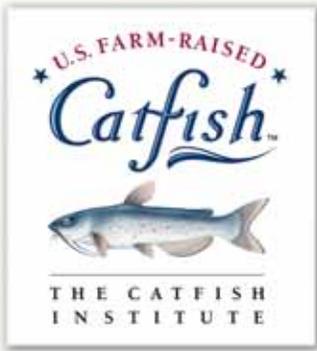




THE CATFISH INSTITUTE
2012 Annual Report



Dear Friends:

When 2012 began, we were off to one of our industry's most profitable years. But by the summer, we had a soft market for our product. Because feeding continued at normal levels, we ended the year with an inventory in excess of anticipated sales.

Let's look at some of the factors affecting our Industry:

- The U.S. economy is still in a recession, with more and more people losing their jobs....or fearing that they will.
- The price of grains, primarily soybeans and corn, are maintaining record levels, which are reflected in our feed cost.
- Imports of lower priced tilapia and swai/basa are increasing each year and show little sign of slowing down.

Demand for U.S. Farm-Raised Catfish has dropped due to higher prices, but we are hopeful that this reduction has stabilized, which will allow us to maintain and begin to rebuild our markets.

Through a series of meetings, the Industry came together as one in 2012, in order to analyze where we are and where we are going. Attempts were made to reduce feeding in order to grow less fish and bring supply more in line with demand. Unfortunately, we ended the year with feed sales virtually unchanged from 2011. Additional discussion centered around marketing and the importance of keeping and growing our customer base.

The Catfish Institute (TCI) launched new campaigns aimed at overcoming the challenges we face as an Industry. In addition to the aggressive marketing plan described in the report, TCI unveiled new tactics aimed at selling product to our targeted audiences. We also continued our core mission of educating consumers about the many benefits of U.S. Farm-Raised Catfish.

We began a weekly "News Alert" that is sent to national news media, elected officials, catfish growers, persons affecting our industry, and many others. These alerts are designed to inform and educate the public regarding concerns from fish imports and other key issues. If you are not currently receiving these emails, please visit our website and sign up today.

In addition, a new TCI grant program was established to help build sales and brand awareness in partnership with TCI-affiliated processors and their customers — including grocery stores and restaurants across the country. As we move into the future, this type of program, which provides direct and measureable results in the form of increased sales, will become a major focus of TCI's marketing plan.

The challenges we face are great, and TCI is committed to developing and implementing innovative marketing programs that meet our needs today and in the future. The generous support of our member Feed Mills and the direction provided by our Board of Directors has never been so necessary as it is today. Please take time to review the enclosed 2012 programs.

Roger E. Barlow
President, The Catfish Institute

Harry Simmons, Jr.
Chairman, The Catfish Institute

The Catfish Institute Member Feed Mills

Alabama Catfish Feed Mill, LLC
Uniontown, Alabama

Delta Western
Indianola, Mississippi

Fishbelt Feeds
Moorhead, Mississippi

Land O'Lakes Feeds
Macon and Lumberton, Mississippi

The Catfish Institute Board of Directors and Officers



Chairman
Harry Simmons, Jr.
Fishbelt Feeds



Vice-Chairman
David Pearce
Alabama Catfish Feed
Mill, LLC



President
Roger E. Barlow
The Catfish Institute



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Jim Tackett
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Butch Wilson
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TCI's 2012 Promotional Efforts Reached Consumers Far and Wide

The Catfish Institute has always carried an all-American banner, whether through the name of the product we promote — U.S. Farm-Raised Catfish — the red, white and blue colors on our logo, or through our marketing campaigns that tout the hardworking values of the American farmer. Beginning in 2012, we've taken an additional step by adding a new "100% American" tag to our logo, which has already begun appearing on the industry's product packaging and promotional messages.

We take great pride in providing and promoting a 100% American product. This revised logo will help reassure our industry's consumers of the quality our catfish offers to their family and patrons.

Retail/Food Service Sales Incentives

In Summer 2012, the TCI Board of Directors approved a new program designed to drive increased product sales in partnership with catfish processors and their key customers.

This new Retail/Food Service Sales Incentive Program provides each processor with up to \$40,000 per year in "incentivized" marketing funds, which they can offer to their customers to fund localized advertising, menu specials, product sale specials, in-store flyers, etc.

All funds must be used to promote "U.S. Farm-Raised Catfish" by name, and the value of the sales increase must be greater than the value of the grant. All applications for funds are submitted by processors to a TCI Approval Committee made up of three non-processor-affiliated board members.

In its first year, the response has been strong. Nearly \$200,000 in marketing funds has been infused into the community, resulting in hundreds of thousands of pounds of additional catfish fillets sold. Beyond the initial sales burst, it is expected that the marketing programs funded by these grant dollars will build loyalty among our customer base.

Print Campaign

2012's print advertising campaign continued to feature the annual Catfish Farmers of the Year from Alabama, Arkansas and Mississippi. The ads appeared in regional and national publications with the goal of increasing top-of-mind awareness for U.S. Farm-Raised Catfish among our consumers.

2012's print advertising campaign continued to feature the annual Catfish Farmers of the Year from Alabama, Arkansas and Mississippi.

The 2012 print ads utilized photography of farmers Kent Houlditch of Alabama, Bill Troutt of Arkansas, and Harrell Potter of Mississippi. The consumer campaign appeared nationally in *Delta Sky Magazine* during the months of July, August, September and October. In addition, an ad appeared in the July/August issue of *Cooking with Paula Deen* magazine.

Sky Magazine is available on all Delta Airline flights and has an annual readership of more than 5.3 million people. The queen of southern cooking, Paula Deen, also has strong readership of her magazine, with more than 1.5 million readers. We believe these publications fit well with our consumers' interests and travel preferences, and they also provide a strong value for our industry's marketing dollars.

Several regional publications also contained TCI ads, including the ALFA publications *Friends and Family* and *Neighbors*.

TCI Logo Now 100% American!

The Catfish Institute's long popular logo has been revamped to include emphasis on the fact that U.S. Farm-Raised Catfish is "100% American." The new logo is being used throughout TCI's marketing campaign and has been made available to processors and others.

"Over the years, TCI has built strong consumer recognition of the U.S. Farm-Raised Catfish seal," said Roger Barlow, TCI President. The logo has, on several occasions, been adapted for use in specific marketing programs. In an effort to further differentiate our product as uniquely American, and to utilize elements of the existing TCI trademarked logo, new emphasis will be placed upon U.S. Farm-Raised Catfish as a truly American product.



RAISED ON FAMILY FARMS FOR FAMILY TABLES.

HARRELL POTTER
2012 Mississippi
Catfish Farmer of the Year

BILL TROUTT
2012 Arkansas
Catfish Farmer of the Year

KENT HOULDITCH
2012 Alabama
Catfish Farmer of the Year



When you look for the U.S. Farm-Raised Catfish seal, you're looking out for your family, and for our American farmers. Their pure, freshwater ponds and strict standards ensure U.S. Catfish is the freshest, healthiest fish available. And you can rely on that perfectly mild flavor year-round.

Try the recipe for Classic Fried Catfish at USCATFISH.COM

Sponsored by The Catfish Institute



The above ad appeared in Delta Airlines Sky Magazine.

New Recipe Brochures, Media Promotions Reach Consumers

Radio Campaign

Consumers living in southern markets were the focus of the 2012 radio campaign as TCI continued to sponsor the *Tight Lines with Sammy Lee* radio program. Based in Birmingham and syndicated throughout the South, Sammy Lee's messaging encouraged listeners to ask for U.S. Farm-Raised Catfish at their local retailers and restaurants. He also educated listeners on the benefits of domestic over imported catfish.

In addition, radio ads aired throughout the year on SuperTalk, a network of stations based in Mississippi, which also has broad listenership in portions of Alabama, Arkansas, Louisiana and Tennessee.

Television Campaign

TCI continued its sponsorship of Mr. Food®, a nationally syndicated cooking program targeted toward home cooks. Mr. Food airs daily in more than 130 television markets nationwide, reaching over 5.5 million viewers each day. Three new, nationally televised Mr. Food programs featuring U.S. Catfish aired in August, November and December 2012. The TCI team extends its sympathy to the family and friends of Art "Mr. Food" Ginsburg who passed away in November at age 81.



Now in its second year, TCI worked with The Cooking Lady by sponsoring two new segments in September 2012. This relatively new cooking program airs throughout the South — from Texas to the Carolinas — and reaches more than 3.5 million households.

TCI's full-color *Fresh Ideas for U.S. Catfish* cookbook, which was released in 2010, continues to be extremely

popular among our audiences. Additional copies of both the large and smaller companion cookbooks were printed and distributed throughout the nation during 2012.

Viking Partnership

TCI also continues to partner with Viking Range Corporation and its "packed-with" program. This program allows TCI to include a special digital collateral package promoting U.S. Farm-Raised Catfish in each major appliance that is shipped to Viking customers. It remains a way to reach tens of thousands of people nationwide each year.

Delacata

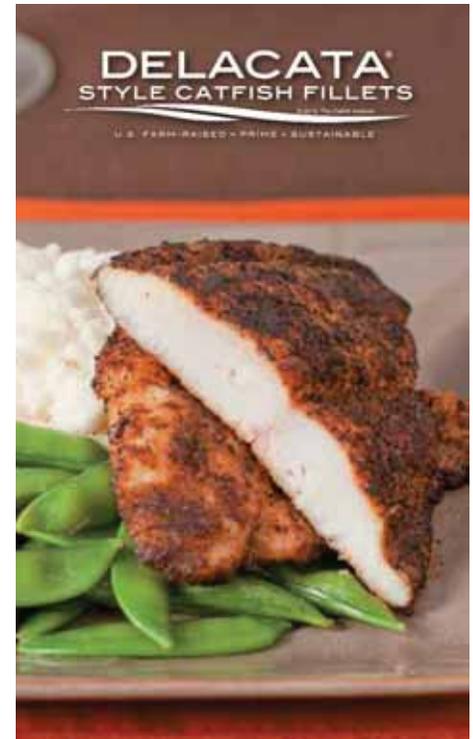
Back in 2011, TCI worked with industry processors to transform "deep-skinned catfish fillets" into an all-new, more consumer-friendly product name: *Delacata® Style Catfish Fillets*.

The *Delacata Style Catfish Fillets* moniker allows processors to offer their consumers a premium product, with an upscale name. During 2012, sales of the new Delacata-branded product climbed to nearly a quarter-million pounds since its launch.

In the coming year, TCI will continue working with processors to fine-tune the product and roll out marketing communications to support and increase overall sales of this new product line.

Boston Seafood Show

TCI's participation at the International Boston Seafood Show continued in 2012. The annual trade show, held March 11-13 at the Boston Convention and Exposition Center, brought together a global audience of approximately 16,000 seafood buyers



Promotional efforts for Delacata Style Catfish Fillets continued in 2012.

and more than 800 exhibitors — the largest event of its kind.

The TCI marketing team again focused its communication efforts on four primary topics: all-American quality, the industry's inspection standards, government food safety regulations and culinary versatility.

The TCI exhibit featured two of the 2012 Catfish Farmers of the Year: Kent Houlditch of Alabama and Bill Troutt of Arkansas, along with the President of Catfish Farmers of Mississippi, Louie Thompson, and Captain Catfish, the U.S. Catfish industry's official mascot.

The entire TCI team was on hand throughout the trade show to speak with attendees and members of the media, offering first-hand knowledge and providing a show of force for the long-term viability and strength of the U.S. Farm-Raised Catfish Industry. In addition, several thousand samples of Catfish Cakes and Catfish Chowder were served to those attending the multi-day trade show.

U.S. Farm-Raised Catfish Attracts Fans at Boston Seafood Show



Among those manning the TCI booth at the 2012 Boston Seafood Show were, from left, Bill Troutt of Arkansas, Ken Houlditch of Alabama, CFA President and TCI Board member Butch Wilson, CFM President Louie Thompson, and Roger Barlow, TCI President.

National Catfish Month

TCI again promoted National Catfish Month in 2012, spending the entire month of August celebrating U.S. Farm-Raised Catfish and the American farmer.

The marketing and public relations campaign included regional radio features by TCI President Roger Barlow and the 2012 Catfish Farmers of the



Boston Seafood Show attendees sample U.S. Farm-Raised Catfish delicacies.

Year; national radio features by Sammy Lee of *Tight Lines with Sammy Lee*; nationally syndicated television cooking segments from Mr. Food®; and consumer print ads in *Delta Sky* and *Cooking with Paula Deen* magazines.

In addition, a national cookbook giveaway promotion on Facebook helped build our following to nearly 19,000 active users!

National Media Outreach

TCI continued to work with numerous media representatives throughout 2012 to coordinate content for stories, and provide recipes and photography of U.S. Farm-Raised Catfish. Among those outlets were the Food Network, Travel Channel, BBC America, The History Channel, *FishWise*, and many, many others.

The U.S. Farm-Raised Catfish

Industry was also featured in the children's novel, *FishTale*, by Hans Bauer and Catherine Masciola.

Catfish Recipe Features

TCI continues to educate consumers on the versatility and sustainability of U.S. Farm-Raised Catfish through recipe feature releases distributed to approximately 10,000 newspapers across the country. These features are generally placed in the food section of community and daily newspapers nationwide, and reach approximately 12 million readers each year.

Online Campaign

During the year, TCI continued to expand its popular online program, including increasing emphasis on

Twitter and Facebook. On Earth Day, April 22, TCI launched a new Facebook tab on sustainability, drawing attention to U.S. Farm-Raised Catfish's environmentally friendly farming practices and "Best Choice" designation by

Seafood Watch. The campaign created 9.8 million impressions among Facebook users and more than 1.7 million users saw the TCI ad an average of five times during the three-week campaign.

As 2012 drew to a close, TCI's website — UScatfish.com — was undergoing a revamping and is scheduled for completion in early 2013.



TCI Works Closer with Foodservice, Retailers and Processors

During the year, TCI moved aggressively to work closer with foodservice outlets and supermarkets through incentives designed to increase sales of U.S. Farm-Raised Catfish.

The initiative is in addition to TCI's ongoing Processor Partnership Program, in which matching funds are provided to promote U.S. Farm-Raised Catfish.

Through the Sales Incentive Grant Program, funds are provided for processors to develop marketing campaigns with their customers. Applications for funds are reviewed by an independent committee established by TCI. The non-processor committee approves funds that go directly to the vendor.

"We believe that these unique programs provide an immediate return on our investment through increased sales of U.S. Farm-Raised Catfish," said Roger Barlow, TCI President.



Publix®



Aquaculture and Agribusiness; Leading The Way Into The Future.

As foreign-made products flood our domestic market, American catfish farming and processing remains an industry with a rich history built around hard working southern farmers. Our industry creates local jobs and a locally grown, nourishing safe source of food for millions of people. Catfish are farmed and harvested in ponds of pure local spring water and raised on food made from American corn, wheat, and soybeans.

The American catfish industry has consistently produced safe, reliable, locally farmed aquaculture products that are available to consumers year round.

Our industry is a model of U.S. product innovation. Catfish products available today have grown as processors and their research and development teams create new ways to offer catfish as a healthy alternative to other proteins. This unique home grown industry, developed in the deep South, will help feed future generations for years to come.

Over 7 billion people now populate our earth and over 1 billion of these people do not have enough food to eat. "Feeding 7 billion the World" is not just a marketing slogan, it's become the reality for our future. American catfish and Harvest Select will be part of that future.

HARVEST SELECT
U.S. FARM RAISED Catfish

Harvest Select Catfish Hatcheries, Farming, Harvesting, Processing and Distribution



Work Continued on Country of Origin Labeling Issue

Heightened Awareness in Texas, Kentucky

In the past year, TCI's work with state legislatures to require restaurants to label the country of origin (COOL) of the catfish they serve has raised awareness of the problems with imported catfish and pangasius (basa, swai and tra), as well as the safety and quality of U.S. Farm-Raised Catfish among government officials, the media and consumers in Texas and Kentucky.

As a result, TCI was asked to testify before a special hearing of the Texas Senate Agriculture and Rural Affairs Committee, which is considering the problems of imports and possible legislation in the 2013 legislative session. On September 18, 2012, the TCI team urged Texas to test imported catfish and pangasius for illegal additives and, once again, introduced legislation requiring restaurants to label the origin of catfish and pangasius they serve.



Mississippi Agricultural Commissioner Cindy Hyde-Smith meets with TCI board members in Jackson to discuss Mississippi COOL legislation.

During the hearing, the Texas Senate Agriculture Committee chairman ordered the state's Health Department to put together a testing plan, an effort which TCI is supporting. TCI's Texas testimony and message on imports was covered by Texas National Public

Radio and Seafood Source.

Following positive feedback during 2011 from the Kentucky House Agriculture Committee Chairman and key Senators, TCI initiated COOL legislation (HB 115) in the House, introduced in January 2012 by Representative Fred Nesler, an Agriculture Committee Member with catfish farms in his district.

HB 115 passed the full Kentucky House of Representatives on March 1, but unfortunately, the bill never made it out of the Senate Agriculture Committee.

Mississippi and Alabama COOL Improvements

TCI is initiating action in Alabama and Mississippi to strengthen the COOL statutes achieved in recent years to ensure they cover pangasius, and provide adequate enforcement authority to the relevant agencies in each state.



TCI consultant Jeff McCord with Kentucky Representative Ron Nesler, sponsor of legislation requiring restaurants to label the country of origin of catfish served; James Tidwell, Professor and Chair of Kentucky State University's Division of Aquaculture; and Angela Caporelli, Aquaculture Coordinator and Marketing Specialist, Kentucky Department of Agriculture. The four testified in favor of TCI's COOL legislation before the House and Senate Agriculture Committees during the 2012 Session of the Legislature.

Weekly “News Alerts” Send Messages To Vast Audiences

**The Catfish Institute
News Alert**

**Consumer Groups Sue Federal Government
for Enforcement of Food Safety Law**

November 12, 2012 - The Center for Food Safety and Center for Environmental Health is suing the U.S. Food and Drug Administration and federal Office of Management and Budget, alleging the government is [unlawfully delaying implementation of the Food Safety and Modernization Act of 2011](#) and placing the public health in jeopardy.

Among its objectives, the law aims to improve the safety of imported food -- including seafood -- by boosting inspections of foreign seafood processing and packing facilities.

The consumer groups say 1-in-6 Americans (48 million people) becomes ill from foodborne diseases each year. Approximately 128,000 are hospitalized and 3,000 die from pathogens in the food supply. Earlier this year, the U.S. Centers for Disease Control and Prevention said imported foods are making more Americans sick than ever before, citing [imported fish as the leading culprit](#). Experts have long questioned the FDA's ability to protect Americans from tainted seafood imports.



Center for Food Safety Lawsuit Targets FDA, OMB on Stalled Food Safety Act

For More Information:
The Catfish Institute
news@UScatfish.com



THE CATFISH INSTITUTE

**The Catfish Institute
News Alert**

Seafood a Key to Longevity

October 22, 2012 - What do long-living Greek islanders and Japanese women have in common? A diet rich in seafood, legumes, fruits and vegetables, coupled with exercise.

Consider that ten times more people on the tiny Greek island of Ikaria live to be [over 90 years old](#) than those living on mainland Europe. And, on average, Japanese women enjoy the [longest life-spans on Earth](#).

Seafood is one common element in both societies. [Research has shown that the omega-3 fatty acids found in seafood](#) decrease triglyceride levels, slow the growth rate of plaque in the arteries, lower blood pressure and decrease the risk of abnormal heartbeats, which can lead to sudden death. Cardio-vascular diseases are the biggest cause of death worldwide.

But, more than 85 percent of the seafood Americans eat is imported. Much of that number is farm-raised in countries such as China and Vietnam, which lack strict health and environmental standards and use drugs and chemicals banned for use in food here in the United States. U.S. Farmed-Raised Catfish is among the world's safest and most delicious sources of heart-healthy, lean protein.

So eat more [U.S. Farm-Raised Catfish](#) - for your health!



For More Information:
The Catfish Institute
news@UScatfish.com



THE CATFISH INSTITUTE

News Alerts

During the Spring, TCI recognized that the conventional media was no longer reporting all relevant seafood news affecting our industry. In response, TCI began researching and writing short weekly “News Alerts” that support the industry’s marketing and government relations objectives.

Since June, TCI has researched, produced and distributed 24 News Alerts covering various subjects such as:

- The FDA found the carcinogen nitrofurans in four shipments of Vietnamese pangasius in August, in addition to other banned and potentially dangerous drugs and chemicals;
- The U.S. seafood trade deficit is growing as imports have skyrocketed, causing our region and nation real economic harm;
- Increasing quality problems are being found in Asian-farmed tilapia;
- A seafood diet and catfish consumption help increase longevity;
- Safety problems continue with all seafood farmed in Vietnam and China;
- Bi-partisan members of Congress urged the FDA to crack down on seafood labeling fraud.

To join our mailing list, go to UScatfish.com

TCI's Canada Export Program Rebounds in 2012

The year marked a dramatic turn-around for TCI in Canada due to the increased availability of fish for exports following last year's temporary shortage. The results of this change in supply was immediate.

Retailers in Ontario were more supportive of U.S. Farm-Raised Catfish in 2012. In fact, retail activity is now at a five-year high and significantly above last year's results. This was evidenced by a 135 percent jump in retail flyer advertising activity year-over-year.

In addition to availability, two other factors contributed to these unprecedented sales increases. First, TCI achieved a significant yearly increase in retail flyer ads run in Ontario. Second, this year witnessed an even greater retail and consumer demand for sustainable seafood — a message that TCI has consistently touted for years.

Public Relations

It's also been a banner year for public relations. Catfish was prominently featured in *Canadian*



Canada television hosts Steve Sabandos, Chris Hyndman and chef Lynn Crawford with record catfish Po' Boy.

Living magazine's *Barbecue Collection* cookbook, and TCI set a television impressions record by appearing on the internationally syndicated *Steven and Chris Show*. This cooking segment with chef Lynn Crawford reached an audience of six to eight million Canadians and Americans, and even set an unofficial world's record for the biggest Po' Boy.

TCI participated in the inaugural Food & Drink consumer show in Kitchener-Waterloo, Ontario, in April,

partnering with the show's title sponsor, Caudle's Catch Seafood.



Canadian authorities have approved the use of a new exclusive U.S. Farm-Raised Catfish marketing name.



In-store demonstrations introduce U.S. Farm-Raised Catfish to Canadians.

Retail

After two years of legal negotiations, TCI was given the exclusive right to market U.S. Farm-Raised Catfish using the Latin name "Ictalurus" in the French-speaking province of Quebec. It was critical to find a name that was descriptive, taxonomically accurate, acceptable to all regulatory agencies, and palatable to the trade and consumers. Only "Ictalurus" met all of these requirements.

Finally, TCI enjoyed a very successful 2012 export year to Canada. In 2012, Canada's retailers ran 44 branded U.S. Farm-Raised Catfish flyer ads, compared with just 19 in 2011. Volume increases year-over-year are similarly positive.



“No matter how you like it, you’re gonna love it!”



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