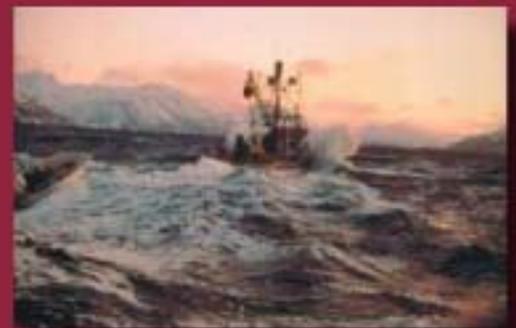


ALASKA SEAFOOD 2009



ALASKA SEAFOOD MARKETING INSTITUTE
PERFORMANCE SUMMARY AND POSTURE STATEMENT

ALASKA SEAFOOD ...



WILD, NATURAL AND
SUSTAINABLE

LETTER FROM EXECUTIVE DIRECTOR

It is my pleasure to provide you with the information in Alaska Seafood 2009, an Alaska Seafood Marketing Institute Performance Summary and Posture Statement. This report offers a snapshot of Alaska's seafood industry today, and provides some specific examples of the economic contributions made by a healthy seafood industry to Alaska's economy.

The value of a stable seafood industry to the Alaska economy has long been recognized by the State of Alaska, and a public-private partnership, Alaska Seafood Marketing Institute (ASMI), was established more than a quarter century ago as the state's official seafood marketing arm. The information in the following pages explains how ASMI plays a unique role in raising the value of Alaska's seafood harvest in order to bring the maximum return to state and local governments and private sector businesses.

The men and women of the Alaska seafood industry have worked hard to contribute to the promotional effort, volunteering thousands of hours of time and expertise to guide ASMI in its mission to raise the value of the harvest, and advance Alaska's goal of sustained economic growth. The benefits flow to Alaska communities from one end of the state to the other, to the state's own treasury, and to businesses large and small.

Alaska stands at the beginning of a new era. The eyes of policy makers and the public are trained on Alaska's economy, searching for ways to stimulate sustained economic growth to benefit all Alaskans. Alaska Seafood Marketing Institute is providing a strong return on investment by maximizing the value of Alaska's largest renewable resource.

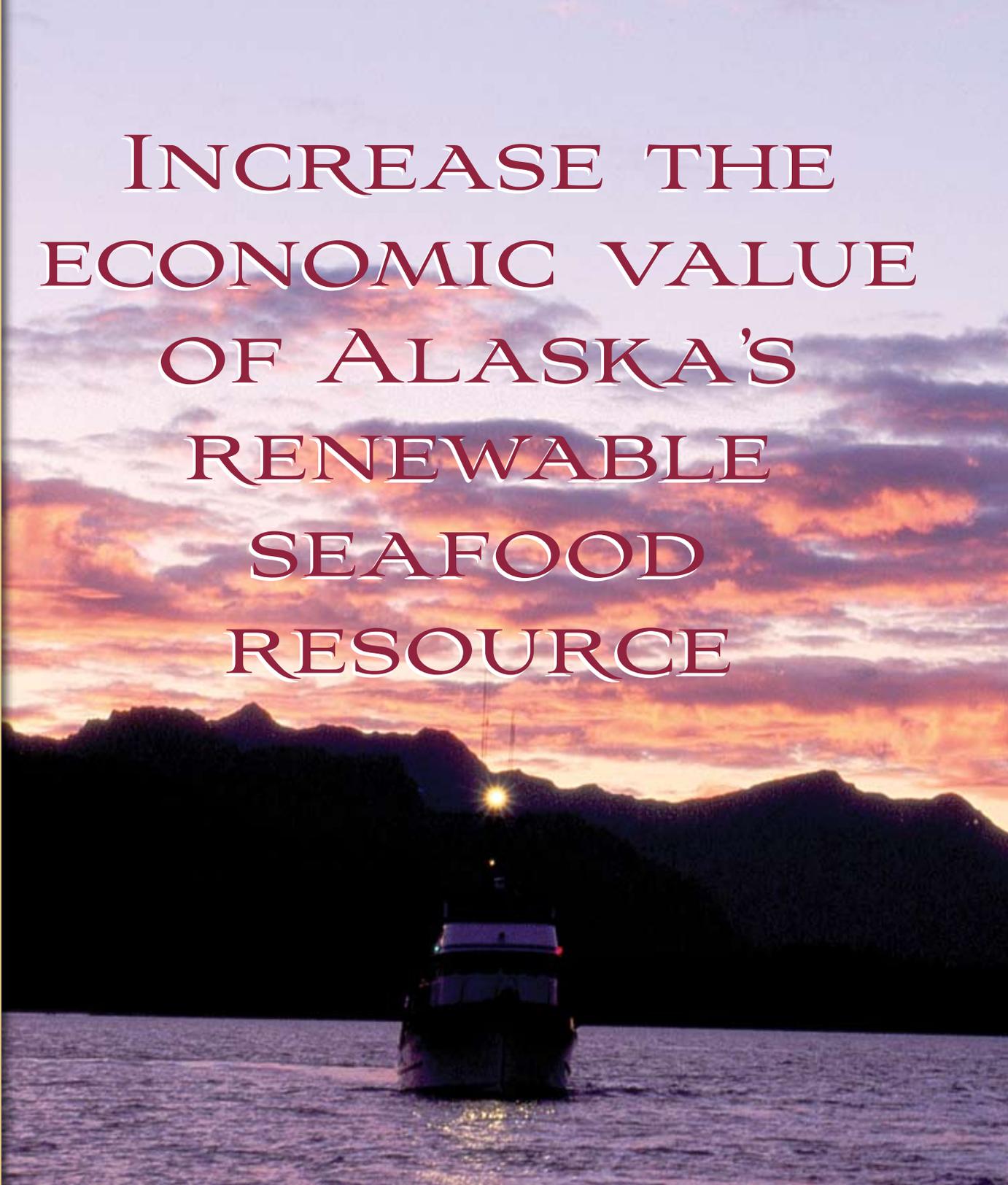
This year, Alaska is celebrating the golden anniversary of Alaska statehood. It also marks 50 years of sustainable fisheries management rooted in the Alaska Constitution. At a time when many parts of the world are suffering the disastrous effects of collapsed fisheries, Alaska serves as a model of sustainable fisheries management and has a robust seafood industry. Alaska's abundant seafood harvest is wild, natural and sustainable: ASMI's mission is to raise its value. Please review our performance and let us know how we may better serve you.

Sincerely,



Ray Riutta



A scenic sunset over a body of water. In the foreground, a boat is visible, its lights reflecting on the water. The background features silhouetted mountains under a sky filled with colorful, glowing clouds. The overall mood is serene and majestic.

INCREASE THE
ECONOMIC VALUE
OF ALASKA'S
RENEWABLE
SEAFOOD
RESOURCE









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Chinook scales photo courtesy of Eric Jordan



MISSION STATEMENT

The Alaska Seafood Marketing Institute is a marketing organization with the mission of increasing the economic value of the Alaska seafood resource through:

- Increasing the positive awareness of the Alaska Seafood brand;
- Collaborative marketing programs that align ASMI and industry marketing efforts for maximum impact within the food industry;
- Long-term proactive marketing planning;
- Quality assurance, technical industry analysis, education, advocacy and research;
- Prudent, efficient fiscal management.





ASMI'S ROLE

ASMI is a public-private partnership between the State of Alaska and the Alaska seafood industry established to foster economic development of a renewable natural resource. ASMI is playing a key role in the repositioning of Alaska's seafood industry as a competitive market driven food production industry. Its work to boost the value of Alaska's seafood product portfolio is accomplished through partnerships with retail grocers, foodservice distributors, restaurant chains, foodservice operators, universities, culinary schools, and the media. It conducts consumer campaigns, public relations and advertising activities, and aligns with industry efforts for maximum effectiveness. ASMI also functions as a brand manager of the Alaska Seafood family of brands.





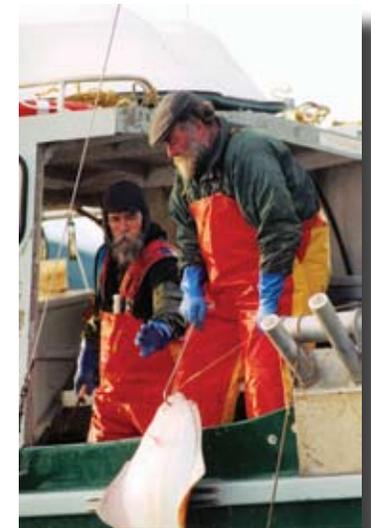
DUE TO ALASKA'S
COMMITMENT TO SCIENCE
BASED MANAGEMENT,
FISHING AND SEAFOOD
HAVE GIVEN RISE TO AN
INDUSTRY WORTH \$5.8
BILLION.

THE SEAFOOD INDUSTRY
IS ALASKA'S LARGEST
PRIVATE SECTOR EMPLOYER,
EMPLOYING 54,000 PEOPLE.

SECTION I: SEAFOOD INDUSTRY SNAPSHOT

The U. S. commercial seafood industry has operated in Alaska for over a century, and since Alaska achieved statehood 50 years ago, the fisheries resources have been managed for sustainability. Due to Alaska's commitment to science-based management, fishing and seafood have given rise to an industry worth \$5.8 billion to Alaska in terms of direct and induced economic output. The Alaska seafood industry has successfully repositioned itself in today's competitive global marketplace as a market-driven food production industry, and the overall industry outlook is fairly positive.

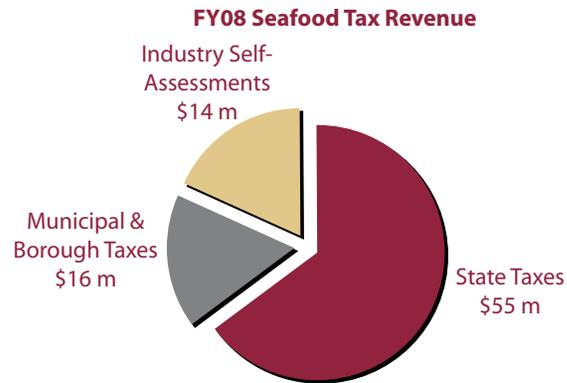
We are competitive, but our ability to remain competitive is dependent on factors and forces that are largely outside our control. Investments in infrastructure and marketing, however, are bearing fruit. **The 2007 commercial seafood harvest was 2.49 million metric tons, commanding a first wholesale value of \$3.6 billion.**



We have a large and diverse renewable resource industry based on healthy, sustainably managed seafood stocks, an industry that takes place throughout the summer, fall, winter and spring, providing employment from the inside waters of Southeast Alaska to the Gulf of Alaska and the Bering Sea. **The seafood industry is Alaska's largest private sector employer, employing 54,000 people.** Although there is a summer "spike" in employment, the industry provides employment for more than 11,000 people for nine months of the year.

The economic return of Alaska's seafood industry includes obvious benefits such as direct employment, and benefits that are harder to measure, such as indirect employment and the moderating effect on freight transportation costs generated by the "back haul" of Alaska seafood products.

A vigorous Alaska seafood industry is in the best interest of people from one end of the state to the other. In addition to providing widely distributed private sector benefits, it generates public sector benefits: more than \$84 million in tax revenue for state and local government coffers, not counting property tax or corporate income tax.



The seafood industry generated state and municipal tax revenue of \$84 million in FY 2008. A portion of this, more than \$15 million in FY 2008, is self-assessment revenue that is appropriated by the legislature to fund industry-related activities. The voluntary seafood marketing assessment through which the seafood industry supports ASMI is a primary example of self-assessment.

**MORE THAN \$84 MILLION
IN TAX REVENUE FOR STATE
AND LOCAL GOVERNMENT
COFFERS.**





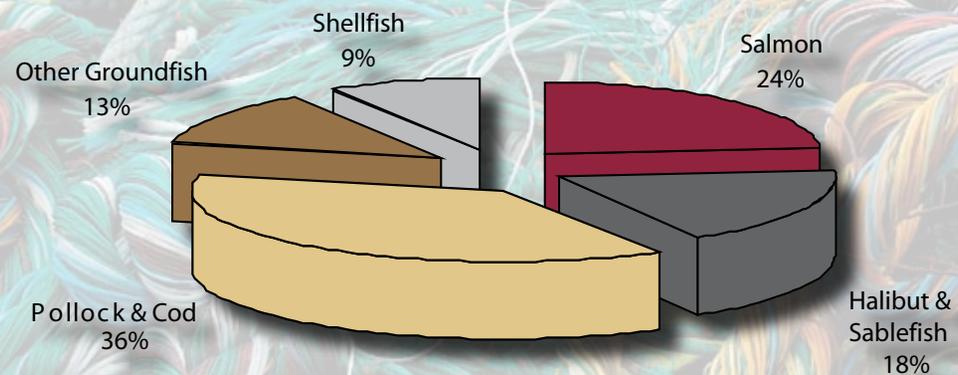
Alaska's seafood portfolio is valuable and full of variety, including

- five species of wild Pacific salmon
- Alaska pollock
- other whitefish varieties managed as "groundfish" including sole, rockfish, and flounder
- Pacific halibut and sablefish
- Pacific cod (or "P-cod")
- shellfish, including shrimp, king crab, Dungeness crab, snow crab, scallops, geoducks

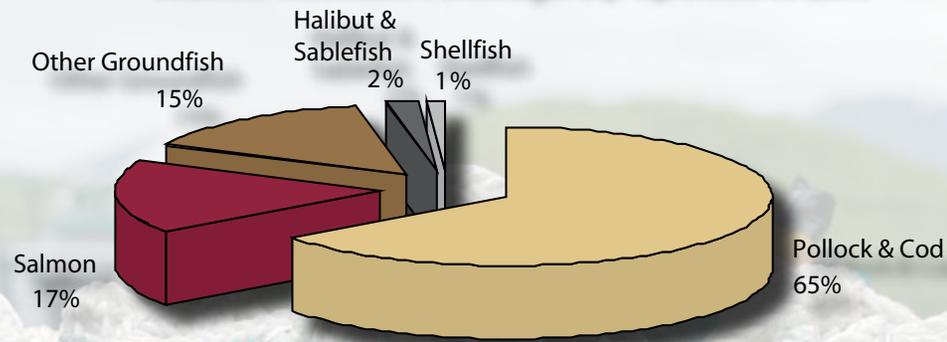
Of all the species, Alaska salmon are probably the most widely appreciated by Alaskans, harvested all along the coast and in interior regions on large rivers. The Alaska pollock fishery is the largest, contributing 65% of the fisheries value in 2007.

CELEBRATING 50 YEARS OF ALASKA STATEHOOD

Alaska Ex-Vessel Value \$1.6 Billion in 2007



Alaska Harvest Tonnage by Species in 2007



Source: ASMI, ADF&G, SMIS estimates



THE MANAGEMENT
OF ALASKA'S SEAFOOD
RESOURCES IS A MODEL
FOR THE WORLD...

EXCERPT FROM
THE ALASKA
CONSTITUTION

Article 8 – Natural Resources
Section 4. Sustained Yield

Fish, forests, wildlife,
grasslands, and all other
replenishable resources belonging
to the State shall be utilized,
developed, and maintained on the
sustained yield principle, subject
to preferences among beneficial
uses.

Adopted by the Constitutional
Convention February 5, 1956
Ratified by the people of Alaska
April 24, 1956
Became operative with the
formal proclamation of
Alaska statehood
January 3, 1959



WASHINGTON, July 1--THE
HEADLINE TELLS THE STORY--
Gov. Mike Stepovich of
Alaska holds a newspaper
bearing a big headline as he
stands between President
Eisenhower and Secretary
of the Interior Fred Seaton in
the President's White House
office today. Special editions
of Alaskan papers carrying
news of congressional
passage of the Alaskan
statehood bill were flown
here by jet bomber for
distribution to Washington
officials.



Jumping For Joy-When the news of
statehood reached the arctic village of
Kotzebue, the town started jumping.
Here pretty Laura Mae Beltz goes aloft,
via walrus hide blanket toss, carrying
a flag that will soon have a star for her
native land.



50TH ANNIVERSARY STATEHOOD



Alaska's governor, Mike
Stepovich, and congressional
advocates for statehood for the
northern territory were jubilant
Monday after Senate passage of
the Alaskan statehood bill
by vote of 64-20. Celebrating
over a 49-star flag outside the
Senate chamber after the bill's
passage were (left to right):
Ernest Gruening, former Alaska
governor; Sen. Frank Church
(R-Calif); Sen. Thomas Kuchel
(R-Idaho); Gov. Stepovich; Sen.
Henry Jackson (D-Wash.), floor
manager of the bill; Wally Hickel,
GOP chairman for Alaska;
Sen. Arthur Watkins (R-Utah);
and Sen. Richard Neuberger
(D-Oregon). Senator Neuberger
presided over the Senate during
historic roll call.

ANNIVERSARY OF STATEHOOD

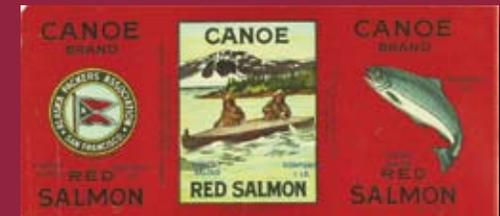
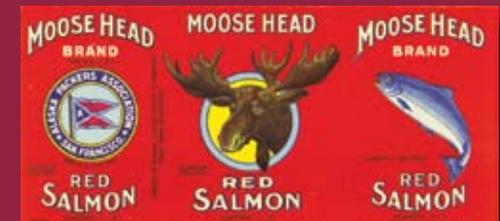
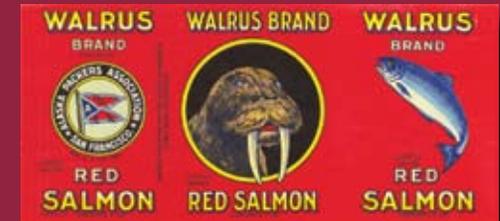
AND 50 YEARS OF SUSTAINABLE FISHERIES MANAGEMENT

In the push for statehood, gaining control of fisheries was a rallying cry. As they framed what would become the new state's Constitution, members of Alaska's Constitutional Convention recognized the importance of exercising prudent stewardship of natural resources, including marine resources. The Constitution articulates the responsibility of the state to manage these resources for the maximum benefit of the people. The emphasis on managing fisheries for sustained yield, enshrined in the Constitution, provided the foundation for 50 years of sustainable fisheries management. We have rich fisheries resources because Alaska fisheries managers make the health of the fisheries the top priority. The industry supports science-based management and participates in decision making through a transparent public process. Alaskans work together to make the most of their seafood resources for the mutual benefit of the private and public sectors.

For more information on the topic of sustainable Alaska Seafood visit the ASMI website www.alaskaseafood.org.



View of small single sail fishing vessel from Ugashik, Alaska. Photo probably taken near village of Naknek. Photo taken during National Geographic Society expedition on the way to Katmai area. 1918.



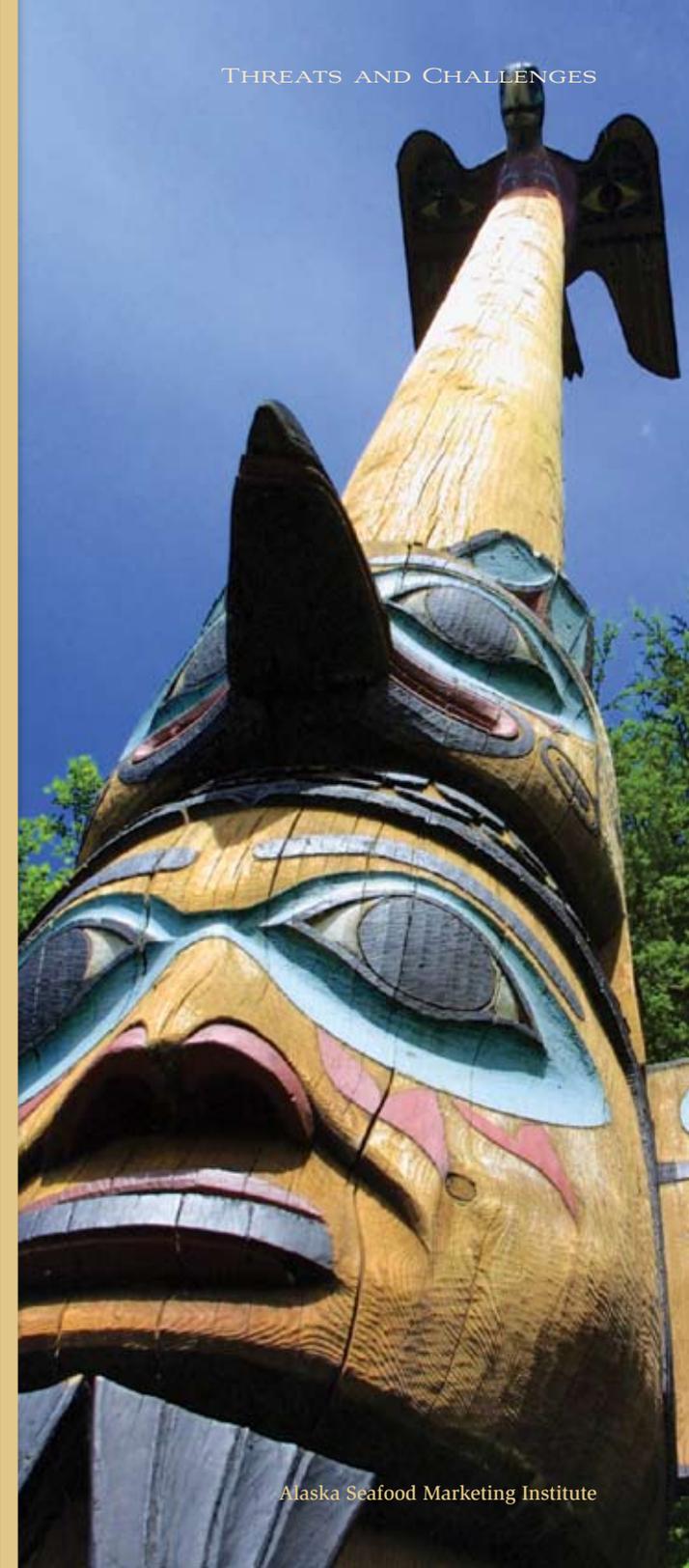


SECTION II: THREATS AND CHALLENGES FOR ALASKA IN THE GLOBAL MARKETPLACE

There are a number of threats ASMI must counter in order to raise the value of the seafood harvest. Whether the concern is contaminants in seafood, confusion over eco-labels, or the global ramping up of aquaculture, ASMI must effectively challenge attacks, and educate the consumer, trade customers and the media about the value of Alaska's seafood.

Examples of external threats to increasing brand value:

- Global aquaculture – relatively constant wild seafood supply overtaken by aquaculture, which now produces more seafood than capture fisheries
- Competing nations, not just competing proteins – pork, chicken and beef, dairy and farmed fish are priced lower and have better funded marketing campaigns. ASMI competes against nations for market share, and in the case of many competing products the governments of the countries (e.g., Norway, Chile, Scotland, Australia) are actively involved in providing funding.
- Price resistance – following periods of increase in value for particular species, Alaska producers are encountering price resistance
- Seasonality, consistency of supply, inelasticity of supply – product availability fluctuates within the season and from year to year, and there are upper limits to wild seafood production in sustainably managed fisheries
- International economics – currency fluctuations, softening of domestic or foreign economies (e.g., ASMI's U.S. dollars in key overseas markets shrink dramatically when converted to Euros, Yen, and Yuan), tariff and trade barriers
- Increasing fuel and transportation costs
- Confusion over eco-labels – a proliferation of eco-labels in the marketplace (labels denoting sustainably produced seafood), and the issues of traceability and country of origin labeling require educating customers at consumer and trade levels about Alaska Seafood brand and Alaska as the model of sustainable fisheries management
- Funding - dollars available to support infrastructure and marketing, many federal sources drying up, promotional costs are rising
- Worldwide economic turbulence and a credit crunch creating uncertainty for Alaska seafood producers and suppliers





SECTION III: ALASKA SEAFOOD ACCOMPLISHMENTS IN BRIEF

- The overall industry outlook is positive, especially for salmon, which is a dramatic turnaround from seven years ago when companies were literally walking away from the salmon business.
- Through the Community Development Quota program, many rural coastal communities are participating in Alaska's largest commercial fisheries, including the pollock fishery. The increases in commercial seafood value bring millions of dollars to participants in the CDQ program.
- Ex-vessel value of Alaska's seafood harvest has increased, and ex-vessel value of salmon doubled in three years to more than \$300M.
- First wholesale value of Alaska salmon products has increased: most active salmon fishermen (74%) are Alaska residents and spend earnings all over the state. Six hundred active salmon fishermen reside in Anchorage and Mat-Su, with the majority spread through Alaska's coastal communities. Two-hundred twenty-two Alaska communities involved with Alaska salmon, including Anchorage, benefit from improvements in the market.
- Export value of Alaska Seafood to ASMI destination countries has increased markedly over the past several years.
- ASMI's worldwide promotions of Alaska Seafood also showcase Alaska as a destination for visitors. While not the specific goal of ASMI marketing efforts, this is an added benefit that comes at no additional cost.

THE
MANAGEMENT
OF ALASKA'S
SEAFOOD
RESOURCES IS
A MODEL FOR
THE WORLD...



THE U. S. COMMERCIAL
SEAFOOD INDUSTRY HAS
OPERATED IN ALASKA
FOR OVER A CENTURY,
AND SINCE ALASKA
ACHIEVED STATEHOOD
50 YEARS AGO,
THE FISHERIES
RESOURCES
HAVE BEEN
MANAGED FOR
SUSTAINABILITY.



DUE TO ALASKA'S
COMMITMENT TO
SCIENCE-BASED
MANAGEMENT, FISHING
AND SEAFOOD HAVE
GIVEN RISE TO AN
INDUSTRY WORTH \$5.8
BILLION TO ALASKA IN
TERMS OF DIRECT AND
INDUCED ECONOMIC
OUTPUT.



WILD ALASKA SEAFOOD NOW COMMANDS RESPECT IN THE MARKETPLACE

- As a result of ASMI foodservice promotions and informing the public about wild Alaska seafood, a wide majority of U.S. restaurant diners (77%) have a positive impression of the Alaska Seafood brand. Alaska Salmon is preferred 84% to 16% over Atlantic Salmon in restaurants.
- The Alaska Seafood brand is the second most popular food brand on menus of the top 500 U.S. restaurant chains.
- ASMI's COOK IT FROZEN!® promotions at retail grocery stores in the U.S. support value-added frozen product sales. Most Alaska seafood products enter the market frozen.



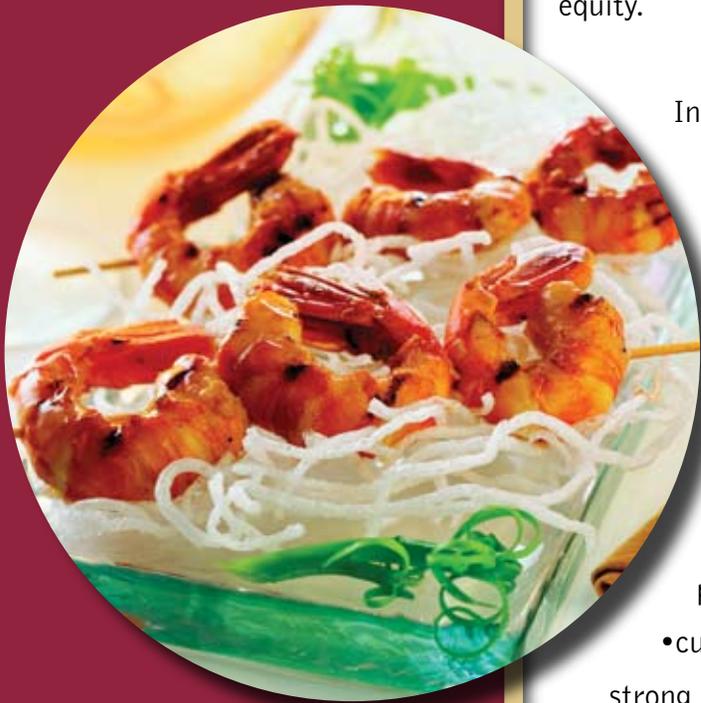
- Alaska seafood sales at the ASMI-anchored Alaska Pavilion at Europe's largest seafood trade show have grown steadily: in 2008, participating Alaska seafood companies made \$31 million in on-site sales, and \$125 million in projected sales for the ensuing year.



Photo © Steve Lee

SECTION IV: STRATEGY AND TACTICS

With hands-on guidance from its seafood industry board of directors and input from dozens of industry experts serving on operational and advisory committees, ASMI applies a range of strategies and tactics tailored to fit specific market segments in the U.S. and overseas. These strategies and tactics enable Alaska's seafood promotion arm to conduct effective consumer retail and foodservice promotions, public relations activities, media campaigns, and technical education, all designed to increase the value of Alaska's seafood resources and build brand equity.



In U.S. and overseas markets ASMI

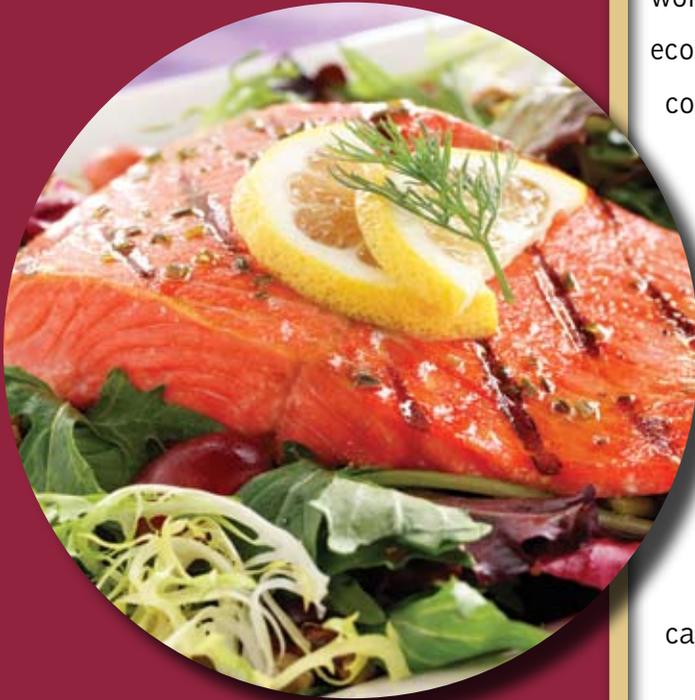
- conducts consumer campaigns to strengthen demand for wild and natural Alaska Seafood, stimulate sales and increase economic value of Alaska Seafood
- executes advertising campaigns to boost usage of all key commercial species of Alaska Seafood
- produces and distributes distinctive promotional and educational materials to assist businesses
- performs outreach at expositions and trade shows
- works with broadline foodservice distributors to maximize Alaska Seafood penetration
- customizes promotion methods with retailers and foodservice operators to build on strong brand equity to differentiate Alaska Seafood from the competition
- partners with restaurant chains to increase number of restaurants that feature Alaska Seafood as a branded menu item
- conducts media tours and media outreach to secure positive publicity for Alaska's seafood products and the Alaska seafood industry

U. S. MARKETING

Sample 2008 accomplishments:

- Increased the value of fresh, frozen, and shelf stable (canned and pouched) Alaska Seafood in U.S. markets.
- Conducted innovative promotional activities with U.S. retail grocers, foodservice distributors, restaurant chains, foodservice operators, universities, and culinary schools to strengthen Alaska brand seafood.
- Improved alignment with industry trade spending.
- More than 100 key customers from U.S. and overseas markets attended 2008 Alaska Seafood Sustainability Forum in Anchorage and heard presentations by key federal and state fisheries managers on sustainable fisheries management.
- Launched "Alaska Seafood U," a new cost-effective online training system. The instruction on sustainable Alaska seafood for retail and foodservice employees is available on ASMI's website and offers a certificate for completion of the course.
- Created and placed new advertisements emphasizing sustainability of Alaska Seafood in publications read by home cooks, chefs, restaurant owners and retail grocers.
- Posted on the ASMI website www.alaskaseafood.org a sustainable Alaska Seafood video starring celebrity chef spokesperson and Food Network star Alton Brown.
- U.S. national advertising campaign for Alaska Seafood: During FY 08 U.S. household impressions generated with cable TV totaled 225 million, consumer magazine ad circulation totaled 7.4 million, and trade ad circulation totaled 1,176,400. The trade component was circulated to retail and foodservice buyers making purchasing decisions for 17,000 retail grocery locations and 903,000 foodservice outlets.

FY 08 U.S. HOUSEHOLD
IMPRESSIONS GENERATED
WITH CABLE TV
TOTALED 225 MILLION,
CONSUMER MAGAZINE AD
CIRCULATION TOTALED
7.4 MILLION, AND TRADE
AD CIRCULATION TOTALED
1,176,400.



U.S. Retail Marketing Program

The domestic retail marketing program works to align with Alaska seafood suppliers and retailers to support their sales and marketing programs. Over the years, ASMI has worked directly with every major supermarket chain in the country. Working with chefs, home economists, quality experts and key industry influencers ASMI capitalizes on the latest seafood consumption and preparation trends. Resources for retailers include a wealth of literature and sales aids and interactive web-based training for retail seafood counter personnel.

Consumers have direct access to recipe collections and preparation videos via the internet.

U.S. Foodservice Marketing Program

The domestic foodservice marketing program is designed to help foodservice operators, both commercial and non-commercial, handle, menu, and promote wild Alaska seafood products. Through an extensive chef network and programs with professional schools, such as the Culinary Institute of America at Greystone, ASMI offers the expertise – as well as a wide range of promotional and educational materials – to help operators capitalize on the latest seafood and eating trends.



INTERNATIONAL MARKETING

Sample 2008 accomplishments:

- Increased the value of fresh, frozen, and shelf stable (canned and pouched) Alaska Seafood in key international markets.
- Conducted innovative promotional activities primarily in Asia and European Union with retail grocers, foodservice distributors, restaurant chains, foodservice operators, universities, and culinary schools to strengthen Alaska brand seafood.
- Media tours/trade missions to Alaska from Germany and Japan. Second U.S. media tour to Unalaska to focus on Alaska crab and pollock in Dutch Harbor.
- Alaska chefs provided education and training in Alaska seafood to retail supermarket seafood managers and chefs in China.
- Conducted outreach at trade shows and exhibitions in the European Union, China, Japan and Russia.
- Participating Alaska seafood companies at ASMI's Alaska Seafood Pavilion at the 2008 European Seafood Exposition made \$31 million in on-site sales, and \$125 million in projected sales for the ensuing year.
- Launched sustainability initiative including international customers at Sustainability Forum in Anchorage, sustainability center at ASMI exhibit at European Seafood Exposition, and conducted meetings with top retailers and importers regarding sustainability of Alaska Seafood.
- Global Food Initiative – established a place for Alaska canned salmon and other seafood in international food aid programs.



International Marketing Program

The international marketing program conducts retail and foodservice promotions, technical seminars, chef and retail Alaska Seafood training, Alaska tours for members of the overseas trade and press, trade shows, outbound trade missions, advertising and public relations. Emphasis is placed on increasing awareness of the Alaska Seafood brand and the Alaska seafood industry among seafood importers and traders. ASMI is active in Japan, China, mature markets of the European Union, and – based on recent research and industry guidance – conducts limited explorations in the emerging markets of Ukraine, Eastern Europe and Russia.

FAS and Funding for International Marketing

Overseas marketing activities receive substantial support from the federal government through the United States Department of Agriculture (USDA). Alaska Seafood Marketing Institute applies annually to the USDA's Foreign Agricultural Service (FAS) for funds from the Market Access Program (MAP). ASMI, the State of Alaska, and the federal government work together to increase volume, value and/or market share in more mature markets, and to develop new markets.

Seafood Technical Program

The Alaska seafood industry and ASMI marketing programs have access to seafood technical support through ASMI's in-house seafood technical program. It is involved in matters of food safety, quality, nutrition, and food labeling, as well as environmental issues such as fisheries sustainability and seafood purity. The technical program works in collaboration with the marketing programs by researching and developing educational materials and programs, and also works with the industry in the area of quality assurance, educating producers and customers about proper seafood handling at every point from harvest to plate.

Communications Program

The communications program supports the marketing programs through media relations activities and press interviews, participation in seafood industry trade shows, preparation of reports and press releases, and advancing the education effort for sustainable seafood. It serves as liaison with the seafood industry, policy makers, the business community, and local, state and federal officials.



THE FIRST WHOLESALE
VALUE OF ALASKA'S
SEAFOOD HARVEST (ALL
KEY COMMERCIAL SPECIES)
HAS CONTINUED ITS
UPWARD VALUE TREND
AND REACHED \$3.6 BILLION,
PROVIDING INCREASED
REVENUE TO STATE AND
LOCAL GOVERNMENTS AND
THE PRIVATE SECTOR,

SECTION V: PERFORMANCE RAISING THE VALUE OF THE ALASKA SEAFOOD HARVEST

ASMI is accomplishing its mission of increasing the economic value of Alaska seafood resources, providing economic benefit to state and local governments and to private sector businesses.

FIRST WHOLESALE VALUE OF KEY COMMERCIAL ALASKA SEAFOOD SPECIES

The first wholesale value of Alaska's seafood harvest (all key commercial species) has continued its upward value trend and reached \$3.6 billion, providing increased revenue to state and local governments and the private sector. Value increased 12.5% from 2006-2007.

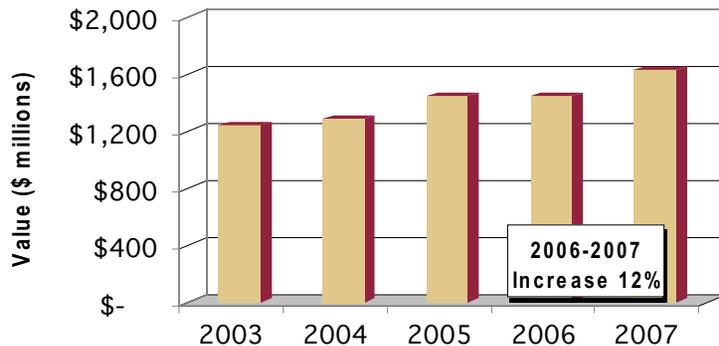
Analysis: ASMI focuses on raising economic value rather than increasing sales volume because Alaska's fisheries are limited in their ability to increase production levels beyond what nature will allow (no finfish farming is allowed in Alaska). Because Alaska only produces about 2% of the world's seafood it cannot compete on commodity pricing, especially with a fishery that relies on labor intensive efforts to catch fish, which is a conscious decision on the part of Alaskans to provide a solid job base. Raising the economic value means increasing the price in the marketplace which, if successful translates into higher dock prices (ex-vessel) paid to fishers, additional jobs in fishing and processing and related support industries in the state.

The price paid to fishermen for Alaska’s seafood harvest, the ex-vessel value, reached \$1.6 billion in 2007.

Ex-vessel value of key commercial species in Alaska’s commercial harvest is increasing, due to significant state and federal investment in marketing and infrastructure. Value (ex-vessel) of key commercial Alaska seafood species increased 12.5% between 2006 and 2007. The ex-vessel value increased to \$1.6 billion in 2007, up from \$1.4 billion in 2006. The harvest was 2.49 million metric tons, however despite the 2% decline in volume, value still increased.

When first wholesale value of Alaska’s seafood harvest reached \$3.6 billion, Alaska harvesters got 38%. This reflects continuation of an upward trend of value, in which increases in value outpace volume increases. In order to continue the upward value trend continuing support for the marketing effort is essential.

Alaska Ex-vessel Value, Key Commercial Species



Source: ADF&G, NMFS, SMIS estimates
 Combined value of salmon, pollock, P-cod, sablefish & halibut, shellfish, other groundfish

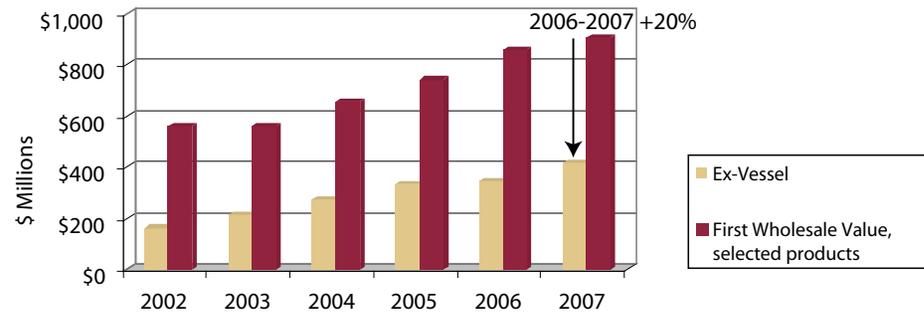




FIRST WHOLESALE VALUE OF ALASKA SALMON SPECIES

The first wholesale value of Alaska salmon products reached \$900 million, continuing an upward trend established from 2002-2007, boosting state and local economies and the private sector.

**Alaska Salmon Value Growth:
Ex-Vessel and First Wholesale**



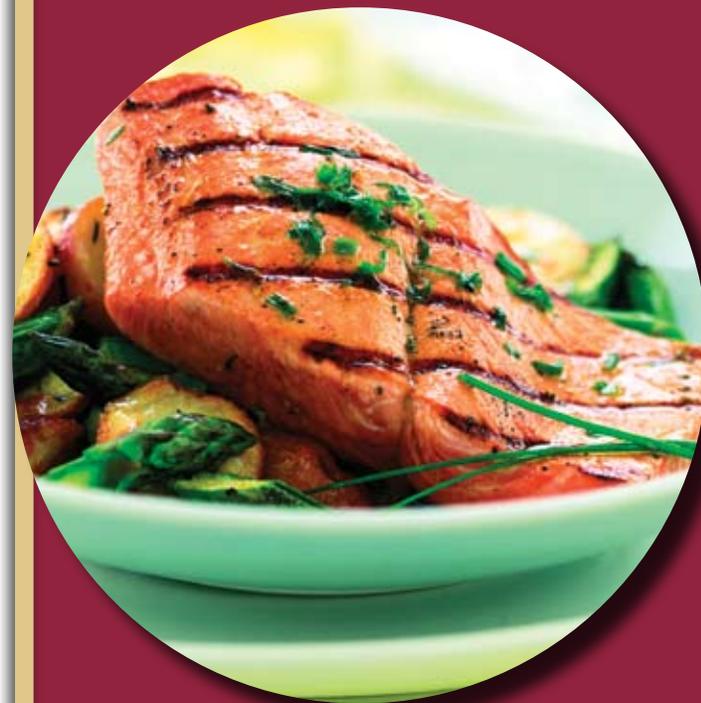
Source: ADF&G, AK Dept. of Revenue
Fresh & frozen H&G, fresh & frozen fillet,
salmon roe, canned salmon

Analysis: Alaska salmon fisheries account for about a quarter of the ex-vessel value of the Alaska seafood harvest. The ex-vessel value is the price paid to the harvester, or “dock price.” The ex-vessel value of the salmon catch increased 20% to reach \$416 million in 2007, a 12-year high point. Although this reflects vigor returning to the salmon industry, a more complete picture of economic rejuvenation can be provided by examining first wholesale value of salmon, because as first wholesale values have recovered, the ratio paid to harvesters increases, and many Alaskans participate in the fishery.

The increase in first wholesale value of Alaska salmon from 2006 to 2007 was 5.6%, continuing an upward trend.. First wholesale value of Alaska salmon products exceeded \$900 million, continuing the upward trend established over the last five years. In order to continue the upward value trend continuing support for the marketing effort is essential. Increasing appreciation of and demand for wild salmon maximizes the benefit of the seafood industry's continued transition to becoming a market-driven food industry, and of the significant state and federal investment in marketing and infrastructure. The industry is responding to consumer preferences for fillets, boneless and skinless portions, new shelf-stable products, and new value-added products, including many products made using frozen pink salmon that in previous years would have been canned.

Alaska residents are benefiting from the increase in value of the salmon harvest.

- Over half the total commercial permits fished are salmon permits. The majority of active salmon fishermen (75%) are Alaska residents.
- As wholesale values began to recover in 2004 and climbed to over \$900 million by 2007, harvesters were paid an average 43% of wholesale value; the peak ratio of 46% coincides with peak wholesale value of \$905 million in 2007. (The ratio paid to fishermen increased from the average from 2000-2003 which was 37%.)
- Participation in Alaska salmon fisheries has rebounded with salmon values. Of the 871 state salmon permits that returned to fishing between 2002 and 2007, a total of 640 permits (74 percent) were held by Alaska residents.
- 222 Alaska communities involved with Alaska salmon benefit from improvements in the market. 886 Alaska salmon processors, ranging from harvesters processing their own catch to medium and large processing companies, benefit from improvements in the market.



THE FIRST WHOLESAL
VALUE OF ALASKA SALMON
PRODUCTS REACHED \$900
MILLION, CONTINUING
AN UPWARD TREND
ESTABLISHED FROM 2002-
2007, BOOSTING STATE AND
LOCAL ECONOMIES AND
THE PRIVATE SECTOR.

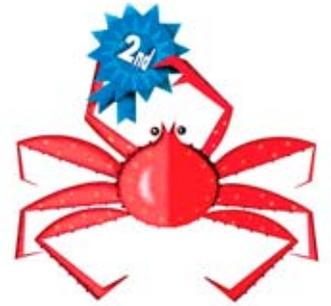


ALASKA SEAFOOD BRAND EQUITY

Alaska seafood is among the three most popular food brands on U.S. menus. It has ranked third, and second, and has not yet reached the top spot.

Alaska Seafood has measurably increased its brand equity in the U.S. This is a result of the long term effort ASMI has conducted to educate and partner with chefs and foodservice operators, and reflects the success of outreach directly to consumers.

- As a result of ASMI foodservice promotions and informing the public about wild Alaska seafood, a wide majority of U.S. restaurant diners have a positive impression of the Alaska Seafood brand (77%).
- The trade component of the U.S. national advertising campaign for Alaska Seafood was circulated to retail and foodservice buyers making purchasing decisions for 17,000 retail grocery locations and 903,000 foodservice outlets.
- Alaska Salmon is preferred 84% to 16% over Atlantic Salmon in restaurants.
- The Alaska Seafood brand is the second most popular food brand on menus of the top 500 U.S. restaurant chains.

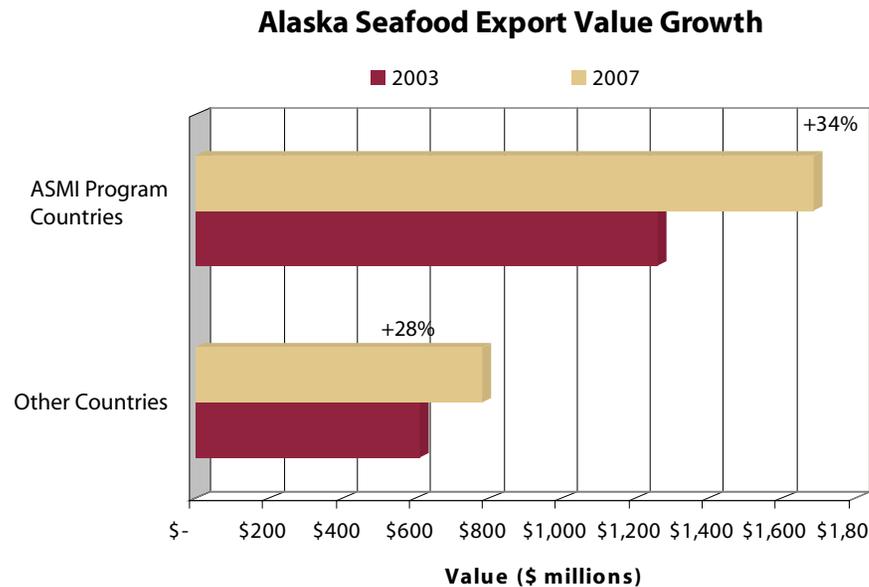


Analysis: ASMI's access to the corporate offices of grocery retailers, restaurant operators and foodservice distributors enhances the value of its corporate partnerships, and has achieved increased use and awareness of the Alaska Seafood brand and companion brands. The relationships built by ASMI have built brand equity for Alaska Seafood. More people are being exposed to the brand and to key messages about what it stands for: when it comes to seafood "Alaska" signifies wild, natural, unparalleled flavor, superior quality, sustainability, versatility, ease of preparation, and healthfulness.



ALASKA SEAFOOD EXPORT VALUE GROWTH

Seafood exports to ASMI destination countries exceeded \$1.7 billion, up 34% from 2003 to 2007, a higher rate of growth than in non-ASMI countries.



Analysis: Export value to ASMI program countries grew at nearly double the rate of export value to non-ASMI-program countries from 2001 to 2005. Value of Alaska Seafood exports to ASMI program destination countries exceeded \$1.7 billion, an increase of 34% from 2003 to 2007, compared to only a 28% increase in value for countries where ASMI does not have ongoing marketing activity. The volume and value of seafood exports declined slightly from 2006 to 2007, with value declining 3.8% from 2006 to 2007, however the value of exports to ASMI program destinations did not erode commensurate with volume of exports. More than half of the seafood harvest is exported. Note that the value basis for exports is the so-called “free alongside” value at the port of export, which captures the value of the finished product ready to export.



In accordance with federal requirements for the USDA Market Access Program and with industry guidance, ASMI conducts research to determine which countries offer the greatest potential for Alaska Seafood exports. Some promotional resources and activities have shifted from Asia to Europe to more fully realize the potential of markets there. A global emerging markets study was conducted that pointed to emerging markets in Eastern Europe and Russia as having the highest potential for growth, and ASMI has added exploratory programs accordingly.

One of the challenges ASMI is meeting at this time is international confusion over a proliferation of eco-labels. Confusion over a proliferation of eco-labels (labels denoting sustainably produced seafood), and the associated issues of brand substitution of eco-labels for the Alaska Seafood brand, traceability, and country of origin labeling require strengthened education of customers at consumer and trade levels about the Alaska Seafood brand, and about Alaska as the model of sustainable fisheries management. ASMI has developed new materials (in print and published on the website) to initiate this education process, and also conducted an international sustainability forum in July 2008.





Photo © Steve Lee



Photo © Steve Lee

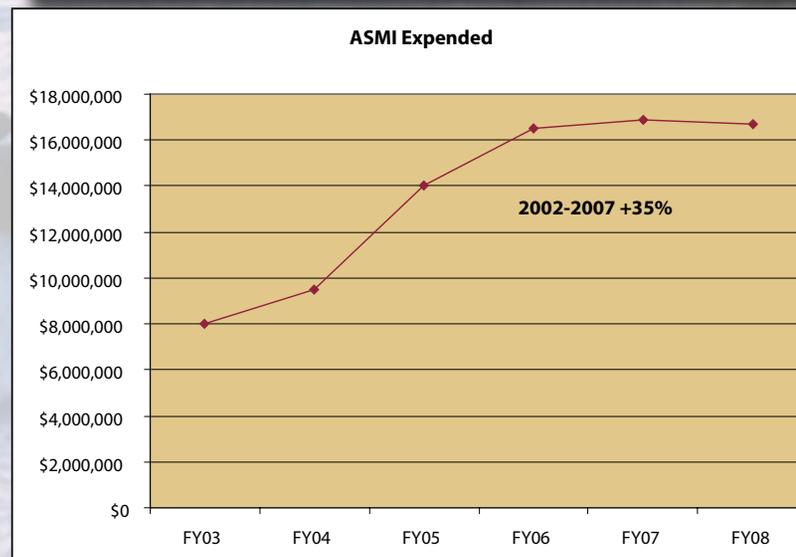
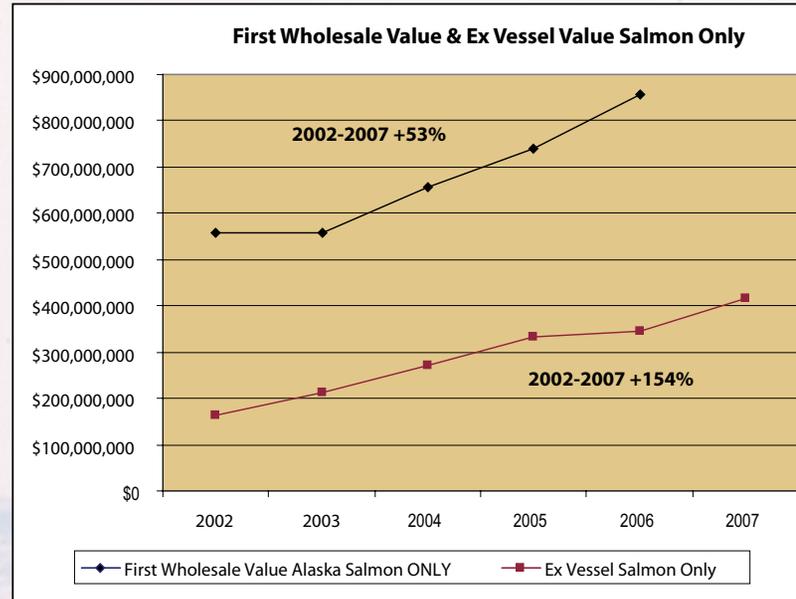


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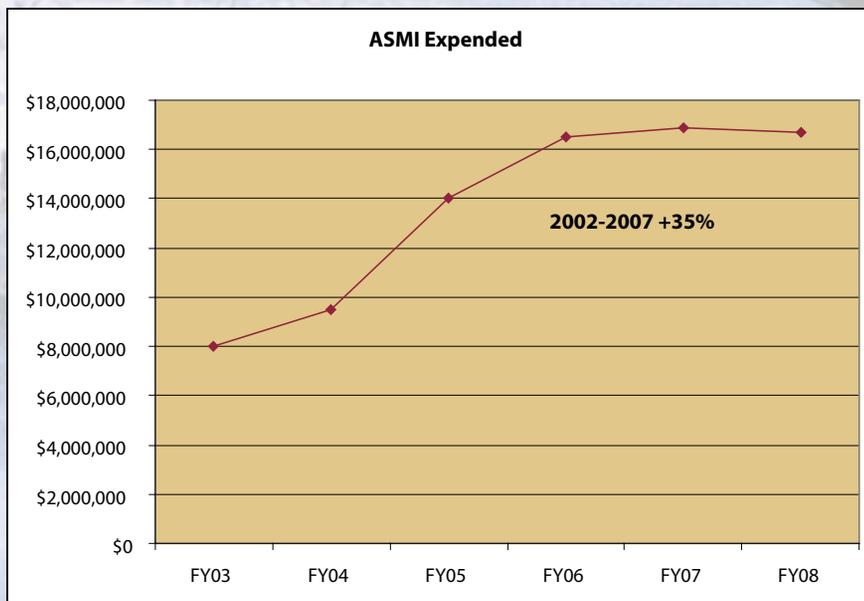
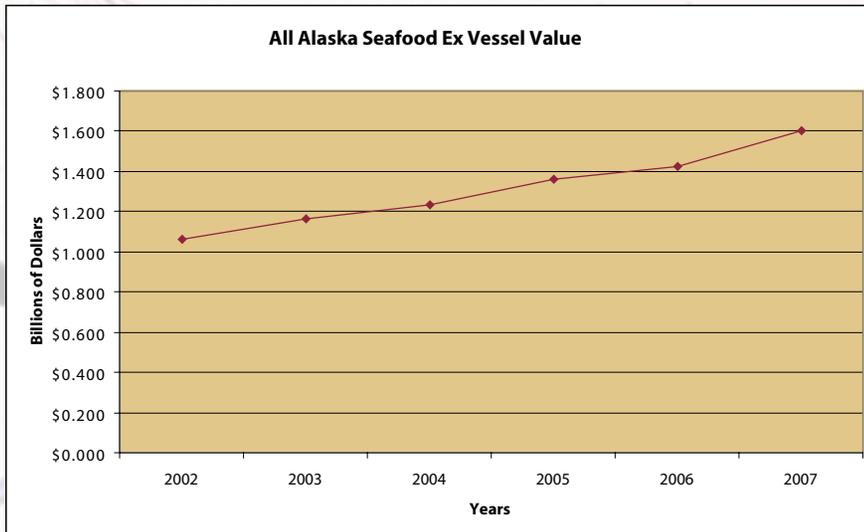


SECTION VI: FINANCIAL INFORMATION REVENUE, EXPENDITURE AND ALASKA SEAFOOD VALUE TRENDS

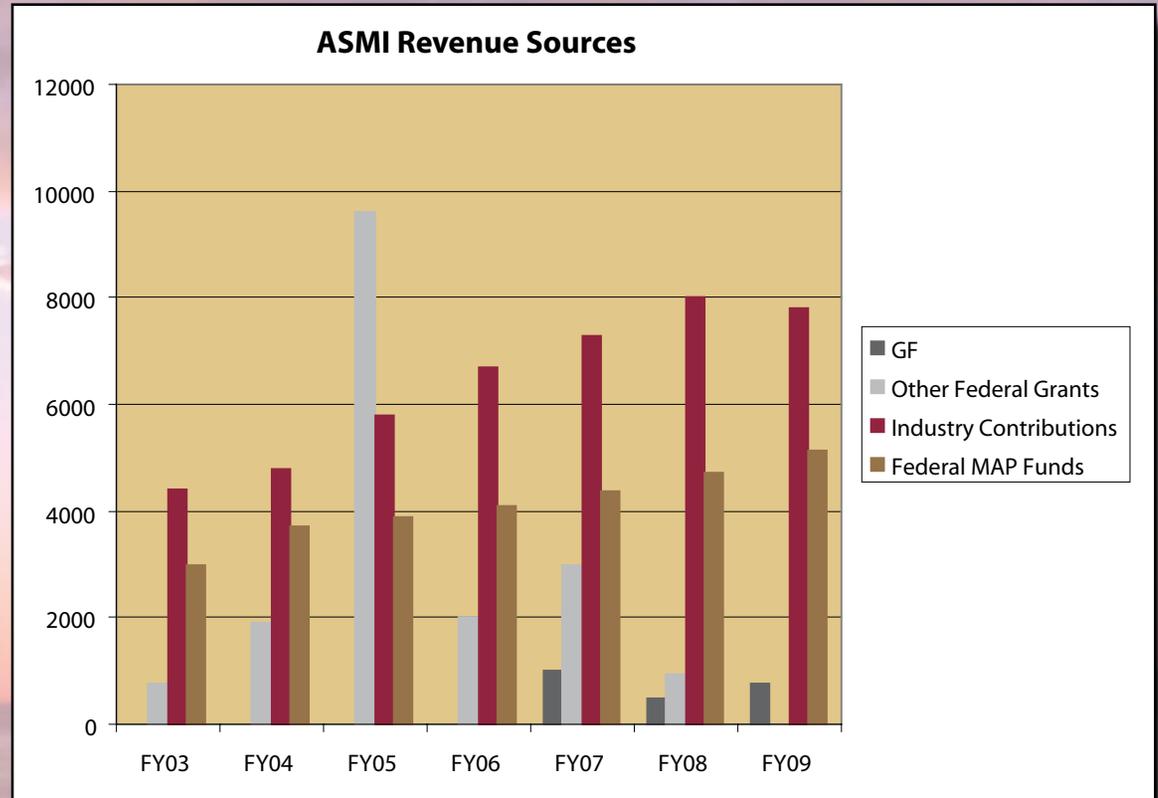
Salmon Value Compared with ASMI Expended



All Alaska Seafood Value Compared with ASMI Expended



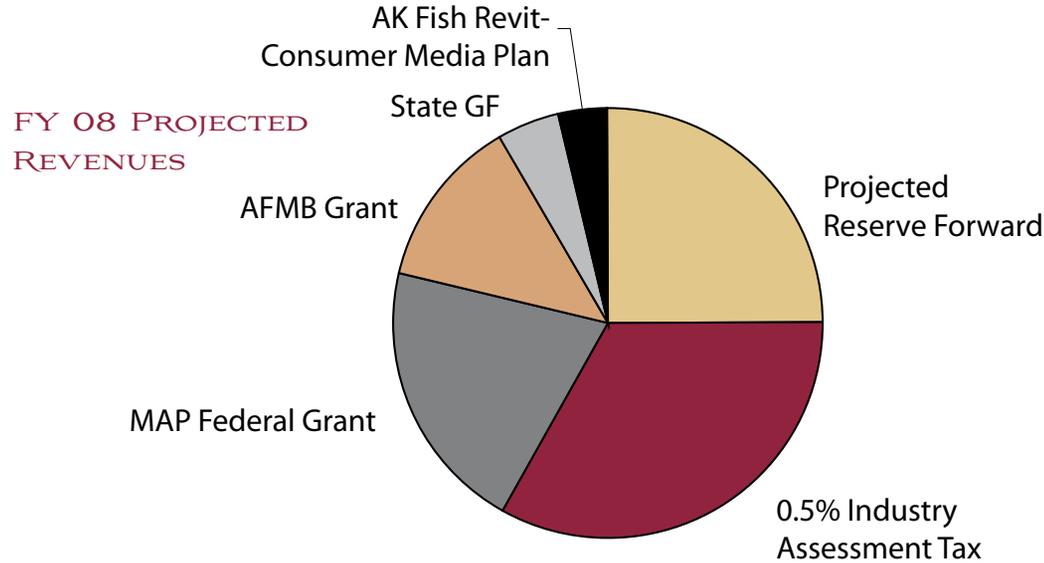
REVENUE SOURCES



Revenue sources*	FY03	FY04	FY05	FY06	FY07	FY08	FY09
GF	0	0	0	0	1000	500	750
Other Federal Grants	772	1900	9609	2000	2991	948	0
Industry Contributions	4400	4800	5800	6700	7300	8000	7800
Federal MAP Funds	3000	3700	3900	4100	4355	4700	5132

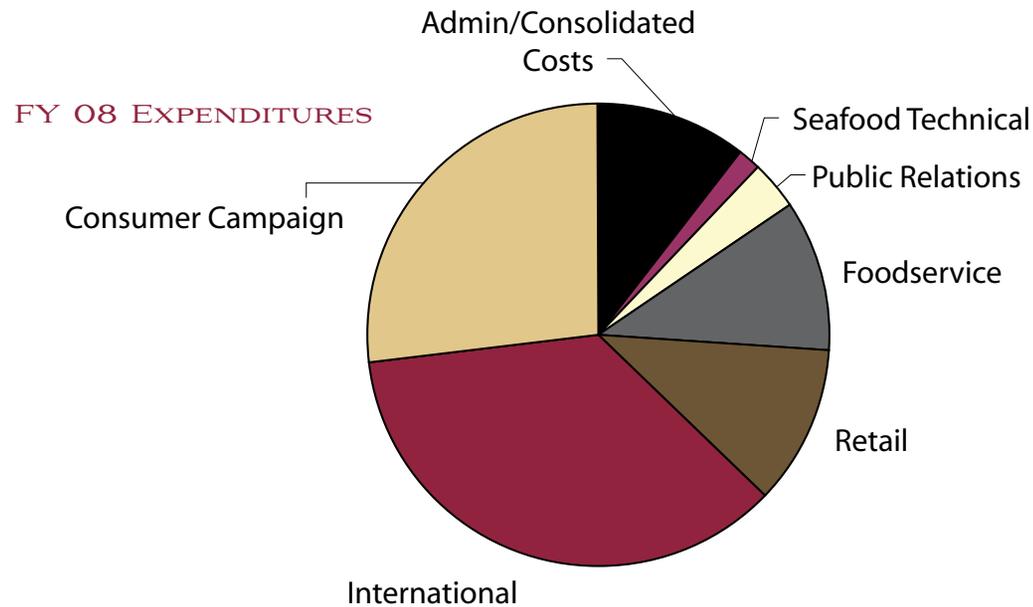
**Please note these revenues do not include funds carried forward from fiscal year to fiscal year which are used to supplement fiscal year marketing promotions.*

FY 08 PROJECTED REVENUES AND EXPENDITURES



FY 08 PROJECTED REVENUES (in \$000s)

Projected reserve forward	4726
0.5% Industry Assessment Tax	8000
MAP Federal Grant	4700
AFMB Grant	2000
State GF	500
AK Fish Revit-Consumer Media Plan	448
Total	20374



FY 08 EXPENDITURES (in \$000s)

Admin/Consolidated Costs	1950
Seafood Technical	400
Public Relations	416
Foodservice	1800
Retail	1800
International	6389
Sustainability	500
Consumer Campaign	3747
Total	17002

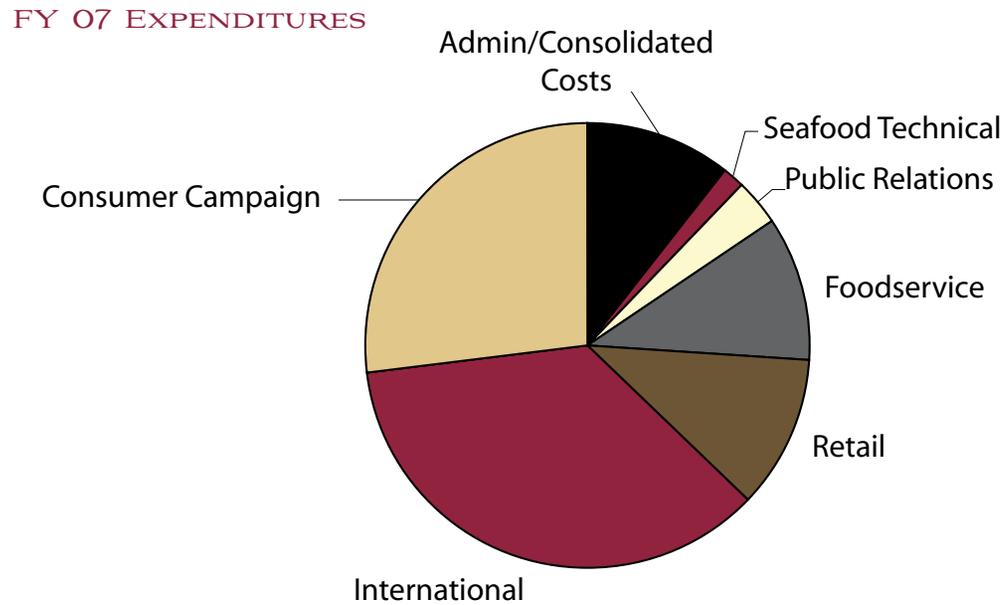
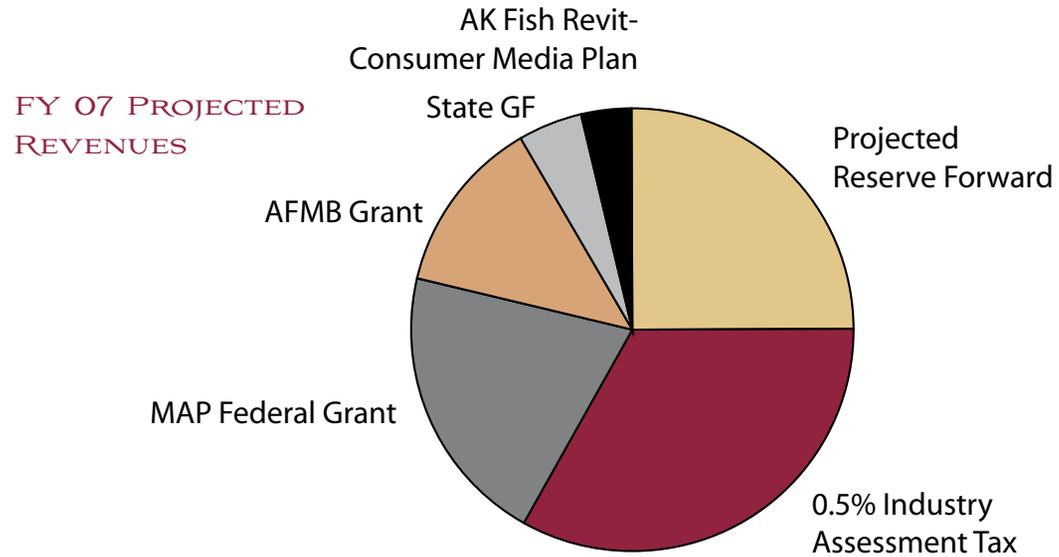
FY 07 PROJECTED REVENUES (in \$000s)

Projected reserve forward	5279
0.5% Industry Assessment Tax	6900
MAP Federal Grant	4355
AFMB Grant	2750
State GF	1000
AK Fish Revit-Consumer Media Plan	<u>741</u>
Total	21025

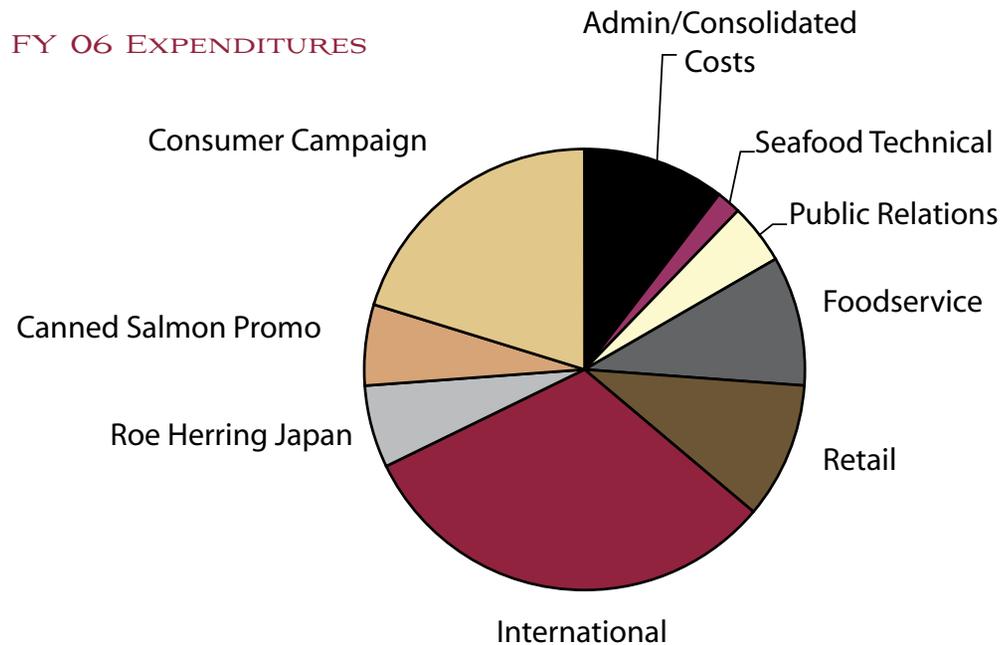
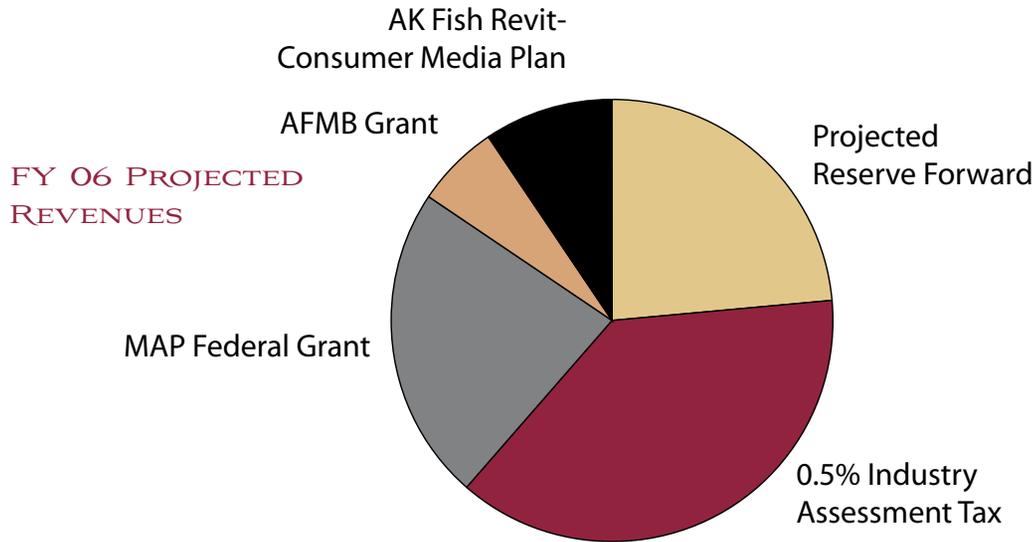
FY 07 EXPENDITURES (in \$000s)

Admin/Consolidated Costs	1770
Seafood Technical	250
Public Relations	575
Foodservice	1738
Retail	1838
International	5976
Consumer Campaign	<u>4455</u>
Total	16602

FY 07 PROJECTED REVENUES AND EXPENDITURES



FY 06 PROJECTED REVENUES AND EXPENDITURES



FY 06 PROJECTED REVENUES (in \$000s)

Projected reserve forward	4165
0.5% Industry Assessment Tax	6700
MAP Federal Grant	4100
AFMB Grant	1095
AK Fish Revit-Consumer Media Plan	1650
Total	17710

FY 06 EXPENDITURES (in \$000s)

Admin/Consolidated Costs	1720
Seafood Technical	279
Public Relations	722
Foodservice	1563
Retail	1609
International	5195
Roe Herring Japan	995
Canned Salmon Promo	950
Consumer Campaign	3300
Total	16333

ASMI BOARD OF DIRECTORS

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Chair, Trident Seafoods

Tom McLaughlin
Seafood Producers Cooperative

Bruce Wallace
Vice Chair, Alaska harvester

Mark Palmer
Ocean Beauty Seafoods

Kevin Adams
Alaska harvester

Jack Schultheis
Kwik' Pak Fisheries

Barry Collier
Peter Pan Seafoods



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Alaska State Senate

Emil Notti, Commissioner, Alaska Dept. of
Commerce, Community & Economic Development

Rep. Bill Stoltze
Alaska State House of Representatives

Cora Crome, Fisheries Policy Advisor,
Office of the Governor



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For Joy

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Collection Name National Geographic Society, Katmai Expeditions, Photographs, 1913-1919,

UAA-4mc-0786-volume4-3522 Title A neighbor from Ugashik

Description Title taken from caption. Creator Sayre, Joseph Dean, 1893-



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