



FISHERY PRODUCTS INTERNATIONAL

DEPT. OF JUSTICE

JUN 24 2005

MINISTER'S OFFICE

Corporate Division:  
70 O'Leary Avenue/P.O. Box 550  
St. John's, Newfoundland & Labrador Canada A1C 5L1  
Phone: 1-709-570-0000  
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Website: http://www.fpil.com

June 24, 2005

Honourable Tom Marshall Q.C., MHA  
Minister of Justice and Attorney General  
Government of Newfoundland and Labrador  
PO Box 8700  
St. John's, NL A1B 4J6

Retrieval No. \_\_\_\_\_  
Referred To: \_\_\_\_\_  
Date: \_\_\_\_\_  
Action: \_\_\_\_\_

*M 447-2005*

*Todd Strong*

*June 27, '05*

and

Honourable Trevor Taylor, M.H.A.  
Minister of Fisheries and Aquaculture  
Government of Newfoundland and Labrador  
PO Box 8700  
St. John's, NL A1B 4J6

Dear Ministers:

Further to our discussions, I am writing to provide you with FPI's additional undertakings with respect to Harbour Breton, which amend the June 6<sup>th</sup>, 2005 term sheet for a formal agreement between the Government of Newfoundland and Labrador and FPI, relating to the Ocean Cuisine Income Trust.

At this time I am also forwarding for your information copies of four letters from FPI to the FFAW/CAW respecting operations in Bonavista, Burin, Fortune and Marystown, which are consistent with the term sheet, and record our commitment to the Union.

We would be pleased to answer any questions you may have.

Yours truly,

**Derrick H. Rowe**  
Chief Executive Officer

attachment

FPI will provide to the Province of Newfoundland and Labrador the following additional items beyond those identified in the FPI Term Sheet Ocean Cuisine Trust dated June 6 2005. These items are proposed in response to the Province's request that FPI provide additional support for the long term benefit of the Town of Harbour Breton. FPI agrees to the following changes to the Term Sheet of June 6, 2005, subject to the passage of the FPI Act amendments as presented in the Term Sheet of June 6, 2005.

Amendments to Clause 5, Communities:

(b) If requested by the Town of Harbour Breton or an entity designated by the Town, FPI shall transfer the plant, land, and all remaining equipment located at Harbour Breton, including the new equipment installed over the last three years at a cost of C\$ 4 million, to the Town of Harbour Breton or an entity designated by the Town for one dollar, subject to agreement with the Town of Harbour Breton and the FFAW with respect to removal of specified equipment with a net book value of not more than \$400,000 and a release with respect to any claims against FPI or its assets. For greater certainty, "specified equipment" shall not include redfish processing machinery other than the redfish processing machinery and associated related equipment, in storage in the plant in Harbour Breton as of the date of this Term Sheet.

(b.1) If the Town of Harbour Breton exercises the option outlined in 5(b), above, to purchase FPI's property in the Town, FPI will:

(i) carry out a phase two environmental assessment of the site at its expense and provide a copy of the final report to the Province and the Town of Harbour Breton

(ii) and, if thereafter a remedial plan pursuant to section 28 of the Environmental Protection Act is required of FPI, the Town, or any other party, with respect to contamination existing as of the date of the transfer, FPI will, at its option, either submit and undertake such remedial plan, or indemnify the Town (or its designate) for the cost of submitting and undertaking such remedial plan.

Amendments to Clause 6, Industrial Benefits triggered by Income Trust:

(b.1) FPI will provide \$1.0 million to the Province for use in plant renovations or construction of a new plant in the Town of Harbour Breton, when the Province provides FPI with notice that it has approved, in its sole discretion, a business plan for the long term benefit of the Town of Harbour Breton.

(g) FPI will, upon request from the Province, annually transfer its Enterprise Allocation for redfish in area 30 to the Province (or its designate) for the exclusive use in the plant

in Harbour Breton. If in any year the quota under this Enterprise Allocation is not required for use in the plant in Harbour Breton, FPI shall incorporate it into its Groundfish Undertakings, pursuant to Section 7 of the Term Sheet of June 6, 2005.



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June 8, 2005

Mr. Earle McCurdy  
President  
Fish, Food and Allied Workers  
P.O. Box 10, Station C  
St. John's, Newfoundland and Labrador  
A1C 5H5

Dear Mr. McCurdy:

***Reference: Operations in Burin***

This is to confirm the result of discussions between FPI Limited and the FFAW/CAW with respect to operations in Burin and any impact from the creation of a new secondary seafood processing capacity in Fortune.

As you know, this question is addressed specifically in the Term Sheet presented by FPI to the Province of Newfoundland and Labrador, Monday, June 6, 2005. Section 6 (a) stipulates that, *"In any event, this investment will not have a detrimental impact upon processing capacity in Burin."*

As agreed by FPI and the FFAW, the investment in Fortune will have no negative impact on the secondary processing operation in Burin. If FPI's proposal is approved by the House of Assembly, no production, people or positions will be lost in Burin as a result of the new facility created in Fortune.

Sincerely,

**Derrick H. Rowe**  
Chief Executive Officer

c.c.: Hon. Trevor Taylor, M.H.A., Minister of Fisheries and Aquaculture  
Hon. Tom Marshall, M.H.A., Minister of Justice and Attorney General  
Clyde Jackman, M.H.A., Burin—Placentia West  
Kevin Lundrigan, Mayor, Town of Burin  
Lonas Mayo, FFAW Burin



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Mr. Earle McCurdy  
President  
Fish, Food and Allied Workers  
P.O. Box 10, Station C  
St. John's, Newfoundland and Labrador  
A1C 5H5

Dear Mr. McCurdy:

***Reference: Operations in Fortune***

This is to confirm the result of discussions between FPI Limited and the FFAW/CAW with respect to the creation of a new secondary seafood processing capacity as described in the Term Sheet presented by FPI to the Province of Newfoundland and Labrador, Monday, June 6, 2005.

Section 6 (a) provides that, *"FPI shall invest C\$8 million to create new secondary seafood production capability within two years, subject to a government sponsored program providing 50% of the capital in the form of an interest free loan. It is FPI's intention to do this on the Burin Peninsula, with the final location to be subject to negotiations with the FFAW."*

Having completed these negotiations, I am pleased to confirm the decision to which FPI and the FFAW have agreed. The investment to create a new facility will be made in Fortune.

Sincerely,

**Derrick H. Rowe**  
Chief Executive Officer

c.c.: Hon. Trevor Taylor, M.H.A., Minister of Fisheries and Aquaculture  
Hon. Tom Marshall, M.H.A., Minister of Justice and Attorney General  
Judy Foote, M.H.A., Grand Bank  
Alex Noseworthy, Mayor, Town of Fortune  
Jake Thornhill, Fortune Concerned Citizens Committee  
Bill Mullins, FFAW Fortune



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President  
Fish, Food and Allied Workers  
P.O. Box 10, Station C  
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A1C 5H5

Dear Mr. McCurdy:

***Reference: Operations in Marystown***

This is to confirm the result of discussions between FPI Limited and the FFAW/CAW with respect to operations in Marystown and any impact from the creation of a new secondary seafood processing capacity in Fortune.

Section 5 (a) of the Term Sheet presented to the Province on Monday, June 6, 2005 addresses the question of transitional employment measures for Fortune-based workers who qualified for Employment Insurance benefits in 2005. It states, "*To facilitate this, the FFAW will allow for the temporary employment of Fortune-based workers in the Marystown plant so long as this temporary arrangement does not reduce the minimum number of hours scheduled for the Marystown workers as agreed to by the FFAW for 2005.*"

I confirm the agreement reached between FPI Limited and the FFAW in our discussions on this matter. The work made available to the Fortune-based workers during this temporary period will not include the work traditionally carried out by the Marystown workforce.

Sincerely,

**Derrick H. Rowe**  
Chief Executive Officer

c.c.: Hon. Trevor Taylor, M.H.A., Minister of Fisheries and Aquaculture  
Hon. Tom Marshall, M.H.A., Minister of Justice and Attorney General  
Robert Thompson, Clerk of the Executive Council  
and Secretary to Cabinet  
Clyde Jackman, M.H.A., Burin—Placentia West  
Sam Synard, Mayor, Town of Marystown  
Allan Moulton, FFAW Marystown



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Mr. Earle McCurdy  
President  
Fish, Food and Allied Workers  
P.O. Box 10, Station C  
St. John's, Newfoundland and Labrador  
A1C 5H5

Dear Mr. McCurdy:

***Reference: Operations in Bonavista***

The Term Sheet presented to the Province on Monday, June 6, 2005 refers to the undertaking by FPI Limited to consult with both the FFAW/CAW and the community in determining the future for FPI's operation in Bonavista.

Having conducted this consultation and achieved a positive conclusion, I am pleased to confirm in writing the items to which FPI, the FFAW/CAW and community representatives have agreed, subject to approval of the FPI proposal by the House of Assembly:

FPI will maintain its processing facility in Bonavista, and formally commits to building a new state of the art processing facility in the community. The new facility is to be completed for the 2008 processing season. Production in the plant will be subject to resource availability.

As we agreed, the same terms under which the Company commits to continue operations in other FPI facilities shall also apply to FPI's operations in Bonavista.

Because of this exciting development, and with the agreement and support of both the FFAW and the community, FPI intends to make application to the Province for a waiver from the commitments to Bonavista as previously articulated, since those commitments are superseded by our agreement to create a new processing facility in the community.

Sincerely,



**Derrick H. Rowe**  
Chief Executive Officer

c.c. Hon. Trevor Taylor, M.H.A., Minister of Fisheries and Aquaculture  
Hon. Tom Marshall, M.H.A., Minister of Justice and Attorney General  
Robert Thompson, Clerk of the Executive Council

and Secretary to Cabinet  
Roger Fitzgerald, M.H.A., Bonavista South  
Betty Fitzgerald, Mayor, Town of Bonavista  
Barry Randell, FFAW Bonavista