SUSTAINING FINANCIAL STRENGTH (CONT'D)

Right now we are focused on integrating the acquisition and de-levering, but we continue to watch the marketplace for opportunities to **consolidate the industry and grow profitably.**

Q What are the terms of your new debt?

A The transaction was paid in cash, financed with new long-term debt and an increase in an existing asset-based revolving loan facility from US$120 million to US$180 million. The long-term debt is a US$250 million senior secured term loan with a six-year term that pays interest at 5.50% plus LIBOR (floor of 1.5%). A portion of the proceeds was used to repay all long-term debt existing at the time. Upon closing, we drew the full US$250 million senior secured term loan and approximately US$126 million of the revolving loan facility, including pre-acquisition borrowing, leaving additional borrowing availability under the revolving loan facility of approximately US$48 million based on current margin calculations.

Q High Liner Foods has set a limit on debt to EBITDA of 3.0:1 in previous annual reports. Today it's 4.4:1. Tell me about your plans to reduce that to within your traditional comfort zone and when will that happen?

A We've identified $16 million to $18 million of synergies. We expect to achieve about $12 million in synergies before the end of 2013. Cash earnings are immediately accretive, so we'll still be generating cash from day one even with the increased interest expense. Given the synergies, cash flow, historical EBITDA of both companies and the additional EBITDA from the new cold storage operation in Newport News, we're confidant that we can reduce leverage to below three times EBITDA within a reasonable period of time. In fact, including near term synergies of $12 million and average debt rather than seasonality high debt the ratio would be 3.7:1 at year end.

Q Why did you fund the acquisition of Icelandic USA with debt instead of equity?

A The stock market was depressed, our stock was undervalued. On the other hand the debt markets were open to us at reasonable interest rates. Just as important, our experience in the industry and with the FPI and Viking integrations gave us confidence that we would be able to achieve the synergies and generate the cash flows that would allow us to return reasonably quickly to a more conservative balance sheet.

Q Are you planning to do an equity issue in the near term?

A At this time, the company does not have any plans to do an equity issue. However, if an attractive acquisition opportunity was to come to our attention before we have returned to a reasonable leverage level, we may look at an equity issue.

Q Will you be able to continue to meet your return on equity (ROE) target of 14.0%?

A Subject to purchase price accounting adjustments with respect to the amortization of intangibles, the acquisition is immediately accretive to earnings per share before one-time costs. We expect to meet or exceed our ROE target, excluding those costs, in 2012.