



Joseph L. von Rosenberg, III
President and CEO
Omega Protein Corporation

Testimony Before the Subcommittee on Fisheries Conservation, Wildlife, and Oceans
United States House of Representatives Committee on Resources

**Field Hearing on the Effects of Hurricanes Katrina and Rita on Fishing Resources, the
Fishing Industry, and Fishing Communities in the Gulf of Mexico**

Tuesday, March 21, 2006 - 10:00 AM
Gretna, Louisiana

Mr. Chairman, Ranking Member Pallone, members of the Subcommittee, I am Joseph L. von Rosenberg, III, President and Chief Executive Officer of Omega Protein Corporation. On behalf of our more than 1,000 employees and their family members numbering more than 4,000 men, women, and children, we thank you for this opportunity to testify at this important hearing. Omega Protein submitted extensive testimony in connection with the Subcommittee's oversight hearings in Washington on December 15, 2005. Our earlier testimony provides background on the menhaden industry's importance to the national economy, the company's operations, and hurricane-related losses. A copy of that testimony, without attachments, is appended hereto. Rather than reiterating that information, I would like to brief the Subcommittee on Omega Protein's experience in rebuilding, the challenges it and the Gulf of Mexico commercial fishing industry face, what help is still needed, and what assistance our company can provide.

On March 12, 2006, *The Washington Post* (attached) provided a timely reminder that the farmers and fishermen of the hurricane-impacted regions of the Gulf still face significant challenges in terms of lost infrastructure, markets, plants and equipment, vessels, and even access to product. To this list I might add an emerging trend, likely tied to the post-hurricane building boom and the loss of housing and critical infrastructure in rural communities: that is, the difficulty of seasonal industries such as fishing, fish processing, and likely farming, in finding workers. Nonetheless, Omega Protein is committed to – and already well underway in its efforts to – rebuild its operations in Moss Point, Mississippi, and Cameron and Abbeville/Intracoastal City, Louisiana. We believe that, with an appropriate measure of assistance from the federal government, there is a strong future for this vital and historic industry.

Our experience so far supports our sense of resolve. As I reported in December, Omega was able, with ingenuity, hard work, and “baling wire,” to re-start operations by mid-October in Moss Point and Abbeville. We operated through the end of the fishing season on November 1st. As NOAA has reported, there were, thankfully, fish to catch. Moreover, Omega Protein continued to make its payroll in the wake of the hurricanes, even during those weeks when operations were shuttered. Our repairs last Fall, however, were not suitable for the long run. In addition to wind damage, our equipment, electrical systems, vehicles, and spare parts were inundated by the storm surges accompanying Hurricanes Katrina and Rita. Indeed, the Cameron facility was partially

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submerged for weeks. All equipment that was not washed out to sea has been subject to slow and inevitable corrosion. We are sure that many other fish processors and shore-side operations will confront the same inexorable problem.

We are now doing the best we can to restart operations again this Spring. As you can see from the attached brochure, Omega Protein is making significant progress at each of its three Gulf locations in repairing docks, dry docks, and buildings, as well as beginning the arduous and expensive process of replacing its electrical systems, equipment, heavy machinery, and fleets of vehicles. Although we do have concerns about the durability of the repairs we are often able to make, I can report that the company will be ready to start operations hopefully at full capacity in Moss Point and Abbeville on the first day of the Gulf menhaden fishing season in April. Our Cameron facility, which is our largest but also the one which sustained the most damage from a direct strike by Rita, should be operating in June. I am proud of the hard work, unbelievable dedication, and resourcefulness shown by Omega Protein's employees in accomplishing this Herculean task, with limited resources and in such a short time.

This progress, however, can become a chimera without some assistance from the federal government. We were fortunate to have some cash reserves. These reserves, however, are not infinite. We have had to economize in our reconstruction efforts and have had to forestall long-term, required repairs in favor of triage. At Moss Point, for example, the company received cost estimates of \$2.5 million to fully restore electrical systems. Economics dictated, however, that we undertake only bare-bones repairs at two-fifths that cost. The longevity of such repairs is questionable at best. We do not know what the costs will be if these repairs do not sustain us through the season. Further, prior to the hurricanes, we had significant redundancy in terms of spare parts, including spare generators, engines, crankshafts, and other critical equipment for our vessels, airplanes, shipyard, and production facilities. This year, equipment and parts will have to be ordered on an "as needed" basis, with the attendant (and perhaps protracted, given the supply situation in the Gulf) delays. All of these factors temper my optimism. A return to the normal, long-run operations to which the company is committed requires significant further investment, and (although I wish it were otherwise), this requires government help.

Omega and other fishing businesses, including some far less resilient than we have been able to be, need cash flow to rebuild inventories, fund permanent repairs, and replace buildings and lost equipment. Fishermen themselves will need assistance with vessel replacement and repairs, as well as allowances for nets – those both lost, and those that will be damaged or destroyed by the incredible fields of debris noted in *The Washington Post* article.

In terms of such aid, money needs to be appropriated to fund the fisheries disaster declarations made by Secretary of Commerce Gutierrez under the Magnuson-Stevens Fishery Conservation and Management Act and the Interjurisdictional Fisheries Act following Katrina, Rita, and then Wilma. Despite three supplemental appropriations for hurricane relief, not a penny has been forthcoming to provide relief to this industry. This is the first time of which I am aware that a fisheries disaster declaration has gone unfunded.

Further, Omega Protein would urge the Subcommittee to address two of the more problematic aspects with respect to the disaster relief provisions of these statutes, both of which are scheduled for reauthorization this year. For one, the fisheries disaster language in the Magnuson-Stevens Act, 16 U.S.C. § 1861a(a)(3), calls for a state match of 25 percent for any relief provided by the federal government in response to a disaster declaration. This is impracticable in the face of disasters of this magnitude, and so Omega Protein would urge the House to adopt a provision similar to Section 114 of S. 2012 (the Senate Magnuson-Stevens Act reauthorization bill), which creates a new category of a “regional coastal disaster” that, among other things, provides for waiver of the state matching requirement.

The Senate bill would also waive the Interjurisdictional Fisheries Act cap on aid to businesses with gross annual revenues in excess of \$2 million when a “regional coastal disaster” is declared. Omega Protein believes, however, that the Act itself should be amended by deleting this requirement altogether. (A bill reauthorizing the Interjurisdictional Fisheries Act, H.R. 4686, could be amended to address this concern.) If the experience of last hurricane season shows anything, it is that regions affected by widespread devastation need the maximum flexibility when it comes to rebuilding. The revenue cap currently presents a barrier to reviving the infrastructure and associated industries necessary to restoring the historic fishing industry that is so important to rural communities in the Gulf and in other coastal areas. These changes, moreover, must be made applicable to any assistance provided for under the current fisheries disaster declarations.

Omega also respectfully asks the Subcommittee to include in its Gulf fisheries relief the Senate Commerce Committee’s Fishery Finance Program (Title XI of the Merchant Marine Act of 1936) debt forgiveness program. This is a necessity in insuring that the Gulf menhaden industry as a whole has the opportunity to rebuild for the long-run. This program provides one-time, targeted relief in the form of dollar-for-dollar debt forgiveness in return for reinvestment in hard hit communities in Louisiana and Mississippi. The value of this program is that it frees up significant cash flow, especially in the first year, while having a negligible fiscal impact on the federal budget. Omega Protein would also request that additional lending authority under the Fisheries Finance Program be authorized this year, so that credit is available to help fund rebuilding over the long run.

Finally, the government can help the industry and the people of the Gulf, while in turn helping achieve an important national priority: eliminating debris from the Gulf. The day before Hurricane Rita hit, representatives of Omega Protein were meeting with the National Marine Fisheries Service Chief Scientist, Dr. Steve Murawski, viewing satellite images of the debris field in the Gulf resulting from Hurricane Katrina. Among the issues discussed was the idea of employing fishing vessels, including Omega Protein’s high capacity ships, to help clear the Gulf of debris and restore vital shipping lanes and fishing grounds.

Despite repeated proposals to the Federal Emergency Management Agency, the U.S. Coast Guard, and the U.S. Army Corps of Engineers by Omega Protein, NMFS, and members of Congress, this common sense idea never came to fruition. I would strongly urge the

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Subcommittee to help break this logjam by authorizing the Coast Guard and/or NMFS to enter into contracts with owners of fishing vessels to allow them to re-equip and begin work clearing the Gulf of the cars, light poles, appliances, and other dangerous debris littering the Gulf of Mexico. We are still willing and able to help, consistent with the demands of the Gulf fishing year.

Omega Protein would also like to reiterate offers it has made in the past to help contribute to the revitalization of the Gulf commercial fishing industry. We have a mothballed plant in Morgan City, Louisiana, that was completely unaffected by either hurricane. We have dock space and facilities that, with modest investment, could serve as a hub for commercial fishing activities. Similarly, the company has a large property with a largely unscathed administration building in Shipley, Mississippi, that could serve private or governmental needs if the renovation that was underway when Katrina struck can be completed. Omega Protein stands ready to work with Federal, state, local, and private parties to help figure out how this infrastructure can be put back into productive use for this vital fishing industry.

In closing, the scope and scale of this disaster is virtually unparalleled. As for the fishing industry, perhaps never has a single industry, over such a broad area, been put in such peril. The pressure from direct economic losses are now being compounded due to other economic factors at play in the wake of the disaster. Developers and speculators are buying up properties all along the coast, even in rural areas that depend on fishing and fish processing. The fishing industry confronts the loss of working waterfront, as well as rapidly raising land values and taxes from gentrification that can drive working men and women from their long-time homes and historic livelihoods. After the current boom is over, and it will end someday, these men and women will need the opportunities the fishing industry provides for the future.

It is with these considerations in mind, that I, and Omega Protein's many employees and their families in Mississippi, Louisiana, Texas, and Alabama, urge this Subcommittee to provide a reasonable level of assistance to help preserve an important economic and cultural feature of the Gulf Coast. Thank you very much for allowing us this opportunity to testify. We are glad to answer any questions you might have.

ATTACHMENT I



Joseph L. von Rosenberg, III
President and CEO
Omega Protein Corporation

Testimony Before the Subcommittee on Fisheries Conservation, Wildlife, and Oceans
United States House of Representatives Committee on Resources

**Oversight Hearing on the Effects of Hurricanes Katrina and Rita on Fishing Resources, the
Fishing Industry, and Fishing Communities in the Gulf of Mexico**

Thursday, December 15, 2005 - 10:00 AM

Mr. Chairman, Ranking Member Pallone, members of the Subcommittee, I am Joseph L. von Rosenberg, III, President and Chief Executive Officer of Omega Protein Corporation. On behalf of our more than 1,000 employees and their family members numbering more than 4,000 men, women, and children, we thank you for this opportunity to submit a written statement and other submissions for the record in connection with this hearing. [For the Committee's reference, we are also appending and incorporating letters and other submissions from Omega and allied fishing groups and businesses previously sent to Members of Congress regarding disaster-related issues.] Omega Protein greatly appreciates that members of the Fisheries Conservation, Wildlife, and Oceans Subcommittee are taking the time during this busy legislative season to hold this hearing focusing on the challenges facing the fishing industry in the storm ravaged regions of the Gulf. Words cannot describe the devastation, and assistance from all quarters will be needed in order to rebuild. However, with a little help, the resilience of the fishing industry, Omega Protein, and its employees will allow it to come back and provide a key engine in the long-term recovery and growth of the affected region.

By way of introduction, Omega Protein Corporation is the world's largest manufacturer of heart-healthy fish oils containing Omega-3 fatty acids for human consumption, and produces a variety of products for agriculture and industrial uses. We derive our products from menhaden, an oily, herring-like fish that is abundantly available along the U.S. Gulf of Mexico and Atlantic Coasts. Omega Protein utilizes a fleet of fishing vessels supported by spotter aircraft to supply menhaden to its four processing facilities in Louisiana, Mississippi and Virginia.

Omega Protein operates the most productive non-governmental fish processing facilities in the world. Of its four menhaden processing facilities, however, three were severely damaged or destroyed by Hurricanes Katrina and Rita. The combined effects of both have irretrievably degraded, if not destroyed, a full 70 percent of Omega's processing capacity. [The company was working on a strategy to address the losses from Hurricane Katrina at our Moss Point, Mississippi, facility at the time Hurricane Rita damaged our Abbeville, Louisiana facility and destroyed our Cameron, Louisiana, facility.] These facilities employ over 800 individuals in the Gulf who live in small, economically disadvantaged coastal communities, and whose jobs and way of life are now in peril. Omega Protein is one of the largest employers, if not the largest

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employer, and the largest minority employer, in each of the rural counties and/or parishes in which it has processing operations.

As a Gulf Coast resident itself, Omega Protein recognizes the many compelling needs the region faces. At the same time, we recognize that there are limits to the relief the Federal government can provide. It is important, however, not to lose sight of the fact that relief to help businesses rebuild can be multiplied over the years and throughout the regional economy. For Omega's employees, and those of many other companies, a stable job represents a longer-lasting benefit than short-term, direct monetary assistance.

The sheer devastation caused by these natural disasters, coupled with what the company regrets to report was an insufficient governmental response at all levels, has made obtaining relief and planning for the future very challenging, to say the least. Omega Protein has responded to this uncertainty by working with Congress and the Administration to seek wide array of potential options to secure relief and assistance for its own operations and the fishing industry at large.

For example, over the months since the twin disasters occurred, Omega has made several attempts to coordinate with FEMA to put our undamaged assets to work for debris removal on the offshore fishing grounds. These efforts, unfortunately, came to naught, and now it is too late to commit the company's vessels to such an operation if there is any hope to restart – as Omega Protein is committed to doing – some semblance of normal operations in the 2006 fishing year.

The company has also offered its surviving dock-space and minimally damaged office buildings in Mississippi for use by the National Marine Fisheries Service as it conducts its damage assessment and other vital functions while it rebuilds its Pascagoula facility. These resources, along with the undamaged facility Omega owns in Morgan City, Louisiana, are also available to the fishing industry at large to provide working waterfront during the rebuilding phase. The Morgan City facility contains docks, warehouses, a mothballed processing facility, and other structures which could serve the fishing industry under an appropriate arrangement. These assets remain available to assist the reconstruction effort.

With irretrievably damaged and destroyed processing equipment, however, it will be difficult, if not impossible, for Omega to maintain market share against international competition which could ultimately result in product substitution and higher prices for U.S. consumers. It is essential that this industry remain in operation if the U.S. desires to maintain a domestic supply of the essential commodities it produces.

As mentioned, the menhaden industry produces fish meal and fish oil from menhaden. These products comprise nearly 40 percent of the United States fish export volume annually. Omega Protein alone has suffered approximately \$30 million in damage to our fish processing plants in Cameron and Abbeville, Louisiana, as a result of Hurricane Rita, and to our fish processing plant and shipyard in Moss Point, Mississippi, from Hurricane Katrina. Losses due to business interruption and lost inventory will likely also be in the millions. Omega's only competitor in the Gulf region, Daybrook Fisheries, which accounts for some 30 percent of the Gulf of Mexico

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menhaden landings, was also completely devastated. As a result, foreign suppliers have reaped a windfall of price hikes that have harmed domestic producers that rely on fish meal and oil as an essential production component.

This industry, which dates back to the 1800's, plays an important, though little noticed, role in the U.S. economy. Menhaden fish meal and oil are a significant raw material for many critical domestic manufacturers. Omega's fish meals and oils are used for livestock feed (for instance, swine and dairy rations), agriculture (as part of organic fertilizers and pesticides), aquaculture, pet foods, and industrial uses (such as leather tanning, oil drilling muds, and household paints). Omega Protein is the largest producer, as well, of long-chain Omega-3 essential fatty acids for human consumption, as both dietary supplements and food additives. However, the surge in prices and imports threatens the very existence of the U.S. menhaden industry because, over the medium term, if supply is not increased and prices stabilized, U.S. purchasers of menhaden-based fish meal and oil will formulate these materials out of their products. Avoiding this fate will require some level of public assistance.

While Omega, like countless others, maintained insurance for flood and wind damage, the company did not contemplate the essentially simultaneous destruction of two historic hurricanes taking different tracks. Unfortunately, we expect that insurers are not planning to cover much of this loss due to aggregate caps and classification issues. To date, moreover, these issues still have not been resolved.

For its part, Omega Protein is devoting its remaining resources to keep faith with its employees and customers. We have retained most, if not all, of our employees. In the face of logistical adversity and universal uncertainty, we even restarted our processing operations in Moss Point and Abbeville with terminally salt-water damaged equipment that was gerry-rigged together to finish the season. Cameron Parish currently has no essential services, and therefore this was not an option for our single largest facility.

As it stands today, three plants' worth of processing equipment must be replaced, and such orders must be placed soon for Omega to resume operations next spring. Omega Protein also offered to retain its vessel-based employees past the end of the fishing season to assist with debris removal from the offshore Gulf Coast fishing grounds, but, again, our repeated offers have had no takers at FEMA, and now that time has passed.

The Secretary of Commerce has declared a "commercial fisheries disaster" and a "commercial fisheries failure" as a result of both Hurricane Katrina and Hurricane Rita. These declarations, which were designed to provide assistance to the fishing industry for damages incurred as a result of natural disasters or unforeseen circumstances, provide Commerce Secretary Gutierrez with the authority to administer fisheries disaster relief aid programs under the Magnuson-Stevens Fishery Conservation and Management Act and the Interjurisdictional Fisheries Act. Unfortunately, Secretary Gutierrez's department has not been provided any funds to implement the relief programs. These programs simply cannot, and will not, provide the assistance needed until sufficient funding and modest adjustments to the programs are made to respond to these

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specific circumstances. We would urge the Subcommittee to support the ameliorative adjustments for "regional coastal disaster assistance" contained in the Senate Magnuson-Stevens Conservation and Management Act reauthorization bill, which largely accomplish these necessary reforms.

However, such changes will not be effective unless or until money is appropriated to fund the two fisheries disaster declarations. Omega Protein had hopes that the President's most recent supplemental request for additional hurricane-related financial assistance, presented on October 28, 2005, might provide a ray of hope. However, the President's approximately \$17.1 billion request to reallocate funds from FEMA contains absolutely no request for fisheries relief. Such funding must be forthcoming if the Gulf fishing industry is to be revived and to allow the people who depend on it to rebuild their lives and livelihoods.

Tailored and prompt relief for the menhaden industry should also be a part of any overall strategy to assist the commercial fishing industry. Omega has set forth proposals that could, for example, provide administratively simple and immediate direct relief to the menhaden industry through adjustments to government held and/or guaranteed loans. Such one-time aid would immediately free-up cash flow for reinvestment in fishing communities.

This is important because four of the five menhaden plants in the United States were seriously damaged, if not completely destroyed, in Hurricanes Katrina and Rita. The inability of the Gulf menhaden industry to recover from this near total destruction without assistance may also portend the inability of the Gulf fishing industry as a whole to recover. The menhaden industry anchors five of the ten largest fishing ports, by pounds of fish landed, in the United States.

In closing, we understand that many people from all walks of life are in desperate need of assistance, and Omega is not the only Gulf Coast business that has suffered profound hurricane damage. The fishing industry, however, is one of the oldest and most well-established in the affected Gulf Coast region. For its part, Omega Protein wants to assist its employees, many of whom have suffered greatly, through deeds – by promoting stable jobs and restoring vibrant communities. As such, any assistance that Congress can provide will go a long way towards fostering economic growth and sustainable jobs in these hard-hit areas, and help get these communities on a track towards self-sufficiency.

In closing, I would like to ask the Subcommittee for its support to ensure this industry, and our people, are not abandoned. The fishing industry is a mainstay of rural, coastal communities which lack alternative employment opportunities; fisheries are not just important to the economy of the Gulf Coast, but to the entire United States. Again, thank you for holding this hearing, and thank you for the opportunity to submit this written statement. I hope that the information we have provided about Omega Protein, and the fishing industry in general, is helpful as you consider ways to address this awful and ongoing situation. We look forward to working with Subcommittee members to design effective relief measures for menhaden businesses, the Gulf Coast fishing industry, and the regional economy. Please do not hesitate to contact me if you I can be of any assistance.

ATTACHMENT 2

Correction to This Article

In one edition, a March 12 article about Hurricane Katrina recovery misstated the year in which Hurricane Camille hit. It hit in 1969. A March 12 article about Hurricane Katrina's damage to agriculture and other industries incorrectly said that Mississippi's Pearl River County is on the Gulf of Mexico. It is about 20 miles inland.

In Mississippi, Katrina Yields Bitter Harvest

Farmers, Fishermen Are Storm's Forgotten Victims

By Spencer S. Hsu
Washington Post Staff Writer
Sunday, March 12, 2006; A03

PERKINSTON, Miss. -- David Fazio's dairy farm rises like an oasis from the wind-shattered woods. Fields of green ryegrass, shade oak trees, and pink and red magnolias bespeak order amid the twisted, gray wilderness wrought by Hurricane Katrina.

Even here, 30 miles north of Mississippi's Gulf Coast, the lives of things that grow and sprout -- and of the people who tend them -- were not spared by the hurricane.

Among Fazio's neighbors, 14 of 20 dairy farmers have abandoned their herds and homesteads. Fazio himself lost 110 of 180 cows after the Aug. 29 storm, which did \$125,000 damage to all four structures and the family farmhouse on his 125-acre plot -- equal to five years' earnings.

After smashing 90 miles of seabed and filling it with jagged debris, Katrina roared north along Interstate 59 and spawned sustained winds of 120 mph as far as 80 miles inland. In that wedge of devastation, boats and processing plants were smashed. Wood-plank hay barns and tin-roofed dairy sheds were shredded. And this region's stoic fishermen and farmers became the forgotten victims of the storm, lost in the misery of metropolitan New Orleans and the Mississippi coast.

Around small towns such as Petal and Laurel, as well as the coastal counties of Hancock, Harrison and Pearl River, scores of small farmers who normally would be harvesting blueberries, greens, squash, bell peppers and fresh cut flowers through the mild winter are idle because buyers from New Orleans farmers markets and Mississippi casino restaurants were blown away.

Across timber-rich southern Mississippi, the storm blew down or made impossible to machine harvest about \$1 billion in old-growth hardwood and pine forest, wiping out wealth for 60,000 landowners that took generations to build. At Gulf of Mexico lookouts such as Point Cadet in Biloxi, 60 seafood processing and operations centers, and 500 shrimp boats employing 4,300 people, were knocked out, crippling an \$800 million industry.

"It was a lot of equity, and people's fortunes, that were just taken away in one 12-hour period," said Joe Sanderson, chairman and chief executive of Sanderson Farms Inc., who reported Katrina's agriculture and marine impacts on a commission set up by Gov. Haley Barbour (R). Invoking the memory of a 1969 hurricane, he said: "The coast had Camille before, but this was

something completely different for the inland counties. . . . Camille was terrible, but this was many times worse."

All told, Mississippi's agriculture, forestry and marine industries -- which account for one-third of the jobs and economic product of this unwealthy state -- lost more than \$10 billion.

Poultry growers were mostly insured, and cotton-rich Delta farmers dodged Katrina's winds. But nonindustrial tree farmers -- who hold 69 percent of the state's timber acreage -- received just \$400 million from Congress, a fraction of their losses.

Offshore, Katrina turned sea lanes and rich fishing grounds in the Mississippi Sound into minefields. Visible at low tide in aerial photographs, the wreckage of thousands of cars, chunks of homes and buildings, even soda machines, threaten to rip hulls and nets come the start of fishing season, June 1.

Many experts say the industry may never recover, as land prices rise and wharves and canneries here go the way of those that used to dot the Chesapeake and California's Monterey Bay.

"It's like a way of life that has a possibility of disappearing down there, and my memories of the coast for 50 years -- and for some of the people down there, much longer than that -- has a potential to disappear. That would be a shame," Sanderson said.

Ironically, old-time fishers who sell pearly six-inch blue crabs and palm-size shrimp from roadside trucks say that fishing has never been better, because the storm pushed wildlife closer to shore. But marine biologist LaDon Swann, director of the Mississippi-Alabama Sea Grant Consortium, a federally funded research and education program, said the declining shrimp and oyster fisheries are doomed unless money is found to clean and restore the beds and estuaries where the creatures reproduce. That will require as much as \$7 billion, according to recommendations by Barbour's commission.

Likewise, in the peculiar long-term husbandry of living resources, sawmills that are glutted with downed timber now -- depressing prices to bitterly low levels for producers -- will not be able to compete for years to come as local old-growth timber becomes rarer.

Ben F. Burkett, 54, whose family has farmed near Hattiesburg since 1886, has more immediate concerns. His small cooperative has 38 members, of whom about 20 are still actively farming. But with their coastal distributors no longer picking up truckloads of watermelon, squash, spinach and kale each week, no money is coming in. Four members speak of quitting.

The kind of man who chuckles when the conversation turns sad, Burkett notes that friends whose 401(k) plans were timberland saw acreage worth \$1 million reduced to \$150,000, and are rushing to haul out twisted wood before it turns wormy on the thawing ground.

Burkett's grandfather planted 19 pecan trees, but "Katrina got all of them," he said. "It's 10 or 12 years before you can pick a pecan," Burkett said. "I'll plant 40 or 50, but I'm planting them for my daughter, or my granddaughter."

Fazio's herd of Holstein cows is the cruelest measure of his lost wealth, productivity and credit-worthiness. He had pledged 40 cows as collateral to expand his farm six months before the storm.

But dairy cows that produce 70 pounds of milk a day need to be milked regularly. When Katrina cut electrical power, dairies turned to tractor-run generators. But when diesel fuel ran out about 20 days later, buyers came by, purchasing herds for a pittance as farmers sold to avoid sending wasted cattle to slaughter, Fazio said.

Standing next to the farmhouse he was raised in, which he may not rebuild, and waiting for his son to herd his remaining head up the hill for afternoon milking, Fazio, 53, looked at the wreckage of his red and green milking shed, equipment shed and hay barn.

"I need help to repair my barns. I can't afford to build a \$35,000 hay barn," he said plaintively. "We've had very little assistance on anything. . . . It may be coming down the pipeline, but it's not here a drop."

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ATTACHMENT 3

MORE FACTS FUTURE EFFORTS

Omega Protein is the nation's largest producer of fish meal and fish oils.

Omega harvests and processes a small oily fish called menhaden for a variety of significant uses.

Menhaden fish meal and oil is a critical raw material for many U.S. agriculture, aquaculture, industrial and human health products.

In response to the Gulf hurricane damage, South American companies began exporting menhaden fish meal and oil to the U.S. at rapidly rising prices. As a result, the entire industry is at risk.

The Gulf of Mexico menhaden industry anchors four of the top ten U.S. fishing ports by volume of fish landed. The hurricanes partially or completely destroyed the fundamental fish landing, processing, storage, and basic utility infrastructure in each of these ports.

Despite undisputed losses far in excess of Omega's insurance caps, insurers are delaying payments. As with so many others in the Gulf region, Omega is facing slow claims adjustments and delayed property assessments.

Repairs made thus far have been funded through Omega's cash reserves. These reserves, however, are not infinite.

Nonetheless, Omega plans on having nearly 100 percent of its capacity up and running by June of this year. Moss Point and Abbeville will be on line by the start of the fishing season in April. The Cameron operations, which were more profoundly affected, will restart somewhat later.

Due to cash realities and the costs of replacement, many fixes employed this year will be less than permanent. Omega thus expects significant difficulties this year with its patched-together equipment. Omega will also have to do without its typical inventory of spare parts for the plant and vessels, as well as full fleets of trucks, forklifts, and other heavy equipment.

More permanent repairs, particularly to electrical systems, and investments will need to be made. Omega Protein is, however, committed to its communities for the long run.

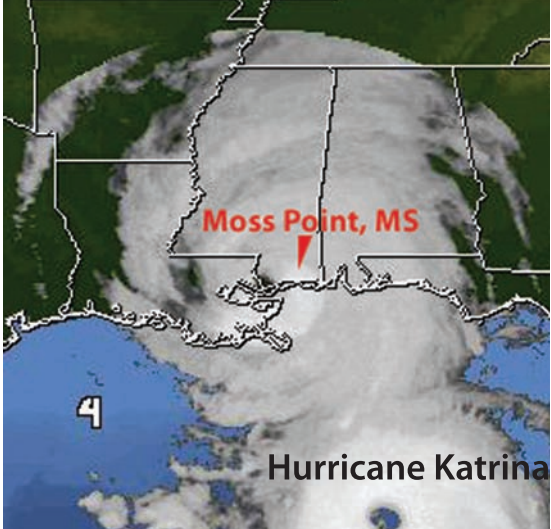


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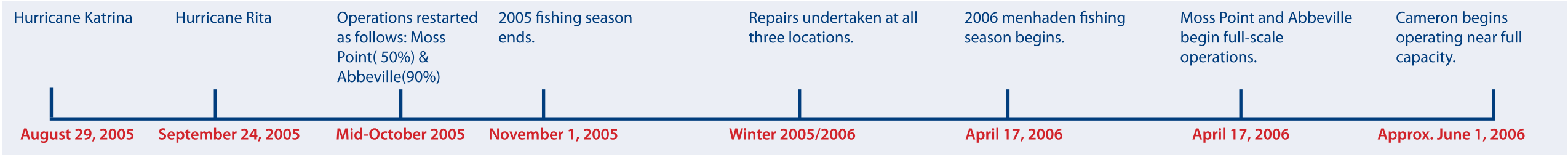
**Hurricane Recovery Efforts
September 2005 - March 2006**



DAMAGES

Hurricanes' Aftermath

Total losses at Moss Point, MS; Abbeville, LA; and Cameron, LA include structural damage, as well as disabling damage to electrical systems and other equipment for both the vessels and the plants. Inventory and spare parts were also lost. Altogether, damages exceed \$40 million.



Dry Dock at Moss Point, MS



Flood-Damaged Electrical Systems at Moss Point, MS



Dry Dock at Moss Point, MS



Progress at Moss Point, MS



New building at Moss Point, MS



Net Shed Building at Abbeville, LA



Damaged Warehouse at Abbeville, LA



Newly Installed Factory at Abbeville, LA



New Capacitor Bank at Abbeville, LA



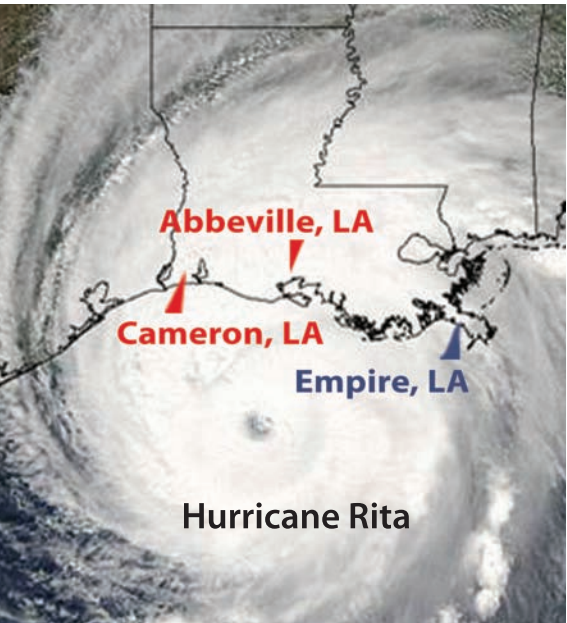
Raised Living Quarters at Abbeville, LA

FACTS

Moss Point:
8 fishing vessels, 7 spotter planes, processing plant, 2 dry docks, and shipyard.
Employees: 247 people
Total losses: \$20.53 million
Restoration Costs: \$8.586 million (not including costs to restore new administration facility)

Abbeville:
11 fishing vessels, 11 spotter planes, and processing plant.
Employees: 252 people
Total losses: \$ 6.0 million
Restoration Costs: \$3.2 million

Cameron:
This was Omega's largest production facility
10 fishing vessels, 10 spotter planes, and processing plant.
Employees: 253 people
Total Losses: \$14-16 million
Restoration Costs: \$5.4 million



Ship on Land in Cameron, LA



Docks at Cameron, LA



Progress on Marine Shop at Cameron, LA



New Laboratory Building at Cameron, LA



Rebuilt Warehouse at Cameron, LA