

Oct-02-01 12:17P



# PACIFIC CHOICE SEAFOODS CO.

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## FAMILY COMPANIES & WHOLLY OWNED SUBSIDIARIES

Pacific Alaska  
Shellfish, Inc.  
Washington Crab  
Producers, Inc.  
Pacific Coast  
Seafoods Company  
Pacific Surimi Co., Inc.  
Pacific Shrimp Co.  
Pacific Choice  
Seafood Company  
Pacific Oyster Co.  
Pacific Smoking Co.  
Pacific Sea Food Co.  
Pacific Fresh  
Sea Food Company  
Pacific Group  
Transport Co.  
Pacific Seafood Group  
Jake's Famous  
fish & Seafood  
on Pacific  
Live Seafoods Co.

## DISTRIBUTION CENTERS

Seattle, Wa.  
Spokane, Wa.  
Clackamas, Ore.  
Portland, Ore.  
Medford, Ore.  
Sacramento, Calif.  
Fresno, Calif.

## PRODUCTION FACILITIES

Kenai, Alaska  
Westport, Wa.  
Warrenton, Ore.  
Bay City, Ore.  
Salem, Ore.  
Albany, Ore.  
Newport, Ore.  
Charleston, Ore.  
Bandon, Ore.  
Eureka, Calif.

## RECEIVING STATIONS

Kenai, Alaska  
Blaine, Wa.  
Westport, Wa.  
Warrenton, Ore.  
Garibaldi, Ore.  
Newport, Ore.  
Charleston, Ore.  
Bandon, Ore.  
Brookings, Ore.  
Crescent City, Calif.  
Eureka, Calif.  
San Francisco, Calif.

## IDS

Pacific Fresh  
Pacific Smoking Co.  
Snow Mist  
Sea Rock  
Jake's Famous  
Crawfish & Seafood  
Newport Shrimp  
Bandon Bay Fisheries  
Bandon Fisheries  
Bandon Gold  
Ocean Fresh

To: Pete Leipzig  
From: Rick Harris  
Re: Groundfish Situation  
Pete.

I understand you are meeting tomorrow with some of your members and I thought it might be helpful if you had some information from a processor standpoint given our current situation.

The long and short of it is, for the next 3 months without Black cod and Channel rock, there will not be enough margin dollars generated to run our businesses. Both vessels and plants. The market is losing Dover sole, which is a mild tasting sole, and we are hoping that we can replace some of that business with English sole, which has a very distinct flavor that is not necessarily liked by all that many consumers. Flounder, Sand Sole, and Petrale are too high priced to fill the space of Dover Sole so the plants will want very little of it. The skate market runs from \$.36 to \$.46 per pound. With a boat price of \$.20, we cannot sort, box, and freeze below the market price.

I suggest that we get together and discuss options for the future. The vessels are going to need to fish higher quantities of English, Petrale, Skate, Flounder, Sand Sole, Dabs and Rex. In order for the plants to open up the tight limits, we have to generate enough margin dollars to pay the employees and the light bill at least. I know lower prices is the last thing boats want to hear right now, but I believe we are going to have to look at what a boat can gross per trip on tight limits verses volume at a lower price. We need to replace a fish that we have been buying at \$.38 per pound. Flounder, Petrale, and Sand Sole will not currently fit that market need. It is unfortunate for us all that the Black Cod and Channel Rock has been carrying our load. It has made us irresponsible for properly marketing the rest of our species. Suddenly the picture is real clear.

Please let me know your thoughts.

Regards,

Rick Harris