

Market Update

PACIFIC COD

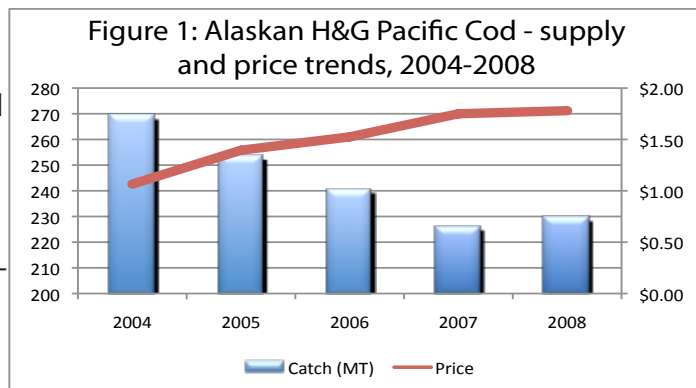
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Pacific Cod Around the Globe

- Pacific Cod is fished in the North Pacific by fisheries in the US, Russia and Japan.
- Today, the US supplies two-thirds of the world's Pacific Cod; 99% of which comes from Alaska.
- In proportion to world supply, Russia and Japan declined by 50% while the US increased in the last decade.

Supply & Demand Trends

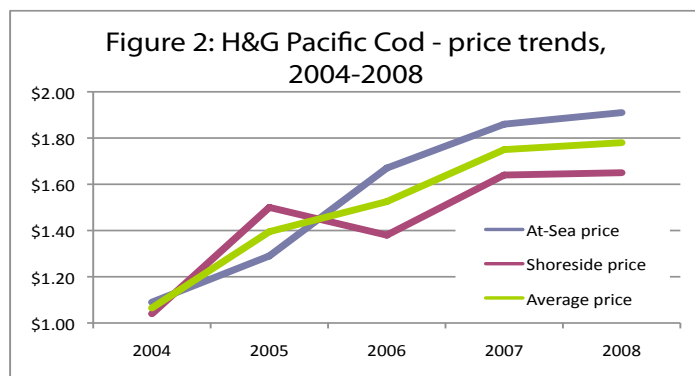
- Alaskan Pacific Cod supply decreased since 2004 (Figure 1) - however there was a surge in 2008 and overall Cod biomass in the Bering Sea was the highest its been since 1968.
- A diminished supply of Atlantic Cod combined with increasing acceptance of Pacific Cod as a substitute increased demand and prices - however the supply surge in 2008 caused prices to level out.



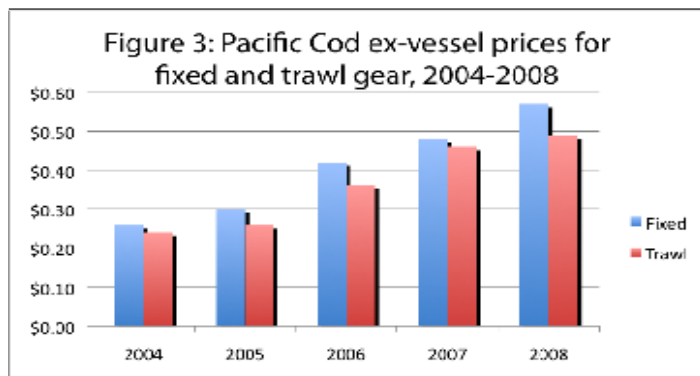
Source: Alaska Fisheries Science Center. NMFS, 2009.

Price Trends

- Average H&G price increased from \$1.07 (2004) to \$1.78 (2008) (Figures 1 & 2).
- At-sea price increased on average by \$0.20/year since 2004, while shoreside price only increased on average by \$0.15/year (Figure 2).
- Fixed gear ex-vessel price increased by \$0.31 since 2004, while trawl gear ex-vessel price only increased by \$0.24 since 2004 (Figure 3).



Source: Alaska Fisheries Science Center. NMFS, 2009.



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Projections

- Increased acceptance of Pacific Cod as a substitute for Atlantic Cod will translate into increased demand.
- TAC's in Bering Sea for 2010 and 2011 are forecasted to increase by 50,000 tonnes/year.
- Forecasted increases in supply will put downward pressure on prices.
- Environmentalism will widen the gap between prices for Cod caught by fixed and trawl gear.
- Consumer demand for quality will widen the gap between at-sea and shoreside prices.

