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**Report to the Lenders, as detailed in the Senior Credit Agreement dated April 2, 2007, and the Holders of \$325,000,000 Aggregate Principal Amount of 9¼% Senior Notes due 2015 and the \$250,000,000 Aggregate Principal Amount of 10 5/8% Senior Subordinated Notes due 2017.**

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**CURRENT REPORT**

**Pinnacle Foods Finance LLC**

**Delaware**  
(State or Other Jurisdiction of Incorporation or  
Organization)

**20-8720036**  
(I.R.S. Employer Identification No.)

**1 Old Bloomfield Avenue**  
**Mt. Lakes, New Jersey**  
(Address of Principal Executive Offices)

**07046**  
(Zip Code)

Telephone number, including area code: (973) 541-6620

Report Date – December 6, 2007

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On December 6, 2007, Pinnacle Foods Finance LLC (“Pinnacle” or the “Company”) reported to the lenders, as detailed in the Senior Credit Agreement dated April 2, 2007 (“Senior Secured Credit Facility”), and the Holders of \$325,000,000 aggregate principal amount of 9¼% Senior Notes due 2015 (“Senior Notes”) and the \$250,000,000 aggregate principal amount of 10 5/8% Senior Subordinated Notes due 2017 (“Senior Subordinated Notes”) the results of the Company’s covenant compliance as of September 30, 2007. The following includes a discussion of the financial covenants contained in the debt agreements.

## **Covenant Compliance**

### *Senior Secured Credit Facility*

As more fully described in the Company’s quarterly report for the quarterly period ended September 30, 2007, the Company entered into a \$1,375.0 million credit agreement (the “Senior Secured Credit Facility”) in the form of (i) Term Loans in an initial aggregate amount of \$1,250.0 million (“Senior Secured Credit Facility”) and (ii) Revolving Credit Commitments in the initial aggregate amount of \$125.0 million (the “Revolving Credit Facility”). The term loan matures April 2, 2014.

The Senior Secured Credit Facility contains a number of covenants that, among other things, restrict, subject to certain exceptions, the ability of the Borrower and its restricted subsidiaries to:

- incur additional indebtedness and make guarantees;
- create liens on assets;
- engage in mergers or consolidations;
- sell assets;
- pay dividends and distributions or repurchase our capital stock;
- make investments, loans and advances, including acquisitions;
- repay the Senior Subordinated Notes or enter into certain amendments thereof; and
- engage in certain transactions with affiliates.

The Senior Secured Credit Facility also contains certain customary affirmative covenants and events of default.

### *Senior Notes and Senior Subordinated Notes*

Additionally, on April 2, 2007, the Company issued \$325.0 million 9¼% Senior Notes (the “Senior Notes”) due 2015, and \$250.0 million 10 5/8% Senior Subordinated Notes (the “Senior Subordinated Notes”) due 2017. The Senior Notes are general unsecured obligations of the Company, effectively subordinated in right of payment to all existing and future senior secured indebtedness of the Company, and guaranteed on a full, unconditional, joint and several basis by the Company’s wholly-owned domestic subsidiaries. The Senior Subordinated Notes are general unsecured obligations of the Company, subordinated in right of payment to all existing and future senior indebtedness of the Company, and guaranteed on a full, unconditional, joint and several basis by the Company’s wholly-owned domestic subsidiaries.

The indentures governing the Senior Notes and Senior Subordinated Notes limit our (and most or all of our subsidiaries’) ability to, subject to certain exceptions:

- incur additional debt or issue certain preferred shares;
- pay dividends on or make other distributions in respect of our capital stock or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens on certain assets to secure debt;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

Subject to certain exceptions, the indentures governing the notes permit us and our restricted subsidiaries to incur additional indebtedness, including secured indebtedness.

Pursuant to the terms of the Senior Secured Credit Facility, if at any time, there are borrowings outstanding under the Revolving Credit Facility in an aggregate amount greater than \$10.0 million, we are required to maintain a ratio of consolidated total senior secured debt to Consolidated EBITDA for the most recently concluded four consecutive fiscal quarters (the "Senior Secured Leverage Ratio") starting at a maximum of 7.00:1 at September 30, 2007 and stepping down over time to 4.00:1 on March 31, 2011. Consolidated total senior secured debt is defined under the Senior Secured Credit Facility as aggregate consolidated secured indebtedness of the Company less the aggregate amount of all unrestricted cash and cash equivalents. In addition, under the Senior Secured Credit Facility and the indentures governing the Senior Notes and Senior Subordinated Notes, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is tied to ratios based on the Senior Secured Leverage Ratio, in the case of the Senior Secured Credit Facility, or on Consolidated EBITDA, as defined, in the case of the Senior Notes and the Senior Subordinated Notes.

Consolidated EBITDA is defined as earnings (loss) before interest expense, taxes, depreciation and amortization ("EBITDA") further adjusted to exclude non-cash items, non-recurring items and other adjustment items permitted in calculating covenant compliance under the Senior Secured Credit Facility and the indenture governing the Senior Notes and Senior Subordinated Notes. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Consolidated EBITDA is appropriate to provide additional information to investors to demonstrate compliance with our financial covenants.

Consolidated EBITDA does not represent net loss or earnings or cash flow from operations as those terms are defined by Generally Accepted Accounting Principals ("GAAP") and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. In particular, the definitions of Consolidated EBITDA in the Senior Secured Credit Facility and the indentures allow us to add back certain non-cash, extraordinary, unusual or non-recurring charges that are deducted in calculating net loss or earnings. However, these are expenses that may recur, vary greatly and are difficult to predict. While Consolidated EBITDA and similar measures are frequently used as measures of operations and the ability to meet debt service requirements, Consolidated EBITDA is not necessarily comparable to other similarly titled captions of other companies due to the potential inconsistencies in the method of calculation.

Our ability to meet the covenants specified above in future periods will depend on events beyond our control, and we cannot assure you that we will meet those ratios. A breach of any of these covenants in the future could result in a default under, or an inability to undertake certain activities in compliance with, the Senior Secured Credit Facility and the indentures governing the Senior Notes and Senior Subordinated Notes, at which time the lenders could elect to declare all amounts outstanding under the Senior Secured Credit Facility to be immediately due and payable. Any such acceleration would also result in a default under the indentures governing the Senior Notes and Senior Subordinated Notes.

The following table provides a reconciliation from our net (loss) earnings to EBITDA and Consolidated EBITDA for the nine months ended September 30, 2007, the nine months ended September 24, 2006 and fiscal 2006. The terms and related calculations are defined in the Senior Secured Credit Facility and the indentures governing the Senior Notes and Senior Subordinated Notes.

(in thousands)	Predecessor	Successor	Combined	Predecessor	Predecessor
	January 1, 2007 Through April 2, 2007	April 2, 2007 Through September 30, 2007	Nine Months Ended September 30, 2007	Nine Months Ended September 24, 2006	Fiscal Year Ended December 31, 2006
Net (loss) earnings	\$ (66,649)	\$ (69,846)	\$ (136,495)	\$ 3,610	\$ 33,924
Interest expense, net	38,593	83,740	122,333	65,833	85,368
Income tax benefit	6,284	16,751	23,035	20,136	26,098
Depreciation and amortization	10,163	29,930	40,093	31,647	42,187
EBITDA (unaudited)	<u>\$ (11,609)</u>	<u>\$ 60,575</u>	48,966	121,226	187,577
Non-cash items (a)			52,618	10,535	13,523
Non-recurring items (b)			52,061	3,937	4,040
Other adjustment items (c)			2,447	4,706	4,706
Net cost savings projected to be realized as a result of initiatives taken (d)			8,987	17,723	23,775
Consolidated EBITDA (unaudited)			<u>\$ 165,079</u>	<u>\$ 158,127</u>	<u>\$ 233,621</u>
Last twelve months Consolidated EBITDA (unaudited)			<u>\$ 240,573</u>		

(a) Non-cash items are comprised of the following:

(in thousands)	Combined	Predecessor	Predecessor
	Nine Months Ended September 30, 2007	Nine Months Ended September 24, 2006	Fiscal Year Ended December 31, 2006
Effects of adjustments related to the application of purchase accounting (1)	\$ 40,203	\$ 4,760	\$ 4,760
Non-cash compensation charges (2)	9,181	2,635	3,315
Unrealized losses or (gains) resulting from hedging activities (3)	3,234	280	(112)
Impairment charges or asset write-offs (4)	-	2,780	5,480
Other non-cash charges	-	80	80
Total non-cash items	<u>\$ 52,618</u>	<u>\$ 10,535</u>	<u>\$ 13,523</u>

- (1) For the nine months ended September 30, 2007, represents \$40.2 million of expense related to the write-up to fair market value of inventories acquired as a result of the Blackstone acquisition. For the nine months ended September 24, 2006 and fiscal 2006, represents \$4.8 million related to the write-up to fair market value of inventories acquired in the Armour acquisition
- (2) For the nine months ended September 30, 2007, the nine months ended September 24, 2006 and fiscal 2006, represents non-cash compensation charges related to the granting of equity awards.
- (3) For the nine months ended September 30, 2007, the nine months ended September 24, 2006 and fiscal 2006, represents non-cash gains and losses resulting from mark-to-market adjustments of obligations under natural gas and foreign exchange swap contracts.
- (4) For the nine months ended September 24, 2006, represents \$2.8 million for non-cash asset impairment charges related to the Erie, Pennsylvania and Omaha, Nebraska production facilities, which were subsequently sold. In addition to the asset impairment charges recorded during the nine months ended September 24, 2006, fiscal 2006 includes a \$2.7 million non-cash asset impairment charge related to a write-down of the Aunt Jemima tradename.

(b) Non-recurring items are comprised of the following:

(in thousands)	Combined	Predecessor	Predecessor
	Nine Months Ended	Nine Months Ended	Fiscal Year Ended
	September 30, 2007	September 24, 2006	December 31, 2006
Expenses in connection with an acquisition or other non-recurring merger costs (1)	\$ 49,430	\$ 2,709	\$ 2,731
Restructuring charges, integration costs and other business optimization expenses (2)	2,631	1,228	1,309
Total non-recurring items	<u>\$ 52,061</u>	<u>\$ 3,937</u>	<u>\$ 4,040</u>

- (1) For the nine months ended September 30, 2007, represents \$49.4 million of expenses incurred in connection with the Blackstone acquisition and represents: \$35.5 million related to the cash tender offer for the predecessor's senior subordinated notes; \$12.9 million related to the termination of certain predecessor contracts with the former Chairman and affiliates of the former Chairman; and \$1.0 million of other costs. For the nine months ended September 24, 2006 and fiscal 2006, the amount relates principally to costs in connection with the Armour acquisition and represents the sum of: \$1.3 million of unabsorbed manufacturing overhead related to reductions of Armour finished product inventories following the acquisition; \$0.7 million of costs incurred under a transition services agreement in excess of management's estimate of the internal costs to provide such services; \$0.4 million of expenses of the Crunch Equity Voting Trust payable by Company principally as a result of the Armour acquisition; and \$0.3 million in excess costs from shipping inventory between the seller's warehouses and the Company's warehouses as a result of the acquisition.
- (2) For the nine months ended September 30, 2007, represents \$2.6 million of expenses incurred to consolidate certain portions of our distribution network. For the nine months ended September 24, 2006 and fiscal 2006, the charges represent costs incurred relating to the closure of our Omaha, Nebraska and Erie, Pennsylvania production facilities and the relocation of production to our Fayetteville, Arkansas and Jackson, Tennessee production facilities.

(c) Other adjustment items are comprised of the following:

(in thousands)	Combined	Predecessor	Predecessor
	Nine Months Ended	Nine Months Ended	Fiscal Year Ended
	September 30, 2007	September 24, 2006	December 31, 2006
Management, monitoring, consulting and advisory fees (1)	\$ 1,667	\$ -	\$ -
Accruals established as a result of the Transaction (2)	780	-	-
Armour EBITDA prior to the March 1, 2006 acquisition	-	4,338	4,338
Other	-	368	368
Total other adjustments	<u>\$ 2,447</u>	<u>\$ 4,706</u>	<u>\$ 4,706</u>

- (1) For the nine months ended September 30, 2007, represents management/advisory fees paid to Blackstone.
- (2) For the nine months ended September 30, 2007, represents executive severance costs incurred in connection with the Blackstone acquisition.

(d) Net cost savings projected to be realized as a result of initiatives taken:

(in thousands)	Combined	Predecessor	Predecessor
	Nine Months Ended	Nine Months Ended	Fiscal Year Ended
	September 30, 2007	September 24, 2006	December 31, 2006
Productivity initiatives in our manufacturing facilities, freight and distribution systems and purchasing programs (1)	\$ 6,801	\$ 12,769	\$ 16,900
Termination of contracts with former Chairman and affiliates of the former Chairman (2)	2,186	4,954	6,875
Total Net cost savings projected to be realized as a result of initiatives taken	\$ 8,987	\$ 17,723	\$ 23,775

- (1) For the nine months ended September 30, 2007, the nine months ended September 24, 2006 and fiscal 2006, represents net cost savings projected to be realized as a result of specified actions taken or initiated, net of the amount of actual benefits realized. Such savings primarily relate to productivity initiatives in our manufacturing facilities, our freight and distribution systems, and our purchasing programs.
- (2) For the nine months ended September 30, 2007, the nine months ended September 24, 2006 and fiscal 2006, represents the reduction in expenses as a result of the termination of the former Chairman's employment agreement as well as contracts with affiliates of the former Chairman, net of the expense of the new Chairman.

Our covenant requirements and actual ratios for the twelve months ended September 30, 2007 are as follows:

	Covenant Requirement	Actual Ratio
<b>Senior Secured Credit Facility</b>		
Senior Secured Leverage Ratio (1)	*	5.19:1
Total Leverage Ratio (2)	Not applicable	7.58:1
<b>Senior Notes and Senior Subordinated Notes (3)</b>		
Minimum Consolidated EBITDA to fixed charges ratio required to incur additional debt pursuant to ratio provisions (4)	2.00:1	1.57:1

\* Under the terms of the Senior Secured Credit Facility, during the quarter ended September 30, 2007, we were not subject to the financial covenant requirements as the Company's borrowings under the Revolving Credit Facility during such quarter did not exceed \$10.0 million.

- (1) Pursuant to the terms of the Senior Secured Credit Facility, if at any time, there are borrowings outstanding under the Revolving Credit Facility in an aggregate amount greater than \$10.0 million, we are required to maintain a consolidated total senior secured debt to Consolidated EBITDA ratio for the most recently concluded four consecutive fiscal quarters (the "Senior Secured Leverage Ratio") starting at a maximum of 7.00:1 at September 30, 2007 and stepping down over time to 4.00:1 on March 31, 2011. Consolidated total senior secured debt is defined as the aggregate consolidated secured indebtedness of the Company less the aggregate amount of all unrestricted cash and cash equivalents.
- (2) The Total Leverage Ratio is used to determine the applicable rate under the Senior Secured Credit Facility. The Total Leverage Ratio is calculated by dividing consolidated total debt less the aggregate amount of all unrestricted cash and cash equivalents to Consolidated EBITDA
- (3) Our ability to incur additional debt and make certain restricted payments under the indentures governing the Senior Notes and Senior Subordinated Notes, subject to specified exceptions, is tied to a Consolidated EBITDA to fixed charges ratio of at least 2.0:1, except that we may incur certain debt and make certain restricted payments and certain permitted investments without regard to the ratio, such as our ability to (i) incur up to \$1,600.0 million under credit facilities (as of September 30, 2007, we had \$1,246.9 million in outstanding term loans and an unused balance of \$110.5 million under the Revolving Credit Facility), (ii) incur up to \$150.0 million under the general exception to the debt covenant, (iii) investments in similar businesses having an aggregate fair market value not to exceed 3.0% of our total assets, (iv) additional investments having an aggregate fair market value not to exceed 4.0% of our total assets and (iv) other restricted payments in an aggregate amount not to exceed 2.0% of our total assets.
- (4) Fixed charges is defined in the indentures governing the Senior Notes and Senior Subordinated Notes as (i) consolidated interest expense (excluding specified items) plus consolidated capitalized interest less consolidated interest income plus (ii) cash dividends and distributions paid on preferred stock or disqualified stock.