

Attention News Editors:

Clearwater Reorganizes Clam Operations

North Sydney, NS. October 14, 2004

Clearwater Seafoods Limited Partnership's Clam division ("Clearwater") announced it is reorganizing the on-shore clam processing operations in North Sydney, Nova Scotia and Grand Bank, Newfoundland. This is part of the company's ongoing obligation to remain competitive in the rapidly changing global marketplace.

This reorganization will see the North Sydney operation focus on the value added canned clam and masago operations. Clearwater has invested over \$2 million in its cannery and masago processing operation at the North Sydney plant since 2003 and has been successfully expanding sales of these product lines in the North American and Asian markets. Grand Bank will become the primary facility for the grading and packaging of whole clams.

"We have two plants in our clam business and we are compelled to examine the viability of both operations in this highly competitive and changing global market. It is no longer economically feasible for us to produce prime cut clam products in Canada. Both our competitors and our customers have moved this labour intensive work to the lower cost areas of China and South East Asia. As a consequence, we are no longer price competitive with this product format in the Japan/Asia market. Increased competition from Asian processors as well as higher energy costs and the strengthening Canadian dollar have made it absolutely essential that we focus on reducing costs and increasing efficiencies in our efforts to remain competitive" stated Eric Roe, Chief Operating Officer. As a result of these changes, a total of 40 persons will be indefinitely laid off effective immediately.

Concluded Mr. Roe "These changes are vital to allowing us to run both facilities in a more cost-competitive manner and although we cannot provide any guarantees, we continue to invest in both facilities and remain optimistic about their future."

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