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May 8, 2014

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TO THE CREDITORS AND SHAREHOLDERS OF CONTESSA PREMIUM FOODS, INC., A
DELAWARE CORPORATION:

4000 NOAKES STREET
CITY OF COMMERCE, CALIFORNIA

AND

1603 CARMODY COURT, SUITE 302
SEWICKLEY, PENNSYLVANIA

Re: **GENERAL ASSIGNMENT FOR THE BENEFIT OF CREDITORS**

Please be advised that Contessa Premium Foods, Inc., a Delaware corporation, hereinafter referred to as the "Assignor" or "Contessa" executed a general assignment for the benefit of creditors in favor of Development Specialists, Inc., (the "Assignee") on Wednesday, April 30, 2014 (the "Assignment"). This action was taken and approved by the officers and directors of Contessa, with the unanimous consent of the shareholders, and accepted by the Assignee after efforts to obtain additional capital or locate a strategic buyer failed. Contessa ceased production and terminated all employees on April 30, 2014 prior to the execution of the Assignment.

History and Events Leading to the Filing of the Assignment for the Benefit of Creditors

In 1984, John Z. Blazeovich started a business as a small shrimp importer ("Old Contessa"). Mr. Blazeovich grew Old Contessa into a premium provider of farm-raised shrimp, convenience meals, stir-fry vegetables and other frozen food products that were marketed and/or sold in the United States and Canada.

In 2008, Old Contessa opened a manufacturing plant in City of Commerce, California. Among other things, the facility became one of the first environmentally-friendly frozen food processing facilities in the country. The land, building and certain equipment were leased from third parties. Shortly after beginning operations at this new plant, the economic downturn suffered by the United States significantly reduced the sale of Old Contessa's premium quality products. As consumers turned to less expensive alternatives, Old Contessa's sales began to decline and it eventually filed for bankruptcy in early 2011 as it was unable to increase sales sufficiently to support the additional debt burden associated with the new plant and equipment.

Old Contessa continued to operate its business and manage its affairs as a debtor-in-possession during the bankruptcy case. In mid-2011, Old Contessa sold substantially all of its assets in its

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premium seafood and convenience meals businesses and its interest in the manufacturing facility in the City of Commerce, California to Contessa. Contessa continued to divide its business into two internal groups: Contessa Seafood, which included its seafood items, and Contessa "Green Cuisine", which included all other fruit, vegetable and complete meal blends. The primary raw material used in its seafood products was farm raised shrimp, which were procured from Thailand, Vietnam and other parts of Southeast Asia. Vegetables, fruit and other raw materials were procured from Asia, Central America, Mexico and the United States. Contessa's products were, and continue to be, found in major retail supermarkets, U.S. Armed Forces commissaries and fine dining establishments.

Additionally, Contessa sought to expand its seafood product line, bringing in a tuna line of products to complement its shrimp line of products and launched a new meal range for Walmart and Safeway stores with Ina Garten, the "Barefoot Contessa." Unfortunately, due to substantial start-up costs for the new product introductions, Contessa was not able to meet its trade and secured lender obligations.

Claims and Claims Process

As noted above, DSI was appointed the Assignee. The Assignee has retained the law firm of Winston & Strawn, LLP (Justin E. Rawlins, Esq.) to serve as counsel to the Assignee.

General Electric Capital Corporation ("GECC"), as agent and lender under that certain Credit Agreement, dated July 15, 2011 among Contessa, GECC and the other parties thereto (the "Credit Agreement"), has asserted a security interest in all of Contessa's assets. GECC and Farm Credit Mid-America, PCA f/k/a Farm Credit Services of Mid-America, PCA, have also asserted liens over certain of Contessa's equipment arising from equipment financing agreements with Contessa. Sun Premium Foods Finance, LP also asserts a junior lien in all of Contessa's assets. The Assignee and its counsel have spent considerable time reviewing the secured lenders' security documents to confirm the validity of the asserted liens against the Assignor's assets.

GECC asserts that prior to executing the Assignment, the aggregate outstanding principal balance due and owing by Contessa under the Credit Agreement was approximately \$16,625,000. The equipment financing lenders assert that prior to executing the Assignment, the aggregate outstanding balance due and owing by Contessa under the equipment financing agreements was approximately \$13,100,000. Sun Premium Foods Finance, LP is a lender to Contessa pursuant to a Subordinated Secured Promissory Note (the "Subordinated Note") dated as of July 19, 2012. Prior to executing the Assignment, the aggregate outstanding principal balance due and owing by Contessa under the Subordinated Note was approximately \$3,000,000. Additionally, the Assignee has received notices for approximately \$1,200,000 of claims under the Perishable Agricultural Commodities Act ("PACA"), which claims are against the proceeds of the sale of the PACA suppliers' products and held in trust under PACA for those suppliers.

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For those of you unfamiliar with general assignments, the process is similar to liquidations administered under Chapter 7 of the Bankruptcy Code. However, California law controls rather than federal bankruptcy law. Experience has proven that in circumstances such as these, estates administered through general assignments typically return a greater recovery on the assets of the estate, quicker and more economically than the bankruptcy process. There is no guaranty, however, in light of the outstanding and un-assumed indebtedness, that there will be any recoveries for general unsecured creditors at this time. Creditors should note that California law provides for an assignee to recover preferential transfers made by Contessa within the ninety days immediately prior to the making of the general assignment. No review of the transactions that may qualify as recoverable under California law has been undertaken yet.

Attached hereto creditors will find the Proof of Claim form by which creditors can file their claims with the Assignee. Please note that pursuant to California law (*see* Code of Civil Procedure §1802) the last day to file proofs of claim in this estate is November 10, 2014. Creditors who fail to file their proofs of claim by November 10, 2014 will not be entitled to share in any distribution arising out of the liquidation of the Assignor's assets should there in fact be any funds available for distribution to unsecured creditors. The Assignee will accept proofs of claims via facsimile, e-mail, or thru its website so long as they are received by the claims bar date, November 10, 2014, and the original signed proof of claim is received by the Assignee shortly thereafter. Please remember to include copies of your supporting invoices or statements with your proof of claim. The fact that the Assignee is accepting *proofs of claim* is not a guaranty that there will be any recovery by unsecured creditors from the liquidation of the assets of the Company or that your claim will be allowed.

Information regarding the general assignment may also be found at www.dsiassignments.com. After returning the form Proof of Claim, creditors are requested to advance their files approximately forty-five days, pending our next report.

Very truly yours,



Development Specialists, Inc., solely in its capacity
as Assignee for the Benefit of Creditors of Contessa Premium Foods, Inc.
By: Matthew P. Sorenson

Enclosures: Proof of Claim Form