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What is the Sea Change Investment Fund?

Sea Change is a double bottom line venture capital investor that seeks to facilitate greater market access to environmentally-preferable seafood while providing a compelling financial return to its investors

The Sea Change approach: environmental returns

What are our objectives?

- Substitution
 - Direct reduction in environmental damage through improvement of practices in conventional fishing and aquaculture
- Market stimulation
 - Creation of financial incentives (e.g. market premium) to reward environmentally-preferable practices
- Consumer education
 - Higher awareness of marine conservation and health issues via improved packaging and labeling

The Sea Change approach: environmental returns (cont'd)

How do we seek to achieve those objectives?

By establishing binding “conservation terms of investment”

- Existing product review and concrete path to improve where necessary
- Future sourcing
 - Product vetting process that allows the company flexibility in its approach
 - Commitment to Marine Stewardship Council (MSC); chain of custody certification and product labeling
 - Commitment to best farmed products, as currently defined by Monterey Bay Aquarium Seafood Watch standards
- Advocacy
 - Sea Change companies make environmental performance an explicit component of company policy and work with our staff to engage in relevant conservation issues
- Communications standards

The Sea Change approach: financial returns

Approach

- Invest \$1 - \$3 million in exchange for preferred ownership stakes of private companies that are well-positioned for growth
- Take an active role in company strategy (via board representation) and provide management assistance where needed

Objectives

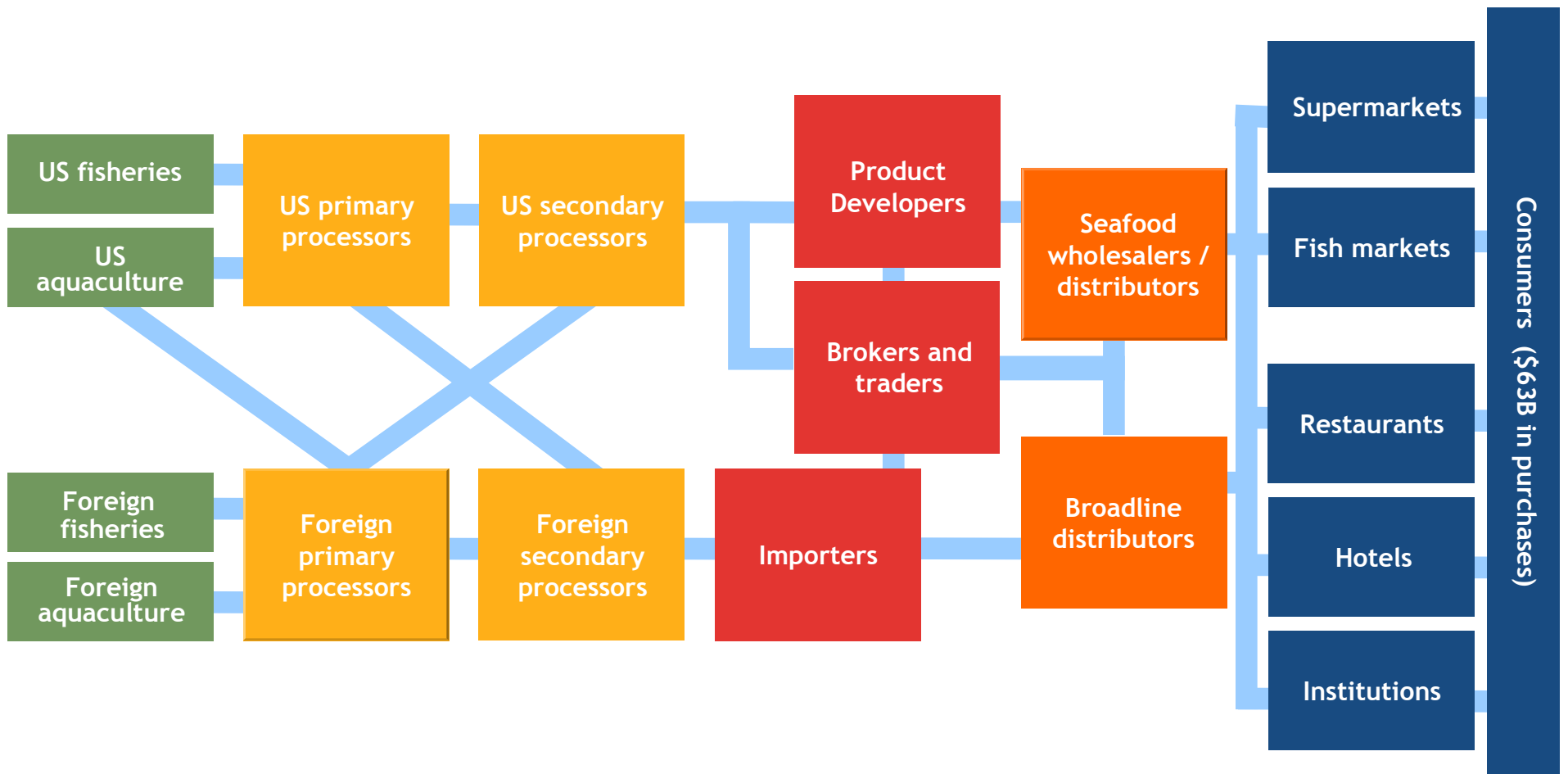
- Help portfolio companies manage capital, increase distribution, grow revenue, spend efficiently, etc with the ultimate goal of producing healthy, stable cash flow
- Find timely and attractive exit events that produce compelling returns for both company entrepreneurs and Sea Change investors

SUPPLY

PROCESSING

MARKETING & DISTRIBUTION

RETAIL





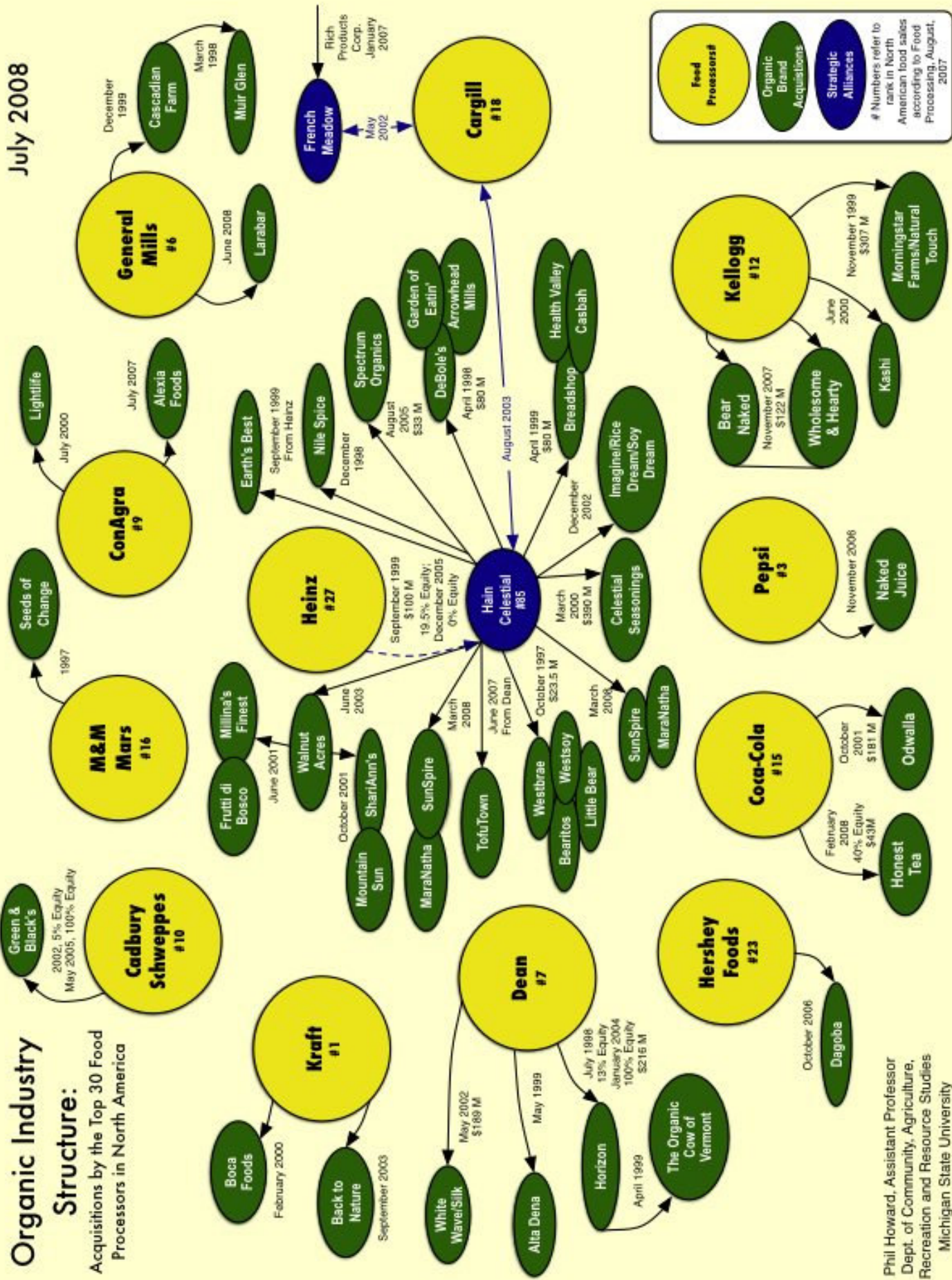
Portfolio



Organic Industry

Structure:

Acquisitions by the Top 30 Food Processors in North America



Phil Howard, Assistant Professor
 Dept. of Community, Agriculture,
 Recreation and Resource Studies
 Michigan State University

When is venture capital appropriate?

- There is a clear and compelling opportunity for rapid revenue growth, and the application of capital is required to achieve that growth
- A company's products and services achieve significant gross margins
- Current cash flow is insufficient to service debt
- A clear path to exit for investors exists on an accelerated timeframe
- Return profiles are commensurate with significant risk

In short, in very limited cases in the seafood business... *

* Though private equity / leveraged buyout activity in the seafood business is picking up (Fox Paine purchase of Icicle in Fall '07, strong current interest in aquaculture)

Opportunities

- Well-designed quota-based systems that foster ownership of an asset that increases in value
- Meeting retailer and product developer's specific needs:
 - Security of supply
 - Product differentiation
 - Corporate Social Responsibility programs or external pressures
- Capitalize on human health concerns
- Facilitate traceability / preserve superior environmental characteristics of fish
- Exploit fishmeal / fishoil price trends: facilitate more efficient use of processing waste?
- Handling practices to enhance quality
- Freezing technology / bridge seasonality