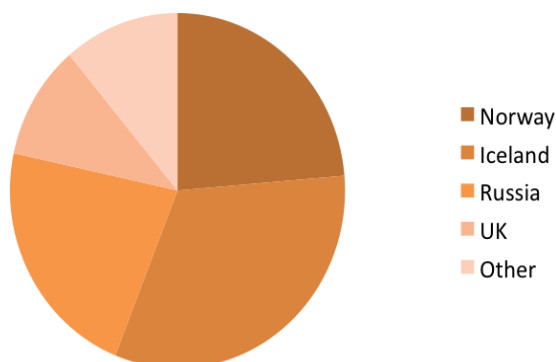


Supply

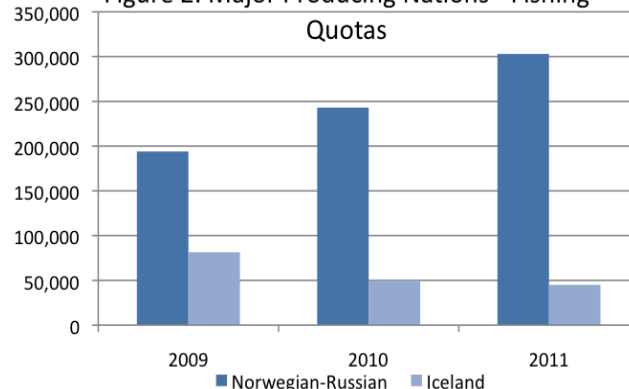
- In 2008, 78% of Haddock was produced in Iceland (32%), Norway (24%) and Russia (22%) - Figure 1.
- The Norwegian-Russian Haddock quota - which is jointly managed - is increasing, while Iceland's quota is decreasing - Figure 2.

Figure 1: 2008 Global Catch, By Country



Note: Other includes: Belgium, Greenland, Canada, USA, Germany, France, Denmark & the Netherlands; Source: FAO FishStat Plus, 2011

Figure 2: Major Producing Nations - Fishing Quotas

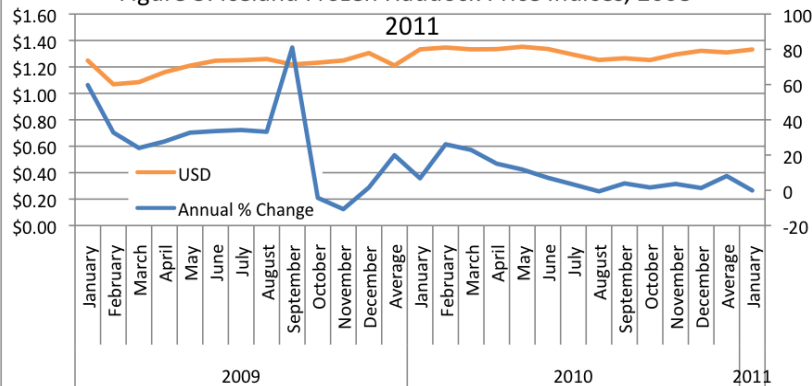


Source: SeafoodSource.com, 2009; Iceland Ministry of Fisheries & Agriculture, 2011

Prices

- Icelandic prices are relatively steady - Jan-11 prices are just 0.8% above Jan-10 (Figure 3).
- Russia purchased more H&G Haddock than normal this past summer - consequently, China prices rose considerably in Dec-10 due to low inventories.
- In the last four weeks, prices have dropped \$0.10-\$0.20/lb. FOB China Loins are \$2.57/lb and Fillets are \$2.36/lb.
- The recent price decline can be attributed to an increased Norwegian-Russian quota and steady prices out of Iceland.

Figure 3: Iceland Frozen Haddock Price Indices, 2008 - 2011



Note: Prices are converted to USD from ISK; Source: Statistics Iceland, 2011

Projections

- Recommendations for Iceland's 2011 fishing quota are a 11% reduction. Conversely, the Norwegian-Russian quota increased 25% - to 303,000 MT.
- The Whitefish market is very strong right now - even though Halibut prices have come down - they are still above average - putting increased pressure on Cod, Haddock & Pollock.
- If Halibut prices continues to drop - the Whitefish market will likely follow.
- Furthermore, prices for Canadian product may come down in June when the fishery opens.
- In the long-term, if Iceland's recovery plan is effective - the fishing quota may increase in 2014.