

**NORPAC**  
**Master FAQ - Confidential**

**Customer**

**1. What does it mean to voluntarily file for reorganization under Chapter 11 of the U.S. Bankruptcy Code?**

The Chapter 11 process is a well-established U.S. practice that many companies have used successfully to address their capital structures under court protection. Filing for Chapter 11 protection does not mean a company is liquidating. Ultimately, Chapter 11 provides a way for companies to restructure and reduce their debts while continuing day-to-day operations. Indeed, we fully intend to continue operations throughout the reorganization process. We intend to continue to serve our customers, honor our employee obligations, and pay suppliers in full and under agreed-upon trade terms for goods and services provided after the filing date.

**2. Is NORPAC going out of business?**

No. A Chapter 11 filing allows us to continue our business operations while we restructure our debt. Our goal in filing is to emerge from the process as a stronger, healthier and more streamlined company that will be newly positioned for financial success.

**3. Why did you file Chapter 11?**

For the past five years NORPAC has sustained significant operating losses. Over the past two years Management has sold off certain assets, reduced inventory and cut costs in an effort to pay down NORPAC's debt balance and reduce losses. Despite these efforts NORPAC was unable to reduce the debt balance to a sustainable level and return to profitability. In addition, significant capital investments are necessary at the plants to reduce costs and return the Company to profitability. NORPAC does not have this capital. NORPAC filed Chapter 11 to effectuate the sale to Oregon Potato Company.

**4. How long will NORPAC be in Chapter 11?**

It is unclear how long this process will take; however, we are focused on emerging as quickly as possible. The progress we have made restructuring and streamlining our operations, coupled with our strong customer relationships and the additional liquidity we have obtained through Debtor-in-Possession financing should help us to achieve that objective. We will keep you informed about our progress.



**5. What will happen during the Chapter 11 process?**

As far as our customers are concerned, little will change; in Chapter 11 reorganization, the company can maintain ongoing operations. In fact, filing Chapter 11 allows us to approach our restructuring in a more organized way, thus allowing us to focus more attention on what we do best: to provide delicious, high quality food to our customers.

**6. Is it safe to continue purchasing from a company that has filed Chapter 11?**

Vendors and suppliers should be more comfortable working with us now that we have filed for Chapter 11. The bankruptcy code provides our vendors and suppliers with an administrative claim status. This means they must be paid for work or supplies in order for the company to reorganize. Our suppliers will be paid as they move forward in their relationships with us. And now that we are addressing our balance sheet, we can devote more of our resources to serving our customers and continue to providing delicious, high quality food to our customers.

**7. Will I experience any increase in my purchase price as a result of the reorganization?**

We do not anticipate any price increases for our goods and services as a direct result of our filing for Chapter 11. We expect to continue to provide the same quality products and services at competitive prices. As we noted earlier, we anticipate that many of our vendor relationships will remain positive during the reorganization, with no impact on the cost of their goods and services.

**8. Can I still take advantage of incentives you promised prior to the filing?**

It is business as usual at NORPAC, which means our customers' satisfaction comes first. We are determined to meet the commitments we've made.

**9. I'm worried that your bankruptcy will lead to cost-cutting and affect the quality of your services or products. How do I know the quality of your products and services won't be compromised?**

We understand your concerns! But first and foremost, NORPAC means quality – and that won't change with our filing. Remember, too, that Chapter 11 is designed to allow a company to emerge as a reorganized, fully-functional business after the process is complete. In order to keep generating revenue, we must keep our high standards and excellent reputation intact, and we intend to do just that.

**10. How will the bankruptcy filing affect service and warranties?**

Part of our filing involves a request to the court to allow us to honor our long term commitments to current and potential customers. We do not plan to modify our services as a result of our reorganization.

**11. The bankruptcy filing makes me too nervous to move forward. Can I cancel my contract or account and receive my money back?**

We are conducting business as usual and will be honoring our commitment to you. Any requested changes to our relationship with you will be addressed based on the terms of the signed contract.

**12. I still have some questions. How can I find out more?**

Any additional questions can be directed to the restructuring information line at 877-634-7180. In addition please see the reorganization section of our website at [www.kccllc.net/NORPACfoods](http://www.kccllc.net/NORPACfoods).

**Employees**

**13. Is NORPAC going out of business?**

No, NORPAC intends to continue operating throughout its reorganization process. Chapter 11 gives an opportunity to address our capital structure. In short, a Chapter 11 filing is intended to allow a company to reorganize its capital structure, not liquidate the company.

NORPAC has a strong global presence, loyal customer base, and high-quality products. NORPAC operations are strong in many key global markets throughout the world.

**14. Will there be layoffs as a result of the filings? Will any facilities be closed?**

We are not announcing any specific workforce-reduction actions as part of this filing. Over the past years, we have been reducing the size and capacity of our organization to create a more efficient, streamlined company and respond to declines in demand. As a company, we will continue to take the necessary steps to reduce costs and streamline operations, and also will continue to monitor business trends and make adjustments to our operations as conditions warrant.

**15. Should I keep coming to work as usual? Does this mean that my work schedule will change?**

We are continuing to operate our business during the reorganization, and employees should work according to their usual schedules.

**16. Does the company have enough cash to meet its payroll and benefit obligations?**

The company expects to fund its operations, including pay and benefit obligations, through its cash balance, cash flows from operations and a Debtor-in-Possession financing.

**17. Will the filings affect employee health care benefits (such as medical, vision or dental plans), employee life insurance or disability benefits for employees?**

We expect to receive court approval to continue our health care and other employee benefits programs. If NORPAC makes changes to such policies, employees will receive notice through our normal communications channels.

**18. Will salaried and hourly employees receive their paychecks as usual?**

Yes.

**19. I receive paper checks. What should I do if I have un-cashed checks issued prior to NORPAC's filing?**

You should be able to cash these checks.

**20. Will my bank/credit union still accept my paycheck or direct deposit?**

Every paycheck issued or direct deposit made by NORPAC after today should be honored. However, if you experience any problems cashing your paycheck or having an institution honor your direct deposit, please contact the call center at 877-634-7180 or if outside the U.S. 424-236-7225.

**21. Can I continue to charge my business expenses?**

Employees should follow the same procedures for submitting any qualified business expenses in accordance with company policy. Business expenses will be reimbursed as was done routinely prior to the filings.

**22. Are the assets in NORPAC's 401(k) plans for employees protected from creditors' claims in the bankruptcy proceedings?**

U.S. federal law protects the funds in 401(k) savings plans, which are held in a separate trust from the claims of a company's creditors. All individual 401(k) accounts are established in the individual employee's name, and the assets are held in trust. This means that NORPAC cannot use these assets to meet its other obligations or to pay its debts. Independent of the filings, all investments contained in an individual's 401(k) account are subject to some level of market risk.

**23. Are the assets in NORPAC's pension plans protected from creditors' claims in bankruptcy proceedings?**

U.S. Federal law protects the assets in qualified defined pension plans from the claims of a company's creditors. The assets are held in trust by a separate entity. This means that NORPAC cannot use these assets to meet its other obligations.

**24. What happens if a defined benefit pension plan is terminated?**

In the U.S., if a qualified defined benefit pension plan is terminated, the liabilities of the plan are determined and the assets of the plan are used to satisfy those liabilities. If it is determined that the plan has sufficient assets, then all plan benefits are paid in accordance with the plan terms and the Employee Retirement Income Security Act of 1974 (ERISA). In the event there are insufficient assets to pay certain benefits, then the plan will be assumed by Pension Benefit Guaranty Corporation (PBGC), an independent agency chartered under federal law. The PBGC does impose limits to the amount of benefit it guarantees. For more information about PBGC insurance protections and limitations, go to [www.pbgc.gov](http://www.pbgc.gov).

**25. Will employees continue to receive disability, holiday and vacation pay?**

We expect to receive court approval shortly to continue these employee programs. If NORPAC makes changes to such policies, we would announce any changes through our normal communication channels.

**26. Will there be any change in the management of the Company?**

No, current management remains in place and we do not foresee any changes at this time.

**27. Will there be any impact on salary increases and opportunities for promotions?**

No.

**28. Can we still take planned vacations?**

Allotted vacation time will not change, although vacation schedules, as customary, must be approved by your manager.

**29. What should I say to customers who ask about the filing?**

Explain to customers that the Chapter 11 process allows NORPAC to complete its restructuring while continuing to operate the business as usual. Let them know that we are *not* going out of business and that they can expect the same high quality products/services as before.

**30. Can we pay for goods and services we received before the filing?**

Unfortunately, federal law prohibits payment for goods and services received *before* the filing date except pursuant to a Plan of Reorganization that is accepted by creditors and approved by the Court. Although, the Bankruptcy Code does provide priority status for post-petition orders and shipments (goods and services received after the Chapter 11 filing date) that you provide to us. Therefore, you can be assured that we can and will pay for the goods and services you provide to us *after* the filing date.

**31. What should I do if a vendor tries to reclaim merchandise?**

It is unlikely that this will happen, however, some vendors may try to reclaim goods in the belief that this will help to reduce their losses. In fact, *physically taking back goods from a Company that has filed Chapter 11 is against the law, unless ordered by the Court.* If a vendor tries to reclaim goods, you should call your immediate supervisor, who has received instructions regarding how to deal with situations like this.

**32. What should I do if a newspaper, magazine or television reporter contacts me?**

Politely tell the reporter that all media inquiries are being handled by Jennifer Mercer and she can be contacted at 818-802-5199 or [jmercerc@donlinrecano.com](mailto:jmercerc@donlinrecano.com). Please keep in mind that reporters may attribute anything you say to you and/or the Company, therefore, it is extremely important that you not take it upon yourself to act as a spokesperson for the Company. Please refer all such media calls to the Jennifer Mercer as mentioned above.

**33. With whom may I speak if I have additional questions?**

Speak first with your manager. If you still need help, your manager can direct your question to the appropriate person or you may call the information line at 877-634-7180 or if outside the U.S. 424-236-7225.

**Retirees**

**34. Will I continue to receive my monthly pension check?**

If you are a member of NORPAC's qualified defined benefit pension plan, you will continue to receive your monthly pension check as usual. Bank of America, N.A. will continue to mail your check directly to your home or deposit the sum directly into your bank account.

**35. Is it possible that NORPAC's defined benefit pension plan could be changed or terminated as a result of the Chapter 11 filing?**

The status of the qualified defined benefit pension plan administered by NORPAC Foods (and its Pension Committee) and held in trust by Bank of America, N.A. has not changed. In the U.S., qualified defined benefit pension plans are not automatically terminated when an employer files for protection under Chapter 11. In fact, qualified defined benefit pension plans cannot be terminated unless they meet the standards for termination set out by U.S. federal law, and a decision to seek to terminate a qualified defined benefit pension plan would have to comply with those standards.

While U.S. federal law protects qualified defined benefit pension plans from retroactive changes to plan benefits, it is possible that there could be changes to the qualified defined benefit pension plan in the future. Any such changes would be announced as appropriate. In the U.S., the Pension Benefit Guaranty Corporation also provides protection for qualified defined benefit pension programs.

**36. What happens if a defined benefit pension plan is terminated?**

In the U.S., if a qualified defined benefit pension plan is terminated, the liabilities of the plan are determined and the assets of the plan are used to satisfy those liabilities. If it is determined that the plan has sufficient assets, then all plan benefits are paid in accordance with the plan terms and the Employee Retirement Income Security Act of 1974 (ERISA). In the event that there are insufficient assets to pay certain benefits, then the plan will be assumed by the Pension Benefit Guaranty Corporation (PBGC), an independent agency chartered under federal law.

The rules governing distribution of plan assets are complex. Generally speaking, however, all reasonable administrative expenses are paid by the plan first. Then the plan's remaining assets would be distributed in accordance with guidelines of ERISA. For more information about the PBGC insurance protections and its limitations, go to [www.pbgc.gov](http://www.pbgc.gov).

**37. Will I continue to receive benefits if I am part of a non-qualified pension plan?**

Payments provided by the non-qualified pension plans to the company's retirees have been discontinued as of the filing date. Benefits owed under the plans will be categorized as unsecured claims in the Chapter 11 proceedings.

**38. Are the assets in NORPAC's 401(k) plan for retirees protected from creditors' claims in the bankruptcy proceedings?**

Yes. U.S. federal law protects the funds in 401(k) savings plans from the claims of a company's creditors. All individual 401(k) accounts are set up in the individual employee's name and the assets are held in a trust that is separate from the corporation. This means that NORPAC cannot use these assets to meet other obligations or pay debts.

**39. What happens to the accounts of retirees who are participants in the 401(k) plan?**

The assets in our 401(k) plans are held in a trust by Matrix Trust Company, which is separate from the company. These assets are protected under U.S. federal law against the claims of NORPAC's creditors, which means that the company cannot use any of these assets to meet other obligations or to pay its debts. While the company could make changes to its 401(k) plans during the reorganization proceedings, those changes would only affect future company contributions to the plan, not past contributions. Irrespective of the filings, all investments contained in an individual's 401(k) account are subject to some level of market risk.

**40. Will there be any impact on retiree medical and life insurance benefits as a result of the filing?**

We do not expect any immediate changes to your benefit plans as a result of the filing. At this time, you can continue to use your ID cards and file claims as usual. We will continue to communicate with retirees as additional information becomes available.

**41. Where should retirees go for more information about the reorganization?**

Additional information can be found on our Web site in a new reorganization section at [www.kccllc.net/NORPACfoods](http://www.kccllc.net/NORPACfoods) or 877-634-7180 or if outside the U.S. 424-236-7225.

## Vendor

### **42. Does NORPAC have sufficient liquidity to meet its obligations to suppliers?**

Yes. We have received commitments from CoBank for up to \$15.0 million of new debtor-in-possession (DIP) financing. Upon Court approval, this DIP financing will provide us with greater financial flexibility and sufficient liquidity to meet our obligations during the Chapter 11 process, including payments to suppliers.

### **43. Will vendors be paid for goods and services delivered prior to the filing date?**

Unfortunately, federal law prohibits us from paying for any goods or services purchased or received prior to the date on which we filed for Chapter 11. We regret any hardship this may cause you. You should file a Proof of Claim form for any pre-petition amounts owed to you. All creditors and potential creditors will be sent a claim form and instructions on where and when to file this claim. Payments on these pre-petition obligations will be settled as part of a plan of reorganization, which must be accepted by our creditors and approved by the Bankruptcy Court. We are unable to provide with any certainty at this time a time for when you should expect payment for your pre petition invoices.

However, goods and services delivered *after* the filing date can and will be paid for in full. In fact, the Bankruptcy Code gives priority status to such payments. With our new DIP financing package in place, you can be assured that we can and will pay for what you supply to us going forward.

### **44. Will suppliers be paid for produce supplied to NORPAC prior to the petition date?**

All produce will be paid in full under the PACA statute and will not be impacted.

### **45. What is PACA (Perishable Agricultural Commodities Act)?**

PACA is an acronym for the Perishable Agricultural Commodities Act, which is a federal law that regulates the sale of produce. If you are unsure if you or your goods are covered by the PACA statute, please seek the advice of counsel.

### **46. A check for payment of pre petition goods/services was returned to me as unpaid. Please reissue.**

Without special permission indicating otherwise federal law prohibits us from reissuing pre petition checks. Banks are instructed to return unprocessed checks to suppliers written prior to the Chapter 11. You should file a Proof of Claim form for any pre-petition amounts owed to you.

### **47. How do I know if my claim is considered pre-petition or post-petition?**

Goods and services delivered prior to the date of the Chapter 11 filing are considered pre-petition. Goods and services delivered on or after the filing date are considered post-petition. In making this distinction, the key factor is not the invoice date but rather the date when the goods or services were delivered to us. We will be working with our legal team and advisors to ensure post petition invoices are paid, which in some cases will mean making partial payments on invoices.

**48. I just delivered goods or services to you. Can I reclaim them?**

No, the provisions of the U.S. Code preclude suppliers from exercising control over the Company's property.

**49. Can I re-submit past invoices and get paid for them now?**

No. Goods and services delivered prior to the date of the Chapter 11 filing are considered pre-petition. Goods and services delivered on or after the filing date are considered post-petition. In making this distinction, the key factor is not the invoice date but rather the date when the goods or services were delivered to us.

**50. Will I receive 100% of money I'm owed for my pre-petition claims?**

Unfortunately, we cannot address questions regarding specific claims at this time. The amount paid for pre-petition claims will be determined through the Chapter 11 process.

**51. Can suppliers apply payments made after the filing to pre-petition invoices?**

No. Suppliers must maintain a distinction between receivables for goods and services provided to us before the Chapter 11 filing and receivables for goods and services provided after the filing.

**52. Will suppliers have the same contact?**

Yes. We intend to continue normal, day-to-day business operations throughout this process, including having the same individuals as your point of contact. Any changes that may be made as a result of a sale will be communicated to you if and when these decisions are made.

**53. Will NORPAC continue to order goods and services, and if so, how do vendors know they will get paid while you are in Chapter 11?**

It is important for you to know that we expect our operations to continue uninterrupted during the Chapter 11 process. One of the reasons we decided to file for Chapter 11 is because it will allow us to continue to operate our business while we work to address our financial issues. We will continue to order and pay for goods and services to meet our business needs.

Regarding our ability to pay vendors, we have received commitments from CoBank for up to \$15.0 million of new DIP financing. Upon Court approval, this DIP financing will provide us with greater financial flexibility and sufficient liquidity to meet our obligations during the Chapter 11 process, including payments to vendors.

**54. Given the uncertainty of the situation, who can I speak with about renegotiating our payment terms with you?**

Our ability to purchase from you on favorable terms and at competitive prices is critical. We cannot pay more for goods and/or services at this time. We expect in the months and years ahead to remain a good customer to you and hope you will continue to work with us.

Moreover, with our new DIP financing package in place, we have greater financial flexibility and liquidity to meet our obligations to suppliers. So, with the priority status given to post-petition supplier obligations, we can and must pay you in the ordinary course for post-petition goods and services.

**55. Am I required to honor the terms of my contract?**

We recognize that our announcement may cause concern, though please note that the company intends to operate and pay suppliers and vendors in the ordinary course for goods and services provided post-petition.

Federal law prohibits us from making payments for pre-petition claims unless and until there is authorization to do so from the bankruptcy court. If you have a contract with the company, you are required to continue to perform under the contract. You will be notified regarding the status of your contract as the Chapter 11 process progresses.

**56. How do I file a proof of claim?**

Our professionals are preparing a complete list of creditors. The official notice of the filing and Meeting of Creditors will soon be sent to all listed creditors. All listed creditors will be sent a proof of claim at a later date. No bar date for submitting proofs of claim has been established in this case yet. You can visit our claims agent website at: [www.kccllc.net/NORPACfoods](http://www.kccllc.net/NORPACfoods) for more information and to download Court documents.

**57. How do I file a 503(b)(9) “20-day” claim?**

Unless other specific procedures are specific by the court in the bar date notice, a claimant that wishes to file a proof of claim under section 503(b)(9) of the Bankruptcy Code, should designate the claim under section 507(a)(2) and 503(b)(9) of the Bankruptcy Code.

**Bondholder**

**58. What does the Chapter 11 mean for my bonds?**

The reorganization plan that is approved by the Court will ultimately determine what recovery will be available for creditors, including the bondholders. At this early stage in the process, we do not know what the outcome might be. Information will be communicated to bondholders as the process continues.

**59. Will bondholders receive interest payments going forward?**

Like principal payments, interest payments currently due or that accrue and become due during Chapter 11 are frozen and will be addressed in our plan of reorganization.

**60. Should I file a proof of claim for my bonds?**

A claim form and claim filing instructions will be mailed to creditors as soon as the formal process for filing claims begins.