

SCOMM

126:7

Reviewed: March 30, 2001



**ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY**



813 WEST NORTHERN LIGHTS BLVD.

ANCHORAGE, ALASKA 99503

907 / 269-3000

FAX 907 / 269-3044

PROJECT FACT SHEET: Alaska Seafood International--Seafood Manufacturing Facility

CURRENT STATUS: Sunrise Capital Partners has signed a Letter of Intent to purchase a 51% interest in ASI. The agreement has been approved by the ASI Board of Advisors and is anticipated to close within the next 30 days after approval by the boards of AIDEA, Bank SinoPac, Central Investment Holdings (CIH) and Alaska Seafood Center LLC (ASC). Earlier this year AIDEA signed an agreement with Bank SinoPac, CIH, ASC, and ASI, LLC ("the partners") to restructure approximately \$25 million in project debt, provide new operating capital, create a new ASI board of advisors and make AIDEA and Bank SinoPac equity owners of the venture. Under the agreement with Sunrise, equity shares of the other partners would decrease, and Sunrise would invest \$5 million, with an option to contribute up to \$12.5 million in additional equity. Sunrise will also offer management expertise and provide a line of credit for the company to purchase raw fish and other materials to restart operations.

ESTIMATED BUDGET: The total cost of the project is approximately \$125 million, including the capital cost of leased equipment.

SOURCE OF FUNDS: AIDEA has provided \$50 million to the project for construction and long-term financing for the processing building, land and power plant; private sector investment financed equipment, the cold storage facility, working capital and other required funds.

PARTICIPANTS: In 1996 the Alaska Seafood Center (developer and private investors) joined with Central Investment Holdings (CIH), a Taiwan investment company, to form Alaska Seafood International (ASI). AIDEA owns the processing facility and leases it to ASI. Sunrise Capital Partners of New York is an affiliate of Houlihan Likey Howard & Zukin, one of the nation's premier providers of investment banking services to middle-market companies. Geneva Lakes Cold Storage has constructed a cold storage facility adjacent to the manufacturing facility and ASI has leased equipment for the facility.

BACKGROUND: In 1993, the legislature provided AIDEA with bonding authority to construct and own a seafood manufacturing facility. The manufacturing facility will provide secondary (value-added) processing of bottomfish, surimi and salmon year-round and operate fresh fish processing in season.

On November 19, 1998, AIDEA and ASI signed an agreement whereby AIDEA provided interim financing for construction of the manufacturing facility. Prior to the signing, ASI provided AIDEA with the necessary deliverables: guaranteed maximum price contract consistent with the project budget; an amended Letter of Credit (a prior condition of release of pre-development funds was a \$17 million standby letter of credit to secure the Authority's investment), which clearly extends to the Purchase and Use Agreement; the executed amendments to ASI's operating agreement; and other documents. On September 23, 1999, AIDEA purchased the completed facility.

In February 2000, due to a change in political parties in Taiwan, CIH was directed to retrench to Taiwan, and ASI began seeking a new equity investor. This, along with a late start-up, created financial difficulties for the venture. In August 2000, the AIDEA Board directed staff to work with the ASI management team on an agreement that would restructure current obligations to provide limited relief to ASI, allowing them to continue to work with prospective investors, while also protecting the state's investment.

ECONOMIC/SOCIAL EFFECTS: When in full production, ASI's operations will provide about 450 new year-round jobs at the Anchorage facility and additional employment in the transportation and other related business sectors. The facility will also strengthen the seafood industry in Alaska providing a new market for Alaska seafood.

SCOPE OF PROJECT: The project includes a two-story, 184,000 square foot manufacturing facility; an adjoining cold storage facility; and a two-story, 20,000 square foot power plant. The manufacturing facility has the capacity to annually produce 100 million pounds of manufactured seafood product. The facility has state-of-the-art processing line equipment for coating, saucing and topping prepared food entrees, preparing surimi products, kamaboko, and both frozen and fresh portions of salmon, halibut, and bottomfish.



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*Jobs for Alaskans. . .
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Alaska Industrial Development and Export Authority

Alaska Seafood International LLC

Anchorage, Alaska



CURRENT STATUS: AIDEA has signed an agreement with Bank SinoPac, CIH, Alaska Seafood Center, LLC, and ASI, LLC ("the partners") to restructure the organization and provide short-term funding that will allow the seafood manufacturing facility to continue its operations. The tentative agreement restructures approximately \$25 million in project debt, provides as much as \$19 million in new operating capital, creates a new ASI board of directors and makes AIDEA and Bank SinoPac equity owners of the venture. The agreement has been approved by the boards of the partners. Initial funding of this agreement has been made available

by the partners. Required letters of credit have been placed as required by the partners. Discussions are ongoing with potential additional partners.

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UPDATED: February 8, 2001

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SENATOR KIM ELTON

MEMORANDUM

TO: Jeff Bush, acting ASI chair
FROM: Kim Elton
DATE: April 2, 2001
RE: Sunrise and ASI

By happenstance, I received a copy of the proposed offer to purchase an equity investment in ASI by Sunrise Capital Partners on April Fool's Day. The letter prompts this memo. I want to note for the record that I did not receive a copy of the proposal from any of the entities restricted from discussing the investment/acquisition (as listed in Article 9 and Article 11 of the offer).

The proposal raises these immediate questions:

- Why is it that for an offer of \$5 million--less up to \$500,000 in due diligence reimbursements (are we really going to pay them to do due diligence for their possible investment???) and less \$375,000 in transaction costs (including writing a business plan), and less \$350,000 due within six months for a minimum annual management fee (that's minimum and, I suppose, it could go beyond that since Sunrise will get a majority on the board and the board can set it higher)--Sunrise gets 51 percent of ASI? It appears that Sunrise is buying controlling interest in ASI for \$3.75 million.
- Why does the state get just one board seat of 11 after a cash investment of \$2.5 million, \$4 million in rent concessions, relinquishing \$8 million in financial security, agreeing in Article 2 of the Sunrise offer to another letter of credit in the amount of \$1.8 million plus, ownership of a \$48 million building, and agreeing to Article 6 (b) to additional and unspecified rent deferrals and no assessment of interest on user fees and user fee loans and further deferral of fees and loans due AIDEA?
- What is the equity stake retained by AIDEA under the Sunrise proposal?
- Article 6 (b) (3) provides for deferral of payment on claims held by AIDEA in accordance with a formula for sharing excess cash flow or in the event of any sale of

ALASKA SENATE

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SENATOR_KIM_ELTON@LEGIS.STATE.AK.US

the company. When will that formula be decided upon—before or after Sunrise buys in?

- Does Article 6 (d) give Sunrise the opportunity to use its investment in ASI to make money through future tax write-offs? What does the condition outlined in this section mean when it says "The Company and Sunrise shall have executed a tax allocation agreement on terms acceptable to Sunrise"?
- Do you agree that the assumed valuation of the company before the Sunrise investment is \$10 million as noted in Article 4?
- Why is Sunrise's investment secured by a first priority on liens and inventory and receivables but not AIDEA's or Bank SinoPac's?
- Who now owns the equipment in ASI? Are there outstanding liens on the equipment? Does the equipment even begin to secure AIDEA's already hefty investment as well as future additional investment? What secures any investment party's other than liens, inventory, receivables and equipment?
- Does the control of six board seats give Sunrise the ability to substantially increase the annual management fee set at a minimum of \$350,000?
- Does AIDEA feel comfortable with the provisions in Article 9 and Article 11 that forbid discussion of any of the Articles with any party outside Bank SinoPac, AIDEA, Sunrise, CIHC? With an investment of nearly \$50 million in state dollars in the building and the additional investments of cash and deferred payments, why should the proposed agreement with Sunrise prohibit discussion of the terms with the legislature or the Alaska public?
- What is AIDEA's commitment to ASI and Sunrise about the term of the lease for use of the building?
- What is the process for review and ratification of the agreement offered by Sunrise?

Thanks for your attention to these questions.

Cc: Wilson Hughes, AIDEA board
Larry Persily, AIDEA board
Joe Perkins, AIDEA board
Bob Loescher, AIDEA board
Deborah Sedwick, AIDEA board
Bob Poe, AIDEA executive director

March 22, 2001

Alaska Seafood International, LLC
6689 Seafood Drive
Anchorage, Alaska 99518
Attn: John A. Brady

Dear Mr. Brady:

Sunrise Capital Partners, L.P. ("*Sunrise*") is pleased to submit for your consideration the following principal terms for a proposed equity investment (the "*Transaction*") by Sunrise in Alaska Seafood International, LLC (the "*Company*"). Upon its acceptance by you, this letter will evidence our mutual intention to proceed with negotiations designed to carry out the Transaction, substantially in the manner outlined herein.

Except for the provisions of paragraphs 9, 10, 11, 12, 13, 14 and 15 hereof, this letter is not binding upon the parties hereto and none of the parties are bound by its terms or to complete the Transaction. Subject to the terms contained herein, either Sunrise or the Company may terminate our discussions and negotiations at any time, with no obligation on either party to consummate the Transaction.

The proposed terms and conditions of the Transaction include, but are not limited to, the following:

1. Purchase of Equity Interest. Upon closing of the Transaction, the Company will sell to Sunrise, and Sunrise will purchase from the Company, common units of membership interest ("*Units*") in the Company representing a 51% equity participation in the Company on a fully-diluted basis (such Units to be purchased upon Closing being referred to herein as the "*Initial Units*").

2. Credit Facility. Bank SinoPac ("*BSP*") and the Alaska Industrial Development and Export Authority ("*AIDEA*") shall provide credit support to the Company in the form of letters of credit in the amount of \$2.386 million and \$1.818 million, respectively (the "*Credit Support*"). Sunrise shall assist the Company, including providing additional credit support as necessary, in obtaining a revolving credit facility which shall provide necessary funding for working capital as required

under the Company's business plan, in a minimum amount of \$15 million. The credit facility shall be, on reasonable commercial terms and advance rates, secured by the Credit Support and a first priority lien on the inventory and receivables of the Company.

3. Purchase Price. The aggregate cash consideration to be paid by Sunrise to the Company for the Initial Units shall be \$5.0 million (the "**Purchase Price**"), which shall be payable by wire transfer in immediately available funds on the Closing date. In addition to payment of the Purchase Price, Sunrise shall provide \$[5.72] million of credit support in a form acceptable to AIDEA, and shall provide certain management services and sponsorship as set forth more fully below.

4. Purchase Option. The Company shall grant to Sunrise an option (the "**Purchase Option**") representing the right to purchase up to \$12.5 million of additional Units at a price based upon an assumed valuation of the Company (before such purchase) of \$10 million, and an unlimited number of additional Units at a price based upon an assumed valuation of the Company of \$33 million. Other members of the Company holding Common Units on the date of exercise of the Purchase Option shall be accorded an opportunity to maintain their pro rata equity percentage in the Company by purchasing from the Company additional Units on economic terms substantially the same as those accorded Sunrise under the Purchase Option. Such members must exercise such rights within 15 days after receiving notice from Sunrise that it is exercising its Purchase Option. Subject to the foregoing caps on the purchase price, the Purchase Option shall be exercisable by Sunrise an unlimited number of times for a period of 3 years from the date of the Closing.

5. Definitive Agreements. Consummation of the Transaction will be subject to the negotiation and execution of definitive agreements with respect to the purchase of the Initial Units (the "**Initial Units Purchase Agreement**") and the Purchase Option (collectively, the "**Definitive Agreements**"), as well as subject to the effectiveness of certain amendments to the Company's Amended and Restated Operating Agreement dated December 29, 2000 (the "**Operating Agreement**" described in paragraph 7 hereof), all on terms mutually satisfactory to Sunrise and the Company. The Definitive Agreements will contain representations, warranties and covenants of the Company and conditions to closing customary in transactions of this type. This letter does not set forth all of the matters upon which agreement must be reached in order for the proposed Transaction to be consummated (the "**Closing**"). The parties shall use their reasonable best efforts to consummate the Closing at the earliest practicable date within 30 days of the date hereof.

6. Conditions to the Transaction. The consummation of the Transaction will be subject to certain conditions, including, without limitation, the following:

- (a) Sunrise shall have completed a due diligence review of the Company satisfactory to Sunrise, which due diligence review shall not have disclosed any facts or circumstances which would, in Sunrise's sole judgment, render the Transaction not advantageous to Sunrise;
- (b) The Company shall have obtained, on terms satisfactory to Sunrise, modifications to the Agreement for the Purchase, Use and Operation of the Alaska Seafood International Manufacturing Facility and Energy Building, dated November 4, 1998 and amended as of December 29, 2000 (as amended, the "*Lease Agreement*") providing for, among other things:
 - (1) the deferral of cash rent payments in the event the Company fails to achieve certain specified profitability benchmarks pursuant to its business plan, to be agreed upon by AIDEA and Sunrise;
 - (2) a modification to the "Capitalized Interest User Fee" and "User Fee Loan" provisions (as such terms are defined in the Lease Agreement) ceasing the accrual of interest thereon following the consummation of the Transaction; and
 - (3) the deferral of repayment of any claims held by AIDEA with respect to the Capitalized Interest User Fee, the User Fee Loan and the AIDEA Special Units in accordance with a formula for sharing excess cash flow generated by the Company or any proceeds in the event of any sale of the Company or any substantial portion of its assets or business (or similar extraordinary event), to be agreed upon by AIDEA and Sunrise;
- (c) The Company shall have reimbursed Sunrise for all out-of-pocket expenses incurred by Sunrise in connection with the evaluation and consummation of the Transaction, including the expenses of its legal counsel, accountants and consultants, up to a maximum of \$500,000; *
- (d) The Company and Sunrise shall have executed a tax allocation agreement on terms acceptable to Sunrise;
- (e) All outstanding debt obligations under the Company's existing bank revolving credit facility shall be secured by a lien on existing equipment, and the Company shall have amended its existing

revolving credit facility to provide that all liens on inventory and receivables associated with such debt shall be released;

- (f) The Company shall have amended its existing revolving credit facility to provide that all outstanding debt obligations thereunder shall be paid interest quarterly in arrears, with the first payment due on June 30, 2001, and any outstanding principal amount shall be paid in full on March 31, 2006;
- (g) All required approvals, consents and authorizations of governmental authorities and other third parties shall have been obtained;
- (h) All filings required under the Hart-Scott-Rodino-Antitrust Improvement Act of 1976, as amended, shall have been made and all waiting periods (including extensions thereof) shall have expired or been terminated; and
- (i) There shall have been, in the reasonable judgment of Sunrise, no material adverse change in the condition (financial or otherwise) of the Company and its assets, business, and results of operations.

7. Corporate Governance. Upon consummation of the Transaction, the Operating Agreement shall be amended so that Sunrise shall be granted the right to appoint up to six members of the Board of Advisers (the "Board") of the Company. AIDEA, Bank SinoPac and CIH shall each be entitled to appoint one member of the Board of Advisers, and the two remaining members shall be appointed collectively by AIDEA, BSP and CIH. The Operating Agreement shall be further amended to require the approval of a majority vote of the Board, and a majority vote of the members for such activities that require a vote of the members (including but not limited to paragraph 5.3 of the Operating Agreement), for all operating and corporate activities, subject to certain restrictions contained in the Lease Agreement.

8. Management Services. Sunrise Advisors, LLC, the general partner of Sunrise, shall provide substantial resources to the management of the Company, including active leadership on the Board of Advisers and assistance to Company management in guiding the Company through the successful development and implementation of a business plan approved by the Board of Directors. In return for such services, the Company shall pay Sunrise Advisors, LLC a transaction fee upon * Closing of \$375,000, and a minimum annual management fee of \$350,000 payable in arrears in equal semiannual payments, with the first payment due six (6) months after Closing.

9. **Exclusive Period.** (a) In consideration for the undertakings by the parties hereto as contemplated by this letter and the expenses to be incurred by them up to the closing of the Transaction, each of the parties hereto agrees that from the date of the execution of this letter through 60 days following the date on which both of the following conditions have been satisfied (i) the Company and Sunrise have executed the Initial Units Purchase Agreement and the Warrant Purchase Agreement and (ii) the Company and AIDEA have executed amendments to the Lease Agreement and the Operating Agreement satisfactory to Sunrise (such period, the "**Exclusive Period**"). the parties hereto shall forbear from conducting any conversations with any party (other than Bank SinoPac, SinoPac Capital Limited, Central Investment Holding Co., Ltd, Alaska Industrial Development and Export Authority and Alaska Seafood Center, LLC) regarding any potential financing or potential acquisition of the Company or any common unit, membership interest or other equity interest of the Company and/or any assets of the Company. Such forbearance will include the prohibition of the parties hereto from continuing current conversations with any other interested parties and/or soliciting or responding to calls, inquiries (oral or otherwise), or proposals from other parties regarding a financing or an acquisition of the Company and/or its assets. Each party hereto shall promptly notify the other parties if any such inquiries or proposals (including the identity of the party making such inquiry or proposal and the terms thereof) are received by, or any negotiations or conversations are sought to be initiated or continued with, such party.

(b) If, during the Exclusive Period, any party hereto for any reason (i) engages in any conduct in violation of paragraph (a) above or (ii) enters into an agreement with any other party (other than Bank SinoPac, SinoPac Capital Limited, Central Investment Holding Co., Ltd, Alaska Industrial Development and Export Authority, and Alaska Seafood Center, LLC) regarding the sale of any common units, membership interest or other equity interest in the Company, or regarding the sale of any debt securities of the Company or other extension of credit to the Company or regarding an acquisition of the Company or any substantial portion of its assets, the violating party shall promptly reimburse the non-violating party (the "**Harmed Party**") for all expenses incurred in connection with the Harmed Party's examination of the Transaction. This payment obligation is in addition to any other remedies (at law or in equity) that a Harmed Party may have in connection with any such violation.

(c) Sunrise agrees to give prompt notice to the Company if it determines during its due diligence investigation that it is not interested in completing the Transaction.

10. **Expenses.** Subject to the provisions of paragraphs 6 and 9 of this letter, the parties will bear their own expenses relating to the proposed Transaction.

Neither Sunrise nor any of its affiliates shall bear any liability for any fees and expenses of the Company or its affiliates in the event that the Transaction is not consummated.

11. Confidentiality. Except as contemplated hereby, the existence of our negotiations and this letter will be maintained in confidence by all parties hereto, and may not be disclosed to any other party or circulated or referred to publicly without the prior written consent of the Company and Sunrise, except to directors, officers, partners, affiliates, employees, agents, advisors or representatives (including, without limitation, financial advisors, attorneys and accountants) of the Company or Sunrise who are directly involved in the consideration of this letter on a need-to-know confidential basis.

12. Cooperation. The Company and Sunrise shall each use their reasonable best efforts to take all actions and to do all things necessary, proper or advisable in order to carry out the Transactions, including without limitation preparing and filing as soon as practicable all documentation to effect all necessary applications, notices, petitions and filings and to obtain as promptly as practicable all consents, waivers, licenses, orders, approvals or authorizations necessary from any judicial body, governmental entity or other third party in order to carry out the Transaction.

13. Termination. Unless sooner terminated by the mutual agreement of the parties hereto, this letter shall terminate on the earliest to occur of (a) 90 days from the date of execution hereof, at the option of either Sunrise or the Company; and (b) the execution of the Definitive Agreements; provided that paragraphs 9 and 11 shall survive the termination of this letter. In addition, Sunrise may notify the Company in writing that it has determined, including by reason of information discovered during the due diligence process, not to proceed with the Transaction, whereupon this letter shall terminate. Following the termination of this letter, no party hereto shall have further liability or obligation hereunder to the other party, except as provided in Sections 9 and 11 of this letter; provided that the foregoing shall not relieve any party from liability for its breach of any binding provision of this Letter.

14. Entire Agreement. This letter constitutes the entire understanding between the parties hereto relating to the subject matter hereof.

15. Governing Law; Jurisdiction. THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF. ANY SUIT, ACTION, OR PROCEEDING SEEKING TO ENFORCE ANY PROVISION OF, OR BASED ON ANY MATTER

ARISING OUT OF OR IN CONNECTION WITH, THIS LETTER MAY BE BROUGHT IN ANY FEDERAL OR STATE COURT LOCATED IN THE STATE OF NEW YORK AND EACH PARTY CONSENTS TO THE JURISDICTION OF SUCH COURTS AND WAIVES ANY OBJECTION TO THE LAYING OF VENUE IN ANY SUCH LITIGATION AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

If the foregoing meets with your approval, please indicate your acceptance by signing and returning the accompanying copy of this letter, whereupon we shall proceed promptly to commence our due diligence review and to prepare a draft of the purchase agreement.

Very truly yours,

SUNRISE CAPITAL PARTNERS, L.P.

By: Sunrise Advisors, LLC,
its General Partner

By: _____
Joseph A. Julian
Principal

Accepted and agreed to
on _____, 2001

Alaska Seafood International, LLC

By: _____
Name:
Title:

Alaska Industrial Development and Export Authority

By: Jeffrey W. Buck

Name: Jeffrey W. Buck

Title: Deputy Commissioner, DCED, and
A.D.A. Appointee to ASZ Board

Alaska Seafood Center, LLC

By: _____

Name:
Title:

Bank SinoPac

By: _____
Name:
Title:

Central Investment Holding (B.V.I) Co. Ltd.

By: _____
Name:
Title:

SinoPac Capital (B.V.I) Limited

By: _____
Name:
Title:



Sunrise's commitment to the project, will enable ASI to realise the potential they have envisioned says state official. (Photo:ASI)

New York investor floats ASI hopes



UNITED STATES

Wednesday, March 28, 2001, 21:30 (GMT + 9)

Alaska Seafood International, the stalled fish factory in Anchorage, could be up and running in time for the summer wild salmon runs thanks to new cash from a New York investment firm, state and company officials said Tuesday.

ASI hopes to close the deal with Sunrise Capital Partners in the next 30 days.

The deal means new life for the huge new plant, which had hoped to be producing heat-and-eat fish meals two years ago but so far has seen only financial troubles, layoffs and scant production.

Sunrise is a so-called "bottom feeder," specialising in buying and reviving bankrupt or financially troubled companies. Under the deal with ASI, Sunrise would invest USD 5 million and open a line of credit to buy raw fish and processing materials. In exchange, Sunrise would get a controlling 51 per cent stake in the company.

Bob Poe, a state official who has scrambled for months to rally investors and save ASI, said Sunrise is "a business that's in the business of turning around companies."

The state itself owns a quarter interest in ASI. The state also built and owns the USD 50 million, 202,000-square-foot factory building that ASI occupies.

That Sunrise insisted on a controlling interest in ASI is reasonable because of the big job it has ahead of it, Poe said.



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"You couldn't imagine a harder turnaround right now than ASI," he said. "ASI has no contractual sales. They don't have production."

ASI is not bankrupt but has been essentially dormant since last summer, after financing problems erupted with the company's backers in Taiwan. ASI executives blamed political upheaval in Taiwan for a sudden loss of financing, but sources from inside ASI said the Taiwanese balked after seeing millions of their dollars spent by the start-up company and then being asked repeatedly for more.

The Taiwanese, including the Central Investment Holding Co. of Taipei and Bank SinoPac, have stayed involved with ASI after tough negotiations with the state. One of the state's bargaining chips was a USD 17 million guarantee the holding company had made as security to Alaska for erecting the factory building.

To accommodate Sunrise, the Taiwanese companies under the deal would agree to a smaller ownership stake and fewer seats on the board of directors, as would the state. Sunrise would control six of the 11 board seats.

ASI and the big factory building were conceived as an important economic development project for Alaska and a way to revolutionise the seafood industry. Alaska is fish rich but most of its seafood leaves the state raw or with little value-added processing. ASI had hoped to employ some 450 people to make a wide range of breaded, sauced and marinated fish meals from salmon, cod, halibut and other species.

But the factory, wracked by financial problems, has never operated at anything close to capacity or employed more than a few dozen people.

One factor for Sunrise is the outbreaks of foot-and-mouth disease and mad cow disease now ravaging the European beef industry - a potential boost for alternative protein like seafood, said Jeff Bush, a state economic development official who also has been serving as ASI's board chairman.

For the deal to become final, the leaders of the Taiwanese companies and the Alaska Industrial Development and Export Authority, the state agency, which acts as ASI's landlord, must approve, Bush said. The AIDEA board meets 12 April.

ASI founder Howard Benedict would retain his small minority stake under the deal, Bush said.

Joseph Julian Jr., a principal in Sunrise, said in a written statement: "ASI fits perfectly into our strategy to acquire controlling interests in middle-market companies with solid underlying fundamentals and growth prospects which can be strengthened by the commitment of capital and

operational resources. We are particularly focused on assisting ASI in taking its innovative products into the North American and European markets where demand for high-quality seafood is accelerating rapidly and we expect these trends to continue."

ASI and state officials had said for months that they hoped to land a company with either food or seafood manufacturing experience, something regarded as lacking at ASI.

They didn't get that in Sunrise, Poe said, but they did get a company that knows how to recruit the right people, using events like the International Boston Seafood Show now under way.

Sunrise, added Bush, "truly believes that this business can and will make it and they are very willing to invest all that they believe is necessary to make the business work."

But established Alaska seafood processors have never given ASI much chance of succeeding, for one simple fact: Anchorage is far away from fishing grounds, suppliers and markets alike, increasing transportation costs.

Likewise, ASI president John Brady has always argued the ASI business plan can work given enough of a chance.

Sunrise's commitment to the project, he said in a statement Tuesday, "will enable us to realise the potential we have envisioned."

By Wesley Loy

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Quality Equipment for the fish industry



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Seafood
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PRESS RELEASE – FOR IMMEDIATE RELEASE

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ALASKA SEAFOOD INTERNATIONAL TO MOVE FORWARD WITH NEW SHAREHOLDER AND INVESTMENT CAPITAL

Alaska Seafood International's (ASI) Board of Advisors announced today that Sunrise Capital Partners of New York City, has signed a Letter of Intent to purchase a controlling interest in the Anchorage-based seafood manufacturing company. The letter of intent from Sunrise has been approved by the ASI Board of Advisors, and closing is anticipated in the next thirty days.

"We are extremely excited to have a quality company such as Sunrise enter into this transaction. Their commitment to the project will enable us to realize the potential we have envisioned," said John Brady, Chief Executive Officer of ASI. "This investment of capital and management will enable us to immediately complete the infrastructure necessary to get our innovative products to market."

Joe Julian, a principal of Sunrise Capital Partners, LP said, "ASI fits perfectly into our strategy to acquire controlling interests in middle market companies with solid underlying fundamentals and growth prospects which can be strengthened by the commitment of capital and operational resources. We are particularly focused on assisting ASI in taking its innovative products into the North American and European markets where demand for high-quality seafood is accelerating rapidly and we expect these trends to continue. We are eager to work with John Brady and his management team to enhance ASI's

position as a premier provider of value-added seafood."

"We are delighted Sunrise Capital Partners has decided to join the ASI team," said Jeff Bush, Acting Chairman of ASI. "This transaction meets all of the criteria the board established when we initiated our search for a new partner. Sunrise Capital's well-established track record of helping companies achieve their potential makes this an ideal partnership. We feel the State of Alaska's investment is now in excellent hands."

Sunrise Capital Partners is an affiliate of Houlihan Lokey Howard & Zukin, one of the nation's premier providers of investment banking services to middle-market companies. Houlihan Lokey Howard & Zukin, specializes in the placement of debt and equity capital, mergers and acquisitions advisory services, valuation services and financial restructuring advisory services.

Alaska Seafood International is a manufacturer of value-added custom Alaskan seafood products, located in Anchorage, Alaska. The 202,000 square foot facility is the first of its type in North America, offering culinary quality portioned and flavored seafood products. For more information: reference ASI via the web, or call Gregory Galik, 907 770-8200.

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