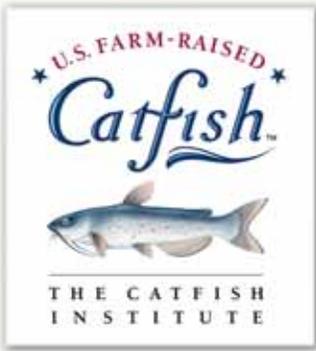


The Catfish Institute

2013 ANNUAL REPORT





Dear Friends:

The year 2013 will be remembered as a pivotal one. We witnessed not only record high feed prices, but also low pond bank prices. Thankfully, though, we ended the year with farmers receiving prices that better reflected the continued high feed costs. However, since we understand that the increase in price is the result of a potentially tight supply of market-size catfish, we must work to prevent this situation from becoming harmful to the industry. Supply must maintain a balance that is profitable but does not decrease demand or the potential for growth.

Our industry continues to be affected by the nation's slow economic recovery, ever-growing overseas competition and an overall decline in per capita seafood consumption. In an effort to address these issues, TCI launched aggressive programs aimed at selling our products and reaching consumers in exciting new ways. In this annual report, you will see examples of these programs.

Activities throughout the year included the following: expanded incentivized programs for both retail and food service; the development of a new logo to emphasize that U.S. Farm-Raised Catfish is 100% American; revamping the website and increasing social media efforts; a retail promotion of Delacata; and a mail-in rebate partnership.

TCI continued several of its most successful public relations campaigns—manning a booth at the Boston Seafood Show with the Farmers of the Year; celebrating National Catfish Month; sending timely News Alerts to over 2,300 subscribers; and developing several collateral pieces that include a beautiful new cookbook as well as brochures that detail the differences between U.S. Farm-Raised Catfish and imported products.

The Catfish Institute, created and funded by a select group of feed mills, is positioned to address the industry's challenges and enhance the marketing of U.S. Farm-Raised Catfish. Our efforts would not be possible without the loyal support of these feed mills; our farmers; processors; land-grant research universities; financial institutions; and local, state and federal government officials.

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

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Vice-Chairman
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Feed Mill, LLC



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The Catfish Institute



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Feed Mill, LLC



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Delta Western



Butch Wilson
Alabama Catfish
Feed Mill, LLC



Seymour Johnson
Director Emeritus



THE CATFISH INSTITUTE

P. O. Box 1669 ★ Madison, Mississippi 39130
6311 Ridgewood Road, Suite W-404 ★ Jackson, Mississippi 39211
Phone: 601.977.9559 ★ Fax: 601.977.9632

www.UScatfish.com

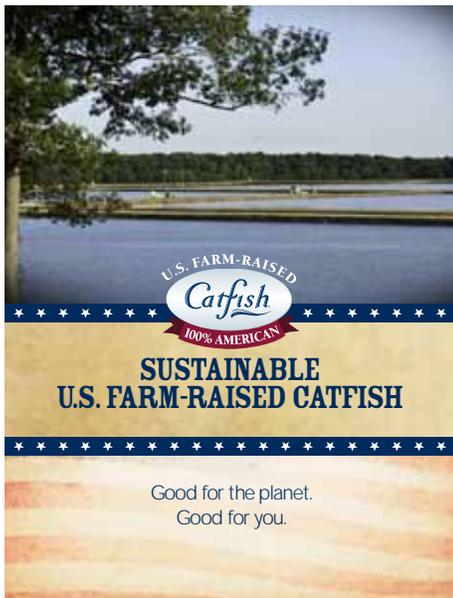
TCI's 2013 Promotional Efforts Reached Consumers Far and Wide

Each year, The Catfish Institute revises its marketing plan to stimulate increased sales and awareness of U.S. Farm-Raised Catfish. Every new action plan takes into account information gathered and lessons learned from the previous year to create additional or expanded programs that assist the catfish industry.

Branding

In early January, we completed the rollout of a new branding package aimed at intensifying the focus of our all-American catfish products. This branding package includes a newly tagged “100% American” logo and accompanying brand standards which were developed in the fall of 2012. Nearly 50 different concepts were introduced before the TCI Board of Directors chose to move forward with this evolutionary logo, which maintains the consumer awareness that has been built over the past 25-plus years of industry advertising.

Beyond the use of this logo on processor packaging and labeling, TCI created a new series of collateral items which feature the “100% American” tagline. An impressive new cookbook



New brochures featuring TCI's updated logo and branding.



Beginning this year, TCI offered marketing funds to state catfish associations. Projects included a new museum display as seen here, as well as billboards and legislative affairs.

featuring 24 recipes was developed. It is widely regarded as the best the Institute has ever published.

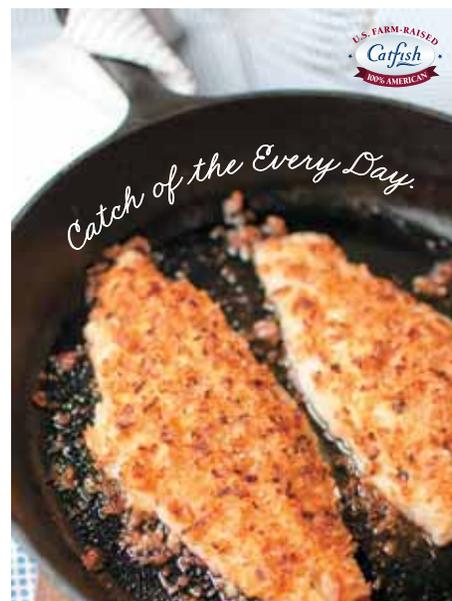
New brochures, such as our updated and completely redesigned pamphlet on sustainable catfish farming practices and a “Where Does Your Catfish Come From?” brochure, are also making waves at food shows and sales

meetings across the country. These items, in particular, are essential tools in telling the U.S. Farm-Raised Catfish Industry's story—and in setting our product apart from less regulated imports.

Co-Marketing Programs

This year marked the seventh year for the TCI Processor Partnership Program. This program reimburses affiliated processing plants for 50% of applicable marketing costs—up to a set amount of \$20,000 per processor per calendar year. New to the partnership program this year was the inclusion of state catfish associations. The Alabama Catfish Producers, Catfish Farmers of Arkansas and Catfish Farmers of Mississippi can now use industry funds to promote catfish. Each state association received a \$10,000 allotment to use on 2013 marketing activities.

TCI's Processor Partnership dollars fund a variety of marketing activities, including outdoor billboards; 18-



New! U.S. FARM RAISED Catfish

PAN SEARED CATFISH FILLET DINNER

\$13.99



Catfish Charlie's

Ask Your Server for Details.

CAPTAIN D's



SEAFOOD KITCHEN

NEW

2 PC CATFISH MEAL

5.99



U.S. FARM RAISED Catfish

RAGIN CAJUN



CAJUN FOOD AT ITS BEST

A Mandala Establishment

National Catfish Month SPECIAL PRICING!

Try Our Delicious **Catfish Po Boy**

Just \$5.00

U.S. FARM RAISED Catfish

Capt Benny's



SEAFOOD

CAPT SPECIAL

NEW

THIN AND CRISPY CATFISH

9.99

NATIONAL CATFISH MONTH

COME ENJOY \$5 CATFISH POBOY

CRAWFISH



OPEN

NOW OPEN

CHEEP CHEEP CHICKEN

INCREDIBLY INEXPENSIVE FROZEN CHICKEN, CATFISH & VARIETY OF OTHER SIDE ITEMS

Fully Cooked Chicken Wing Sections 2lb Box \$9.99 EA	CHICKEN	Fish Of The Pond Catfish Steaks 1.5 lb Box \$9.99 EA
Ready To Cook Breaded Bone-In Chicken Wings 2lb Box \$7.99 EA	FISH	Fish Of The Pond Catfish Nuggets 2lb Box \$7.99 EA
Ready To Cook Assorted Variety of Chicken Nuggets 2lb Box \$9.99 EA	U.S. FARM RAISED Catfish	Fish Of The Pond Catfish Fillets 2lb Box \$12.99 EA

4657 Navy Road, Millington, TN 38053

901-873-0292

GREAT VARIETY OF FULLY COOKED OR READY TO COOK CHICKEN

Ezell's FISH CAMP



EAT CATFISH & BE SOMEBODY 20 / 59 • Exit 108

GOLDEN CHICK

FARM RAISED Catfish



BORN AND RAISED IN THE U.S.A.



ASK FOR PRIDE OF THE POND CATFISH

Leave this 1.5" high space blank for Bravo Graphics to typeset address information.

Continue to use this same angle on coupons. Gradient should be similar in color to art above but light enough for black type to show up on top of it.



The above images are examples of marketing initiatives funded by TCI's co-marketing programs.

wheeler decals and signage; brochures and recipe booklets; local and regional print; radio and television advertising; as well as many other creative ways to reach consumers.

Another relatively new funding mechanism for processor-led marketing is the Retail/Food Service Sales Incentive Program. This program provides up to \$40,000 per processor for marketing activities in restaurants and grocery stores—all of which build consumer awareness and directly influence industry sales.

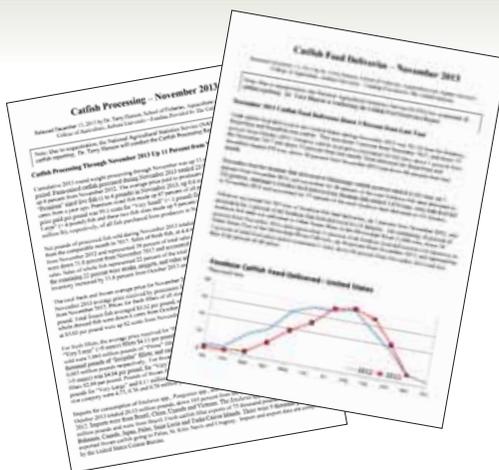
The Sales Incentive Program has been a great success over its first two years of existence, with these funds resulting in a sales increase valued at well over \$4 million. New partnerships with restaurant chains, local catfish houses, grocery store chains and even high-end, white tablecloth establishments have opened doors for our processors as they seek to drive sales and broaden markets in the face of stiff competition from cheaper overseas imports.

Industry Research

The Catfish Institute was directly involved in a number of new research projects throughout the past year, including providing the lead funding for the hiring of a national commodity marketing consultant. In March, the TCI Board of Directors approved the hiring of Washington, D.C.-based World Perspectives, Inc., to conduct an intensive review of our industry.

World Perspectives' mission was to examine the strengths and weaknesses of U.S. Farm-Raised Catfish as a whole and to then offer recommendations for increasing efficiencies as well as finding new markets.

This past summer, as a result of the federal budgetary cuts, the industry's statistical reports from the USDA were discontinued. This caused a lack of



New processing and feed reports funded by TCI in the wake of federal budget cuts.

vital processing and feed delivery data, necessary for both farmers and processors to forecast pricing and inventory. TCI made arrangements with the Mississippi Department of Agriculture and Commerce and Auburn University to begin providing a similar set of industry reports.

Without a doubt, these processing and feed delivery reports are more timely, more accurate, more comprehensive and more concise than those previously provided by the USDA's National Agricultural Statistical Service.

Boston Seafood Show

TCI's sponsorship of the International Boston Seafood Show in

2013 marked its fourth consecutive year to exhibit at the event. The annual trade show brings together a global audience of approximately 19,000 seafood buyers and more than 800 exhibitors—the largest event of its kind in North America.

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

The Catfish Institute's exhibit featured two of the 2013 Catfish Farmers of the Year—Derry Bone of Alabama and Brad Graham of Arkansas; president of Catfish Farmers of America, Ben Pentecost; chairman of Catfish Farmers of America, Butch Wilson; president of Catfish Farmers of Arkansas, Wayne Branton; and Captain Catfish, the U.S. Farm-Raised 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



The TCI team at the 2013 International Boston Seafood Show.



The TCI team served hundreds of free samples in Boston.

catfish were served to those attending the multi-day trade show.

Young Farmer Leadership Program

2013 concluded the fourth year of the Young Farmer Leadership Program, which is co-funded by TCI and Catfish Farmers of America. This program is

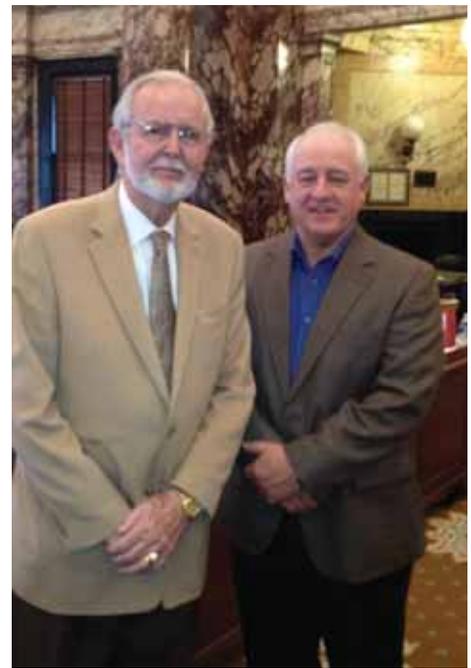
TCI continues to utilize farmers as the face of our industry.

vital to our industry because it brings together the next generation of catfish industry leaders for two days of seminars, roundtable discussions and team building.

The connections made through the Young Farmer Leadership Program will serve these young farmers well into the future and equip them for roles as members of the board of directors for state catfish organizations, TCI, CFA and other associations in the catfish industry.

Strengthened COOL in Mississippi

Mississippi's catfish labeling legislation received a needed boost in jurisdiction this year. The state legislature revised the previous law to



Senator Billy Hudson and TCI President Roger Barlow celebrate the passage of Mississippi's amended COOL bill.

now include coverage of imported catfish-like species, commonly sold as pangasius, basa, swai and tra, in the restaurant labeling requirements.

TCI's research over the years has shown that when given a choice, an informed consumer will always choose domestic catfish over imported catfish and catfish-like species. Because of the health concerns of catfish and catfish-like products grown overseas and the lack of regulations, it is certainly easy to understand why.

Mail-In Rebate

For the first time in a number of years, TCI sponsored a mail-in rebate program in partnership with R&V Works' Cajun Cookers. This Louisiana-based manufacturer of high-end deep fryers, grills and smokers graciously agreed to include our rebate forms in every unit they sold in 2013.

By providing a \$5 rebate on the purchase of two or more pounds of U.S. Farm-Raised Catfish, TCI was able to build brand awareness for our



TCI's 2013 Young Farmer Leadership meeting included seafood retailer tours and a segment on regional talk radio networks.



TCI's Mail-In Rebate Certificate.

products and potentially open the door for new and increased product sales.

**Food Service
Distributor Promotions**

In 2013, TCI created a broad promotion with Performance Food Group, a large, national food service distribution company based in Richmond, Virginia. The program ran from August to October and was designed to transition their restaurant customers from imported catfish or catfish-like species to serving only U.S. Farm-Raised Catfish.

The leadership at PFG forged a competition among its sales staff, and their marketing team created promotional kits for every restaurant that purchased U.S. Catfish. An essential element was involvement of the end consumer, which was accomplished through a "Vote for America's Favorite Catfish Restaurant" contest.

At the end of the promotion, a year-over-year sales increase of 23,000

pounds of catfish was netted, and hundreds of restaurants recommitted, or strengthened their existing commitments, to serving only U.S. Farm-Raised Catfish.

In addition, consumers voted Carmack Fish House in Vaiden, Mississippi, as the place to find the best catfish in the nation. Congratulations to our friends at Carmack!

National Catfish Month

TCI again promoted the month of August as National Catfish Month by celebrating U.S. Farm-Raised Catfish and the American farmers who grow it.

The marketing and public relations campaign included a broad online push through various social media platforms; regional radio features by TCI president Roger Barlow and the 2013 Catfish Farmers of the Year; nationally broadcast television segments; and print ads in regional publications.

TCI continued its sponsorship of the Mr. Food Test Kitchen Program®, a nationally syndicated cooking show targeted toward home cooks. Mr. Food airs daily in more than 130 television markets nationwide and reaches over 5.5 million viewers each day. Four new, nationally televised Mr. Food programs featuring U.S. Catfish aired this year.



PFG encouraged patrons to vote for their favorite catfish restaurant online.

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

Online & Social Media

The TCI marketing team recognizes the importance of online media as a way to reach our consumers. Each year, we work to expand and improve our presence and activities in this area.

TCI's website, UScatfish.com, was completely redesigned this past year to create a better experience for the user. Large, beautiful photos can be seen throughout the site, and a new recipe section allows consumers to easily choose from more than 100 different preparations of U.S. Farm-Raised Catfish. In addition, 10 new cooking videos were added to the site. These brief how-to videos have been a very popular addition, and more are planned in the coming year.

On social media, our Facebook following grew to more than 30,000 people, with similar growth occurring on our Twitter and Pinterest pages. We value the opportunity to interact directly with the public through these platforms and look forward to continuing work in these areas.

Public Relations

TCI continued its series of "News Alerts." These informative emails provided industry news to not only the mainstream media, but also members of the U.S. Catfish Industry, policymakers in Washington and agriculture leaders across the nation. In 2013, 36 News Alerts were distributed to our list of more than 2,300 contacts. The result is better information sharing among catfish industry constituents and better awareness of our issues in the media.

With each News Alert distributed comes a new interview opportunity—and a chance to tell the story of U.S. Farm-Raised Catfish.

Delacata®

Several years ago, TCI worked with industry processors to transform “deep-skinned catfish fillets” into an all-new, more consumer-friendly product name: Delacata® Style Catfish Fillets. Monthly sales continue to increase as processors find additional avenues for moving product under this new moniker.

In August, TCI helped conduct a test promotion at a local grocery chain in the Jackson, Mississippi, area called McDade’s Market. TCI and a participating processor created an event that involved a reduced price on two-pound bags of Delacata Style Catfish Fillets, complete with free tastings. This marked the first time Delacata was available outside a restaurant in this geographic market.

TCI developed a broad public

DELACATA® style catfish fillets

© 2014, The Catfish Institute

U.S. FARM-RAISED • PRIME • SUSTAINABLE

relations push to increase consumer awareness of the upcoming promotion and paid for a local radio station to promote the event and conduct a live “remote” from the grocery store. A full-page article in the state newspaper ran two days before the event, and *Clarion-Ledger* readers then flooded the store and purchased McDade’s entire stock of Delacata! Due to the success of this small-scale test promotion, TCI plans to conduct similar, but broader, promotions of Delacata in the coming year.

“The Delacata product continues to provide a high-end substitute for menu offerings such as snapper, grouper and redfish.”

—Roger Barlow, TCI President



A TCI-funded Delacata promotion helped place the product in its first grocery chain, McDade’s Market in Mississippi.

TCI's Canadian Promotions

When the Canadian team was retained 14 years ago to help build the profile of U.S. Farm-Raised Catfish, the product suffered from unfair misconceptions and was not widely known or used in Canada. Over the years, vertical strategies that combined various in-store tactics with media relations, online campaigns, events, advertising, trade relations and marketing communications were used. Initially, 30 percent year-over-year growth was typical. Today, the product is one of the best-sellers in its category.

Media Coverage

U.S. Farm-Raised Catfish was featured on many Canadian television cooking segments, in newspaper food pages and magazine articles, as well as online. TCI issued press kits to print

Jean Valentine

Jean Valentine, TCI's export consultant since 1988, retired in July, after an extensive career. Jean took the public policy skills acquired with the California Wine Institute and applied them to a growing list of commodity marketing board clients. She was a fixture in Washington, D.C. for many years, where she helped her clients negotiate the maze of Foreign Agriculture Service regulations. Jean organized and administered TCI's international programs, and her duties included direct liaison with the USDA's Foreign Agricultural Service. She is now happily retired in her native Lincolnshire, England. We wish Jean a happy and much-deserved retirement.



U.S. Farm-Raised Catfish, as seen on Canada's nationwide CTV network.

and online media—and produced countless TV segments—with a variety of intriguing and creative themes. These included grilling, back to school, tailgating, fall comfort and time-saving meals, healthy eating, a Mediterranean diet, Mardi Gras, Super Bowl snacks, cooking with kids and many others.

TCI achieved media impressions numbering in the hundreds of millions in print, online and broadcast media. U.S. Farm-Raised Catfish has become a mainstay of recipe demonstrations on many of Canada's most-watched news and morning shows, garnering repeat appearances time and time again.

Retail

When TCI began promotions in Canada, only one retailer was importing U.S. Farm-Raised Catfish. Over time, retailers from British Columbia to Newfoundland began to carry and promote the product.

In Canada's largest and most

densely populated province of Ontario, TCI grew the business exponentially, by encouraging dozens of retailers to run hundreds of branded U.S. Farm-Raised Catfish flyers. These were often coupled with unique sampling and other retail programs. Volume

increases were positive year-over-year for almost every year of the program, and exports consistently beat estimates.

The Catfish Institute won its biggest Canadian battle in 2012. After protracted 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. The difficulty in achieving this result cannot be overstated and involved the Canada Food Inspection Agency, legal experts, a consumer market research firm, the Quebec language office, the Quebec ministry of agriculture and seafood, as well as wholesalers, brokers,



distributors and retailers.

Another important element of the retail program was to meet with southern U.S. catfish processors and encourage them to come to Canada to meet personally with key trade contacts.

Issues Management
Focus on Asian Imports

TCI's issues management team continued to focus on the threat posed by surging imports of virtually uninspected, cheap Asian-farmed catfish-like species, such as pangasius, basa, tra and swai. These fish pose a real threat to the health of consumers and the vitality of U.S. Farm-Raised Catfish producers who comprise America's largest aquaculture industry.

The FDA has substantially decreased inspections to one percent of all imported food.

Vietnamese catfish-like fish have been “dumped” on our consumers at below-market prices for years, according to a 2013 ruling by the U.S. Department of Commerce. Worse, Vietnamese farmed seafood is often found to be tainted with drugs that are banned for use in food within the United States. The reason is simple. The Socialist Republic of Vietnam permits its fish farmers to use 28 drugs, compared with only four drugs permitted by the Food and Drug Administration for use by U.S. catfish farmers. Moreover, Asian fish are grown in some of the world's most heavily polluted waters.

Despite the potential risk, the rate of federal inspection of imported

food—already the lowest among Western nations—dropped further during 2013 due to automatic “sequestration” cuts to the FDA's budget. Inspections, which now consist largely of checking container paperwork, fell from two percent of imported food to only one percent during the year. Laboratory testing of imported food was previously only two-tenths of one percent. The FDA has not reported whether this exceptionally low level of testing has been further reduced.

During the year, TCI completed an import testing program of Asian farmed catfish, catfish-like species and tilapia that had begun in 2012. Eurofins, an independent laboratory, analyzed samples of tilapia it had purchased in supermarkets in key urban areas and found a human-level dosage of the banned antibiotic enrofloxacin in Chinese farmed tilapia in the New Orleans metropolitan area. TCI alerted Louisiana's Commissioner of Agriculture who then brought the lab results to the attention of a senior FDA official.

Safety of Seafood
Imports is Questionable

Food safety groups conclude, and the FDA Commissioner admitted in a May 2013 report to Congress, that the safety of some food imports cannot be verified. For years, imported seafood has been a major violator of federal food import standards and a leading source of food-borne diseases in the U.S., according to the Centers for Disease Control and Prevention and the U.S. Government Accountability Office.

FDA Import Refusals

TCI continues to study and analyze the monthly Import Refusals data

published by the FDA. Due to budget cuts, however, the FDA has substantially decreased inspections to one percent of all imported food (down from 5 percent in the 1980s). We can only assume that laboratory testing has also been further reduced from the already inadequate two-tenths of one percent.

Though it is difficult to compare this year's reduced inspection data with previous years, it is clear that there is still a problem with the quality of imported seafood. Below are the Import Refusal totals for 2013 verses 2012 for whitefish of interest to U.S. Farm-Raised Catfish consumers and producers:

	2013	2012	Percent Change
Tilapia:	62	70	- 8
Ictalurus:	21	28	- 7.5
Pangasius:	4	17	- 23



THE CATFISH INSTITUTE

P. O. Box 1669 ★ Madison, Mississippi 39130
6311 Ridgewood Road, Suite W-404 ★ Jackson, Mississippi 39211
Phone: 601.977.9559 ★ Fax: 601.977.9632

www.UScatfish.com

