to prevent overfishing. *National Geographic* recently listed Alaska as one of three well-managed fisheries, the others being Iceland and New Zealand.

Sources: NMFS, Marine Conservation Alliance, FAO

Groundfish represents about 80% of total volume landed, with Alaskan pollock the predominant species within this group. Alaska's pollock fishery is the largest in the U.S., accounting for more than one third of total U.S. fisheries landings. Pacific cod is the second most dominant groundfish species. The yellow-fine sole and rock sole fisheries in Alaska are the largest flatfish fisheries in the U.S. These two flatfish species account for approximately half of the U.S. flatfish landings from the Pacific and Atlantic oceans combined. Both yellow-fine sole and rock sole are landed primarily in Alaska, the former exclusively.

In 2008, salmon represented 14% of the total volume landed in Alaska. Alaska is one of the top producers of wild, high-value salmon, producing nearly 80% of the world supply of wild king, sockeye and coho. Alaska accounted for 95% of total U.S. commercial landings of salmon in 2009, harvesting 305 thousand metric tons, valued at $345 million.

Estimates for 2009 show crab supply from Alaskan waters representing approximately one third of the total for the U.S. The U.S. domestic harvest of king and snow crab comes entirely from Alaska.

Alaska landings accounted for 98% of U.S. landings of pacific sea herring in 2009, with 39 thousand metric tons (87 million pounds) valued at $29 million.

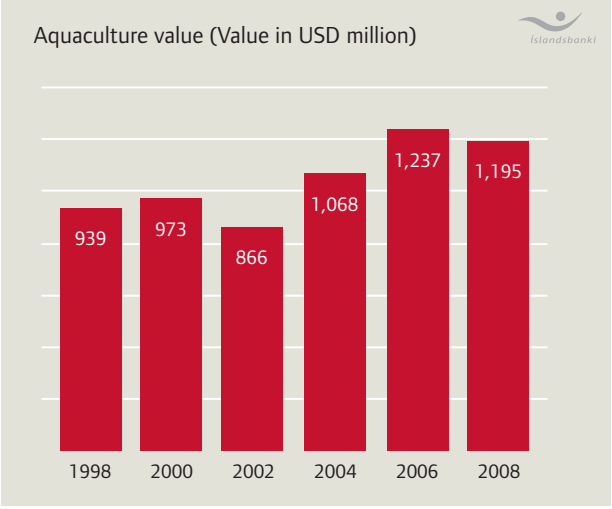
Sources: NMFS, Marine Conservation Alliance

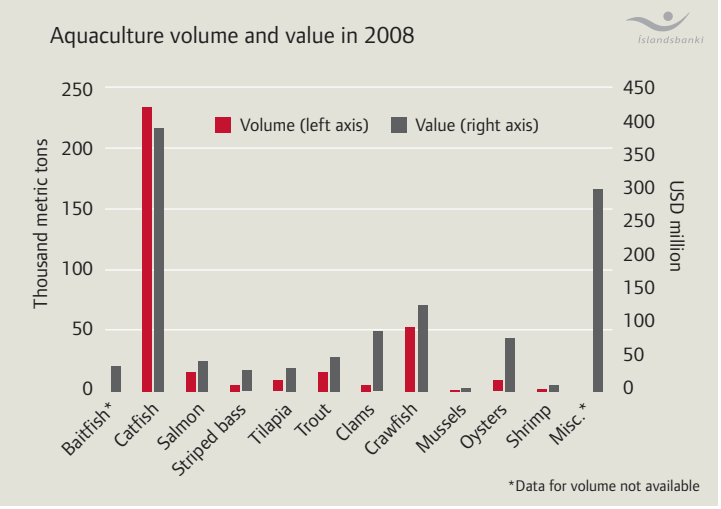
Aquaculture

Domestic aquaculture plays a limited role in the U.S.

The value of aquaculture has been growing during the last decade, peaking in 2006. The value has grown approximately 27% between 1998 and 2008.

Channel catfish was the most important species in U.S. aquaculture in 2008 with a total value of $390 million, about 33% of the year's total aquaculture value.



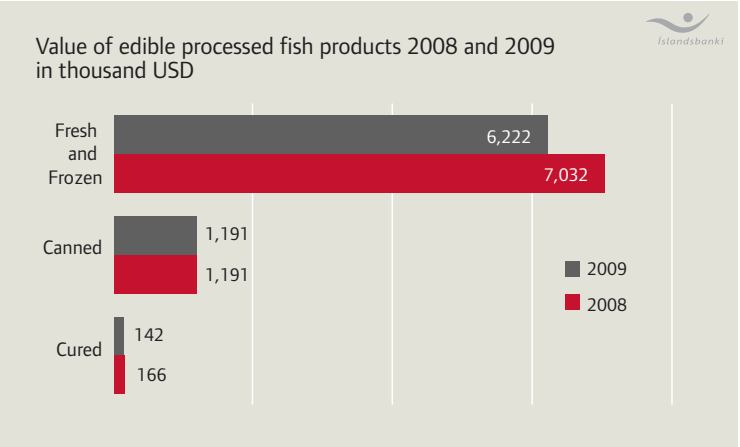


Sources: NMFS

Processing

Value of processed edible fish products decreasing

The total value of edible fish products processed in the U.S was $7.6 billion in 2009, down 9.9% from 2008.



Fresh and Frozen:

Fresh and frozen products constituted 82% of the total $7.6 billion processing value. Fillets and steaks represented the largest portion of the fresh and frozen value at $1.2 billion or 19%. The total value of sticks and portions was $397 million and processing of breaded shrimp was valued at $251 million.

Canned Products:

Canned fishery products accounted for 15.7% of the total $7.6 billion processing value.

Canned tuna was valued at $757 million (albacore 44%, light meat 56%), canned salmon was valued at $322 million (pink 55%, sockeye 44%, other 1%) and clams were valued at $89 million.

Cured:

Cured fish accounted for 1.9% of the total edible processing value.

Sources: NMFS

Processed Fish Products

Fish portions:

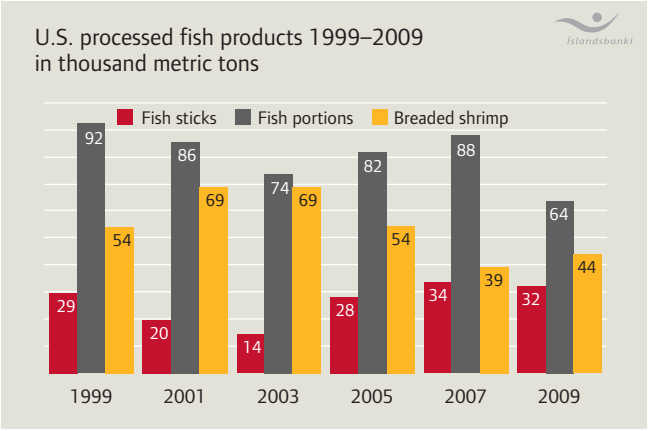
Production of fish portions in 2009 totaled 64 thousand metric tons, representing a decrease of 30.9% since 1999.

Fish sticks:

Fish sticks production in 2009 totaled 32 thousand metric tons, representing an increase of 8.4% since 1999.

Breaded shrimp:

Production of breaded shrimp totaled 44 thousand metric tons in 2009, representing a decrease of 18.5% since 1999.



Sources: NMFS

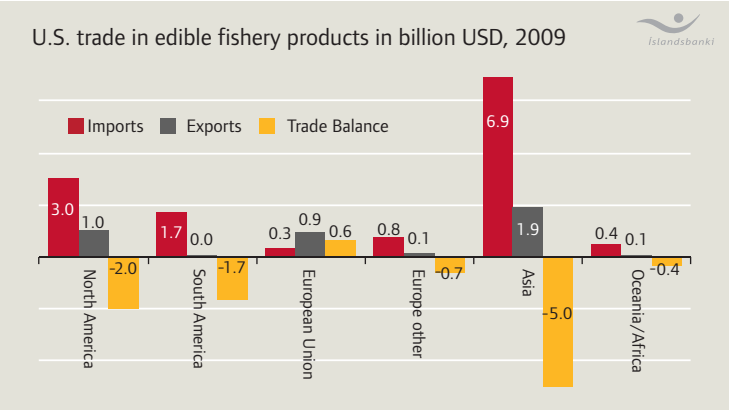
Trade – Import & Export

The U.S. is heavily dependent on imports

U.S. imports of edible fishery products in 2009 were valued at $13.1 billion, $1.0 billion less than in 2008. The quantity of edible imports was 2.3 million metric tons, a decrease of 29 thousand metric tons, or 1.2%, from the quantity imported in 2008.

U.S. exports of edible fishery products of domestic origin in 2009 totaled 1.15 million metric tons valued at $3.98 billion, compared to 1.20 million metric tons at $4.26 billion exported in 2008.

The trade balance in 2009 was negative on all continents except Europe. The largest negative trade balance, $5 billion, was with Asia, and the second largest, $2 billion, with North America (Canada and Mexico).



Sources: NMFS

The U.S. exports most of its catch

The overall edible U.S. seafood supply has seen a 13.4% increase between 1999 and 2009. However, the industry exported a larger share of its domestic catch in 2009 than it did in 1999. The increase in supply is therefore mainly due to an increase in imports.

- In 2009, imports accounted for 89% of the total U.S. edible seafood supply, after exports have been subtracted from the overall supply, compared to 74% in 1999.
- In 2009, U.S. exports accounted for 79% of its domestic catch (in round weight), compared to 60% in 1999.

U.S. edible seafood supply 1999–2009 (round weight)

Thousand metric tons	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Imports	3,462	3,552	3,626	3,994	4,386	4,471	4,609	4,878	4,883	4,721	4,736
Domestic catch	3,100	3,136	3,319	3,269	3,412	3,536	3,628	3,558	3,398	3,010	2,738
Exports	1,873	2,081	2,620	2,535	2,446	2,932	2,897	2,836	2,614	2,383	2,160
U.S. seafood supply	4,688	4,607	4,325	4,728	5,352	5,075	5,340	5,600	5,668	5,347	5,315

Sources: NMFS

Imports

China now the largest supplier of seafood to the U.S.

Shrimp was the most valuable import species in 2009, totaling $3.8 billion. Asia, specifically Thailand, is the largest source of shrimp for the U.S. market.

Salmon was the second most valuable import species. It is also the only species of the top eight where imports increased in 2009 compared to 2008 – $1.68 billion versus $1.65 billion, respectively.

The U.S. imported most of its fish products, approximately 53% of the total value, from Asia, with China being the leading supplier. For the first time, China was the largest supplier of seafood to the U.S. market, replacing Canada, which has been the primary supplier of seafood to the U.S. market for more than a decade.

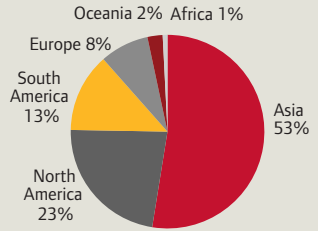
U.S. seafood imports (edible) – leading species

Value in million USD	2005	2006	2007	2008	2009
Shrimp	3,639	4,115	3,905	4,092	3,756
Salmon	1,202	1,561	1,627	1,654	1,682
Lobster	1,059	1,082	940	1,057	787
Tuna	916	935	1,108	1,401	1,281
Tilapia	393	483	560	734	696
Cod	331	351	363	356	270
Scallops	230	243	231	239	225
Flatfish	233	226	227	233	187

U.S. seafood import (edible) – trade partners

Value in million USD	2005	2006	2007	2008	2009
China	1,471	1,963	2,025	2,172	2,038
Canada	2,186	2,224	2,207	2,258	2,008
Thailand	1,522	1,814	1,794	1,984	2,000
Indonesia	733	785	879	1,095	913
Chile	778	976	1,024	981	732
Vietnam	630	653	693	762	678
Ecuador	525	571	571	603	572
Mexico	454	477	500	485	469
India	378	324	262	223	232

U.S. imports from major regions in 2009, by value



Imports of edible fish products from Asia have been steadily increasing since 2005. In 2009, 53% of total import value came from Asia, with an overall value increase of $1.1 billion, or 18%, since 2005.

Seafood imports from North America have decreased by $214 million since 2005, and the overall share in imports has decreased to 23% from 26% in 2005, due to the increasing supply from Asia.

Sources: NMFS

Exports

Canada largest export destination

Salmon was the most exported species in 2009, followed by Alaska pollock.

With the exceptions of crab, crabmeat, and scallops, exports of all the leading species decreased in 2009 compared to 2008.

The U.S. exported most of its seafood to Asia, with Japan acting as the largest trade partner. However, Canada is the largest export destination of U.S. seafood.

Exports of edible fish products to Asia totaled $1,872 million in 2009, a $167 million decrease from 2005 or 47% of total export value (50% in 2005).

Exports to Europe totaled $1,019 million in 2009, representing a $129 million decrease from 2005 or 26% of total export value (26% in 2005).

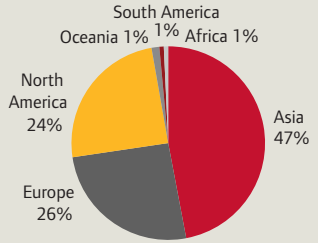
U.S. seafood export (edible) – leading species

Value in million USD	2005	2006	2007	2008	2009
Salmon	694	630	776	812	746
Alaska pollock	524	559	629	497	459
Lobster	345	374	387	362	332
Surimi	423	366	290	230	213
Cod	229	270	278	262	235
Flatfish	151	193	230	239	208
Crab and crabmeat	119	139	115	169	173
Scallops	128	128	117	124	129

U.S. seafood export (edible) – trade partners

Value in million USD	2005	2006	2007	2008	2009
Canada	708	697	865	879	850
Japan	1,100	954	791	785	749
China	409	486	600	608	678
South Korea	403	416	544	271	261
Germany	210	263	239	241	182
France	133	160	168	177	163
Netherlands	161	178	158	179	138
United Kingdom	118	119	125	115	101
Mexico	92	87	69	74	55

U.S. exports to major regions in 2009, by value



Sources: NMFS

III U.S. Seafood Consumption

Consumption

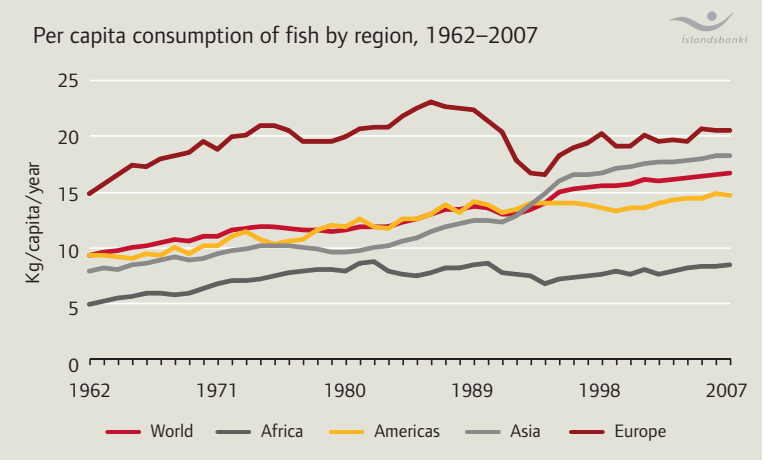
Per capita consumption in the Americas is relatively low compared to other continents

The Food and Agriculture Organization (FAO) calculates the consumption of fish and fishery products in terms of live-weight equivalent.

According to the FAO, the U.S. consumed 14.7 kg (32.4 lbs) per person of fish in 2007, 2.0 kg less than the world average (16.7 kg, 38.8 lbs). Both Asia and Europe consumed more: Asia 18.3 kg (40.4 lbs) and Europe 20.6 kg (45.3 lbs). As a whole, Africa had the lowest seafood consumption, or 8.5 kg (18.7 lbs) per capita.

According to the FAO, the U.S. consumed 24.1 kg (53 lbs, live weight equivalent) per person of seafood in 2007, 7.3 kg more than the world average.

Global seafood consumption has increased by 85% since 1962, mainly due to perceived health benefits of fish and technological developments enabling its increased availability in the form of convenience products suited to more modern and affluent lifestyles.



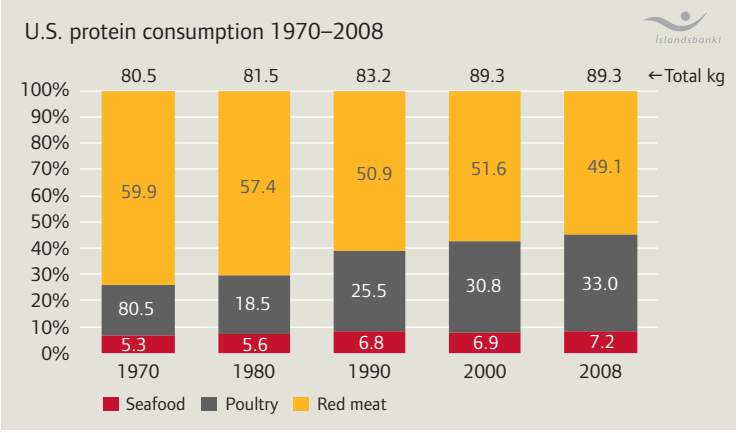
Sources: FAO

Protein Consumption

The seafood sector's share of total protein consumption is 8.1%

Overall U.S. protein consumption in 2008 was 89.3 kg (196.9 lbs) per capita of which 8.1% was credited to seafood consumption. This share has been increasing since 1970, when seafood represented 6.6% of total protein consumption.

Poultry has also increased its share, from 19.0% in 1970 to 36.9% in 2008. Consumption of red meat as a protein source has decreased from 74.3% in 1970 to 55.0% in 2008.



Sources: USDA

Seafood Consumption

U.S. per capita consumption of fish and shellfish totaled 7.17 kg (15.8 lbs)

According to the National Marine Fisheries Service (NMFS), U.S. per capita consumption of fish and shellfish totaled 7.17 kg (15.8 lbs, edible meat) in 2009. This was 0.11 kg less than consumed in 2008, a decrease for the third year in a row.

Fresh and frozen:

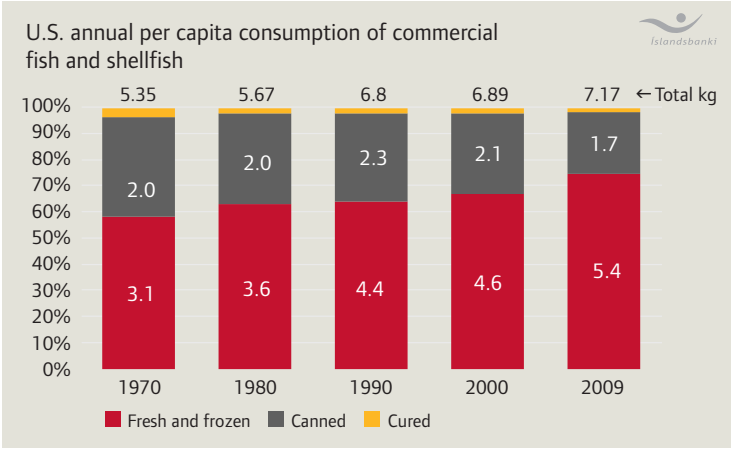
- Fresh and frozen fish accounted for 75% of the total seafood consumption in 2009, compared to 58% in 1970.
- Per capita consumption of fresh and frozen products totaled 5.4 kg (11.8 lbs) in 2009. Fresh and frozen finfish accounted for 2.8 kg (6.2 lbs).
- Fresh and frozen shellfish accounted for 2.5 kg. (5.6 lbs).

Canned fish:

- Consumption of canned fishery products totaled 1.7 kg. (3.7 lbs) per capita in 2009.
- The share of canned fishery products of total seafood consumption has declined since 1970, from 37.4% to 23.4%.

Cured fish:

- Cured fish accounted for 0.14 kg. (0.3 lbs) per capita.



Sources: NMFS

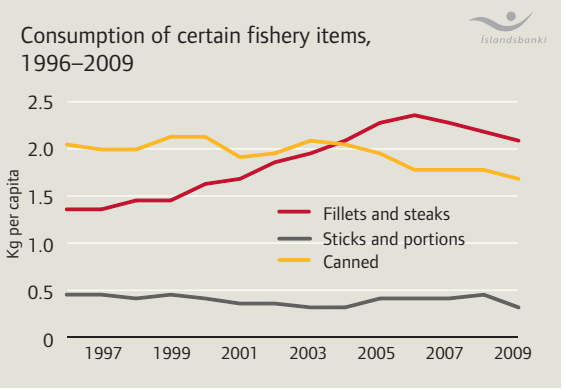
Consumption Trends – Species and Fishery Items

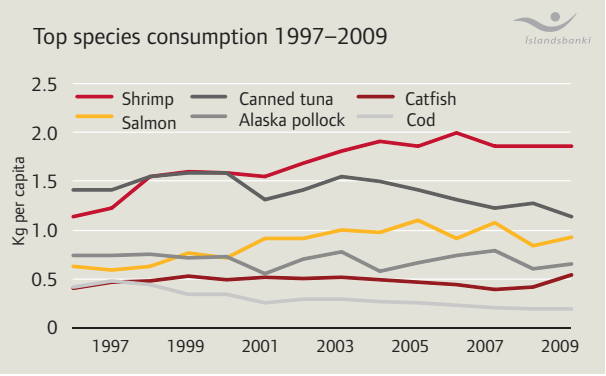
Fillets and steaks were the most consumed fishery items in 2009, 2.1 kg (4.6 lbs) per capita. Fillet and steak consumption has increased by 53% since 1996.

Consumption of canned seafood was 1.68 kg. (3.7 lbs) in 2009, a 17.8% decrease from 1996 levels.

The consumption of sticks and portions has remained relatively stable since 1996 with a total consumption of 0.32 kg (0.7 lbs) per capita in 2009.

Shrimp was the most consumed species in 2008, as has been the case since 1998 when it overtook canned tuna. Shrimp consumption has increased by 64% since 1996 from 1.13 kg (2.5 lbs) in 1996 to 1.86 kg (4.1 lbs) in 2009. This is largely due to widespread expansion in aquaculture production of shrimp but also because of year-round availability and lower prices.





The second most consumed species in 2009 was canned tuna, with 1.13 kg (2.5 lbs) per capita. Tuna consumption has decreased by 11% since 1996, partly due to consumer concerns about mercury and decline in overall canned fish consumption.

The third most consumed species in 2009 was salmon, with 0.93 kg (2.04 lbs) per capita. Salmon consumption has increased by 46% since 1996, due to widespread expansion in aquaculture production, year round availability and lower prices.

Sources: NMFS, NFI

Top 10 Consumed Species

Tilapia consumption growing fast

Shrimp and canned tuna together represent 42% of total seafood consumption in the U.S.

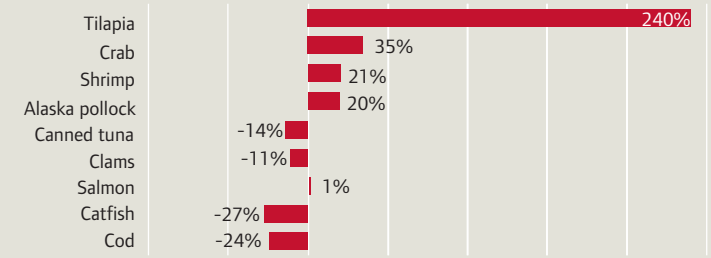
Comparing the top ten consumed species in the U.S. in 1997 to those in 2009, halibut has fallen of the list and been replaced by tilapia which has leaped into fifth place. Over a period of eight years, tilapia consumption has increased by 240.3%, with consumption in 2009 reaching 0.54 kg (1.19 lbs) per capita.

Cod consumption continues to fall, with 2009 representing a 24% decrease since 2001 and a 59% decrease since 1997. This is mainly due to the collapse of major Atlantic cod fisheries.

Top 10 consumed species 1997, 2001, 2005 and 2009 compared

	1997		2001		2005		2009	
Rank	Item	Kg	Item	Kg	Item	Kg	Item	Kg
1	Canned tuna	1.4	Shrimp	1.5	Shrimp	1.9	Shrimp	1.9
2	Shrimp	1.2	Canned tuna	1.3	Canned tuna	1.4	Canned tuna	1.1
3	Alaska pollock	0.7	Salmon	0.9	Salmon	1.1	Salmon	0.9
4	Salmon	0.6	Alaska pollock	0.6	Alaska pollock	0.7	Alaska pollock	0.7
5	Cod	0.5	Catfish	0.5	Catfish	0.5	Tilapia	0.5
6	Catfish	0.5	Cod	0.3	Tilapia	0.4	Catfish	0.4
7	Clams	0.2	Clams	0.2	Crab	0.3	Crab	0.3
8	Crab	0.2	Crab	0.2	Cod	0.3	Cod	0.2
9	Flatfish	0.2	Flatfish	0.2	Clams	0.2	Clams	0.2
10	Halibut	0.1	Tilapia	0.2	Flatfish	0.2	Pangasius	0.2
Total		5.6		5.9		6.8		6.3

Consumption development 2001–2009 (percentage change)



Farmed tilapia has emerged rapidly as a top five consumed species in 2009 in order to meet the demand for mild whitefish at competitive prices in the wake of the cod collapse.

Sources: NFI

IV U.S. Seafood Sales: Retail & Food Service

Consumer Expenditure

Consumer seafood sales growth driven by food service sales

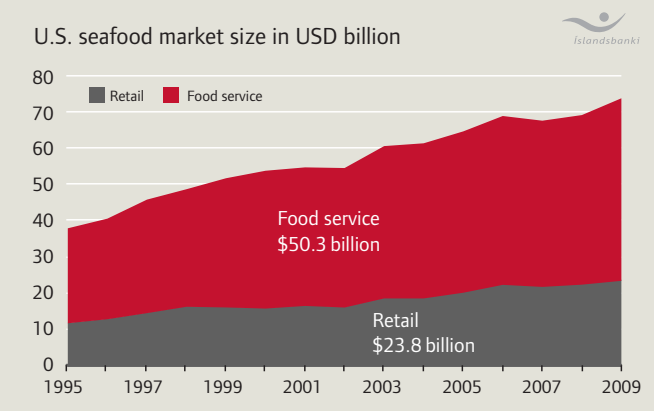
U.S. consumers spent an estimated $75.5 billion on fish products in 2009. This includes $50.3 billion in food service establishments expenditure (restaurants, take-out food, caterers, etc.), $23.8 billion in retail sales for home consumption, and $1.4 billion for industrial fish products.

Food service:

- Food service represents two-thirds of sales in value
- Growth from 1995 to 2009 was 92.0%
- Average annual growth was 7.6%

Retail service:

- Retail represents one-third of sales in value
- Growth from 1995 to 2009 was 97.5%
- Average annual growth was 4.8%



Sources: NMFS

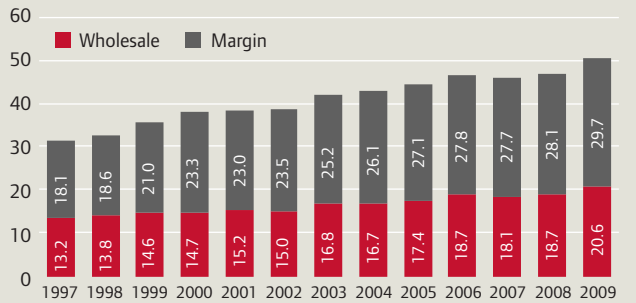
Grocery Retail

Retail grocery sales in the United States in 2008 totaled $1,003 billion, with supermarkets accounting for appoximately 48% of the total. Among food retailing supermarkets, grocery stores and others, Wal-Mart is leading with 51% of its sales coming from grocery sales, or about $129 billion.

Of the top 75 grocery retailers, the overall sales of the top five, including non-consumables, account for around 55%, and the top ten nearly 68% of that group.

Seafood plays a rather marginal role in the U.S. grocery market, but sees increasing consumer interest. With retail sales of $22.7 billion in 2008, seafood represents 2.4% of total grocery sales in the U.S.

Food service margins – in USD billion



Leading U.S. supermarket chains

		Stores	Sales in USD billions
1	Wal-Mart Stores	4,624	262
2	Kroger Co	3,634	76
3	Costco Wholesale Corp	527	71
4	Supervalu	2,450	41
5	Safeway	1,730	41
6	Loblaw Cos	1,036	30
7	Public Super Market	1,018	24
8	Ahold USA	707	22
9	C&S Wholesale Grocers	3,900	19
10	Delhaize America	1,608	19

Food Service

According to the U.S. census, in the general food service market, seafood plays a relatively large role in sales compared to retail sales, with $50.3 billion or 10.9% of total food service sales.

In food service the overall margins are higher than for retail, with 59% of value added. Together, full-service restaurants and fast-food establishments represent nearly 75% of all food service sales, with other channels including non-commercial, education, hotel/motel, retail stores and other.

Sources: SuperMarket News, Retail Forward, U.S. Census Bureau, Greenpeace U.S., NMFS

Sustainability

Responsibly sourced seafood is increasingly an issue among U.S. consumers and demand for sustainable seafood has changed the buying patterns of big grocery retailers and the food service sector. Consumers are more conscious of third-party certified seafood products and the demand for certification has increased.

Certification and ecolabeling programs are a market-based tool to promote the sustainable use of natural resources. Ecolabels are seals of approval given to products that are deemed to have fewer impacts on the environment than functionally or competitively similar products. The ecolabel itself is a tag or label placed on a product that certifies it.

There are a plethora of sustainable seafood ecolabels and certification schemes. The most common ones are listed below.

Marine Stewardship Council (MSC) The MSC is a private certification scheme that certifies an actual fishery as being both sustainable and sustainably managed. 56 fisheries have so far been certified and 150 fisheries around the world are engaged in some stage of the MSC assessment process.

Friend of the Sea (FOS) Is a non-governmental organization founded in December 2006 to conserve marine habitat and resources by means of market incentives and specific conservation projects. Certification is based on the sustainability of the stock, rather than whether the fishery is sustainably managed.

Icelandic Responsible Fisheries (Fishing Industry Association and public scheme) The Iceland Responsible Fisheries logo indicates Icelandic origin of fish caught in Icelandic waters and responsible fisheries management. The Icelandic cod stock received certification according to the FAO-ISO based Iceland Responsible Fisheries Management Certification Programme in 2010.

KRAV (NGO scheme) The KRAV is a non-governmental organization scheme that specializes in organic farming but which has recently developed a "standard for sustainable fishing".

Naturland (NGO scheme) Non-governmental organization scheme that has a background in certifying organic farmed seafood but now with a "Scheme for the Certification of Capture Fishery Project" which includes social, economic and ecological sustainability criteria.

Label Rouge (Public scheme) This system, which has been used to identity quality products in the meat and charcuterie industries, is also certifying quality fish and seafood products grown and produced under strict principles and practices.

Marine EcoLabel-Japan (MEL) The Japan Fisheries Association, an umbrella group for some 400 fishing companies, founded the MEL in December 2007. It is a Japanese certification system for fishery products.

Dolphin Safe Developed by the NGO Earth Island Institute in 1990, Dolphin Safe is concerned mainly with Dolphin bycatch. The Earth Island Institute monitors tuna companies around the world to ensure the tuna is caught by methods that do not harm dolphins and protect the marine ecosystem.

Sources: FAO, Home pages of certification schemes

Seafood Consumer Prices

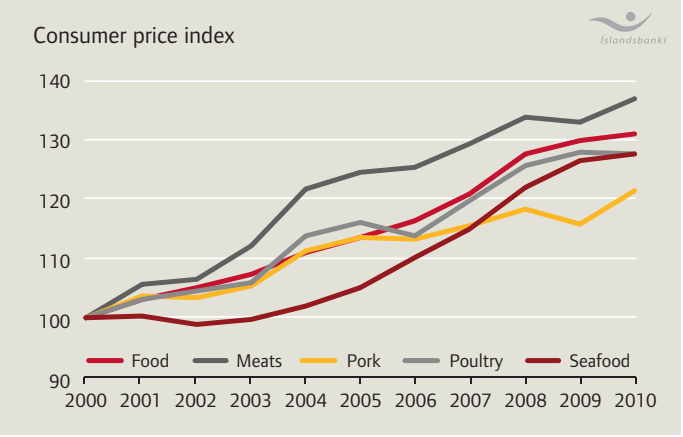
Seafood prices have risen faster than meat prices over the last five years

The Consumer Price Index (CPI) for all food increased by 1.8% between 2008 and 2009. Food at home prices increased by 0.5% in 2009 while food away from home prices rose by 3.5%. The CPI for all food is expected to increase by 0.5 to 1.5 % in 2010, which is the lowest annual food inflation rate since 1992.

After a flat period for several years, seafood prices have increased faster than both meat prices and the overall food price index for the last five years. Since 2004, the overall food price index has increased by 15.2%, while the seafood price index rose by 21.6%.

Consumer Price Index (2005–2009):

- All food index has increased 15.2% in five years
- Seafood has increased 21.6%
- Poultry has increased 10.1%
- Meats have increased 10.0%
- Pork has increased 6.9%



Sources: U.S. Bureau of Labor Statistics

Ex-Vessel Prices

Ex-vessel prices have seen a strong decline, matching 2006 levels

The National Marine Fisheries Institute (NMFI) calculates ex-vessel price indexes for fish and shellfish. These indexes show changes in the relative dockside value of fish and shellfish sold by fishing vessels.

In 2009, the annual ex-vessel price index decreased by 43% for edible fish and 16% for shellfish compared to 2008.

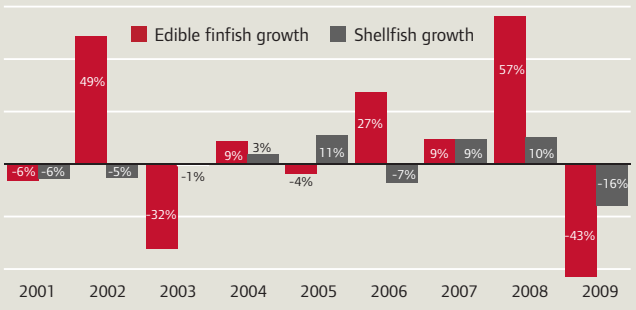
NNFI tracked groups of 32 species and in 2009 seven price indexes increased, 24 decreased and one remained unchanged.

The Atlantic pollock price index increased the most, by 19%. The yellow-fine tuna price index decreased the most, by 74%.

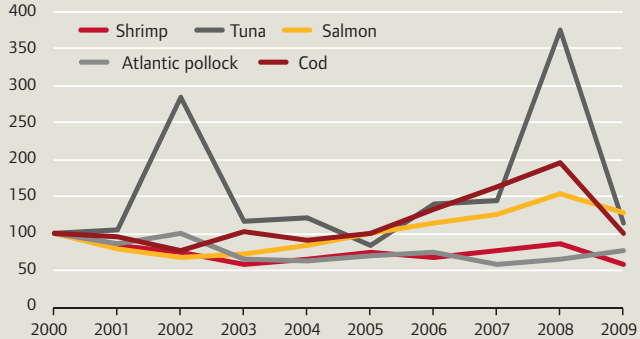
Annual index growth for specific species in 2008:

- Shrimp decreased by 30%
- Tuna decreased by 69%
- Salmon decreased by 17%
- Atlantic pollack increased by 19%
- Cod decreased by 48%

Annual percent changes in the ex-vessel price index



Indexes for ex-vessel prices for specific species



Sources: NMFS

US Seafood Industry: Conclusions and Outlook

- Favorable transaction trend: M&A activity in 2010 surpassed 2009 levels. Consolidation activities are likely to increase as organic growth opportunities are limited.
- Publicly traded seafood companies have experienced a strong increase in share prices over the past two years, which has put upwards pressure on M&A transaction multiples.
- Imports have increased to meet demand as U.S. domestic commercial landings have declined. This should spur further growth of seafood trading companies and also provide opportunities for aquaculture.
- Farmed tilapia emerged rapidly as a top five consumed species in 2009. Consumption has increased by 240% since 2001 and is expected to grow further in the future.
- The rising oil prices and increasing demand for sustainable seafood will create margins value pressure in the short run as consumers have become more price conscious. However sustainability in seafood also makes "controllable supply" and regional/local products more favorable and supports the U.S. fishery sector in the long run.

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