

June 15, 2015

e-mail: msorenson@dsi.biz

TO THE CREDITORS AND SHAREHOLDERS OF

CONTESSA PREMIUM FOODS, INC, A DELAWARE CORPORATION  
CITY OF COMMERCE, CA  
AND  
SEWICKLEY, PA

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

In the Assignee's last report, we advised that notices for claims under the Perishable Agricultural Commodities Act ("PACA") totaling approximately \$1,200,000 had been received from creditors. Those claims were verified as appropriately being payable under the terms of PACA and were paid from the segregated PACA Trust funds.

The Assignee completed its review of transactions within the ninety day period immediately preceding the making of the general assignment. Demand letters were sent to creditors who the Assignee believes were the recipients of such potentially recoverable transfers. Many of those creditors responded to those demand letters and provided support for the receipt of the payments in question and we withdrew our demands for repayment. Other creditors were able to support some of the payments but not others and consensual settlements were reached, avoiding the need for litigation over the claims.

Many creditors who received payments we believe were potentially recoverable under state law did not respond to our demand letters and complaints were filed against those creditors before the applicable statute of limitations ran on April 29, 2015. The firm of Robins Kaplan was retained to prosecute these actions for the Assignee. Additional settlements have been achieved since the complaints were filed, though a number of creditors are working through the process of responding to the complaints. Recoveries to date from these demand letters and complaints total in excess of \$105,000.

The Assignee is also in the process of addressing the outstanding claims received from the U.S. Customs and Border Protection. A number of these claims were covered by bonds taken out by Contessa; however reconciliation of the remaining outstanding bonds and potential payment remains an ongoing process. Creditors should note that the claims, if any, of the U.S. Customs and Border Protection, as an agency of the federal government, have priority over other unsecured creditor claims, including any employee wage claims, pursuant to federal statute (31 U.S.C. §3713). Therefore, once the agency's claims have been reconciled, any remaining

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Contessa Premium Foods, Inc.

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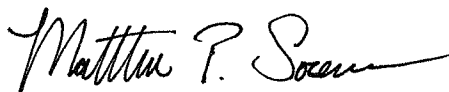
priority claims will need to be paid before monies will be available to apply to any state or local taxes or general unsecured creditor claims.

Attached to this report creditors will find a Statement of Condition, which summarizes Contessa's financial condition as of the date of the general assignment. A further report will follow in approximately four months, with an update on the efforts to recover on the preferential transfer actions and the reconciliation of the U.S. Customs and Border Protection claims.

Very truly yours,

Development Specialists, Inc., solely in its  
Capacity as Assignee for the benefit of creditors of  
Contessa Premium Foods, Inc.

Very Truly Yours,

By   
Matthew P. Sorenson

Enclosure: Statement of Condition

**CONTESSA PREMIUM FOODS, INC.**  
**UNAUDITED Statement of Condition as of April 30, 2014**

**ASSETS**

**Current Assets**

Cash	(\$134,709)
Accounts Receivable (net)	8,643,696
Inventory	22,841,346
Deposits	267,426
Prepaid Expenses	158,498
<b>Total Current Assets</b>	<b><u>\$31,776,257</u></b>

**Long-Term Assets**

Fixed Assets (net)	\$5,879,802
Deferred Loan Costs	171,315
Intangible Assets (net)	1,426,731
Other Assets	0
<b>Total Long-Term Assets</b>	<b><u>\$7,477,849</u></b>

**TOTAL ASSETS**

**\$39,254,105**

**LIABILITIES**

Accounts Payable	\$13,596,749
Accrued Liabilities	4,264,799
Other Accrued Liabilities	74,942
Deferred Rent	1,512,795
Loans Payable	22,584,718
Notes Payable - Sun Capital	16,415,769
<b>TOTAL LIABILITIES</b>	<b><u>\$58,449,772</u></b>

**SHAREHOLDER'S EQUITY**

Capital Stock	\$1,000
Additional Paid-in-Capital	9,254,588
Retained Earnings	(25,196,716)
Current Year Income/Loss	(3,254,539)
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b><u>(\$19,195,666)</u></b>

**TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY**

**\$39,254,105**