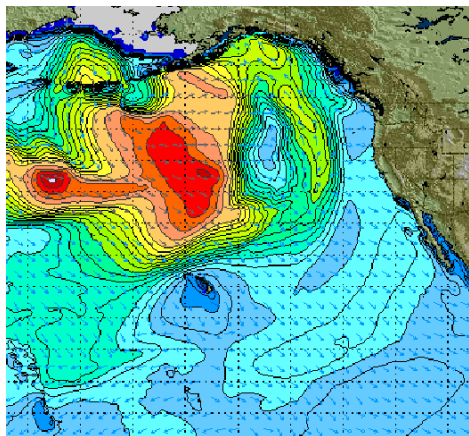




West Coast Weather



Monday wave model from www.stormsurf.com

Season Openers & Holidays

February 14 – Valentine's Day

February 22 – Ash Wednesday

West Coast Bottom Fish

Alaska: Our factory in Alaska, on the Island of Kodiak, has been hit with what many are calling the worst weather in 25 years. Today the weather is currently ZERO degrees Fahrenheit and we'll see a high of 14. Freezing spray on boats leaving the harbor, coupled with huge surf, creates a challenge to work in while striving to maintain safety. Just this week there have been three fishing boats out that have sunk. Thankfully, crews were all successfully rescued by Alaska Coast Guard. As for the fish in that area, we are still fishing Pacific Cod and cutting fillets throughout the week so please keep the promotions going. Unlike last year, these challenging fishing conditions will extend the fishing season and keep Cod in good availability through March.

Canada: January has been absent of any safe fishing conditions. We've had approximately 3 full days of reasonable weather to fish for the entire month. Expect anxious crews and eager captains to push their boats out on the grounds this week to bring us fresh Pacific Rockfish ("Snapper" in some areas), Cods, and Soles throughout the month of February.

WA/OR/CA: Most of the boats along the coast have been focusing on working a less than productive Dungeness Season that was delayed past a normal start dates. Expect the Oregon and Washington coast to become active again on Ground Fish working Dover Soles, Petrales, and Flounder as soon as the weather breaks.



Wild Salmon

Kings – No changes on fresh troll kings but we expect production to begin to pick up in February. We also expect a commercial fishery on the Stikine and Taku Rivers in SE Alaska in May.

Cohos- Frozen options are H&G, PBO Vac Pac fillets (supplies are limited and will run out prior to new season) and Vac Pac portions.

Keta –Frozen options are H&G, Vac Pac PBO fillets and portions.

Sockeye – Frozen only until Copper River opens in mid-May. Product forms available in frozen are H&G, fillets and Vac Pac portions.

Pinks – Limited supplies of frozen H&G and PBO Vac Pac fillets.



Farmed Atlantic Salmon

The market is sitting on the edge of a cliff right now. Prices continue to vacillate up and down with more downward pressure than upward pressure. Lent should hold the prices up but just barely. The 3rd quarter looks to be where the cost of salmon will fall off the cliff. Chile, Scotland, and Norway all will be at full production as well as wild salmon being in full swing. The U.S. International Trade Commission revokes a 20-year-old antidumping tariff on fresh and chilled Atlantic salmon from Norway.



Live Lobster

Look for prices to be fairly stable thru January, increase at the beginning of February, after which the weather will determine price. Pacific Seafood sources all #1 hard-shell lobster, so buyer beware, as you are being quoted; verify what you are getting.



Dungeness Crab

Landings picked up with the opening of the Northern California and Southern Oregon season on Jan 15th. However prices did not come down as worldwide demand for Dungeness Crab products continue to be in high demand and short supply. In addition to the frozen needs, the live market into China ramped up at the start of Chinese New Year on January 23rd. There were reports of over 200,000 lbs. of live Dungeness crab at the Beijing airport one day just prior to their New Year. This live demand has further pressurized the boat price, causing the price of all components of Dungeness crab to continue to climb. This includes meat, sections, and whole cooks. The Northern Washington season kicked off as scheduled January 24th but the catch has been minimal and prices remain high there as well. Live prices continue to be all over the board as buyers scramble from port to port to cover their needs. All landings are expected to drop off in the next few weeks although the actual Dungeness season remains open until August. Overall, it looks as if landings will be about half of what they have been the past several years.





Cold Water Shrimp

The 2012 season is coming soon. Opening day is April 1st, and we are looking forward to another good season. Pacific Seafood now has the only BRC certified shrimp plant on the coast, Pacific Shrimp in Newport Oregon. This position's Pacific Seafood to meet the ever growing demand for food safety. Our customers can rest assured they are buying the safest shrimp available. Pacific Seafood Woodland has automated weighing/bagging program and is producing 4oz, 8 oz and 16 oz bags of cooked shrimp. These smaller unit bags are perfect for both foodservice and retail application. Please check with your sales representative to get more information on this pack.

King Crab

Availability of King crab from all catch regions are still relatively tight due to reduced quotas in all catch areas of the world and prices have risen correspondingly. Most sizes of cut legs are available, but expect the largest legs, 4/8 and 6/9's to become increasingly scarce. All other sizes are in ample supply.

Snow Crab

Eastern Canada sections of 5/8 and 8+ are available with adequate supply to meet demand. New season expected to commence in April of this year. Expect announcement of quota in March with the general sentiment similar to 2011. Alaska Snow Crab quota, increased 64% year over year, and the season is on! With that said, weather and ice flow has played a factor in the first few weeks of crabbing, slowing down the effort. Expect first deliveries to Seattle in early April.

Farmed Steelhead

Steelhead availability continues to be excellent. Prices have softened as availability out of Chile increases. US supply is good and harvested volume will increase over the coming months. Expect prices to remain soft through Lent as supply remains fully adequate on both Farmed Atlantics and Steelhead.

Domestic Catfish

The pond bank has not changed in a few months now, and there does not appear to be one coming. Sales are beginning to pick up the last two weeks, so that is good news for demand. Available supply will be less than last crop year, so there should be a tight market as we move into the summer months. After that, we should be in better shape supply-wise for the next couple of years. The future looks bright for supply, but this industry must do what we have to do to hold on to and bring back some demand lost during 2011.

In Shell Oysters

- Shigoku – Willapa Bay, WA
- Fanny Bay Petite – Vancouver Is.
- Naked Roys X-Small-Samish Bay
- Samish Bay – Samish Bay, WA
- Pacific Oyster 3-4" Hood Canal, WA
- Maple Point – Hood Canal, WA
- Kumamoto-Humbolt Bay, CA
- Penn Cove Select-Samish Bay, WA
- Kusshi-Stellar Bay- B.C. Canada
- BBQ's – 4-8" – Hood Canal, WA
- Dabob Bay – Hood Canal, WA
- Pacific 2-3" Clean- HC, WA
- Virginica – Totten Inlet, WA
- Pressure Shucked-Willapa Bay, WA
- Quilcene Bay 2-3", Quilcene Wa
- Shigoku 2.5", Willapa Bay, Wa
- Sinku 2-3"- Deep Bay BC Canada
- Brooklyn Creeks 2-3"- Baynes Sound



Mussels

We currently have 3 varieties of mussels:
Penn Cove Mussels - Plenty of product, readily available, these have the majority of the beard removed.

Taylor Mediterranean Mussels -

Meat fill has been excellent. Both medium and large sizes available.

Whales Cove Mediterranean -

Our favorite mussels from Mexico. A little larger than local mussels but they are an excellent morsel of meat.



Clams

Manila Clams – Great time of year to feature these northwest morsels.

Venus Clams – Venus Clams continue to be both excellent quality and value. Due to our partners seeding efforts, future supply of Venus Clams are very good.

Savory Clams – Availability is consistent and will continue to be a great choice.



Prawns

Although white shrimp is now produced year round, the production during the first 4-5 months of the year is traditionally quiet. Plants are operating at less than full capacity because of the seasonal shortage of raw material. Prices remain high and will likely remain so until more production starts showing up in late spring. Recently, there has been a flurry of lower price offerings in large sizes 16/20 and 21/25 most likely caused by the Indian production in these sizes. Packers in Thailand and Indonesia who speculated in these sizes, hoping for a larger margin now have decided to move off their inventory given the uncertainty of the large white shrimp outlook. This is only going to add additional pressure to a sloppy market in the U.S. for large white shrimp. Medium and small Asian HLSO shrimp inventories are very light to depleted as farmers and packers convert all available raw material to value added product for higher margins.



Lobster Frozen

North Atlantic Lobster - There has been very little production of frozen lobster (raw tails, meat, etc.) through the winter this year and as a result, prices have started to firm up. Expect the market to remain firm at these levels and may move higher on some sizes as inventories begin to be depleted.



Bad weather and a lack of fishing have pushed the shore price up. There has also been an effort by many lobster fishermen in the area to work together to demand higher prices for their lobster, which has fanned the flames a little.

Import/Domestic Squid

Cleaned squid is holding its own in the domestic market and we are anxiously awaiting new product arrival. Although this past squid season was great, it appears that there is still a slight shortage of squid for cleaning stock in China. Apparently there was a pretty good number of internal sales to new companies exporting from China and distributing throughout mainland China and her provinces. An incredible amount of squid was shipped to China this past season from all of the West Coast packers in California. It was plentiful and somewhat rare to see such a season. China had her finger on the pulse to say the least. Let's hope we get another record fishery in the upcoming opener in April.

Most of the squid plants in Thailand completely changed their strategy by using minimal speculation. Mostly only offer from what they currently have available in stock. The local landing for squid is extremely poor and unpredictable. Some day's squid supply might be temporary improving but still not enough to serve the demands. China and domestic market always have great demands for squid all year. According to packers in China, there is still some catching in Shantou area throughout December due to warm weather (which is unexpected). However almost every packer has their own commitment until end of next summer, therefore the supply is not surplus or over stock. Heading January to March, packers will use their stock to process orders.

Price is stable however the exchange rate for USD against RMB is still weak. Freight cost is now increasing due to heavy shipment in the first two weeks of January.

Sushi

The frozen Yellowfin tuna market continues to be disorderly. Of late, Saku

and loin supply have loosened up slightly but cubes and Nakauchi (minced) continue to be very tight. There is some product out there from lower quality processors, but quality continues to command top dollar. Continued upward price pressure continues to dog the Unagi market.

Production/harvest of eel fry last year totaled 21 MT while this year only 10 MT was harvested. Processing is trending toward larger sizes. Expect to see more 14+ oz. Unagi in the near future which will be forced on the market at artificially high prices.

Beef

Boxed beef cutout values had a turnaround this session, trending higher on both Choice and Select on light to moderate demand. Following the unexpected gains seen in the slaughter cattle market last week and having previously cleaned up some inventory, packers rationed product at higher prices in an effort to restore margins, which resulted a lightly traded period. With the exception of Choice rib primal, which finished the week generally steady, all other Select and Choice complexes showed modest appreciation. Beef trimmings were weak on moderate demand and moderate to heavy offerings; Fed cattle grinds were firm to higher, while blended grinds were generally steady. Forward negotiated activity was moderate, mostly due to heavily traded Choice export ribs, which were priced at a premium compared to the current spot market.

Pork

How fast can a market turn around? The answer would be quickly, when we refer to the retail pork complex. Sellers entered the week with expectations of a mostly steady trade, but very light demand caused a backlog of inventories and they were forced to severely discount prices mid to late week, especially boneless cuts. Bone-in ham inventories began the week with ample offerings to meet demand while price levels held steady. Although, as the week progressed and surplus dwindled, prices inched slightly higher due to improved

buyer interest. Skin-on seedless belly offerings continue to be scarce, though a couple loads did trade, which pushed prices higher. At the same time, production from bacon slicers is at near capacity to keep pace with demand from both retail and foodservice arenas. The trimmings complex experienced moderate to heavy offerings most of the session for both fresh and frozen. This forced sellers to lower prices in an effort to move their surplus. At the same time, price levels dipped as buyer's readily procured raw product, although once the surplus cleared the market price levels stabilized.

Poultry

Whole broiler/fryer prices are trending about steady in the East, steady elsewhere. Preliminary majority prices are unchanged in all areas when compared to early week prices. Offerings are light to moderate for current trade need. Retail and food service demand is light to moderate with some finding disappointing interest into retail and food service entering the weekend. Floor stocks are moderate to sometimes heavier than desired. In the parts structure, movement is light to moderate for late week business. Prices are trending steady to firm for bone-in breast and dark meat items. Wings are mixed ranging steady to weak. Boneless skinless breast and tenders are trending weak to lower and slow to clear. Offerings for parts cover the full range. Market activity is slow to moderate. In production areas, live supplies are moderate at mixed, but mostly desirable weights.

Import Food Safety and Quality Assurance Program:

Pacific Seafood Group is committed to providing safe, wholesome, nutritious, and high quality seafood products to our customers. More than 80% of seafood consumed by Americans are from import. To meet the increasing demand from consumers for food safety and quality, Pacific Seafood's Quality Assurance team has implemented an Import Food Safety and Quality Assurance Program to provide further protection and values to our



customers. Pacific Seafood will only source products from pre-approved vendors and co-packers that meet the highest food safety and quality standards in the industry.

Check out:
www.pacseafood.com

Vendors and Co-Packer Screening and Pre-Approval

- Pre-screening with FDA, CFIA, EU violation records
- HACCP Program
- HACCP Certificate
- Food Safety Specifications
- Recall information
- Traceability and Date Coding. Plant code to be assigned by Pacific
- Farmed: ACC/BAP, Species (catfish) Certification
- Packaging: Label review and approval
- Product Specifications
- Third Party Audits (GFSI and BRC) and Corrective Actions
- USDC QMP for private label program

Ongoing Verifications

- Daily QA Report from Co-Packers
- Farmed Species: Antibiotic Testing Report per Shipment
- Ready-to-Eat Products: Microbial Testing Report per Shipment
- Portside QC Inspections
- Yearly On-Site Audit

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Fresno	559-264-3474
Las Vegas	702-566-8670
Salt Lake	801-908-8292
Phoenix	602-268-3313
San Antonio	210-226-4343
Houston	713-694-4242
Los Angeles	310-835-4343



The Pacific Advantage™

For more information regarding the Pacific Advantage Commitment go to:

www.pacseafood.com