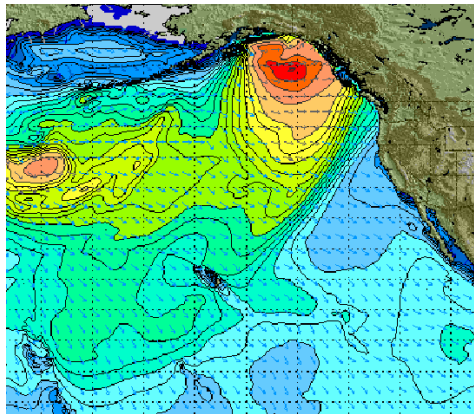




West Coast Weather



Monday wave model from www.stormsurf.com

Season Openers & Holidays

January 1 – Happy New Year!

West Coast Bottom Fish

Washington, Oregon, and California boats started December with plans focused on Dungeness. They've found limited Crab harvests and plans that are quickly switching them back to bottom fish. With new quotas being in place for 2012 on everyone's licenses, we expect activity to be much better than it has the last month or two. Dover Sole and Petrale will likely be the focal point for the next several weeks. Canada bottom fish: Our boats in BC are still working on fiscal year 2011 quota. The regulations repopulate for 2012 in middle of February, so watch for production to change by February, until then all of our boats are chomping at the bit to get out and clean up their quotas. Focus for BC boats will be Pacific Ocean Perch, Yellowtail Rockfish, and Pacific Sole. January typically brings high winds and rough seas so expect prices to remain strong.

Alaska bottom fish: Fixed gear Pacific Cod or more commonly known as True Cod season opened early this year allowing fishing efforts to start December 27th instead of January 1st as in years past. Our factory on Kodiak Island will be processing daily deliveries of long-line and pot caught Pacific Cod for the next few weeks until the trawl season opens January 20th. Fresh Wild Alaskan True Cod fillets will be readily available through February as we're

flying fish out on airplanes daily in-between the notorious Alaskan winter storms.



Wild Salmon

Kings – Fresh Alaskan troll kings are very scarce due to a combination of bad weather, lack of effort (holidays), and apparently “no bite”. What few fish that are landed are being bought locally. Fresh Wild Steelhead from Washington's Olympic Peninsula continues to be a value although supplies are hit and miss as this is a Native American fishery, subject to weather and river conditions.

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

Chilean 2up fillets remain firm to steady due to increased holiday demand and decreased whole fish production in Canada. There continues to be great opportunities on 1-2 fillets out of Chile, though some hiccups may affect the timing. There is a freight strike and increased holiday demand that could potentially delay deliveries by air. Additionally, flower and fruit shipments out of Chile compete for air space this time of year. Get orders in early and expect some delays. Whole fish prices out of Canada remain firm. Prices dropped slightly on 14up fish this week as retail ads pull on the smaller sizes. Expect prices to remain firm through lent. The market should cool down

after the Holiday spike and remain steady to soft and then firm up a bit during lent. Chilean production is expected to continue to increase and remain soft after lent. Canadian production will follow suit with some producers picking up production in February. Supply of Canadian fish is expected to be ample through March.



Live Lobster

Look for prices to be fairly stable thru January, increase at the beginning of February and then 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 are slow after the New Year holiday. The locked price of 2.30 expires on the 5th and with weather conditions on the tough side; we may not see much product prior to the weekend. Vessel pricing is expected to rise, with live buyers paying more money, but now that the holidays are over, fresh demand has dropped. Most product now headed to the freezer, in the form of sections or frozen whole cooks. Northern California is planning on testing when the weather breaks, in anticipation of the January 15th opener. Price to the vessels is the key when that date rolls around. Northern Washington is scheduled to open on the 24th, but this will be very similar to California it is unknown what we will be paying to get the crab. Overall, it feels as if production will be half of what was landed last year. This will push Dungeness prices up, and may have the effect of pulling the AK Snow Crab market up with it. Meat prices are



responding as buyers are beginning to acknowledge that product will be short this year.



Snow Crab

The Snow Crab market remains unsettled. The one exception is for larger crab including 10+ and 12+ clusters. These will not be produced out of the Alaskan fishery so there will not be any more available until the next Canadian season starts in April. Alaska typically sells at a premium compared to the Canadian. According to what we understand there could be roughly 1,000 loads of finished product available for the US market, so it remains to be seen what price will work for American consumers.

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.

Chilean Sea Bass

Good supplies of both Patagonian and Mawzoni H&G are in the pipeline at this time. Demand is strong keeping markets firm with some small upward trending a possibility. Under 10 KG are in demand more and are bringing stronger costs. Mawzone harvests which usually begin sometime in December have not begun as of yet. Harvest begins soon after ice melts with fish beginning to enter the market beginning in late February early March. Fishing for Patagonian fish is year round and there is currently product in the pipeline with some short gaps in supply. Fillets and portions have availability at this time. The processing of fillets and portions is shore based, and markets look to remain

firm with perhaps small increases if demand remains steady. Both H&G and processed product look to remain firm, with a possibility of small increases taking place during January.

Tilapia

Currently no good supplies of large fish (5-7 and 7-9) at farms, forecast to stay that way until late spring. Supplies of 2-5 ok, Hainan Island has fish but not as much as last year, putting pressure on supplies from mainland farms. Prices have changed about .05 and it is projected that this price will continue to increase through March, maybe later if winter is as cold as it was last year. If the weather is better, then prices could soften in April. With pressure from the EU, the China government continues to increase their currency a little at a time, which will increase cost some; how much is to be determined by world economy. The plants are still very busy packing for large shipments before the Chinese New Year.

Domestic Catfish

The catfish market remains difficult. Unfortunately, the pond bank prices have not relaxed as we had hoped. In lieu of a pond bank decrease that would put processors cross with their farmer base, processors have begun to cut back on processing at this time. This could be a good news, bad news deal. Good news is that it will stretch the supply out into the spring allowing orders to be filled at better rates. Bad news is that prices may remain high. There is definitely less supply out there, but due to the corresponding decrease in demand, we don't foresee the market being as adversely affected in 2012 as it was in 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
- Kumomoto-Humbolt Bay, CA
- Penn Cove Select-Samish Bay, WA

- Kusshi-Stellar Bay- B.C. Canada
- BBQ's – 4-8" – Hood Canal, WA
- Baynes Sound 2-3" – BC Canada
- Dabob Bay – Hood Canal, WA
- Pacific 2-3" Clean- HC, WA
- Virginica – Totten Inlet, WA
- Pressure Shucked-Willapa Bay, WA



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.



Scallops

With two months remaining in the scallop season most of the boats are done fishing and the rest terminated their trips prior to the holidays and will resume fishing this week or next. The harvest will remain spotty at best until the end of March. Prices remain high, including prices for the Maine Scallops. The Canadian inshore fishery will



open in mid-January and the offshore vessels should start fishing by February. So for now, limited landings are expected and soft demands should keep prices near the current levels. The 2012 harvest is expected to increase marginally but this should push prices down starting in March.



Prawns

Prices are stable as we head into the New Year. Inventories in the U.S. are considered to be moderate to light. Production in most Asian and Latin American countries will be seasonally light until the 2nd quarter of 2012. Overseas replacement costs will remain high and out of sync with the U.S. market. Peeled shrimp supplies may not be adequate for the anticipated demand in the 1st quarter. China and Japan will be strong competitors for the available supply, Europe not as much. Overseas packers will continue to push available raw material into more profitable value added products. Medium to small HLSO will continue to be short and needed, forcing higher prices. The market should remain firm in the first quarter of 2012 and perhaps longer until new season production is available late spring.



Lobster Frozen

North Atlantic Lobster - The lobster market is somewhat tight right now, with no production the last two weeks and poor weather, so little or no fishing. The boat price has gone up as expected due to competition for live lobster for the Holiday Season. There is very little production of any frozen lobster right now. Prices are starting to firm up on all sizes, except for 4-5 oz as there still appears to be a large inventory available. This is likely where the best value remains for the coming months.

Warm Water Lobster - The market is rather firm on price and short on supply on

large tails right now as these are the sizes that had the most success at the retail level for Christmas holiday sales. On the other hand, 4 & 5 oz tails are in balance while 6, 7 & 8 oz tails are weak as holiday business was not good at the distributor/restaurant level. There is discounting on these 3 sizes and will stay sloppy until inventories dwindle. If you want to promote 6, 7 & 8's, now is the time to do it.

Import/Domestic Squid

The California season is closed and is scheduled to reopen on April 1st. This fishery has huge swings in landings from year to year that have a major impact on supply. These supply challenges don't always reflect in sell prices as if pushed to much higher than import squid. A high % of customers will just switch to import off of domestic squid.

Most of the squid plants in Thailand completely changed their strategy by using minimal speculation. Mostly only offering from what they currently have available in stock. The local landing for squid is extremely poor and unpredictable. Squid supply might temporarily improve 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, due to warm weather, there is still some catching in the Shantou area throughout Dec, 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 into Jan/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 mystify . . . periodic program buying has been impossible. Spot shortages of items such as saku, loins, cubes and nakaochi, will continue with no end in sight. YF tuna loins continue to be "most available", saku customers have discovered

the wisdom (and cost savings) of moving from saku to loins. Frozen unagi (BBQ freshwater eel) continues to escalate in price. The market for eel fry is "red hot" with no relief in sight; expect prices to increase up to 10% during the first half of 2012, at which point demand may lessen. Fresh Tuna, Yellowfin and Bigeye, will be increasing in price up to 20% as we approach the year-end holiday period when Japan (and, to a lesser extent, China) ramp up its purchases. We don't expect shortages of fresh tuna, but high prices will dull any market exuberance. Hamachi fillets/loins and other sushi-specific items processed in Japan continue to increase in cost; deflation is rampant in Japan at the same time as the JP Yen is at a historical high vis-à-vis the US \$.

Beef

Boxed beef cutout values for the trading session were higher on moderate to fairly good demand and moderate offerings. As we are now essentially passed the holiday trading window, middle meat cuts continued to weaken this week, especially in the rib. Chuck and round cuts, however, made up for these declines and allowed for an overall higher cutout. Part of the increases seen in the chuck and round primal are actually a result of higher grind prices. Grinds saw higher demand this session, especially for January delivery. This higher demand for grinds also helped to prop up 50s trim sales, as packers try to get their hands on more blending material. A large package of 50 trim with mid-January delivery made it onto the spot market report on Thursday with considerably higher prices. Forward sales were light to moderate with a notable consignment of cap and wedge meat. Blended and fed cattle higher on moderate to fairly good demand and moderate offerings.



Pork

Pre-holiday doldrums plagued almost every pork cut and trim as moderate offerings pressured price levels lower throughout the week before stabilizing by week's end. Lackluster demand for retail cuts at store counters, along with the adequate supplies, caused the declines. Sellers of processing cuts needed to move surplus inventories while buyers were slow to buy as most had limited orders to fill, still others were expecting a shortened production week.

Poultry

Whole broiler/fryer prices are trending steady in the West; steady to higher in the East and Midwest. Offerings of all sizes are light to moderate for current trade needs. Demand entering the holiday weekend is light to moderate. Floor stocks are balanced to long. Market activity is light to moderate. In the parts structure, movement is light to moderate. Prices for wings are firm, tenders are steady to firm, and the remaining items are at least steady. Supplies of wing are tight, and all other parts are light to moderate. Market activity is 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.

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

Check out:
www.pacseafood.com

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The Pacific Advantage™

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