

Clearwater Seafoods mails proposal to amend terms of 7% Convertible Debentures

With compelling benefits for Debentureholders, Board unanimously recommends that Debentureholders vote FOR amendments

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HALIFAX, Oct. 21 /CNW/ - (TSX: CLR.UN, CLR.DB, CLR.DB.A): Clearwater Seafoods Income Fund (the "Fund") announces that it has mailed a Letter to Debentureholders, Notice of Meeting and Management Information Circular ("Circular") with respect to its request for approval of the holders of its 7% convertible unsecured subordinated debentures, due December 31, 2010 (the "2010 Debentures"), to amend the terms at a meeting of 2010 Debenture holders (the "Debentureholders") to be held on November 12, 2010 (the "Meeting"). There are a number of compelling benefits to Debentureholders and if successful, Clearwater Seafoods Limited Partnership ("Clearwater") will effect a similar extension of its Class C Units.

The proposed amendments (the "Debenture Amendments") and benefits to Debentureholders include:

- Higher Interest Rate: The proposed amendments provide Debentureholders with an interest rate that will be increased by 3.5% from 7.0% to 10.5%.
- Lower Conversion Price: The conversion price will be reduced from \$12.25 per Fund unit ("Fund Unit") to \$3.25 per Fund Unit.
- Extended Term: The maturity date will be extended from December 31, 2010 to December 31, 2013, and the amended debentures will not be redeemable prior to June 30, 2011. As such, Debentureholders will have a longer period of time to receive a higher interest rate and potential to exchange their debenture for equity in an entity that is poised to create significant value for unitholders.

Lock-up agreements

As part of the determination of these revised terms, Clearwater has executed lock-up agreements with several of the largest holders of the 2010 Debentures under which these holders have agreed to vote FOR the Debenture Amendments. Clearwater has also received the support of several individual debentureholders with large holdings who have indicated that they will vote FOR the Debenture Amendments.

Board recommendation

The Board of Trustees of the Fund (the "Board") believes that the Debenture Amendments provide a number of benefits to the Debentureholders and all securityholders. The increased interest rate and lower conversion price offer attractive value to Debentureholders.

THE BOARD UNANIMOUSLY RECOMMENDS THAT THE DEBENTUREHOLDERS CONSENT
TO/VOTE FOR THE DEBENTURE AMENDMENTS.

About the Debenture Amendments

Further information with respect to the Debenture Amendments as well as voting instructions are outlined in the Circular which is available on SEDAR at www.sedar.com or on the Clearwater's website at www.clearwater.ca.

For the Debenture Amendments to be approved, at least 66 2/3% of the principal amount of the 2010 Debentures voted (either in person at the Meeting or by proxy) must be FOR the Debenture Amendments. Debentureholders may vote FOR the Debenture Amendments either by: (1) voting in person at the Meeting or (2) submitting their proxy. Detailed voting instructions are disclosed in the Circular. The Meeting is scheduled to be held at 1969 Upper Water Street, Suite 1300, Halifax, Nova Scotia on November 12, 2010, 10:00 a.m. (Atlantic Standard Time).

Cormark Securities Inc. is acting as financial advisor in respect of the transaction. McInnes Cooper is acting as Canadian legal counsel to Clearwater and the Fund.

Debentureholders with questions on voting should contact our proxy solicitation agent Kingsdale Shareholder Services Inc. at 1-866-581-1487.

About Clearwater

Clearwater is recognized for its consistent quality, wide diversity and reliable delivery of premium seafood, including scallops, lobster, clams, coldwater shrimp, crab and ground fish.

Since its founding in 1976, Clearwater has invested in science, people, technology, resource ownership and resource management to preserve and grow its seafood resource. This commitment has allowed it to remain a leader in the global seafood market.

For further information: Robert Wight, Chief Financial Officer, Clearwater, (902) 457-2369; Tyrone Cotie, Director of Corporate Finance and Investor Relations, Clearwater, (902) 457-8181