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NEWS RELEASE

OCI restructures its operation to remain competitive in global marketplace

December 2, 2011

St. John's—Martin Sullivan, President and CEO of Ocean Choice International (OCI), today announced changes to the company's operations in Newfoundland and Labrador to ensure a viable and competitive company for the future. OCI will permanently close two of its operations in Marystown and Port Union effective immediately, and will invest in excess of \$5 million in 2012 in its facilities in Bonavista, Port aux Choix, Triton, St. Lawrence and Fortune, as well as its fleet, as part of its normal operations. If there is a successful conclusion to restructuring of the flatfish business there will be an additional \$10 million invested in a new vessel. These investments come on top of \$30 million invested in the company's plants and vessels since 2008.

"Most of the stakeholders in the fishing industry have recognized the need for rationalization of our sector for many years now," said Sullivan. "Although parties have attempted to find solutions, as recently as through the MOU process on restructuring the NL fishery, a resolution has not been forthcoming. OCI has always been prepared to work with others in the industry, governments and unions in an effort to restructure the sector; however, in the wake of continued challenges, it has no choice but to realign its operations today."

Marystown Plant

An external audit confirmed recently that there is no viable option for OCI in relation to its Marystown operation. The only option that showed at least a marginal profit was the export of 100 per cent of the Yellowtail flounder.

OCI said that the pressure of fluctuations in foreign exchange rates and fuel costs, as well as increases in expenses and overhead, have put the Marystown operation in the financial loss position it has been in for years. Because of these factors beyond its control, OCI has permanently closed the operation today. About 240 employees are affected.

OCI will now pursue the two other options outlined in the Deloitte report, namely:

- 1) catching and processing at sea which is proven to be the only viable option as verified by Deloitte, and
- 2) transitioning Fortune to a multi-species year-round groundfish processing plant. Although this option is currently not projected to be profitable it would mean 110 year-round jobs which,

combined with the jobs at sea, would mean a higher overall payroll to our employees than experienced in the Marystown plant and on the vessels in the past.

Port Union

The operation in Port Union has relied on the success of the shrimp fishery for the past decade. What was once a good operation has been sorely impacted by circumstances beyond OCI's control with a 40 per cent reduction in shrimp catches in the past three years, and further cuts announced for next year. In a devastating turn of circumstances, the plant was also rendered inoperable for the past year due to damage arising from Hurricane Igor in September 2010. About 170 employees are affected.

Sustainability for the future

OCI has made numerous investments in the company in recent years, and established a worldwide marketing and sales network in over 35 countries around the world. The success of the company in the future will rely heavily on the company's ability to respond to market demands, and to adjust to changing economic conditions.

"Two key considerations as we move forward are the necessity for government to lift current restrictions on the fishing sector in relation to minimum processing requirements and export of fish products, as well as the understanding by everyone that market demands have changed," said Sullivan. "What used to be a huge market for filleted fish has diminished greatly. Today, the demand in our growth markets in Asia and elsewhere is for whole fish, or headed and gutted fish."

Sullivan said restrictions on the export of Redfish alone are leaving some \$35 million annually out of the provincial economy. Meanwhile, when restrictions were lifted on snow crab, the fisher prices increased in value by 300 per cent on average, with a 500 per cent increase in the past year.

Commitment

OCI said today that it is committed to the regions in which it currently operates. In the coming days we will meet with towns and unions in an effort to define growth plans for the future. We will continue to employ hundreds of people in Newfoundland and Labrador as one of the largest private sector employers.

"While we are disheartened today by the unfortunate impacts of our restructuring on the people of Marystown and Port Union, we know that we have made a responsible decision to ensure that our business will continue to return to the people of the entire province a sustainable industry for the future," Sullivan said. "We intend to work closely with government on labor force adjustment programs to seek solutions to transition our workers in a respectful manner."

OCI took the opportunity on announcing its realignment of operations to encourage younger workers to strongly consider a future in the fishery of Newfoundland and Labrador, a fishery that will be akin to what many have become accustomed to in this province with a few weeks offshore combined with a few weeks onshore. “The fishery of the future will have improved economic value for our workers, and a greater value for the province,” said Sullivan.

About OCI

Ocean Choice International is one of Canada's leading vertically integrated seafood harvesting, processing and marketing companies with operations throughout Atlantic Canada and Sales & Marketing offices around the world. As Canada's largest wild fish quota holder OCI is a leader in fishing and processing technology and market development.

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