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May 25, 2011

Steve Beilstein
Beilstein's Blueberry Patch
1285 W. Hanley Road
Mansfield, OH 44906

Re: Account with K. Van Bourgondien of Virginia, Inc.

Dear Mr. Beilstein:

This Firm represents K. Van Bourgondien of Virginia, Inc. The Company's financial situation has reached the point where it is faced with only two options. ***The first and, in our opinion, the least desirable option is for the Company to file for bankruptcy protection. In that regard, the Company has retained this Firm to proceed in this manner should the Company's second option not materialize. The Company's second option is to reach agreement with its creditors for reduced payouts over an extended period.***

The Company's weakened financial condition began to surface a number of years ago when two of its major customers who represented 20% of its annual sales went bankrupt, causing it to lose approximately \$5.0 million. To counter these losses the Company began to accumulate significant debt at relatively high interest rates in the hopes of rebuilding its sales base. Instead, however, its sales base continued to decline as the Company began to feel the impact of the oncoming recession. As a result, the Company's debt levels increased and it was saddled with high interest costs. In fact, the Company's average annual interest cost over the last five years was \$775,000. In addition, the facility the Company was leasing became almost twice the size it needed, resulting in excessive rental costs of approximately \$500,000 annually. Although the Company has consistently reduced its fixed costs in each of the last five years and maintained consistent levels of variable costs, the excessive interest and rental costs prevented the Company from being profitable and reducing debt levels.

Also, it should be noted that as part of the Company's plan to become solvent the owner (a different entity owned by Van Bourgondien family members) of the building the Company occupies is negotiating a sale and leaseback of the building that will result in the liquidation of approximately \$5.0 million of secured or partially secured Company debt and significant reductions in interest and rental costs for the Company.

Disclosure Required by Internal Revenue Service Circular 230: This communication is not a tax opinion. To the extent it contains tax advice, it is not intended or written by the practitioner to be used, and it cannot be used by the taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer by the Internal Revenue Service.

At this time the only way the Company can move forward without filing bankruptcy is to reduce old debt and further reduce fixed costs. It is towards this end that the Company is seeking Beilstein's Blueberry Patch's support and acceptance of the reduced payout of its debt that it is proposing. In this latter regard, the Company is requesting that Beilstein's Blueberry Patch accept \$4,275.00 as payment in full of the Company's current outstanding debt to it of \$17,100.00. The \$4,275.00 would be paid in eight equal quarterly installments beginning on December 15, 2011.

The Company respectfully asks that Beilstein's Blueberry Patch understand that because of the high level of Company debt relative to tangible assets, the reduced payout amount that it is asking Beilstein's Blueberry Patch to accept is, in the opinion of Company management, significantly higher than any amount that might become available to Beilstein's Blueberry Patch as a result of any bankruptcy proceedings, particularly considering the high costs involved in pursuing the bankruptcy option. ***Should you wish to obtain a more detailed account of the Company's current financial condition, or have any other questions, please feel free to contact John Van Bourgondien, Sr. directly at (757) 545-9200.***

As far as the timing of the proposed payout, the Company has chosen a period several months from now for its commencement because that is when the Company can reasonably expect to have begun to reap the benefits of the lower cost structure that is envisioned and to complete any payments first required on its existing secured debt. Management of the Company sincerely believes that negotiating outside a bankruptcy environment would be in the best interests of all involved parties.

The Company hopes that Beilstein's Blueberry Patch will give serious consideration to its proposal. If you are in agreement with this proposal, please complete the enclosed Debt Settlement Agreement and return a signed copy to me by June 8, 2011. Thank you for your consideration.

Sincerely yours,



Dennis T. Lewandowski