



Mark Palmer

Ocean Beauty Seafoods LLC

8/2/18

Mayor Mark Jensen

State of Alaska

Dear Mayor Jensen,

After an extended review of potential options Ocean Beauty Seafoods has made the decision to permanently close its Petersburg facility. The plant has not operated during the past two seasons. This Ocean Beauty facility is primarily a cannery and has limited daily fresh/frozen production capacity. Our other facilities at Excursion Inlet, Cordova and on Kodiak Island provide us with adequate pink salmon canning capacity to meet our customers' demands.

Over the past four years we have made significant capital investments in our Excursion Inlet facility to increase the daily fresh/frozen capacity in anticipation of handling more of our Southeast volume there. We also have a multi-year agreement with the floating processor Ocean Fresh. This gives us the ability to add capacity where it is needed and benefits our fleet the most. Our new configuration provides us the most flexibility and efficient business model to deal with the extreme fluctuations that have become the norm for the pink salmon harvest.

With this plan in place we are confident that we can permanently close the Petersburg facility and not have a negative impact on our staff, customers or harvesters. The city of Petersburg has been very supportive of our operation for many years and we will miss having a large presence in this great community. We will continue to have local staff positioned in an office and shop in Petersburg to provide our fleet support services.

Sincerely,

Mark Palmer

President/CEO