

Verso Corp  
Form 10-K/A  
April 30, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**FORM 10-K/A**

**(Amendment No. 1)**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

**For the fiscal year ended December 31, 2017**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Verso Corporation**

**(Exact name of registrant as specified in its charter)**

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

**001-34056**  
**(Commission**  
  
**File Number)**

**75-3217389**  
**(IRS Employer**  
  
**Identification Number)**

**8540 Gander Creek Drive**  
  
**Miamisburg, Ohio 45342**

**(Address, including zip code, of principal executive offices)**

**(877) 855-7243**

**(Registrant's telephone number, including area code)**

**Securities registered pursuant to section 12(b) of the Act:**

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
<b>Class A common stock, \$0.01 par value</b>	<b>New York Stock Exchange</b>
<b>Securities registered pursuant to Section 12(g) of the Act: Class B common stock, \$0.01 par value</b>	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes      No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.    Yes      No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.    Yes      No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).    Yes      No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2017, the aggregate market value of the voting and non-voting common equity of Verso Corporation held by non-affiliates, computed by reference to the price at which the common equity was last sold on the last business day of the most recently completed second fiscal quarter, was approximately \$137,409,355. For purposes of this calculation, only those shares held by directors, executive officers and holders of 10% or more of the voting securities of Verso Corporation have been excluded as held by affiliates. Such exclusion should not be deemed a determination or an admission by Verso Corporation or any such person that such individuals or entities are or were, in fact, affiliates of Verso Corporation.

As of April 19, 2018, Verso Corporation had 34,308,438 shares of Class A common stock, par value \$0.01 per share, and 147,035 shares of Class B common stock, par value \$0.01 per share, outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE: None.**

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**EXPLANATORY NOTE**

This Amendment No. 1 to Form 10-K (this Amendment ) amends the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the 2017 Form 10-K ) originally filed on March 8, 2018 (the Original Filing ) by Verso Corporation, a Delaware corporation ( Verso, the Company, we, or us ). We are filing this Amendment to present the information required by Part III of Form 10-K as we will not file our definitive proxy statement within 120 days of the end of our fiscal year ended December 31, 2017. Except as described above, no other changes have been made to the Original Filing. The Original Filing continues to speak as of the date of the Original Filing, and we have not updated the disclosures contained therein to reflect any events which occurred at a date subsequent to the filing of the Original Filing.

In this Amendment, Verso Corporation is referred to interchangeably as Verso, we, our and us.

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**Verso Corporation**

**Amendment No. 1 to Annual Report on Form 10-K**

**December 31, 2017**

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The following table and biographical descriptions provide information regarding our directors and executive officers as of the date of this Amendment.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
B. Christopher DiSantis	47	President, Chief Executive Officer and Director
Adam St. John	54	Senior Vice President of Manufacturing
Michael A. Weinhold	53	President of Graphic Papers
Allen J. Campbell	60	Senior Vice President and Chief Financial Officer
Kenneth D. Sawyer	62	Senior Vice President of Human Resources and Communications
Robert M. Amen*	68	Director
Alan J. Carr	48	Director and Co-Chairman of the Board
Eugene I. Davis	63	Director and Co-Chairman of the Board
Jerome L. Goldman	67	Director
Steven D. Scheiwe	57	Director
Jay Shuster	63	Director

- \* Mr. Amen previously notified the board of directors that he will not stand for re-election at Verso's 2018 annual meeting of stockholders and will no longer serve on our board of directors following such annual meeting.

**Executive Officers*****B. Christopher DiSantis***

Mr. DiSantis has been our President and Chief Executive Officer and a director of Verso since February 2017. Additional information about Mr. DiSantis is set forth below in the Directors section of this Amendment.

***Adam St. John***

Mr. St. John has been our Senior Vice President of Manufacturing since August 2016. He previously served in various operations management positions with Verso, most recently as Regional Vice President of Operations from 2015 to July 2016, Mill Manager of our Quinnesec mill in Michigan from 2011 to 2015, and Operations Manager of our Androscoggin mill in Maine from 2009 to 2011. Before joining Verso, Mr. St. John worked at Georgia-Pacific Corporation, a subsidiary of Koch Industries, Inc., in operations management roles at its mill in Old Town, Maine, from 1992 to 2006.

***Michael A. Weinhold***

Mr. Weinhold has been our President of Graphic Papers since February 2017. He previously served as our Senior Vice President of Sales, Marketing and Product Development from 2011 to January 2017 and our Senior Vice President of Sales and Marketing from 2006 to 2011. Before joining Verso, Mr. Weinhold worked at International Paper Company from 2000 to 2006, where he held sales, marketing and management positions in the Coated and Supercalendered Papers Division, including Business Manager from 2004 to 2006, Business Manager of Sales and Marketing from 2003 to 2004, and Director of Marketing and Product Development from 2001 to 2003. Mr. Weinhold worked at Champion International Corporation in sales and marketing positions from 1994 until it was acquired by International Paper Company in 2000.

***Allen J. Campbell***

Mr. Campbell has been our Senior Vice President and Chief Financial Officer since 2015. Before joining Verso, he worked at Cooper-Standard Holdings Inc., the parent company of Cooper-Standard Automotive Inc., a leading global supplier of systems and components for the automotive industry, from 1998 to 2015. At Cooper Standard, Mr. Campbell held

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accounting, finance and management positions, including Executive Vice President and Chief Infrastructure Officer in 2015 and Executive Vice President and Chief Financial Officer from 2005 to 2015. He worked at The Dow Chemical Company in accounting and finance positions from 1980 to 1998.

***Kenneth D. Sawyer***

Mr. Sawyer has been our Senior Vice President of Human Resources and Communications since 2015. He previously served as our Vice President of Human Resources from 2011 to 2015. Before joining Verso, Mr. Sawyer worked at AbitibiBowater, Inc. (now named Resolute Forest Products Inc.), a producer of pulp, paper and wood products, from 2007 to 2010, where he was Director of Human Resources for United States operations from 2009 to 2010 and Director of Human Resources for the Commercial Printing Papers Division in the United States, Canada and South Korea from 2007 to 2009. Mr. Sawyer worked at Bowater Incorporated, a manufacturer of pulp, paper and wood products, from 1999 to 2007, where he was Director of Process Improvement and Organization Effectiveness from 2006 to 2007 and Director of Human Resources of the Coated Papers Division from 1999 to 2006. Mr. Sawyer was Vice President of Human Resources of Dorsey Trailers, Inc., a transportation equipment manufacturer, from 1993 to 1999.

**Directors**

Verso's board of directors currently consists of seven directors. Set forth below is a brief biographical description of each of our directors. The primary experience, qualifications, attributes and skills of each of our directors that led to the conclusion of the Corporate Governance and Nominating Committee and the board that such person should serve as a member of the board of directors are also described in the following paragraphs.

***Robert M. Amen***

Mr. Amen has been a director of Verso since 2015 and was our Chairman of the Board from September 2016 to October 2017. He was the Chairman of the Board and Chief Executive Officer of International Flavors & Fragrances Inc., a creator and manufacturer of flavors and fragrances used in consumer products and packaged goods, from 2006 to 2009. Mr. Amen worked at International Paper Company from 1980 to 2006 in management, sales and finance positions, including President from 2003 to 2006, Executive Vice President responsible for the paper business, technology and corporate marketing from 2000 to 2003, and Senior Vice President and President of International Paper Europe from 1996 to 2000. During the past five years, he has served as a director of the following public companies: Balfour Beatty plc and NewPage Holdings Inc. Mr. Amen is an executive-in-residence at the Columbia University Business School and a member and the former Chair of the Advisory Board of the W. Edwards Deming Center for Quality, Productivity and Competitiveness at the school.

Mr. Amen provides Verso's board of directors with broad and deep experience in the printing and writing papers industry, including four years as the principal executive officer of Verso's business when it was a division of International Paper Company. His substantial management experience provides him with an in-depth understanding of our industry, business and organization which is useful in providing guidance to our management. In addition, Mr. Amen's service as a director of other companies in a variety of industries, as well as his work with Columbia Business School, give him a range of experiences on which he can draw in serving as a Verso director and enhance his knowledge of effective corporate governance.

***Alan J. Carr***

Mr. Carr has been a director of Verso since July 2016 and our Co-Chairman since October 2017. He is the Chief Executive Officer of Drivetrain, LLC., a fiduciary services firm that he founded in 2013 and which supports the investment community in legally- and process-intensive investments as a representative, director or trustee. Mr. Carr was a Managing Director of Strategic Value Partners LLC, an investment manager for hedge and private equity funds, from 2003 to 2013, where he led financial restructurings for companies in North America and Europe. Mr. Carr was a corporate restructuring attorney with Skadden, Arps, Slate, Meagher & Flom LLP from 1997 to 2003. He is a director of the following public companies: Atlas Iron Limited, an iron ore exploration and mining company (which has entered into a definitive agreement to be acquired by Mineral Resources Limited); Midstates Petroleum Company, Inc., an oil and gas exploration and production company; and Tidewater Inc., an offshore vessel owner and manager. During the past five years, Mr. Carr has served as a director of Brookfield DTLA Fund Office Trust Investor Inc., Tanker Investments Ltd. and UCI Holdings Limited. In addition, he is and has been a director of several private companies in various industries.

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With his significant experience in representing companies and investors in complex financial situations, Mr. Carr has gained substantial knowledge about strategic and financial matters which can inform his contributions as a Verso director. In addition, Mr. Carr's service as a director of several public and private companies in diverse industries provides him with a range of experiences on which he can draw in serving as a Verso director and increases his knowledge of effective corporate governance.

***Eugene I. Davis***

Mr. Davis has been a director of Verso since July 2016 and our Co-Chairman since October 2017. He is the Chairman and Chief Executive Officer of PIRINATE Consulting Group, LLC, a privately held consulting firm specializing in turnaround management, merger and acquisition consulting, hostile and friendly takeovers, proxy contests and strategic planning advisory services for domestic and international public and private business entities. Since forming PIRINATE in 1997, Mr. Davis has advised, managed, sold, liquidated and served as a chief executive officer, chief restructuring officer, director, chairman or committee chairman of a number of businesses operating in diverse sectors. He was the President, Vice Chairman and a director of Emerson Radio Corporation, a consumer electronics company, from 1990 to 1997 and was the Chief Executive Officer and Vice Chairman of Sport Supply Group, Inc., a direct-mail marketer of sports equipment, from 1996 to 1997. Mr. Davis began his career in 1980 as an attorney and international negotiator with Exxon Corporation and Standard Oil Company (Indiana) and was in private practice from 1984 to 1998.

Mr. Davis is the Chairman of the Board of the following public companies – Atlas Iron Limited (Atlas Iron Limited has announced entry into a definitive agreement to be acquired by Mineral Resources Limited, and Mr. Davis has advised Atlas Iron Limited that he will not continue as its Chairman or remain on its board of directors after the acquisition is consummated); and U.S. Concrete, Inc., until its annual meeting of stockholders to be held on May 17, 2018 (Mr. Davis is not standing for reelection to its board of directors) – and a director of Titan Energy, LLC. During the past five years, Mr. Davis has been a director of the following public or formerly public companies: ALST Casino Holdco, LLC; Atlas Air Worldwide Holdings, Inc.; The Cash Store Financial Services, Inc.; Dex One Corp.; Genco Shipping & Trading Limited, Global Power Equipment Group, Inc.; Goodrich Petroleum Corp.; Great Elm Capital Corp.; GSI Group, Inc.; Hercules Offshore, Inc.; HRG Group, Inc.; Knology, Inc.; SeraCare Life Sciences, Inc.; Spansion, Inc.; Spectrum Brands Holdings, Inc.; Trump Entertainment Resorts, Inc. and WMIH Corp. In addition, Mr. Davis is and has been a director of several private companies in various industries.

As a result of his professional experiences, Mr. Davis possesses significant knowledge about strategic planning, mergers and acquisitions, finance, accounting, capital structure and board practices which enhances his effectiveness in providing oversight and direction as a Verso director. In addition, Mr. Davis's service as a director of numerous public and private companies in various industries provides him with a range of experiences on which he can draw in serving as a Verso director and augments his knowledge of effective corporate governance.

***B. Christopher DiSantis***

Mr. DiSantis has been the President and Chief Executive Officer and a director of Verso since February 2017. Before joining Verso, he was the Chief Executive Officer of H-D Advanced Manufacturing Company, a diversified manufacturer of motion control products, from 2012 to January 2017. Mr. DiSantis was the Chief Executive Officer of Latrobe Specialty Metals, Inc., a worldwide supplier of premium alloys, from 2011 to 2012. He worked at Hawk Corporation, a global designer and manufacturer of friction technology solutions, from 2000 to 2010 in various management positions, including President and Chief Operating Officer from 2006 to 2010. Mr. DiSantis is a director and Chairman of the Board of Hardinge Inc., a manufacturer of precision machine tools. In addition, Mr. DiSantis is and has been a director of private companies in a variety of industries.

From his experiences as a leader of manufacturing businesses, Mr. DiSantis has obtained a wealth of knowledge about the complex business challenges and opportunities that face Verso and on which he can draw in serving as a Verso director. In addition, as our President and Chief Executive Officer, Mr. DiSantis is uniquely positioned as a director to contribute his in-depth knowledge of Verso's industry, operations, financial condition, organization and other matters relating to our business during the course of discussions and decision-making by our board of directors. Finally, Mr. DiSantis' service as a director of other companies in diverse industries provides him with a range of experiences on which he can draw in serving as a Verso director and enhances his knowledge of effective corporate governance.

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***Jerome L. Goldman***

Mr. Goldman has been a director of Verso since July 2016. He was a corporate tax partner with Ernst & Young LLP, a global accounting and tax services firm, from 1984 to 2011, where he concentrated his practice on international tax, mergers and acquisitions, and accounting matters.

Mr. Goldman's background and experience in tax and accounting are valuable to Verso's board of directors, especially with respect to the financial reporting, internal audit and other oversight duties and responsibilities of the Audit Committee. In addition, Mr. Goldman's many years of advising clients in a wide array of industries, including those involved in manufacturing, provide him with valuable insights on the business and financial issues confronting Verso, on which he can draw in serving as a Verso director.

***Steven D. Scheiwe***

Mr. Scheiwe has been a director of Verso since October 2016. He has been the President of Ontrac Advisors, Inc., a consultancy providing business analysis and management services to private equity firms, companies and funds managing distressed debt issues, since 2001. Mr. Scheiwe worked at Teletrac, Inc., a wireless location and telecommunications services provider, from 1995 to 2001 in management and legal positions, including Chief Executive Officer from 1999 to 2001 and General Counsel and Secretary from 1995 to 1999. He was the General Counsel and Secretary of Premier Page, Inc., a paging services provider, from 1988 to 1995. Mr. Scheiwe is a director of the following public company: WMIH Corp., a reinsurer of mortgage insurance policies in runoff mode. During the past five years, he has served as a director of the following public or formerly public companies: FiberTower Corporation; and Hancock Fabrics, Inc. In addition, Mr. Scheiwe is and has been a director of several private companies in various industries.

Mr. Scheiwe, by virtue of his professional experiences, has gained substantial knowledge of business planning and execution, mergers and acquisitions, finance and other aspects of managing a business enterprise which contributes to his effectiveness in providing oversight and guidance as a Verso director. In addition, Mr. Scheiwe's service as a director of several public and private companies across a wide spectrum of industries provides him with diverse experiences on which he can draw in serving as a Verso director and increases his knowledge of effective corporate governance.

***Jay Shuster***

Mr. Shuster has been a director of Verso since July 2016. He has been the Managing Member of Shuster Group, LLC, a privately held business consulting firm, since 2011, through which he has continued a consulting practice begun in 2000 in which he has advised industrial and high-tech companies on strategic and operational planning, mergers and acquisitions, turnaround management, financial performance, management evaluation and other business needs. Mr. Shuster worked at Rock-Tenn Company, a paperboard and specialty packaging manufacturer, from 1979 to 2000 in management, finance and accounting positions, including President and Chief Operating Officer from 1996 to 2000, Executive Vice President and Chief Operating Officer from 1991 to 1995, Executive Vice President and General Manager of the Consumer Packaging Group from 1989 to 1991, Executive Vice President and General Manager of the Folding Carton Division from 1987 to 1989, Chief Financial Officer from 1981 to 1986, and Treasurer from 1981 to 1984. He began his career in 1975 as a certified public accountant with Arthur Andersen & Company. In addition, Mr. Shuster is and has been a director of several private companies in various industries.

Mr. Shuster's lengthy career with Rock-Tenn Company provides him with an in-depth understanding of our industry and business which informs his service as a Verso director. Mr. Shuster's substantial operational and financial

management experience in the paper products industry affords him insights into the complex challenges and opportunities faced by Verso on which he can draw in providing oversight and guidance to our management. In addition, Mr. Shuster's service as a director of several companies in various industries provides him with broad experiences on which he can draw in serving as a Verso director and increases his knowledge of effective corporate governance.

#### **Other Matters Concerning Executive Officers and Directors**

On January 26, 2016, Verso and substantially all of our direct and indirect subsidiaries ( Debtors ) filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code ( Bankruptcy Code ) in the United States Bankruptcy Court for the District of Delaware ( Bankruptcy Court ). The chapter 11 cases ( Chapter 11 Cases ) were consolidated for procedural purposes only and administered jointly under the caption In re: Verso Corporation, et al., Case

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No. 16-10163. On June 23, 2016, the Bankruptcy Court entered an order confirming the Debtors' First Modified Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated as of June 20, 2016 ( "Plan" ). On July 15, 2016, the Plan became effective pursuant to its terms and the Debtors emerged from their Chapter 11 reorganization.

All of our executive officers, other than Messrs. DiSantis and St. John, were executive officers of Verso before and during the Chapter 11 Cases. Mr. St. John was serving as our Regional Vice President of Operations during the Chapter 11 Cases, but he did not become an executive officer of Verso until he was elected our Senior Vice President of Manufacturing in August 2016. Mr. Amen has been a director of Verso since January 2015 and served on our board of directors during and since the Chapter 11 Cases. No other director served in such capacity or as an executive officer of Verso prior to our emergence from Chapter 11 reorganization.

In addition, Mr. Campbell was serving as Chief Financial Officer of Cooper-Standard Holdings, Inc. when it voluntarily filed for protection under Chapter 11 of Title 11 of the Bankruptcy Code on August 3, 2009.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended ( "Exchange Act" ), and the rules of the Securities and Exchange Commission ( "SEC" ) thereunder require that our directors and executive officers and the beneficial owners of more than 10% of Verso's common stock file with the SEC initial reports of, and subsequent reports of changes in, their beneficial ownership of our common stock. Based solely on our review of such Section 16(a) reports and written representations that our directors and executive officers have furnished to us, we believe that all reporting persons complied with all applicable Section 16(a) filing requirements during 2017, except for one inadvertently late Form 4 for Mr. St. John related to tax withholding obligations in connection with the vesting of stock units held by Mr. St. John's spouse.

### **Code of Ethics**

Our board of directors has adopted a Code of Conduct that applies to all of our directors, employees and officers, including our Chief Executive Officer and Chief Financial Officer. The current version of the Code of Conduct is available on our website under the Corporate Governance section at [www.versoco.com](http://www.versoco.com). To the extent required by rules adopted by the SEC and the New York Stock Exchange, we intend to promptly disclose future amendments to certain provisions of the Code of Conduct, or waivers of such provisions granted to executive officers and directors, on our website under the Corporate Governance section at [www.versoco.com](http://www.versoco.com).

### **Audit and Finance Committee**

We have a standing Audit Committee of the board. The Audit Committee currently consists of three directors—Messrs. Goldman, Scheiwe and Shuster—appointed by the board of directors. The board of directors has determined that each director serving on the Audit Committee is independent under the applicable rules of the New York Stock Exchange ( "NYSE" ) and Exchange Act, satisfies the NYSE's requirements of being financially literate and possessing accounting or related financial management expertise, and qualifies as an audit committee financial expert under the SEC's rules.

## **Item 11. Executive Compensation**

### **Executive Compensation**

This section of the Amendment sets forth certain information regarding the compensation of Verso's named executive officers in accordance with the SEC's rules, including those applicable to smaller reporting companies. For 2017, our named executive officers are B. Christopher DiSantis, Allen J. Campbell and Michael A. Weinhold.

#### **Compensation of Named Executive Officers**

The compensation provided to Verso's named executive officers for their services in 2017 and 2016 is quantified in the Summary Compensation Table. For 2017, our executive compensation consisted principally of a base salary and an annual, performance-based cash incentive award. In addition, in 2017 our named executive officers received an award of service-based and performance-based RSUs. Our named executive officers also received other compensation as set forth in the "All Other Compensation" column of the Summary Compensation Table. The Summary Compensation Table should be read in conjunction with the additional information about our executive compensation provided in the narratives and tables that follow the Summary Compensation Table.

**Table of Contents****Summary Compensation Table 2017-2016**

The following table presents information regarding the compensation that Verso provided to our named executive officers for their services in 2017 and 2016.

Name and Principal Position	Year	Base Salary (\$) <sup>(1)</sup>	Bonus (\$) <sup>(2)</sup>	Stock Awards (\$) <sup>(3)</sup>	Non-Equity Incentive Plan	All Other	Total (\$)
					Compensation (\$) <sup>(4)</sup>	Compensation (\$) <sup>(5)</sup>	
B. Christopher DiSantis <sup>(6)</sup>	2017	756,250		1,999,999	1,087,103	168,684	4,012,036
<i>President and Chief Executive Officer</i>							
Allen J. Campbell	2017	433,500	37,931	549,999	499,392	167,716	1,688,538
	2016						
<i>Senior Vice President and</i>		427,125	37,931	108,376	346,800	166,928	1,087,160
<i>Chief Financial Officer</i>							
Michael A. Weinhold <sup>(7)</sup>	2017	433,500	37,931	549,999	468,180	197,118	1,686,728
	2016						
<i>President of Graphic Papers</i>		427,125	37,931	108,376	325,125	132,037	1,030,594

- (1) Mr. DiSantis joined Verso on February 1, 2017 and his annual base salary was set at \$825,000. The amount in the table reflects his actual base salary earned for the portion of the fiscal year he was employed by Verso.
- (2) The 2017 bonus consists of a cash retention award made under the 2016 Retention Plan to certain of our named executive officers that was subject to the executive officer's continued employment with Verso through June 30, 2017.
- (3) On February 7, 2017, Verso awarded Mr. DiSantis 251,889 restricted stock units ( RSUs ) subject to time-based and performance-based vesting requirements under the Performance Incentive Plan in connection with his employment with us. The fair value of such RSUs on the grant date, computed in accordance with FASB ASC Topic 718, was \$7.94 per RSU, which was the closing sale price per share of our Class A common stock on the NYSE on such date. On October 12, 2017, Verso awarded each of Messrs. Campbell and Weinhold 93,220 RSUs subject to time-based and performance-based vesting requirements under the Performance Incentive Plan as part of their annual equity compensation grants. The fair value of such RSUs on the grant date, computed in accordance with FASB ASC Topic 718, was \$5.90 per RSU, which was the closing sale price per share of our Class A common stock on the NYSE on such date. On July 28, 2016, Verso awarded each of Messrs. Campbell and Weinhold 9,424 RSUs under the 2016 Retention Plan and the Performance Incentive Plan. The fair values of such RSUs on the grant date, computed in accordance with FASB ASC Topic 718, was \$11.50 per RSU, which was the closing sale price per share of our Class A common stock on the NYSE on such date.
- (4) The 2017 non-equity incentive plan compensation consists of cash payments to our named executive officers under the 2017 Verso Incentive Plan.
- (5) The all other compensation paid to or for the benefit of our named executive officers for 2017 consists of the following:

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- (a) matching contributions under the Retirement Savings Plan as follows: Mr. DiSantis \$12,225; Mr. Campbell \$16,363; and Mr. Weinhold \$16,038;
  - (b) discretionary contributions under the Supplemental Salary Retirement Program as follows: Mr. DiSantis \$8,100; Mr. Campbell \$8,100; and Mr. Weinhold \$8,100;
  - (c) discretionary contributions under the Deferred Compensation Plan as follows: Mr. DiSantis \$14,588; Mr. Campbell \$18,024; and Mr. Weinhold \$17,597;
  - (d) matching contributions under the Deferred Compensation Plan as follows: Mr. DiSantis \$21,656; and Mr. Weinhold \$17,250;
  - (e) contributions under the Executive Retirement Program as follows: Mr. Campbell \$78,030; and Mr. Weinhold \$60,690;
  - (f) payments under our executive financial counseling policy as follows: Mr. DiSantis \$9,500; Mr. Campbell \$6,500; and Mr. Weinhold \$6,500;
  - (g) company paid life and disability insurance premiums as follows: Mr. DiSantis \$2,615; Mr. Campbell \$2,091; and Mr. Weinhold \$2,091;
  - (h) payments under our employee relocation policy in connection with the Company's move of its headquarters to Miamisburg, Ohio in 2017, as follows: Mr. Campbell \$23,965; and Mr. Weinhold \$46,778; and
  - (i) one-time cost of living adjustment cash payment in connection with the Company's move of its headquarters to Miamisburg, Ohio in 2017, as follows: Mr. Campbell \$14,643; and Mr. Weinhold \$22,074.
- (6) Mr. DiSantis became our President and Chief Executive Officer and a member of our board of directors on February 1, 2017.
  - (7) Mr. Weinhold became our President of Graphic Papers on February 1, 2017. He previously was our Senior Vice President of Sales, Marketing and Product Development.

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The compensation of Verso's executive officers begins with a base salary. In determining the initial annual base salaries or the amounts by which to increase the base salaries of our executive officers, we typically evaluate each executive officer's position and functional responsibilities, consider the executive officer's performance and contributions in the prior year, review the executive officer's base salary in comparison to the base salaries of similar positions with similar functional responsibilities at comparable companies, compare the executive officer's base salary to those of our other executive officers for internal equity purposes, and consider Verso's financial position and our resources available for compensation purposes. Mr. DiSantis's base salary was set by the Compensation Committee when he joined the Company in 2017. None of Verso's named executive officers received increases in their base salaries in 2017.

**Non-Equity Incentive Plan: 2017 Verso Incentive Plan**

In July 2017, Verso, with the approval of the Compensation Committee, established and implemented the 2017 Verso Incentive Plan ( 2017 VIP ), an annual, performance-based cash incentive plan for the benefit of our executive officers and other key employees. The 2017 VIP provided the participants with an opportunity to receive a cash incentive award based on Verso's, their departments' and their individual performances in 2017. The 2017 VIP involved the quantitative measurement of Verso's actual performance against a series of operational and financial performance objectives for 2017. It also entailed a qualitative assessment of the contributions of each participant and his or her department to the achievement of our performance objectives.

The 2017 VIP was designed to provide the participants with an incentive for superior work and to motivate them toward even higher achievements and business results, to tie their goals and interests to those of Verso and our other stockholders, and to enable us to attract and retain highly qualified executive officers and other employees. The 2017 VIP was administered by the Compensation Committee. Generally, unless otherwise provided by an agreement with Verso, a participant must remain employed by Verso until the time bonuses are actually paid for the performance year in order to be eligible to receive a bonus under the plan, although the Compensation Committee had the discretion to pay a prorated portion of a participant's incentive award in the event that the participant's employment with us was terminated after establishment of the 2017 VIP because of his or her death, disability or retirement or the elimination of his or her position.

The 2017 VIP set forth Verso's performance objectives for 2017 to be used to establish the 2017 annual cash incentives for participants in the plan, the relative weighting of the performance objectives against each other, the threshold, target and maximum achievement levels of our performance objectives, and the funding associated with achieving the performance objectives at the various achievement levels. In establishing the performance objectives, their relative weighting, and their achievement levels, the Compensation Committee considered information provided by management concerning our operational and financial goals for 2017, with the purpose of reflecting those goals in the 2017 VIP. In establishing the funding levels, the Compensation Committee considered the other compensation provided to our executive officers and senior managers, with the aim of establishing total incentive compensation that was competitive. Taking these matters into consideration, the Compensation Committee approved the elements of the 2017 VIP as shown in the following table.

2017 Performance Objectives	Relative Achievement Levels and Funding Levels			
	Weighting	Threshold	Target	Maximum
SG&A Reductions <sup>(1)</sup>	20%	\$ 19M	\$ 23M	\$ 27M

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R-Gap Improvement <sup>(2)</sup>	20%	\$ 40M	\$ 52M	\$ 64M
Safety <sup>(3)</sup>	10%	1.30	1.15	1.00
Working Capital <sup>(4)</sup>				
AP Dollars Increase Year End	15%	\$ 15M	\$ 20M	\$ 25M
Inventory Dollars Decrease Year End	20%	\$ 27M	\$ 42M	\$ 57M
Adjusted EBITDA <sup>(5)</sup>	15%	\$ 110M	\$ 135M	\$ 160M
Funding percentage		50%	100%	200%
Funding amount		\$ 5.1M	\$ 10.3M	\$ 20.5M

- (1) SG&A Reduction refers to realized savings in SG&A achieved by us by 2017 year end (SG&A expenses for 2017 compared to SG&A expenses for 2016).
- (2) R-Gap Improvement means the net year-over-year change, measured in dollars, of improvements in various areas of operations.
- (3) Safety refers to our number of OSHA recordable safety incidents during 2017 per 100 full-time employees.

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- (4) Working Capital includes two components (a) AP (Accounts Payable) Dollars Increase Year End, a measure of the improvements we made in extending the time for payment of accounts payable year-over-year, increasing AP DPO (Days Payable Outstanding) at year-end (year-end 2017 compared to year-end 2016), and (b) Inventory Dollars Decrease Year End, a measure of the improvements we made in reducing inventory year-over-year (year-end 2017 compared to year-end 2016).
- (5) Adjusted EBITDA is our earnings before interest, taxes, depreciation and amortization, adjusted to exclude certain unusual items and to reflect changes in accounting principles, policies, practices and procedures adopted or implemented during the term of the 2017 VIP.

Under the 2017 VIP, the incentive pool, representing the total amount of incentive awards for all participants, was determined initially by adding together all the participants' target-level incentive awards. A participant's target-level incentive award is a specified percentage of the participant's base salary. This initial pool represents the amount of the incentive pool at the target achievement level of performance, which also is referred to as the target-level incentive pool. If the incentive pool were to be funded at the threshold achievement level, the amount of the incentive pool would be equal to 50% of the target-level incentive pool. If, on the other hand, the incentive pool were to be funded at the maximum achievement level, the amount of the incentive pool would be equal to 200% of the target-level incentive pool. Under the 2017 VIP, the threshold, target and maximum funding levels of the incentive pool were approximately \$5.1 million, \$10.3 million and \$20.5 million, respectively.

After determining the target-level incentive pool, the next step in determining the funding of the incentive pool was to consider the levels of achievement of Verso's performance objectives. After year-end, we calculated the achievement level and factored in the relative weighting of each of our performance objectives. By way of illustration only, if we had achieved the Adjusted EBITDA performance objective at the threshold level of achievement, then 50% of 20%, or a net of 10%, of the target-level incentive pool would have been funded. For any performance objective that was achieved at a level between the threshold and target achievement levels or between the target and maximum achievement levels, we used linear interpolation to determine the appropriate incentive pool funding percentage attributable to such performance objective. This methodology was used to determine the incentive pool funding percentage attributable to the achievement of each of our performance objectives, and the results were added together. Next, the actual amount of the incentive pool was determined by multiplying the total incentive pool funding percentage by the amount of the target-level incentive pool.

The Compensation Committee, applying the methodology set forth in the 2017 VIP, funded the incentive pool at approximately \$14.83 million, representing a funding percentage of 144% of the target-level incentive pool. The Compensation Committee determined the funding of the incentive pool based on the following actual levels of achievement of Verso's performance objectives as set forth in the 2017 VIP:

2017 Performance Objectives	Relative Weighting	Actual Achievement Levels	Funding Levels
SG&A Reduction	20%	\$ 31.4M	40.0%
R-Gap Improvement	20%	\$ 42.1M	11.8%
Safety	10%	1.11	12.7%
Working Capital			
AP Dollars Increase Year-End	15%	\$ 69.8M	30.0%
Inventory Dollars Decrease Year-End	15%	\$ 76.0M	30.0%

Adjusted EBITDA	20%	\$ 134.4M	19.8%
Funding percentage			144% <sup>(1)</sup>
Funding amount (144% of the target level of \$10.3 million)			\$ 14.83M

(1) Rounded to the nearest whole number

The amount of a participant's incentive award under the 2017 VIP was determined by reference to his or her target-level incentive award percentage. A participant's target-level incentive award percentage is the percentage of his or her base salary that the participant would receive as an incentive award under the 2017 VIP in the event that the incentive pool were to be funded at the target level of 100%. The target-level incentive award percentage reflects our assessment of a participant's ability, considering his or her position with us, to affect our operational and financial performance. They also take into account the other compensation to which a participant is entitled, the target-level incentive award percentages for positions with similar functional responsibilities at comparable companies, and, in the case of Mr. DiSantis, the applicable provisions of his employment agreement with us. The target-level incentive award percentages range from 5% to 100% of a participant's base salary at the end of the year, depending on the participant's employment grade level with us. The target-level incentive award percentages of our named executive officers were 100% of base salary for Mr. DiSantis, 80% of base salary for Mr. Campbell, and 75% of base salary for Mr. Weinhold. In each case, a participant's incentive award is capped at 200% of his or her target-level incentive award.

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The amount of a participant's incentive award under the 2017 VIP could be affected by the level of achievement of his or her group/individual performance objectives. A participant's group/individual performance objectives, which were established at the beginning of the year in consultation with his or her supervisor, are intended to be linked to and supportive of the achievement of our performance objectives. The requirement to develop group/individual performance objectives applied to all participants in the 2017 VIP other than Mr. DiSantis, our Chief Executive Officer. Our named executive officers other than Mr. DiSantis developed their group/individual performance objectives in early 2017. While the Compensation Committee had the discretion to make adjustments to a participant's incentive award to take into account extraordinary or unforeseen events and circumstances, the Compensation Committee did not make any adjustments for individual performance in the 2017 VIP incentive awards payable to our named executive officers. With respect to Mr. DiSantis, his 2017 VIP incentive award was based solely on the level of achievement of Verso's performance objectives.

In summary, the incentive pool for the 2017 VIP was funded at approximately \$14.83 million, representing a funding percentage of 144% of the target-level incentive pool, and the 2017 VIP incentive awards for our executive officers were equal to 144% of their target-level incentive awards. Additional information about the 2017 VIP incentive awards paid to our named executive officers is set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

**Equity Incentive Plan: Performance Incentive Plan**

The Performance Incentive Plan (PIP), which we established upon emerging from our Chapter 11 reorganization, allows Verso to grant equity and cash incentive awards to our officers, employees, directors and consultants. The purpose of the PIP is to promote our success by providing a means, through the grant of incentive awards, to attract, motivate, retain and reward the participants, and with respect to equity awards, to align their interests with those of our stockholders. The types of awards that may be granted under the PIP, whether alone or in tandem, include stock options, stock appreciation rights, stock bonuses, restricted stock, performance stock, restricted stock units (RSUs), phantom stock and similar rights to purchase or acquire shares of our Class A common stock, as well as cash. The maximum number of shares of Class A common stock that may be delivered pursuant to awards granted under the PIP is 3,620,067 shares. The awards granted under the PIP may vest upon the passage of time and/or upon the achievement of performance objectives based on criteria chosen from among those set forth in the PIP. The PIP is administered by the Compensation Committee or, in the case of awards granted to our non-employee directors, the board of directors. The awards granted under the PIP are subject to the provisions of any claw-back policy implemented by Verso and any similar provision of any applicable law.

In 2017, Verso granted a total of 897,517 RSUs subject to time-based and performance-based vesting requirements under the PIP to our executive officers and certain key senior managers as part of their annual compensation or, with respect to Mr. DiSantis, in connection with his employment with us. Additional information about these RSU grants is set forth in the Outstanding Equity Incentive Awards at 2017 Fiscal Year-end section of this Amendment and the Stock Awards column of the Summary Compensation Table. In 2017, Verso also granted a total of 79,080 RSUs under the PIP to our non-employee directors as part of their compensation for serving as directors. Additional information about these RSU grants is set forth in the Director Compensation section of this Amendment.

**Bonus: 2016 Retention Plan**

In July 2016, upon emerging from its Chapter 11 reorganization, Verso established and implemented the 2016 Retention Plan, a service-based retention award plan for the benefit of our executive officers and certain key senior managers. The purpose of the 2016 Retention Plan is to provide the participants with financial incentives to continue their employment with Verso as we develop and implement our long-range strategic initiatives following our

reorganization. The 2016 Retention Plan provides for three levels of retention awards based on the participants positions within Verso's management. The values of the retention award are varying percentages of the participants base salaries, with our executive officers receiving retention awards at the 85% level. For the executive officers, the retention awards consist of cash and RSUs granted under the PIP comprising 70% and 30%, respectively, of the award values (based on the grant date fair value of the RSUs awarded). The cash retention awards vest in three installments of 15%, 15% and 70% on December 31, 2016, June 30, 2017, and June 30, 2018, respectively. The RSU retention awards vest in three equal installments on each of the first, second and third anniversaries of the grant date of July 28, 2016. In order to receive or vest in an installment of a cash or RSU retention award, the participant must remain continuously employed by Verso or one of our subsidiaries through the applicable vesting date of

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the installment. Except in certain circumstances specified in the award documents as described below, if a participant's employment with us terminates before any portion of a cash or RSU retention award becomes vested, the unvested portion of the award will expire, regardless of the reason for the termination of employment. If, in connection with the termination of a participant's employment, the participant is entitled to acceleration of the unvested portion of his or her cash retention award, such accelerated award will be reduced by the amount of any termination allowance that the participant receives under our severance policy. Additional information about the cash retention awards paid to our named executive officers in 2017 under the 2016 Retention Plan is set forth in the "Bonus" column of the Summary Compensation Table. Mr. DiSantis does not participate in the 2016 Retention Plan as he was not employed by Verso when we emerged from the Chapter 11 reorganization.

## **Retirement Benefits**

Verso provides benefits to our executive officers and other eligible employees under the following retirement plans and programs as a means of attracting and retaining qualified employees:

Retirement Savings Plan, a tax-qualified, 401(k) defined contribution plan;

Supplemental Salary Retirement Program, a tax-qualified defined contribution program implemented under the Retirement Savings Plan;

Deferred Compensation Plan, a non-qualified defined contribution plan; and

Executive Retirement Program, a non-qualified defined contribution program implemented under the Deferred Compensation Plan.

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### Environmental Compliance

The Company does not manufacture products or use raw materials in its products that are deemed to be subject to rules or regulations relating to the discharge of certain materials into the environment.

### Employees

As of May 31, 2009, we had 24 full-time employees, and 2 part-time employees. We believe the relationship we have with our employees is good.

### Item 2

#### DESCRIPTION OF PROPERTY

In August 2007, the Company's principal executive offices were moved from 42 Forest Lane, Bronxville, New York 10708 to 500 West 37th Street, 2nd Floor, New York, New York 10018, which is the location of the offices and operation of Artisanal Cheese, LLC, the specialty cheese operation that the Company acquired through its subsidiary AHF Acquisition Corp. in August 2007. Upon closing that transaction, Artisanal Cheese LLC negotiated a new five-year lease for approximately 10,000 square feet commencing September 28, 2007, subject to rent increase of approximately ten percent per annum. The current lease payment is approximately \$16,000 per month.

The leased space consists of all executive and sales offices, five cheese-aging caves, a packaging and shipping facility, a customer call center and a 1,000 square foot cheese center consisting of a fully-equipped kitchen, classroom and presentation area with two large flat-screen television panels used for conducting cheese education courses and third-party special events. From this facility the business distributes its line of Artisanal Premium Cheese products to fine food wholesalers, specialty food outlets, restaurants and to consumers through its catalogue and internet site.

Management believes that the facilities used by it in the operation of its business are adequately covered by insurance and are suitable and adequate for its current business operations.

### Item 3

#### LEGAL PROCEEDINGS

None.

### Item 4

#### SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The last Annual Meeting of Shareholders was held on January 28, 2005 at which the Company received majority votes in favour of: changing the Company's name to American Home Food Products, undertaking a 1-for-7 reverse stock split and ratifying the election of its independent outside auditors. Since then, the company had pursued several operating businesses that could serve as growth platforms in various product categories. However, for various reasons not attributable to the Company, the transaction could not be brought to a close until August 2007 when the Company acquired Artisanal Cheese LLC. Management anticipates scheduling the next meeting of shareholders for a date within approximately ninety days of the filing of this Form 10-K.

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## PART II

Item MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND  
5 ISSUER PURCHASES OF EQUITY SECURITIES

## Common Stock

The Company's common stock, \$.001 par value, is traded on the Over-the-Counter ("OTC") Bulletin Board operated by the National Association of Securities Dealers under the ticker symbol "AHFP". The Company's common stock became actively traded in July, 1995.

The following table shows the range of high and low bid information for our common shares for each quarter (except as indicated) within the last two fiscal years:

	Closing Bid	
	High	Low
Fiscal Year 2008		
Quarter Ended August 31, 2007	\$0.40	\$0.40
Quarter Ended November 30, 2007	\$0.38	\$0.38
Quarter Ended February 29, 2008	\$0.20	\$0.20
Quarter Ended May 31, 2008	\$0.30	\$0.30
Fiscal Year 2009		
Quarter Ended August 31, 2008	\$0.20	\$0.20
Quarter Ended November 30, 2008	\$0.09	\$0.09
Quarter Ended February 29, 2009	\$0.05	\$0.05
Quarter Ended May 31, 2009	\$0.29	\$0.29

The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

The approximate number of common stockholders of record at May 31, 2008, was 200. The number of stockholders of record does not include beneficial owners of our common stock, whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries, which is estimated to be 500 shareholders.

The Company may, but has not, entered into any agreements with market makers to make a market in the Company's common stock. In addition, any market making activity would be subject to the limits imposed by the Securities Act, and the Securities Exchange Act of 1934, as amended. For example, federal regulations under the Exchange Act regulate the trading of so-called "penny stocks" (the "Penny Stock Rules"), which are generally defined as any security not listed on a national securities exchange or NASDAQ, priced at less than \$5.00 per share, and offered by an issuer with limited net tangible assets and revenues. In addition, equity securities listed on NASDAQ that are priced at less than \$5.00 per share are deemed penny stocks for the limited purpose of Section 15(b)(6) of the Exchange Act. Therefore, during the time which the common stock is quoted on the NASDAQ OTC Bulletin Board at a price below \$5.00 per share, trading of the common stock will be subject to the full range of the Penny Stock Rules. Under these rules, broker dealers must take certain steps before selling a "penny stock," which steps include: (i) obtain financial and investment information from the investor; (ii) obtain a written suitability questionnaire and purchase agreement signed by the investor; and (iii) provide the investor a written identification of the shares being offered and in what quantity. If the Penny Stock Rules are not followed by the broker-dealer, the investor has no obligation to purchase the shares. Given the application of the comprehensive Penny Stock Rules it may be more difficult for

broker-dealers to sell the common stock.

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Accordingly, no assurance can be given that an active market will always be available for the common stock, or as to the liquidity of the trading market for the common stock. If a trading market is not maintained, holders of the common stock may experience difficulty in reselling them or may be unable to resell them at all. In addition, there is no assurance that the price of the common stock in the market will be equal to or greater than the offering price when a particular offer of securities is made by or on behalf of a selling security holder, whether or not the Company employs market makers to make a market in the Company's stock.

## Series A Redeemable Convertible Preferred stock

During the fiscal year ended May 31, 2009, the Company sold 250,000 shares of redeemable convertible preferred stock for a total gross proceeds of \$250,000. During the fiscal year ended May 31, 2008, the Company sold 5,200,000 shares of redeemable convertible preferred stock at a price of \$1.00 per share for total gross proceeds of \$5,200,000. Another 15,000 shares of preferred stock was issued in exchange for consulting services. The preferred stock has a face value of \$1.00 per share and is convertible at \$.30 per share into \$.001 par value common stock of Company. The preferred stock converts into approximately 60% of the issued and outstanding common stock of the Company on a fully diluted basis.<sup>6</sup>

Dividends shall be paid (a) at an annual rate of 12% of the face value in each of the first two years ending August 14, 2008 and 2009, and will be paid in preferred shares and (b) after the first two years, at a rate of 12% of the face value if paid in cash or at a rate of 15% of the face value if paid in preferred shares, at the election of the Company. The preferred share dividends shall convert into common stock at \$.30 per share, unless the Company elects to pay dividends in cash pursuant to (b) above. The monthly accrual for preferred share dividends paid in preferred shares through August 14, 2008 and August 14, 2009 is 52,150 and an average of 59,338 shares, respectively. Thereafter, the monthly accrual for preferred share dividends paid in cash is expected to be approximately \$66,497 or 83,121 shares if paid in shares.

At any time prior to August 14, 2012, and upon 30 days advance notice, the Company shall have the right to redeem one-half of the preferred stock that is issued and outstanding by paying the holder the full face value of the preferred stock plus accrued dividends in cash (the "First Redemption"). The remaining one-half of the preferred stock that is issued and outstanding after the First Redemption can either be: (a) redeemed by the Company in cash at full par/face value plus accrued dividends with the holder also receiving a two-year option to acquire 5% of the issued and outstanding common stock of the Company at an exercise price of \$.30 per share, or, (b) converted into 30% of the issued and outstanding common stock of the Company (the "Second Redemption"). The holder shall have sole authority to elect subsection (a) or (b) above upon receiving a redemption notice. Any common stock or common stock option issued pursuant to the First Redemption or the Second Redemption shall be on a fully-diluted basis, excluding the management stock option granted to Messrs. Dowe and Feeney (see below).

<sup>6</sup> As of 5/31/09, this conversion is calculated as follows:

6,559,717	preferred shares converted at \$.30	21,999,057	shares of common
5,100,000	management stock options	5,100,000	shares of common
770,000	stock options issued to directors	770,000	shares of common
7,835,316	shares of common outstanding	7,835,316	shares of common
		35,704,373	

$21,999,057/35,704,373 = .616$  or 62%



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So long as over \$1,500,000 of the preferred stock is issued and outstanding the Company shall require the prior written consent of holders representing two-thirds of the preferred stock issued and outstanding to (a) sell, merge with, acquire or consolidate with another business entity, (b) incur additional leverage beyond the leverage contemplated by the Company and holders as part of the Company's acquisition of Artisanal Cheese, LLC, or (c) issue any new shares of common stock or securities convertible or exercisable into common stock in excess of 2% of the shares of common stock issued and outstanding on a fully diluted basis as of August 14, 2007, excluding the management stock option granted to Messrs. Dowe and Feeney (see below.) At no time shall any securities be sold or granted at a price less than the thirty cents (\$.30) per share conversion price.

In the event of a liquidation, the preferred stockholders shall receive a cash payment of par value plus accrued dividends in calendar year 2007; \$1.10 per preferred share plus accrued dividends in calendar year 2008; and \$1.20 per preferred share plus accrued dividends in calendar 2009 and thereafter.

Pursuant to a Registration Rights Agreement with each preferred shareholder, the Company agreed to file a registration statement with respect to the preferred shares issued and the number of common shares necessary to enable all holders to have resale rights in the common stock underlying their preferred stock if and when converted, or upon a redemption payable in common stock. As an inducement for the Company to undertake the registration process in a timely manner, the Registration Rights Agreement included a liquidated damage penalty if the Company failed to meet certain target dates or failed to register the shares altogether. The Company filed a registration statement in May 2008. In the meantime, recent amendments to Rule 144 have effectively shortened the holding periods for both non-affiliates and affiliates. Consequently, substantially all of the shares included in the Company's registration statement have become unrestricted and freely-tradeable, thereby obviating the need to pursue the Registration Statement any further. The registration statement was subsequently withdrawn. All costs relating to the registration statement have been borne by the Company. The Company has issued 347,668 shares of common stock to the preferred shareholders representing the liquidating damage penalty.

## Management Stock Options

At the time the Company acquired Artisanal Cheese LLC, the Company offered Mr. Daniel W. Dowe and Mr. William Feeney five-year management stock options so as to encourage them to serve as Chairman/Chief Executive Officer and Chief Operating Officer of the Company, respectively. Specifically, the Company offered them management stock options having an exercise price of \$.30 per share that are exercisable into approximately 12% and 8%, respectively, of the Company's common stock on a fully-diluted basis. The options will not be exercisable unless the Company (a) achieves \$21.6 million in revenue or \$2 million EBITDA in a full calendar year by no later than 2009 and (b) redeems 2,607,500 shares of the preferred stock. The failure of either of these conditions will cause the management stock option to terminate in its entirety. When Mr. Feeney resigned as Chief Operating Officer in January 2008, and Mr. Dowe assumed Mr. Feeney's duties, the Company adjusted the aforementioned percentages to 14.4% and 1.9%, respectively, recognizing Mr. Feeney's contribution toward the acquisition of Artisanal Cheese LLC and his continued contribution as a consultant to the Company. The board adopted a confirming resolution of these stock options, as adjusted, at its meeting on January 31, 2008.

At its board meeting on April 9, 2008, the board authorized three-year stock options to each of the seven non-managing board members. The options have an exercise price of \$.30 per share that is exercisable into 0.4% of the Company's Common Stock on a fully-diluted basis (including the Dowe and Feeney options). These options are immediately fully-vested and exercisable and will expire on January 31, 2011.

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### Dilution

The conversion price of the Series A shares and exercise price of the management stock options and the number of shares issuable upon conversion/exercise of the respective shares and options are subject to adjustments for common stock dividends, stock splits, combinations, reclassification or similar event. Therefore, any Series A preferred shares converted or stock options exercised after such event shall be entitled to receive the aggregate number and kind of common stock and/or capital stock which, if such Series A shares had been converted or stock options exercised immediately prior to such event, Series A or stock options would have owned upon such conversion/exercise (and, in the case of a reclassification, would have retained after giving effect to such reclassification) and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification.

If all of the preferred shares outstanding as of May 31, 2009 were converted (including preferred stock dividends through that date), i.e. 6,599,717 the number of common shares would increase by 21,999,057 shares, to a total of 29,834,373 shares representing a 74% dilution to existing 7,835,316 common shares. If all of the stock options issued to non-management directors outstanding as of May 31, 2009 were exercised, i.e. 770,000, the number of common shares would increase by 770,000 shares to a total of 8,605,316 shares representing a 9% dilution to the existing 7,835,316 common shares. If the company undertakes the First Redemption and, upon notice of the Second Redemption, the preferred shareholders were to convert the remaining one-half of the preferred stock into common shares (See "Series A Redeemable Convertible Preferred Stock, Subsection (b) of Second Redemption, described above), the number of common shares would increase by 3,687,993 shares to a total of 12,293,309 shares representing a 30% dilution to the existing 7,835,316 common shares and 770,000 stock option holders on a fully-diluted basis.

### Item 6

### SELECTED FINANCIAL DATA

As a smaller reporting company, this Item has been omitted pursuant to 17 CFR 229.301(c).

### Item 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

#### Results of Operations

Year ended May 31, 2009 (Fiscal 2009) as compared to May 31, 2008 (Fiscal 20078)

In the year ending May 31, 2009 (Fiscal 2009), the Company had net sales of \$5,704,247. The cost of goods sold was \$4,168,844 representing a gross margin of approximately 27%. Selling, general and administrative costs totaled \$2,999,360 and are predominantly comprised of employee related expenses.

For the year ending May 31, 2009, the Company recorded a net loss from operations of \$1,617,552 versus \$600,474 versus for the same period in 2008. The net loss to common shareholders during the year ending May 31, 2009 was \$2,297,798 versus a net loss of \$1,050,324. Of the net loss \$680,246 was attributable to non-cash dividends paid to preferred shareholders during Fiscal 2009 in the form of new shares of preferred stock. The Company incurred \$84,000 of amortization charges and depreciation of \$106,950. The Company also had approximately \$15,000 of non-recurring expenses related to the closing of a revolving line of credit.

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On May 31, 2009, the Company had \$886,735 in current assets, which consisted primarily of net accounts receivable of \$456,688, inventory of \$324,091 and prepaid expenses of \$105,956. The Company's leasehold and equipment and other assets was \$767,383 and intangibles decreased to \$3,746,461 net of amortization, which represents the goodwill and other intangibles.

### Liquidity and Financial Resources at May 31, 2009

As of May 31, 2009, the Company had \$2,374,942 in current liabilities, which includes accounts payable of \$822,761, accrued taxes of \$480,769, a note payable of \$511,646, current portion of long-term debt and accrued expenses and other current liabilities totaling \$288,862. The Company's current liabilities also include outstanding prepaid gift certificates and other deferred revenue totaling \$62,531.

All long-term liabilities are payable to the previous owners of Artisanal Cheese LLC and are being repaid in accordance with the terms of the two governing instruments. The short-term debt of \$228,000 payable to the restaurants owned by former owners of Artisanal Cheese LLC was paid quarterly and the \$50,500 balance as of May 31, 2008 was retired in full in July 2008.

At the end of fiscal 2008, the Company had intended to complete its plan to close on a two-part senior debt facility consisting of an asset-based revolving line of credit secured by the accounts receivable of the company and then a term loan in the range of \$1 million secured by all of the other assets of the Company. This senior financing was contemplated as part of the acquisition of Artisanal Cheese LLC in August 2007.

In February 2009, the Company closed on a revolving line of credit in an amount representing up to 85% of the company's accounts receivable and 50% of its inventories with a maximum loan amount of \$750,000. The cost of this facility is at Prime Rate plus 2%. The Prime Rate at closing was 3.25%. The line of credit is secured by the assets of the Company and has various covenants for collateral management fees, change of control provisions and a guarantee. As of June 1, 2009, two events of default had occurred under the loan. Specifically, the advance against acceptable inventory exceeded the bank's formula by approximately \$20,000 and the Company had not yet paid its past due taxes in full or otherwise subordinated the taxes to the bank in a manner acceptable to the bank. On or about June 1, 2009, the parties executed a Forbearance Agreement pursuant to which the bank agreed to forbear from exercising its rights and remedies under the original loan document in exchange for the Company's agreement that, until it provides satisfactory evidence that it has paid the past due taxes have been paid or otherwise subordinated to the bank and until it has raised \$1.7 million in cash equity, the interest rate shall be increased to Prime Rate plus 8%. The forbearance agreement expired July 31, 2009. On or about August 13, 2009, the parties executed a second forbearance agreement pursuant to which the bank agreed to forbear until November 9, 2009, in exchange for a \$10,000 forbearance fee, a limitation on the loan against inventory to a maximum of \$175,000, and interest to continue at the rate of Prime Rate plus 8%.

In June 2009, the board approved the Company's intentions to obtain an \$850,000 term loan and to raise an additional \$2 million in equity. As of the date of this filing, the company has secured \$350,000 of the term loan from existing shareholders and has a term sheet for \$2.5 million from a reputable financial institution. The proceeds will be used to finance the Company's new packaging and retail displays and its expansion into big-box and chain retailers, pay down tax liabilities and to provide a cash reserve.

With the expansion of sales into specialty, big-box and chain retail markets, the Company believes its cash flow will be sufficient to meet its fixed monthly expenses. The Company generates cash from the sales of its product. Wholesale and retail customers purchasing on an open account basis have 30-day payment terms. All others sales pertaining to cheese and related items from our print catalog or website or sales relating to classes at the cheese center are paid through credit card which generally settle within three days of purchase.



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Fluctuations in the Company's working capital accounts are generally attributable to seasonal flows in the company's ordinary business. For instance, during the holiday seasons of November-through-January, there is a substantial increase in inventory and accounts receivable with a corresponding decrease in cash. As the season progresses, inventory is generally reduced as the company begins to sell its products to its customers. Fluctuations from February to May are somewhat diminished although the Company does experience an increase in inventory and accounts receivable and decrease in cash as the Easter/Passover holidays approach. Thereafter, as orders are fulfilled in and around the holiday season, inventory decreases and cash increases. From May through August, inventory, accounts receivable and cash remains relatively stable except for short-term swings attributable to weekend holidays like Mother's Day, Memorial Day, Father's Day, July 4 and Labor Day when the Company experiences a higher than average rate of sales on those holiday weekends.

In the past fiscal year, the Company's capital expenditures were nominal. The company incurred approximately \$19,000 of expenses relating to the design and installation of an air purifying system. The Company believes that its forecasted growth in the next year will be readily serviced from its existing facilities without any additional capital expenditures except that the Company may increase its freezer capacity. The Company has received quotes for this work in the range of \$15,000. Any capital that might be required for professional services or new product offerings is expected to be immaterial.

For so long as more than \$1,500,000 of the Preferred stock is issued and outstanding, the Company shall require the prior written consent of holders representing two-thirds of the Preferred stock issued and outstanding to (a) sell, merge with, acquire or consolidate with another business entity, (b) incur additional leverage beyond the leverage contemplated by the Company and Holders as part of the Company's acquisition of Artisanal Cheese, LLC, or (c) issue any new shares of common stock or securities convertible or exercisable into Common Stock in excess of 2% of the shares of Common Stock issued and outstanding on a fully diluted basis as of August 14, 2007, excluding the Management Stock Option granted to Messrs. Dowe and Feeney (see below.) At no time shall such securities be sold or granted at a price less than the thirty cents (\$.30) per share Conversion Price. If the Company cannot obtain the requisite two-thirds approval, these restrictions may affect our liquidity and our ability to execute our business plan.

The cost to carry the preferred stock is a dividend of 12% payable in stock for the first two years. Thereafter the dividend is 12% if payable in cash or 15% if payable in stock, at the Company's election. Where the Company elects to pay the dividend in shares, this will not present a drain on the company's capital resources.

## Inflation and Changing Prices

The Company does not foresee any risks associated with inflation or substantial price increases in the near future. In addition, the cheeses that are selected by the Company in its affinage process are often available from various sources. As such, while the Company has exposure to inflation, it does not believe that inflation will have any materially significant impact on its operations in the near future.

The Company does not foresee any increase in costs that cannot be passed on to its customer in the ordinary course of business. The company adjusts its wholesale and online prices throughout the year to reflect increase costs attributable to increases in energy prices. Under very limited circumstances, the Company has entered into agreements with certain customers for which the Company provides third-party drop-ship fulfillment with contracted pricing for various cheese collections. The Company, in turn, usually has a corresponding agreement with the cheese suppliers whose products are incorporated into these collections for fixed prices to ensure that the company achieves its anticipated gross margin.



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Year ended May 31, 2008 (Fiscal 2008) as compared to May 31, 2007 (Fiscal 2007)

On August 15, 2007, the Company completed its acquisition of all the ownership interests in Artisanal Cheese, LLC. With this transaction, the Company sold its building material assets and recapitalized its existing debts primarily through a tax-free exchange of debt for equity and cash payments to satisfy other obligations. Due to its expanded operations into the specialty food industry, the Company realized a significant increase in its revenues and costs versus the prior period.

In the year ending May 31, 2008 (Fiscal 2008), the Company had net sales of \$4,993,813 that were generated in only a nine and one-half month period from August 15, 2007 to May 31, 2008, as the Company had not owned the business for the full fiscal year period.

Until it sold its building material assets on August 15, 2007, the Company's gross margin of 100% was attributable to the Company's conversion in February 2003 of its manufacturing business into a licensing business. From February 2003 to August 15, 2007, the Company maintained an exclusive licensing agreement with CGM, Inc., whereby CGM fulfilled all orders for products sold under the trade names that the Company owned and thereafter paid the Company a cash royalty on sales. All royalty payments were based on actual sales in the previous month and were paid on a monthly basis. For instance, the royalty for sales of goods in August was paid on October 1st. The increase in cost of goods sold and general operating expenses was attributable primarily to the acquisition of Artisanal Cheese, LLC and the increase in sales of its new line of specialty foods.

For the year ending May 31, 2008, the Company recorded a net loss from operations of \$600,474 versus \$364,433 for the same period in 2007. The net loss to common shareholders during the year ending May 31, 2008 was \$1,050,324 versus a net loss of \$364,433. Of the net loss \$449,850 was attributable to non-cash dividends paid to preferred shareholders during Fiscal 2008 in the form of new shares of preferred stock and \$113,000 was attributable to an increase in accrued liabilities relating to a registration rights penalty for which the Company expects to obtain waivers in the next quarter (See Item 5, Redeemable Convertible Preferred Stock). The Company also generated a gain of \$522,571 on the sale of its former intangible assets relating to the building material business and the discontinuation of its royalty-generating business. The Company incurred \$79,387 in interest charges. Of this amount, approximately \$63,000 was attributable to interest on loans that were converted into equity as part of the Artisanal transaction. The Company also incurred \$71,459 of amortization charges of which \$4,959 related to the building material assets which were sold on August 15, 2007 and depreciation of \$100,110.

On May 31, 2008, the Company had \$1,593,334 in current assets, which consisted primarily of cash of \$750,133, inventory of \$411,771 and accounts receivable of \$378,711. The Company's leasehold and equipment and other assets was \$847,070 and intangibles increased to \$3,830,461 net of amortization, which represents the goodwill and other intangibles. Each of the Company's asset categories increased substantially when compared to its year ending balance sheet dated May 31, 2007 due to the acquisition of the Artisanal assets in August 2007.

## Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure on contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.



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Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. The Company believes that its critical accounting policies are limited to those described below. For a detailed discussion on the application of these and other accounting policies see Note 2 to our financial statements.

### Long-Lived Assets (including Tangible and Intangible Assets)

We acquired businesses in recent years, which resulted in intangible assets being recorded. The determination of the value of such intangible assets requires management to make estimates and assumptions that affect our consolidated financial statements. We assess potential impairment to the intangible and tangible assets on a quarterly basis or when evidence of events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. Our judgments regarding the existence of impairment indicators, if any, and future cash flows related to these assets are based on operational performance of our business, market conditions and other factors.

### Accounting for Income Taxes

As part of the process of preparing our financial statements we are required to estimate our income taxes. Management judgment is required in determining our provision of our deferred tax asset. We recorded a valuation for the full deferred tax asset from our net operating losses carried forward due to the Company not demonstrating any consistent profitable operations. In the event that the actual results may differ from these estimates or we adjust these estimates in future periods we may need to adjust such valuation recorded.

### Stock-Based Compensation

The computation of the expense associated with stock-based compensation requires the use of a valuation model. SFAS 123(R) is a new and very complex accounting standard, the application of which requires significant judgment and the use of estimates, particularly surrounding Black-Scholes assumptions such as stock price volatility, expected option lives, and expected option forfeiture rates, to value equity-based compensation. The Company currently uses a Black-Scholes option pricing model to calculate the fair value of its stock options. The Company primarily uses historical data to determine the assumptions to be used in the Black-Scholes model and has no reason to believe that future data is likely to differ materially from historical data. However, changes in the assumptions to reflect future stock price volatility and future stock award exercise experience could result in a change in the assumptions used to value awards in the future and may result in a material change to the fair value calculation of stock-based awards. SFAS 123(R) requires the recognition of the fair value of stock compensation in net income. Although every effort is made to ensure the accuracy of our estimates and assumptions, significant unanticipated changes in those estimates, interpretations and assumptions may result in recording stock option expense that may materially impact our financial statements for each respective reporting period.

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Item 8

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

AMERICAN HOME FOOD PRODUCTS, INC.  
Consolidated Financial Statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Directors  
American Home Food Products, Inc.  
New York, New York

We have audited the accompanying consolidated balance sheets of American Home Food Products, Inc. as of May 31, 2009 and 2008, and the related consolidated statements of operations, shareholders' equity, cash flows for each of the years then ended May 31, 2009 and 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Home Food Products, Inc. as of May 31, 2009 and 2008, and the results of its operations and its cash flows for each of the years then ended May 31, 2009 and 2008, in conformity with accounting principles generally accepted in the United States.

/s/ Sherb & Co., LLP  
Certified Public Accountants

New York, New York  
September 10, 2009

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CONSOLIDATED BALANCE SHEETS

## ASSETS

	May 31,	
CURRENT ASSETS:	2009	2008
Cash	\$-	\$750,133
Accounts receivable, net	456,688	378,711
Inventories	324,091	411,771
Prepaid expenses and other current assets	105,956	52,719
Total Current Assets	886,735	1,593,334
FIXED ASSETS, net	722,118	796,430
OTHER ASSETS	45,265	50,640
INTANGIBLES - at cost, net	3,746,461	3,830,461
Total Assets	\$5,400,579	\$6,270,865

## LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Cash Overdraft	\$36,927	\$-
Accounts payable	822,761	654,242
Note payable and current portion of long term debt	683,092	218,211
Prepaid gift certificates and other deferred revenue	62,531	67,909
Accrued expenses and other current liabilities	288,862	295,510
Accrued payroll taxes	480,769	650,377
Total Current Liabilities	2,374,942	1,886,249
LONG TERM DEBT, net of current portion	74,390	245,836

## COMMITMENTS AND CONTINGENCY

## SHAREHOLDERS' EQUITY

Preferred stock - \$0.001 par value, 10,000,000 shares authorized, 6,599,717 and 5,664,850 shares issued and outstanding, respectively	6,600	5,665
Common stock - \$0.001 par value, 40,000,000 shares authorized 7,835,316 and 7,427,649 shares issued and outstanding, respectively	7,835	7,428
Additional paid-in capital	16,713,919	16,285,242
Accumulated deficit	(13,777,107)	(12,159,555)
Total shareholders' equity	2,951,247	4,138,780
	\$5,400,579	\$6,270,865

See notes to the consolidated financial statements.

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AMERICAN HOME FOOD PRODUCTS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended May 31,	
	2009	2008
SALES	\$5,704,247	\$4,993,813
COST OF GOODS SOLD	4,168,844	3,636,877
GROSS PROFIT	1,535,403	1,356,936
SELLING, GENERAL AND ADMINISTRATIVE	2,999,360	2,116,025
DEPRECIATION AND AMORTIZATION	190,950	171,569
GAIN (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST	(1,654,907)	(930,658 )
OTHER INCOME( EXPENSES):		
Interest income (expense) and other income	37,355	(79,387 )
Liquidating damages on preferred share issuance	-	(113,000 )
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(1,617,552)	(1,123,045)
INCOME TAXES	-	-
LOSS FROM CONTINUING OPERATIONS	(1,617,552)	(1,123,045)
DISCONTINUED OPERATIONS		
INCOME FROM OPERATIONS, net of tax	-	43,528
GAIN ON SALE OF OPERATIONS, net of tax	-	479,043
NET GAIN ON DISCONTINUED OPERATIONS	-	522,571
NET LOSS	\$(1,617,552)	\$(600,474 )
LESS PREFERRED STOCK DIVIDEND	(680,246 )	(449,850 )
NET LOSS APPLICABLE TO COMMON SHARES	\$(2,297,798)	\$(1,050,324)
INCOME LOSS PER COMMON SHARE - CONTINUING OPERATIONS:		
Basic	\$(0.21 )	\$(0.18 )
Diluted	\$(0.21 )	\$(0.18 )
INCOME (LOSS) PER COMMON SHARE - DISCONTINUED OPERATIONS:		
Basic	\$0.00	\$0.08
Diluted	\$0.00	\$0.08

INCOME (LOSS) APPICABLE PER COMMON SHARE

Basic	\$ (0.30	)	\$ (0.17	)
Diluted	\$ (0.30	)	\$ (0.17	)

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:

basic	7,686,094	6,178,251
diluted	7,686,094	6,178,251

See notes to the consolidated financial statements.

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AMERICAN HOME FOOD PRODUCTS, INC.  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
YEARS ENDED MAY 31, 2008 and 2009

	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	
BALANCE, May 31, 2007	-	\$ -	4,541,455	\$ 4,542	\$ 8,254,816	\$ (11,559,081)	\$ (3,299,723)
Issuance of preferred stock to investors	5,200,000	5,200			5,194,800		5,200,000
Issuance of preferred stock for services rendered	15,000	15			14,985		15,000
Issuance of common stock for conversion of debt to equity			1,991,194	1,991	2,270,950		2,272,941
Issuance of common stock with debt settlement agreements			440,000	440	428,510		428,950
Issuance of common stock and options for services rendered			455,000	455	121,631		122,086
Issuance of preferred stock dividend	449,850	450			(450 )		(0 )
Net loss	-	-	-	-	-	(600,474 )	(600,474 )
BALANCE, May 31, 2008	5,664,850	\$ 5,665	7,427,649	7,428	\$ 16,285,242	(12,159,555)	4,138,780
Issuance of common stock and options for services rendered			60,000	60	7,440		7,500
Issuance of common stock representing registration penalty			347,667	347	103,953		104,300
Issuance of preferred stock to investors	250,000	250			249,750		250,000

Issuance of preferred stock dividend	684,867	685			(685 )		(0 )
Equity-based compensation					68,219		68,219
Net loss						(1,617,552 )	(1,617,552)
BALANCE, May 31, 2009	6,599,717	\$ 6,600	7,835,316	\$ 7,835	\$ 16,713,919	\$ (13,777,107)	\$ 2,951,247

See notes to the consolidated financial statements.

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AMERICAN HOME FOOD PRODUCTS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended May 31,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$(1,617,552)	\$(600,474 )
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	106,950	100,110
Debt extension	-	-
Gain on Sale of intangible assets - discontinued operations	-	(479,043 )
Amortization of intangibles	84,000	71,459
Equity issued for services	75,719	137,086
Changes in assets and liabilities, net of the effect from acquisition:		
Accounts receivable	(77,977 )	(81,861 )
Royalty/Licensee receivable	-	30,845
Inventory	87,680	(208,296 )
Prepaid expenses and other assets	(47,862 )	(18,689 )
Accounts payable	168,520	(219,631 )
Accrued expenses and other current liabilities	92,274	394,580
Accrued payroll taxes	(169,608 )	104,771
Cash overdraft	36,927	
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(1,260,929)</b>	<b>(769,143 )</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Artisanal, net of expenses	-	(3,259,913)
Increase in other assets	-	30,102
Purchase of fixed assets	(32,638 )	(56,293 )
Cash flow from investing activities of discontinued operations	-	863,747
<b>NET CASH (USED IN) INVESTING ACTIVITIES:</b>	<b>(32,638 )</b>	<b>(2,422,357)</b>
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:</b>		
Increase in notes payable	456,145	(163,197 )
Increase in shareholder note	-	(334,940 )
Sale of preferred stock	250,000	5,200,000
Payment of long-term debt	(162,711 )	-
Payment of note payable	-	(778,389 )
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>543,434</b>	<b>3,923,474</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(750,133 )</b>	<b>731,974</b>
<b>CASH AT BEGINNING OF FISCAL YEAR</b>	<b>750,133</b>	<b>18,159</b>
<b>CASH AT END OF FISCAL YEAR</b>	<b>\$-</b>	<b>\$750,133</b>

## SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid during the period for:		
Interest	\$-	\$-
Income taxes	-	-
Non-cash financing activities:		
Preferred and common shares issued for services	\$-	137,036
Common shares issued for registration penalty	104,300	
Preferred shares issued for dividend	680,246	449,850
Seller financing for the purchase of Artisanal	-	1,200,000
Payables paid with issuance of equity	-	530,000
Artisanal liabilities assumed	\$-	\$688,723

See notes to financial statements.

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AMERICAN HOME FOOD PRODUCTS, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED MAY 31, 2009 AND 2008

1. DESCRIPTION OF BUSINESS

As of August 2007, American Home Food Products, Inc. (the “Company”) began to market and distribute a wide line of specialty, artisanal and farmstead cheese products and other related specialty food products under its own brand “Artisanal Premium Cheese” to food wholesalers and retailers and directly to consumers through its catalog and website [www.artisanalcheese.com](http://www.artisanalcheese.com). Prior to August 2007, the Company was a licensing company that received a monthly royalty from the business of manufacturing and marketing a diversified line of construction products including pre-packaged concrete repair, grouting and patching products and masonry waterproofing products. The principal markets for these products were retailers, construction professionals and distributors located through the United States and in certain areas of Canada. This business segment is now classified as discontinued operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

a. Basis of Presentation - The accompanying audited consolidated financial statements of American Home Food Products, Inc. (the “Company”) have been prepared in accordance with generally accepted accounting principles for financial information and with the instructions to Form 10-K and Regulation SX. In the opinion of management, all adjustments considered necessary for a fair presentation (consisting of normal recurring accruals) have been included.

b. Principles of Consolidation - The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All material intercompany accounts and transactions have been eliminated on consolidation.

c. Cash and Cash Equivalents - The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents include investments in money market funds and are stated at cost, which approximates market value. Cash at times may exceed FDIC insurable limits.

d. Trade Accounts Receivable and Other Receivables, Net - The Company's accounts receivable consist primarily of amounts due from customers for the sale of its products. The Company records an allowance for doubtful accounts based on management's estimate of collectibility of such trade and notes receivables outstanding. The allowance for doubtful accounts represents an amount considered by management to be adequate to cover potential losses, if any. The recorded allowance at May 31, 2009 and 2008 was \$38,598 and \$1,800, respectively.

e. Inventories – Inventories are stated at the lower of cost or market. Cost is determined using first-in, first-out (FIFO) method for cheese, accessories and packing materials, all finished goods.

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f. **Property and Equipment** - Property and equipment acquired in the Artisanal Acquisition is carried at net book value which approximates fair market value at the date of the acquisition. Amounts incurred for repairs and maintenance are charged to operations in the period incurred. Depreciation is calculated on a straight-line basis over the following useful lives:

Equipment	3-5 years
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Furniture and fixtures	5-7 years
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Leasehold improvements	5-10 years
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Software	2-5 years
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g. **Goodwill and Intangible Assets** - Intangible assets at May 31, 2009 relates to the assets acquired in the Artisanal Acquisition (See Note 3 – Acquisition).

The Company reviews long-lived assets, certain identifiable assets and any impairment related to those assets at least annually or whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recoverable.

h. **Fair Value of Financial Instruments** – The carrying amounts of financial instruments, including cash and cash equivalents, marketable securities, accounts receivable, notes receivable, and accounts payable, approximated fair value as of May 31, 2009 and 2008, because of the relatively short-term maturity of these instruments and their market interest rates. The carrying amounts of long-term debt were also estimated to approximate fair value.

i. **Revenue Recognition** – The Company recognizes revenues associated with the sale of its products at the time of delivery to customers.

j. **Shipping and Handling Costs** – Shipping and handling costs are included in cost of sales.

k. **Advertising Costs** – All advertising costs are expensed as incurred. Advertising expenses charged to operations for the years ended May 31, 2009 and 2008 amounted to approximately \$7,296 and \$6,246, respectively.

l. **Interest Income/(Expense)** - Interest expense relates to interest owed on the Company's debt. Interest expense is recognized over the period the debt is outstanding at the stated interest rates.

m. **Income Taxes** - Income taxes have been provided using the liability method. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured by applying estimated tax rates and laws to taxable years in which such differences are expected to reverse. The deferred tax asset attributed to the net operating losses has been fully reserved, since the Company has yet to achieve recurring income from operations.

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n. Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

o. Stock-Based Compensation - The Company accounts for stock-based compensation in accordance with SFAS No. 123-R Share-Based Payment ("SFAS No. 123-R"). The Company records compensation expense using a fair-value-based measurement method for all awards granted. In computing the impact, the fair value of each option is estimated on the date of grant based on the Black-Scholes options-pricing model utilizing certain assumptions for a risk free interest rate; volatility; and expected remaining lives of the awards. The assumptions used in calculating the fair value of share-based payment awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Company uses different assumptions, the Company's stock-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. In estimating the Company's forfeiture rate, the Company analyzed its historical forfeiture rate, the remaining lives of unvested options, and the amount of vested options as a percentage of total options outstanding. If the Company's actual forfeiture rate is materially different from its estimate, or if the Company reevaluates the forfeiture rate in the future, the stock-based compensation expense could be significantly different from what we have recorded in the current period. Equity-based compensation for the years ended May 31, 2009 and May 31, 2008 was \$68,219 and \$100,987, respectively.

p. Net Income/(Loss) Per Share – In accordance with SFAS No. 128, "Earnings Per Share", basic net income/(loss) per share is computed using the weighted average number of common shares outstanding during each period. For the years ended May 31, 2009 and 2008, diluted loss per share is the same as basic loss per share since the inclusion of stock options and warrants would be antidilutive. Options have been excluded in the amount of 770,000 for the year ended May 31, 2009.

q. Segment Disclosure – Management believes the Company operates as one segment.

r. Recent Accounting Pronouncements –

In May 2009, Statement of Financial Accounting Standards No. 165 – Subsequent Events was issued. The objective of this Statement is to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In accordance with this Statement, an entity should apply the requirements to interim or annual financial periods ending after June 15, 2009. Management intends to adopt this new standard with the filing of the second quarter interim financial statements. The adoption of this new standard is not expected to have a material impact on the financial statements of the Company

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FASB 141 – Business Combinations

In December 2007, the FASB issued FASB Statement No. 141 (revised 2007), Business Combinations. This Statement replaces FASB Statement No. 141, Business Combinations. This Statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. This Statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. This Statement's scope is broader than that of Statement 141, which applied only to business combinations in which control was obtained by transferring consideration. By applying the same method of accounting—the acquisition method—to all transactions and other events in which one entity obtains control over one or more other businesses, this Statement improves the comparability of the information about business combinations provided in financial reports.

This Statement requires an acquirer to recognize the assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the Statement. That replaces Statement 141's cost-allocation process, which required the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair values.

This Statement applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquirer), including those sometimes referred to as “true mergers” or “mergers of equals” and combinations achieved without the transfer of consideration, for example, by contract alone or through the lapse of minority veto rights. This Statement applies to all business entities, including mutual entities that previously used the pooling-of-interests method of accounting for some business combinations. It does not apply to: (a) The formation of a joint venture, (b) The acquisition of an asset or a group of assets that does not constitute a business, (c) A combination between entities or businesses under common control, (d) A combination between not-for-profit organizations or the acquisition of a for-profit business by a not-for-profit organization.

This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. Management believes this Statement will have no impact on the financial statements of the Company once adopted.

Any other new accounting pronouncements issued but not yet effective have been deemed not to be relevant to the operations of the Company, hence the effects of such undisclosed new accounting pronouncements will have no effect on the Company.

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## 3. ACQUISITION

On August 15, 2007, the Company acquired all right, title and interest to 100% of the issued and outstanding membership interests of Artisanal Cheese, LLC (“Artisanal”). The purchase price for this acquisition was approximately \$4.4 million plus legal and other professional costs (the “Artisanal Acquisition”). Pursuant to the membership interest purchase agreement, the Company (i) paid \$3,200,000 to the members of Artisanal Cheese, LLC, (ii) issued a note payable for \$700,000 which bears no interest and was payable on or before November 14, 2007 (See Note 9 - Notes Payable); (iii) issued a note payable for \$130,000 which bears interest at 5% per annum and is payable over a three year period (See Note 17 – Long Term Debt); (iv) issued a note payable for \$370,000 which bears interest at 5% per annum and is payable over a three year period (See Note 17 – Long Term Debt); and (v) issued a note payable to a former Artisanal shareholder for \$228,000 payable in one year with payments due quarterly of \$57,000 per quarter without interest, payable either in cash or product to one or more of the former shareholders restaurant establishments (See Note 10 - Notes Payable). As part of this transaction, the Company also entered into (vi) a five-year preferred vendor agreement with two restaurants which are affiliated with the seller; (vii) a five-year product development agreement with the same two restaurants; (viii) a trademark license agreement granting a royalty-free license to a former member of Artisanal Cheese, LLC, to utilize certain trademarks and names in connection with his restaurant establishments; (ix) a one-year consulting agreement with a former member of Artisanal Cheese, LLC; and (x) a transitional services agreement pursuant to which the company shall receive equipment and non-equipment services for one year and comptroller services for four months (See Note 21 - Commitments and Contingencies).

As part of this transaction, the Company also obtained from each of the former members of Artisanal Cheese, LLC, a five-year non-competition agreement.

The following table sets forth the determination of the consideration paid for Artisanal at the date of acquisition:

Cash	\$ 3,395,133
Notes	1,200,000
Total purchase price	\$ 4,595,133

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The transaction was accounted for as a purchase. The Company has conducted a detailed valuation using the guidance as set forth in Statement of Financial Accounting Standard (“SFAS”) No. 141, “Business Combinations” to determine the fair value of the intangible assets and goodwill acquired in the acquisition. Based on this determination, the following table sets forth the allocation of the purchase price:

Total purchase price	\$ 4,595,133
Less assets acquired:	
Accounts receivable	(287,008)
Inventory	(203,475)
Other current assets	(35,175)
Long - term assets	(861,237)
Total tangible assets acquired	(1,386,895)
Liabilities assumed	688,723
Cost in excess of net tangible assets acquired	\$ 3,896,961

Allocation of the Cost in excess of net tangible assets acquired are as follows:

Trade name	\$ 1,720,000
Non-competition agreement	110,000
Non-contractual customer relationships	620,000
Goodwill	1,446,961
Total intangible assets	\$ 3,896,961

The operating results for Artisanal are included in the accompanying Consolidated Statements of Operations from the date of the acquisition.

The Company has recorded \$150,500 of amortization on its intangibles to date.

Pro-forma operations as if the Artisanal Cheese LLC acquisition had been acquired for the comparable year are as follows:

	Pro-forma Year ended May 31, 2008
Sales	\$ 5,904,313
Loss from continuing operations	(1,078,457)
Loss to common shareholders	\$ (1,528,307)

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## 4. ACCOUNTS RECEIVABLE

As of May 31, accounts receivable consist of the following:

	2009	2008
Trade accounts receivable	\$ 491,215	\$ 378,639
Employees	4,071	1,935
	495,286	380,574
Less allowance for doubtful accounts	( 38,598 )	(1,863 )
	\$ 456,688	\$ 378,711

## 5. INVENTORIES

Inventories are valued on a first-in-first-out (FIFO) basis. Inventory at May 31, consisted of the following:

	2009	2008
Cheese Inventory	\$ 180,179	\$ 327,067
Shipping/Packing Material Inventory	68,661	38,592
Accessories & Books Inventory	68,101	41,352
Beverage	7,150	4,760
	\$ 324,091	\$ 411,771

## 6. PREPAID EXPENSES

At May 31, 2009, the Company had prepaid expenses of \$105,956, which consisted primarily of marketing materials including artwork of \$18,575, catalog development costs of \$57,013, and legal fees of \$7,200, a loan commission of \$15,000 and prepaid insurance of \$8,168. At May 31, 2008, the Company's had prepaid expenses of \$52,719, which consisted primarily of prepaid catalog costs of \$6,647, prepaid insurance of \$25,647.

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## 7. FIXED ASSETS

Fixed assets are valued at net book value at the date of the Artisanal Acquisition which approximates fair market value. Fixed assets at May 31 are comprised of the following:

	2009	2008
Furniture and fixtures	\$ 178,665	\$ 177,785
Kitchen Equipment	253,392	253,392
Computer Equipment	113,722	100,995
Software & Web Design	5,279	5,279
Design Fees	51,538	51,538
Leasehold Improvement	352,925	333,894
	955,521	922,883
Less: Accumulated		
Depreciation & Amortization	(233,403)	(126,453)
	\$ 722,118	\$ 796,430

Depreciation expense recorded for the years ended May 31, 2009 and 2008 was \$106,950 and \$100,110, respectively.

## 8. INTANGIBLE ASSETS

Intangible assets are comprised of the following:

	Amortizable life	
Trade name	Indefinite	\$ 1,720,000
Non-competition agreement	5 years	110,000
Non-contractual customer relationships	10 years	620,000
Goodwill	Indefinite	1,446,961
Total intangible assets		3,896,961
Accumulated amortization		(150,500 )
		\$ 3,746,461

The Company has recorded amortization on its intangibles for the years ended May 31, 2009 and 2008 of \$84,000 and \$71,459, respectively. Annual amortization for the next three years will be \$84,000 and \$67,500 in the fourth year on the above amortizable intangibles.

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9. NOTES PAYABLE

On May 31, 2009, notes payable consist of the following:

- In February 2009, the Company closed on a revolving line of credit in an amount representing up to 85% of the company's accounts receivable and 50% of its inventories with a maximum loan amount of \$750,000. The cost of this facility is at Prime Rate plus 2%. The Prime Rate at February 28, 2009, was 3.25%. The line of credit is secured by the assets of the Company and has various covenants for collateral management fees, change of control provisions and a guarantee. As of June 1, 2009, two events of default had occurred under the loan. Specifically, the advance against acceptable inventory exceeded the bank's formula by approximately \$20,000 and the Company had not yet paid its past due taxes in full or otherwise subordinated the taxes to the bank in a manner acceptable to the bank. On or about June 1, 2009, the parties executed a Forbearance Agreement pursuant to which the bank agreed to forbear from exercising its rights and remedies under the original loan document in exchange for the Company's agreement that, until it provides satisfactory evidence that it has paid the past due taxes have been paid or otherwise subordinated to the bank and until it has raised \$1.7 million in cash equity, the interest rate shall be increased to the Prime Rate plus 8%. The forbearance agreement expired July 31, 2009. On or about August 13, 2009, the parties executed a second forbearance agreement pursuant to which the bank agreed to forbear until November 9, 2009, in exchange for a \$10,000 forbearance fee, a limitation on the loan against inventory to a maximum of \$175,000, and interest to continue at the rate of Prime Rate plus 8%. The balance due at May 31, 2009 was \$511,646.

On May 31, 2008, notes payable consist of the following:

- Note payable to a former Artisanal shareholder for \$228,000 payable in one year with payments of \$57,500 due quarterly without interest, payable in product to one or more of the former shareholders restaurant establishments. As of May 31, 2008, three payments had been made leaving a balance of \$55,500. The final payment was made in or about July 2008.
- Upon closing the Artisanal acquisition, the Company executed a note payable to a former Artisanal shareholder for \$700,000. The note was non-interest bearing and secured by a first priority security interest in all assets of the Company. The principal was paid in full on November 15, 2007.

10. PREPAID GIFT CERTIFICATES AND OTHER DEFERRED REVENUE

The Company records cash received in advance of the delivery of products or services as deferred revenue until the products are delivered to customers or the services are provided. Gift certificates are issued for a one-year period at which time the certificate expires.

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

As of May 31, 2009, the Company had accrued expenses and other liabilities of \$288,862 which consisted primarily of \$109,683 for inventory-related items, \$27,760 for professional fees, \$35,843 for goods sold, \$27,786 for payroll and commissions, \$16,640 for prepaid cheese clubs and another \$5,369 for accrued payroll tax. As of May 31, 2008, the Company had accrued expenses and other liabilities of \$295,510 which consisted primarily of \$113,000 in accrued liquidating damages, \$33,760 for professional fees, \$34,792 for accounting fees, \$18,008 for commissions, \$11,552 for prepaid cheese clubs and another \$84,398 for other various items.

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## 12. ACCRUED PAYROLL TAXES

The Company prior to the acquisition of Artisanal remains in arrears with paying payroll taxes of \$480,769. The Company made a payment of approximately \$170,000 in February 2009. The Company is currently negotiating with the relevant tax authorities a payment program for the balance of taxes owed.

## 13. INCOME TAXES

At May 31, 2009, the Company has available unused net operating loss carryforward ("NOL") of approximately \$10,991,000 that may be applied against future taxable income and expire at various dates through 2029. The Company has a deferred tax assets arising from such net operating loss deductions and has recorded a valuation allowance for the full amount of such deferred tax asset since the likelihood of realization of the tax benefits cannot be determined. Such valuation allowance has increased approximately \$600,000 during 2009.

	2009	2008
Deferred tax asset:		
Net operating loss carryforward	\$ 4,750,000	\$ 4,100,000
Valuation allowance	(4,750,000)	(4,100,000)
Net deferred tax asset	\$ -	\$ -

A reconciliation of the statutory federal income (tax) benefit to actual tax benefit is as follows:

	2009	2008
Statutory federal income (tax) benefit	\$ (550,000 )	\$ (165,000 )
State and local tax benefit – net of federal benefit	(150,000 )	(45,000 )
Permanent differences – equity compensation and other	50,000	40,000
Income tax benefit utilized (not utilized)	650,000	170,000
Actual tax benefit	\$ -	\$ -

If the Company has a greater than 50% change in ownership of certain stock holdings by shareholders of the Company pursuant to Section 382 of the Internal Revenue Code, the net operating losses may be limited. Currently no such evaluation has been performed. As a result of the Artisanal Acquisition described above (See Note 3 – Acquisition), the Company is reviewing whether its ability to utilize its net operating loss carryovers may be restricted based on Internal Revenue Code Section 382 "changes in ownership."

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## 14. LONG TERM DEBT

At May 31, long-term debt consists of:	2009	2008
Artisanal Sellers' Notes (a)	\$ 245,836	\$ 408,547
Less: Current portion	-	-
	\$ 245,836	\$ 408,547

In connection with the acquisition of Artisanal Cheese, LLC, the Company obtained two sellers' note--one from each of the former members of Artisanal Cheese, LLC. The notes are for \$130,000 and \$370,000, respectively. The note for \$130,000 bears interest at 5% per annum and is payable in consecutive monthly payments of principal and interest in the amount of \$3,896.22 commencing November 1, 2007. All principal and accrued interest shall be due and payable in full on October 1, 2010. The note for \$370,000 bears interest at 5% per annum and is payable in consecutive monthly payments of principal and interest in the amount of \$11,089.23 commencing November 1, 2007. All principal and accrued interest shall be due and payable in full on October 1, 2010. Both notes are secured pursuant to a Security Agreement pursuant to which the note holders have a first priority security interest in all assets of the Company except that the note holders have agreed to subordinate their security interest on those assets so that the Company may obtain asset-based debt financing. Approximately \$38,000 of the loan principal and interest has been re-classified to current liabilities for the current portion due.

## Five-Year Long-Term Debt Schedule

## Principal

Fiscal 2010	171,446.66
Fiscal 2011	74,389.69
Fiscal 2012	0.00
Fiscal 2013	0.00
Fiscal 2014	0.00
Total	245,836.35

## 15. SHAREHOLDERS' EQUITY

## Terms of Series A Preferred Stock ("Preferred Stock")

The Company sold 5,200,000 shares of redeemable convertible Preferred Stock at a price of \$1.00 per share for total gross proceeds of \$5,200,000. Another 15,000 shares of Preferred Stock was issued in exchange for consulting services. The Preferred Stock is convertible at \$.30 per share into \$.001 par value Common Stock of Company, (equaling 60% of the issued and outstanding Common Stock of the Company on a fully diluted basis, excluding the Management Stock Option (see below)). Dividends shall be paid (a) at an annual rate of 12% in each of the first two years ending August 14, 2008 and 2009, and will be paid in preferred shares and (b) after the first two years, at a rate of 12% if paid in cash or at a rate of 15% if paid in preferred shares, at the election of the Company. The preferred share dividends shall convert into Common Stock at \$.30 per share, unless the Company elects to pay dividends in cash pursuant to (b) above.

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The redemption provisions of these redeemable preferred shares are at the option of the Company. At any time prior to August 14, 2010, and upon 30 days advance notice, the Company shall have the right to redeem one-half of the Preferred Stock that is issued and outstanding by paying the Holder the full par value of the Preferred Stock plus accrued dividends in cash (the "First Redemption"). The remaining one-half of the Preferred Stock that is issued and outstanding after the First Redemption can either be: (a) redeemed by the Company in cash at par value plus accrued dividends with the Holder also receiving a 2-year option to acquire 5% of the issued and outstanding Common Stock of the Company at an exercise price of \$.30 per share, or, (b) converted into 30% of the issued and outstanding Common Stock of the Company (the "Second Redemption"). The Holder shall have sole authority to elect subsection (a) or (b) above upon receiving a Redemption Notice. Any Common Stock or Common Stock Option issued pursuant to the First Redemption or the Second Redemption shall be on a fully-diluted basis, excluding the Management Stock Option below.

So long as over \$1,500,000 of the Preferred Stock is issued and outstanding the Company shall require the prior written consent of Holders representing 2/3 of the Preferred Stock issued and outstanding to (a) sell, merge with, acquire or consolidate with another business entity, (b) incur additional leverage beyond the leverage contemplated by the Company and Holders as part of the Company's acquisition of Artisanal Cheese, LLC, or (c) issue any new shares of common stock or securities convertible or exercisable into Common Stock in excess of 2% of the shares of Common Stock issued and outstanding on a fully diluted basis at the Closing, excluding the Management Stock Option below.

In the event of a liquidation, the Preferred Stockholders shall receive a cash payment of par value plus accrued dividends in calendar year 2007; \$1.10 per preferred share plus accrued dividends in calendar year 2008; and \$1.20 per preferred share plus accrued dividends in calendar 2009 and thereafter.

Pursuant to a Registration Rights Agreement with each preferred shareholder, the Company agreed to file a registration statement with respect to the preferred shares issued and the number of common shares necessary to enable all holders to have resale rights in the common stock underlying their preferred stock if and when converted, or upon a redemption payable in common stock. As an inducement for the Company to undertake the registration process in a timely manner, the Registration Rights Agreement included a liquidated damage penalty if the Company failed to meet certain target dates or failed to register the shares altogether. The Company filed a registration statement in May 2008. In the meantime, recent amendments to Rule 144 have effectively shortened the holding periods for both non-affiliates and affiliates. Consequently, substantially all of the shares included in the Company's registration statement have become unrestricted and freely-tradeable, thereby obviating the need to pursue the Registration Statement any further. The registration statement was subsequently withdrawn. All costs relating to the registration statement have been borne by the Company. The Company has issued 347,667 shares of common stock to the preferred shareholders representing the liquidating damage penalty.

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### Preferred Stock Issuances

In August 2007, several accredited investors made an equity investment of \$3,900,000 for which these investors received 3,900,000 shares of the Company's redeemable convertible preferred stock. The proceeds were used to acquire the membership interests of Artisanal Cheese LLC.

In August 2007, the Company issued 15,000 shares of redeemable convertible preferred stock in exchange for consulting services. The Company recorded a \$15,000 expense in connection with the issuance of these shares.

During the three months ended November 30, 2007, several private accredited investors made an equity investment of \$1,100,000 for which these investors received 1,100,000 shares of the Company's redeemable convertible preferred stock. The proceeds were used to pay off a \$700,000 seller's note and working capital.

In December 2007, one private accredited investor made the last equity investment of \$200,000 for which he received 200,000 shares of the Company's redeemable convertible preferred stock. The proceeds were used for working capital.

Preferred stock dividends as of May 31, 2008, totaled \$449,850 as a result 449,850 shares of preferred stock were issued as of that date.

In April and May 2009, four existing preferred shareholders made additional equity investments totaling \$250,000 for which these investors received 250,000 shares of the Company's redeemable convertible preferred stock. The proceeds were used for working capital.

Preferred stock dividends for the year ended as of May 31, 2009, totaled \$680,246 as a result 684,867 shares of preferred stock were issued as of that date. As of May 31, 2009, a total of 6,599,717 shares of preferred stock were issued and outstanding.

### Common Stock Issuances

In August 2007, two secured creditors agreed to convert the outstanding principal and interest of their respective notes totaling approximately \$2,000,684 into 1,675,000 shares of the Company's common stock. The Company recorded additional paid-in capital of \$1,999,009 with respect to these shares.

In August 2007, several of the Company's different judgment creditors agreed to accept \$91,903 in cash and a total of 166,194 shares of common stock in exchange for satisfactions of their respective claims totaling approximately \$411,125. As a result of these settlements, the Company reduced its accounts payable by \$161,327, increased paid-in capital by \$130,159 and reduced the gain on sale by approximately \$60,000.

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In August 2007, the Company issued 25,000 shares of common stock in exchange for consulting services. The Company recorded an expense of \$7,500 in connection with these shares.

In October 2007, the Company issued 100,000 shares of common stock to one of its employees. The Company recorded deferred compensation of \$39,000 in connection with these shares, the then fair market value of such shares issued, vesting over two years.

In January 2008, the Company issued 10,000 shares of common stock in exchange for consulting services. The Company recorded an expense of \$4,800 in connection with these shares.

In January 2008, the Company issued 50,000 shares of common stock to one of its employees. The Company recorded deferred compensation of \$24,000 in connection with these shares, the then fair market value of such shares issued, vesting over two years.

In March 2008, the Company issued 150,000 shares of common stock to two of its employees. The Company recorded deferred compensation of \$38,000 in connection with these shares, the then fair market value of such shares issued, vesting over two years.

In April 2008, the Company entered into a settlement agreement with Quilcap Corp. pursuant to which Quilcap agreed to terminate all efforts to collect on the \$125,000 debenture and related interest in exchange for a cash payment of \$85,000 and 150,000 shares of the Company's common stock. The Company recorded additional paid-in capital of \$133,600 with respect to these shares.

In May 2008, the Company issued 70,000 shares of common stock in exchange for consulting services. The Company valued these shares for \$15,400, the then fair market value of such shares issued, an will be expensed over three to four months.

In May 2008, the Company issued 50,000 shares of common stock to one of its employees. The Company recorded deferred compensation of \$14,500 in connection with these shares, the then fair market value of such shares issued, vesting over two years.

In July 2008, the Company issued 10,000 shares of common stock in exchange for the rights to the website name "Artisanalpremium.com". The Company recorded an expense of \$2,500 in connection with these shares.

In October 2008, the Company issued 50,000 shares of common stock to one of its employees vesting over two years. The Company recorded compensation of \$5,000 in connection with these shares.

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## Stock Option

There were no stock options granted during the fiscal year ended May 31, 2009.

At the time the Company acquired Artisanal Cheese LLC (during fiscal year ended May 31, 2008), the Company offered Mr. Daniel W. Dowe and Mr. William Feeney of 5,100,000 of management stock options so as to encourage them to serve a Chairman/CEO and President of the Company, respectively. Specifically, the Company offered them five-year management stock options having an exercise price of \$.30 per share that are exercisable into approximately 12% and 8%, respectively, of the Company's common stock on a fully-diluted basis. The options will not be exercisable unless the Company (a) achieves \$21.6 million in revenue or \$2 million EBITDA in a full calendar year by no later than 2009 and (b) redeems 2,125,000 shares of the preferred stock. The failure of either of these conditions will cause the management stock option to terminate in its entirety. When Mr. Feeney resigned as President in January 2008, and Mr. Dowe assumed Mr. Feeney's duties, the Company adjusted the aforementioned percentages to 14.4% and 1.9%, respectively, recognizing Mr. Feeney's contribution toward the acquisition of Artisanal Cheese LLC and his continued contribution as a consultant to the Company. The board ratified these stock options, as adjusted, at its meeting on January 31, 2008. Although Mr. Feeney has resigned, his stock options remain outstanding and exercisable as a condition of his resignation.

At its board meeting on April 9, 2008, the board authorized three-year stock options to each of the seven non-managing board members totaling 770,000 stock options. The options have an exercise price of \$.30 per share that is exercisable into 0.4% of the Company's Common Stock. These options are immediately fully-vested and exercisable and will expire on January 31, 2011. An expense of \$73,797 has been recorded for the issuance of these stock options.

A summary of the activity of stock options for the years ended May 31, 2009 and 2008 is as follows:

	Stock Options		Weighted Average Exercise Price	
	Outstanding	Exercisable	Outstanding	Exercisable
Balance – May 31, 2007	-	-	\$ -	-
Granted Fiscal Year 2008	5,870,000	770,000	.30	.30
Exercised Fiscal Year 2008	-	-	-	-
Canceled Fiscal Year 2008	-	-	-	-
Balance – May 31, 2008	5,870,000	770,000	.30	.30
Granted Fiscal Year 2009	-	-	-	-
Exercised Fiscal Year 2009	-	-	-	-
Canceled Fiscal Year 2009	-	-	-	-
Balance – May 31, 2009	5,870,000	770,000	\$ .30	\$ .30

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The following table summarizes information about stock options outstanding and exercisable at May 31, 2009:

	Number Outstanding	Weighted- Average Remaining Life in Years	Weighted Average Exercise Price	Number Exercisable
Range of exercise prices:				
\$.30	5,870,000	4.32	\$ .30	770,000

There remain 5,100,000 of stock options unvested due to the terms and conditions of such options yet to vest.

## 16. REVENUE

As of August 14, 2007 and the acquisition of Artisanal Cheese LLC (See Note 3 – Acquisition), the Company receives revenues from the sale of its products, including fine quality cheese and related accessories and the presentation of educational classes, lectures and cheese related parties and events. The Company recorded revenue from the following sources for the years ended May 31, 2009 and 2008, respectively.

	2009	2008
Wholesale	\$ 2,715,612	\$ 2,367,498
Former related party	404,628	9,104
Events and Classes	470,318	406,238
Catalogs and Retail	1,477,707	1,457,441
Club Sales	317,202	370,291
Shipping and Handling	293,811	354,836
Books and Accessories	24,969	28,403
	\$ 5,704,247	\$ 4,993,813

For the years ended May 31, 2009 and 2008, the Company recorded revenues of \$0 and \$52,039, respectively, representing the royalty it received from its discontinued operations (See Note 4 – Royalty/Licensee Receivable and Note 20 – Disposition of Assets Intangibles).

## 17. DISPOSITION OF INTANGIBLE ASSETS

Intangibles arose in connection with the acquisitions of Arm Pro in September 1998, and with the acquisition of Allied / Por-Rok lines in August 1999 and Sta-Dri in August 2000. The intangible assets were re-characterized pursuant to SFAS 142 from “Goodwill” to be “Intangibles”, since such intangibles are actually comprised of trademarks, acquired proprietary technology and customer lists. We have attributed the cost of these intangibles to be \$606,164 for trademarks, \$75,771 for proprietary technology and \$75,771 for customer lists. These intangibles were being amortized over a fifteen-year life on a straight-line basis. The Company sold these intangibles on August 15, 2007. On that date, the accumulated amortization was \$375,580.

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On August 15, 2007, the Company sold all of its intangible property relating to the building material business to GT Holding, LLC (“GTH”). In exchange for these assets, the Company received \$850,000 in cash and GTH assumed approximately \$73,000 of the Company’s liabilities. The Company had carried these intangibles at a net value of \$382,126 and, thus, recorded a gain on sale of \$479,043, including other minimal costs against the gain on sale of intangibles.

## 18. COMMITMENTS AND CONTINGENCY

As of May 31, 2009, the company has the following commitments and contingencies:

Term	Agreement	M o n t h l y Expense
8/15/07 – 8/14/12	Preferred Vendor Agreement (a)	n/a
8/15/07 – 8/14/12	Product Development Agreement (b)	n/a
8/15/07 – 8/14/12	Trademark Assignment (c)	n/a
9/28/07 – 9/27/12	Lease Agreement (d)	\$ 16,000

- a. The Company has entered into a five-year Preferred Vendor Agreement with two restaurant establishments owned by the former member of Artisanal Cheese, LLC, pursuant to which the Company will supply the restaurants or their affiliates with any and all premium cheese products at a high volume discount and at prices not to exceed prices offered to other customers, and the restaurants are to purchase exclusively from the Company provided the Company can meet terms and conditions acceptable to the restaurants. The Preferred Vendor Agreement also provides for a credit to the restaurant establishments which credit shall be applied to the first \$228,000 worth of product, not to exceed \$57,000 in any calendar quarter. This credit is the result of the payoff in full at the closing of Artisanal by one of its former members of a certain loan to the Company. (See Note 10 – Notes Payable).
- b. The Company has entered into a five-year Product Development Agreement pursuant to which the Company shall have a “first-look” right and 30-day exclusivity period to evaluate and negotiate in good faith a distribution arrangement (including minimum orders, exclusivity, prices/royalty rates and terms) for all new cheeses, cheese related products and other products developed by the two restaurant establishments owned by the former member of Artisanal Cheese, LLC. After the 30-day exclusivity period, the Company will have an opportunity to match any terms and conditions of a distribution agreement that the restaurants may subsequently reach with a third party. The Agreement provides for a written trademark license from the Company to the restaurants upon terms to be mutually agreed upon with respect to any distribution by the restaurants under the Artisanal brand of such new products other than distribution by the Company.

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- c. The Company has entered into a Trademark License Agreement pursuant to which the Company grants a royalty-free license to the two restaurant establishments to use the tradename “Artisanal Fromagerie & Bistro” and the derivative logo (consisting of an oval design with four stylized sheep seated in front of a barn and the words “Artisanal Fromagerie – Bistro – Wine Bar”) in connection with the operation, distribution and sale of cheese, cheese products and other food products from the restaurant establishments or their affiliated restaurants or retail stores.
- d. Upon closing the acquisition of Artisanal Cheese LLC in August 2007, the Company negotiated a new five-year lease for approximately 10,000 square feet commencing September 28, 2007, subject to rent increase of approximately ten percent per annum. The current lease payment is approximately \$16,000 per month. The leased space consists of all executive and sales offices, five cheese aging caves, a packaging and shipping facility, a customer call center and a 1,000 square foot cheese center consisting of a fully-equipped kitchen, classroom and presentation area with two large flat screen television panels used for conducting cheese education courses and third-party special events. From this facility the business distributes its line of Artisanal Premium Cheese products to fine food wholesalers, specialty food outlets, restaurants and through its catalogue and Website.

As of May 31, 2008, the company had the following commitments and contingencies in addition to those discussed above which continued through May 31, 2009:

Term	Agreement	Monthly Expense
8/15/07 – 8/14/08	Transitional Services Agreement Equipment services (e)	\$ 9,654
8/15/07 – 7/31/08	Consulting Agreement (f)	\$ 4,333

- e. The Company entered into a Transitional Services Agreement with Artisanal Group, LLC, a company owned by the former member of Artisanal Cheese, LLC, to provide equipment services for equipment leased by Artisanal Group for varying periods of up to three years, non-equipment services for no more than one year and comptroller services for a period of four months from the date of acquisition. The equipment services include telephones, computers, photocopiers, presentation equipment and delivery trucks and the non-equipment services encompass health, liability and auto insurances. As of May 31, 2008, the monthly expense for Comptroller services (which had been \$3,500) had been terminated, and the monthly expense for this agreement has been reduced from \$23,700 to \$9,654 representing health insurance premium.

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f. The Company has entered into a one-year Consulting Agreement with executive chef, Terrence Brennan, the founder of Artisanal Cheese LLC and owner of two Manhattan restaurants, Picholine and Artisanal Bistro & Fromagerie, to provide consulting services including advice on product mix, marketing plans in the retail sector and presentation to retail supermarket buyers. Mr. Brennan received \$13,000 every quarter for 24 hours worth of consulting services during each three month period. The agreement also provided for a finder's fee of \$10,000 in connection with any supply or sales agreement between the Company and any strategic partner introduced to the Company by Mr. Brennan, with an additional payment of \$20,000 if sales to the strategic partner exceed \$500,000 in the aggregate. The Consulting Agreement also provided for office space for Mr. Brennan and two of his staff members at the Company's principal offices located at 500 West 37th Street, New York, New York.

19. RELATED PARTY TRANSACTIONS

The wife of Daniel W. Dowe, the Company's Chief Executive Officer and Chief Financial Officer, periodically provides legal and administrative services to the Company. For the year ended May 31, 2009, Mrs. Dowe received \$60,000 for legal and administrative services performed throughout the year. For the year ended May 31, 2008, Ms. Dowe received \$50,000 for legal work relating to the closing of the Artisanal Cheese LLC transaction; \$25,000 for legal work in connection with the preparation of a registration statement; and \$29,000 for legal and administrative work performed throughout the year for the Company.

As part of the acquisition of Artisanal Cheese LLC, Daniel Dowe received 175,000 shares of the Company's common stock for payment of accrued and unpaid wages. In recognition of the professional services undertaken to develop the business plan for the Company, identify Artisanal Cheese, LLC as an acquisition target, transactional structuring, personally guarantying sellers' financing and arranging acquisition financing, Mr. Dowe received compensation of \$100,000.

In October 2007, Carl Wolf purchased 600,000 shares of the Company's preferred stock. (See Item 5, Redeemable Convertible Preferred stock). He was elected to the Company's board of directors in January 2008 and has resigned in July 2009. Mr. Wolf is also a shareholder in Hors D'oeuvres Unlimited which sells one line of par-baked frozen products to the Company. For the year ended May 31, 2009, Hors D'oeuvres Unlimited was paid approximately \$66,000 for its frozen products.

Beginning in July 2008, one of the Company's directors, Jeffrey Roberts, began providing consulting services to the Company. Effective January 2009, Mr. Roberts received a monthly fee of \$2400 plus expenses. Mr. Roberts meets with various cheese producers throughout the United States to find new products and, in particular, products to be sold exclusively under the Company's brand. For the year ended May 31, 2009, Mr. Roberts received approximately \$12,000 for his services and out-of-pocket expenses.

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With respect to the foregoing transactions, the Company believes that the terms of these transactions were as fair to the Company as could be obtained from an unrelated third party. Future transactions with affiliates including loans will be on terms no less favorable than could be obtained from unaffiliated parties and will be approved by a majority of the independent disinterested members of the board of directors.

## 20. GAIN ON DISCONTINUED OPERATIONS

On August 15, 2007, the Company sold all of its intangible property relating to the building material business (“Por Rok intangibles”) to GT Holding, LLC (“GTH”). In exchange for these assets, the Company received \$850,000 in cash and GTH assumed approximately \$73,000 of the Company’s liabilities. This resulted in a gain from disposition of assets of the discontinued building material business in the amount of \$ 479,043 for fiscal year 2008.

The prior year balance sheet, results of operations and cash flows for the Por Rok intangibles has been reclassified as discontinued operations.

Summarized results of the discontinued operations are as follows:

	Year ended May 31, 2008
Net Sales	\$ 52,039
Income/(loss) from operations	43,528
Gain on sale of operations	479,043
Net gain/(loss) on discontinued operations	\$ 522,571

## 21. SUBSEQUENT EVENTS

In June 2009, the board approved the Company’s intentions to obtain an \$850,000 term loan and to raise an additional \$2 million in equity. As of the date of this filing, the company has secured \$800,000 of the term loan from existing shareholders.

On July 17, 2009, Mr. Carl Wolf resigned as a director of the Company. Mr. Wolf served on the Company’s Audit, Compensation and Business Development Committees. The Company filed with the Commission a Form 8-K on July 23, 2009 in connection with his resignation.

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Item 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A (T) CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of our president who is also the chief financial officer, carried out an evaluation of the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a-15(e) and 15-d-15(e)) as of the end of the period covered by this report (the "Evaluation Date"). Based upon that evaluation, the president/chief financial officer concluded that as of the Evaluation Date, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act (i) is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to management, including the president/chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including the president/chief financial officer, does not expect that the Company's disclosure controls and procedures or its internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within American Home Food Products, Inc. can be prevented.

(b) Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). The Company's management has assessed the effectiveness of our internal control over financial reporting as of June 30, 2008. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. Our management has concluded that, as of July 31, 2009, our internal control over financial reporting is effective based on these criteria. This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

(c) Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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## PART III

## Item 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the names, ages, and principal positions of our executive officers and directors as of the filing date of this annual report:

Name	Age	Position
Daniel W. Dowe	47	Chairman of the Board, President and Chief Executive Officer
Keith DeMatteis	45	Director
William K. Lavin	65	Director
Alfred Lepore	70	Director
John Nesbett	41	Director
Jeffrey Roberts	63	Director
Thomas Thornton	63	Director
Carl Wolf	65	Director (resigned July 17, 2009)

Daniel W. Dowe. For the past five years, Mr. Dowe has served as the Company's president, chief executive officer and as a director. Mr. Dowe became a director in March, 1997, Acting President on November 17, 1997 and President and Chief Executive Officer on April 1, 1998. Upon the acquisition of Artisanal Cheese LLC in August 2007, he became Chairman, Chief Executive Officer and President of the Company. In May 1993 he founded Dowe & Dowe, a New York City-based law firm, where he practiced primarily corporate and securities law until joining the Company full time in April 1998. Before practicing law, he was employed by Alliance Capital Management Company from 1984 to 1986, Salomon Brothers (now Salomon Smith Barney, a division of Citigroup, Inc.) from 1986 to 1988 and J.P. Morgan Bank from 1988 to 1990.

Keith DeMatteis. For the past five years, Mr. DeMatteis has been a principal of Calakar Construction Services and DeMatteis Development Organization, which is a closely-held developer of large scale real estate projects in the United States and in international markets. Mr. DeMatteis became a director of the Company in January 2001.

William K. Lavin. For the past fifteen years, Mr. Lavin has operated his own business consulting firm that he formed in 1994. From 1993 to 1994, Mr. Lavin was Chief Executive Officer of Woolworth Corporation (renamed "Foot Locker Inc.") From 1991 to 1993, he served as Woolworth's Chief Administrative and Financial Officer. Mr. Lavin became a director of the Company in October, 1997, and since 1992 has served on the board of directors of the Allegheny Corporation (NYSE:Y).

Alfred Lepore. From 1964 to 2004, Alfred Lepore, was the owner and president of the Ferrara Foods & Confections, Inc., and several leading brands in the specialty food and bakery industries. From 1990 to 1992 he served as President of the National Association of Specialty Food Producers.

John G. Nesbett. For the past four years, John G. Nesbett has been Founder and President of Institutional Marketing Services, Inc. (IMS), a financial communications firm focused on emerging growth companies. From 2003 to 2005, he was Managing Director and President of The Investor Relations Group. From 1990 to 2002 he held various positions at Lippert/Heilshorn & Associates, ultimately becoming Managing Director. Mr. Nesbett became a director in January 2008.



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Jeffrey Roberts. In 2004 Mr. Roberts co-founded the Vermont Institute for Artisan Cheese at the University of Vermont where he continues to serve as a principal consultant. In 2007, he authored the “Atlas of American Cheese” a compendium of farmstead cheese producers throughout the United States. Mr. Roberts became a director of the Company in January 2008. From 2003 to the present Mr. Roberts has been a director, Treasurer and Northeast Regional Governor of Slow Food USA, a non-profit educational organization devoted to preserving traditional food ways and environmental sustainability. Since 2003 he has been a director of the Vermont Arts Council and from 1998 to 2004 served on the Vermont Fresh Network board. From 2003 to 2007 he has provided consulting services to the US National Park Service and in 2007 authored a compendium of national parks and their products. Mr. Roberts is a frequent speaker on artisan cheese, sustainable agriculture, and the working landscape.

Thomas Thornton. Mr. Thornton became a director in January 2008. From 1990 to 1997 Mr. Thornton served as Chief Executive Officer of Dean & DeLuca in New York, NY. From 1999 to 2003 he served as CEO of Carmine’s (a South Florida Specialty Food and Restaurant Chain), and from 1983 to 1987 he served as CEO at Orchard Supply Hardware in San Jose, CA. Mr. Thornton has consulted for Lindt Chocolates, Godiva Chocolates, Ghirardelli’s, and other entrepreneurial and retail chains.

Carl Wolf. Until his resignation on July 17, 2009, Mr. Wolf had been a director of the Company since January 2008. Mr. Wolf was founder, chairman and Chief Executive Officer of Alpine Lace/MCT Dairies from 1983 to 1997. He served as co-chairman of Saratoga Beverage Company in 1998; chairman of the board of Update This (a management software company for newspapers) from 1999 to 2003. From 2002 to 2004 he served as chairman of the board of Mediabay, Inc. and as a director of Momma Says Biscotti. He currently consults for IMDS Trading (a hedge fund), Conduit Internet Technologies (a software company) and is a major investor in Hors D’oeuvres Unlimited, a purveyor of high quality appetizer and gourmet food products to caterers, hotels, national manufacturers and distributors. Mr. Wolf served on the Company’s Audit, Compensation and Business Development Committees. The Company filed with the Commission a Form 8-K on July 23, 2009 in connection with his resignation.

There are no family relationships among the Company’s directors or among its executive officers. To the best of the Company’s knowledge, none of the directors or its executive officers have been involved in any legal proceedings or engaged in any activity over the past five years that are deemed material in evaluating the ability or integrity of its directors or executive officer or for which disclosure must be made in this report.

There has been no material change to the procedures by which stock holders may recommend nominees to the Company’s board of directors.

## Committees

Our Board of Directors has an Audit and Executive Compensation Committee, a Nominating Committee and a Business Development Committee. Messrs. Lavin, DeMatteis and, until his resignation, Mr. Wolf serve on both the Auditing and Compensation Committees. The Business Development Committee consists of Messrs. Thornton, Lepore, Roberts, Dowe and, until his resignation, Mr. Wolf. The Nominating Committee consists of Messrs. Lavin, DeMatteis, Nesbett and Dowe. Mr. Lavin serves as the Company’s financial and corporate governance expert on the Audit Committee. He is an independent director as defined under the listing standards of The Nasdaq Stock Market.

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William K. Lavin, Keith DeMatteis, Carl Wolf (resigned), Alfred Lepore, John Nesbitt, Jeffrey Roberts and Thomas Thornton are “independent” directors under the listing standards of The Nasdaq Stock Market. Daniel W. Dowe is not “independent” under the listing standards of The Nasdaq Stock Market.

## Item 11

## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table sets forth all of the compensation awarded to, earned by or paid to (i) each individual serving as our principal executive officer during our last completed fiscal year; and (ii) each other individual who served as an executive officer at the conclusion of the fiscal year ended May 31, 2008 and who received in excess of \$100,000 in the form of total compensation during such fiscal year:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Nonequity Incentive Plan Compensation (\$)	Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total Compensation (\$)
Daniel W. Dowe Chairman, Chief Executive Officer	Fiscal 2009	200,000	0	0	0	0	0	0	200,000
President	Fiscal 2008	200,000 (1)	0	0	0 (2)	0	0	104,500 (3)	304,500

(1) Mr. Dowe’s salary increased from \$180,000 to \$200,000 upon the Company’s acquisition of Artisanal Cheese LLC in August 2007.

(2) Mr. Dowe received 4,500,000 stock options on August 14, 2007, but these options will have no value until the Company: (a) achieves \$21.6 million in revenue or \$2 million in EBITDA in a full calendar year by no later than Calendar Year 2009, and (b) redeems 2,607,500 shares of the preferred stock.

(3) In recognition of the professional services undertaken to develop the business plan for the Company, identify Artisanal Cheese, LLC as an acquisition target, transactional structuring, personally guarantying sellers’ financing and arranging acquisition financing, Mr. Dowe received an initial contract compensation of \$100,000. During the year, he also received \$4,500 in miscellaneous expense reimbursement.

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## Option Grants, Exercises, and Values

The following table sets forth information with respect to outstanding equity awards held by the Company's officers as of May 31, 2009 and 2008:

OUTSTANDING EQUITY AWARDS AT MAY 31, 2009 and 2008  
Option Awards

Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
Daniel W. Dowe Chairman, Chief Executive Officer, President	0	(1) 4,500,000	\$.30/share	8/14/12
William J. Feeney(2) Chief Operating Officer	0	(1) 600,000	\$.30/share	8/14/12

(1) The Stock Option was granted by the Company on August 14, 2007, but will not be exercisable until the Company: (a) achieves \$21.6 million in revenue or \$2 million in EBITDA in a full calendar year by no later than Calendar Year 2009, and (b) redeems 2,607,500 shares of the preferred stock.

(2) Mr. Feeney served as chief operating officer from August 14, 2007 through January 7, 2008. In recognition of his contribution toward the acquisition of Artisanal Cheese LLC and his continued contribution as a consultant, Mr. Feeney was awarded a stock option for approximately 1.9% of the Company's common stock on a fully-diluted basis (See Item 5, Management Stock Options.)

## Employment Agreements

In connection with Daniel W. Dowe's appointment as Chairman and Chief Executive Officer in August 2007, the Company entered into a three-year employment agreement that provides for him to receive:

- Initial base salary of \$200,000;

• Initial contract compensation of \$100,000, in recognition of the professional services undertaken to develop the business plan for the Company, identifying Artisanal Cheese, LLC as an acquisition target, transactional structuring, personally guarantying sellers' financing and arranging acquisition financing;

- Annual bonus determined by the Board of Directors in its sole discretion;

• Participation in employee medical, health, pension, welfare, and insurance benefit plans as maintained by the Company from time to time for the general benefit of its executive employees, as well as all other benefits and perquisites as are made generally available to the Company's executive employees;

- At least four weeks annual vacation whereby no more than 10 consecutive days may be taken at a time; and

• Monthly parking allowance of no greater than five hundred dollars per month (\$500.00), reimbursement for corporate use of his personal automobile for business development purposes only (not including daily commutation)

at a rate of \$.30 per mile, and reimbursement for all reasonable and necessary business expenses incurred by Executive in the ordinary course of business on behalf of the Company.

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Mr. Dowe's employment agreement shall continue up to five years if more than \$1,500,000 of the Redeemable Convertible Preferred stock offering is still issued and outstanding. If, at the conclusion of three years, less than \$1,500,000 of the Redeemable Convertible Preferred stock offering is issued and outstanding, Mr. Dowe has the sole right to extend the term of his employment agreement for another three (3) year period.

Mr. Dowe was also granted a five-year stock option to purchase that number of shares of the Company's \$.001 par value common stock that equals 14.4%<sup>7</sup> of the Common Stock issued and outstanding on a fully-diluted basis assuming all shares of the Company's Redeemable Convertible Preferred stock were converted into Common Stock at the conversion price of thirty cents (\$.30) per share.

The Company may only terminate Mr. Dowe's employment with cause or if Mr. Dowe terminates his employment because the Company, acting through its board of directors, shall resolve to either: (a) make a material change in his title, his responsibilities or his reporting status at the Company, (b) enter into a corporate transaction with another person or legal entity (affiliated or non-affiliated) that results in a Change of Control (defined in the agreement).

If Mr. Dowe's employment is terminated for cause, he will receive payment of his base salary, bonus and benefits for the next succeeding three months of the agreement after which the agreement will be null and void. He may continue to participate in the Company's employee benefit plans to the extent permitted by and in accordance with the terms thereof or as otherwise required by law.

If Mr. Dowe terminates his employment because of a material change in his title, responsibilities or his reporting status or upon a Change of Control, he is entitled to receive within 20 days of submitting a written termination notice, full payment of his base salary, bonus and benefits for the duration of his contract. For future calendar periods where his bonus has not been calculated, the bonus will be the greater of \$100,000 or 120% of the previous year's bonus.

In the event that Mr. Dowe's employment terminates for reason of his death or permanent irreversible medical disability, Mr. Dowe, or his executive or estate, shall be entitled to receive, within three months of termination, the full compensation that would have been payable to Mr. Dowe for the remaining term of his employment agreement. In this case, any bonus shall be based on the last bonus paid to Mr. Dowe as increased by at least ten percent (10%) each year unless the Company's board of directors shall approve a greater sum.

Notwithstanding anything stated to the contrary herein, unless there is a final non-appealable determination by a court of competent jurisdiction that the conditions underlying the Mr. Dowe's vesting of his Stock Option were not lawfully fulfilled, he shall be entitled to receive the Management Stock Option, including all underlying shares of Common Stock, regardless of the reasons for the termination of the Agreement provided the Stock Option conditions are fully satisfied (See Item 5, Management Stock Options).

### Compensation of Directors

At a meeting held on April 9, 2008, the board ratified a resolution that each of the Company's non-management directors were to receive 110,000 stock options for serving as directors. The directors received no additional compensation in fiscal 2009.

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<sup>7</sup> Mr. Dowe's employment contract initially provided for an option to purchase 12% of the Company's common stock. When Mr. Feeney resigned and Mr. Dowe assumed his duties, the Company increased the Mr. Dowe's option from 12% to 14.4%.



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Item SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND  
12 RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding the shares of common stock beneficially owned or deemed to be beneficially owned as of May 31, 2009, by (i) each person who we know beneficially owns more than 5% of our common stock, (ii) each of our directors, (iii) each of the executive officers named in the summary compensation table, and (iv) all directors and executive officers as a group.

Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of our common stock that they beneficially own, subject to applicable community property laws. Except as noted below, the beneficial owners named in the table below have the following address: c/o American Home Food Products, Inc., 500 West 37th Street, 2nd Floor, New York, NY 10018.

In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to conversion of preferred stock and options held by that person that are currently exercisable or exercisable within 60 days of May 31, 2009. We did not deem those shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Daniel W. Dowe, Chairman and Chief Executive Officer	0 (2)	0.0 %
Keith DeMatteis, Director	3,064,518 (3)	10.0 %
William K. Lavin, Director	125,049 (4)	0.4 %
Alfred Lepore, Director	561,933 (5)	1.8 %
John Nesbett, Director	205,000 (6)	0.7 %
Jeffrey Roberts, Director	110,000 (7)	0.4 %
Thomas Thornton, Director	210,000 (8)	0.7 %
Carl Wolf, Director (resigned July 17, 2009)	2,529,800 (9)	8.3 %
Current directors and executive officers as a group (8 persons)	6,806,300 (10)	22.2 %
Frank Sica, Investor	6,444,000 (11)	21.1 %
Alphonso DeMatteis, Investor	2,940,232 (12)	9.6 %

(1) Based on 30,604,373 shares of common stock consisting of: 7,835,316 common shares issued and outstanding as of May 31, 2009; 770,000 common shares underlying stock options held by board members as of May 31, 2009; and 21,999,057 common shares underlying the preferred shares issued and outstanding as of May 31, 2009 (including preferred share dividends through that date).

(2) Includes common shares underlying 4,500,000 common stock options to purchase an equivalent number of shares of our common stock which options will not become exercisable until the Company achieves: (a) \$21.6 million in revenue or \$2 million in EBITDA in a full calendar year by no later than Calendar Year 2009, and, (b) redeems 2,607,500 shares of the preferred stock.

(3) Includes 1,719,432 shares held by Alfonso DeMatteis for which Mr. Keith DeMatteis has power of attorney; 14,286 shares held by Calakar Construction Company, a company owned in part by Mr. Keith DeMatteis; and 327,000 shares of preferred stock held by Alphonso L. DeMatteis Family, L.P. and convertible into 1,220,800 shares of our common stock, for which Mr. Keith DeMatteis has power of attorney, and 110,000 shares underlying

management stock options held by Mr. Keith DeMatteis personally.

(4) Includes 15,049 shares of common stock and 110,000 shares underlying management stock options held by Mr. Lavin.

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- (5) Includes 45,000 shares held jointly by Mr. Lepore and his wife, Mary Lepore, and 122,080 shares of preferred stock held by Mr. Lepore and convertible into 406,933 shares of our common stock, and 110,000 shares underlying management stock options held by Mr. Lepore.
- (6) Includes 95,000 shares of common stock and 110,000 shares underlying management stock options held by Mr. Nesbett.
- (7) Represents 110,000 shares underlying management stock options held by Mr. Roberts.
- (8) Includes 100,000 shares of common stock and 110,000 shares underlying management stock options held by Mr. Thornton.
- (9) Consists of 725,940 shares of preferred stock convertible into 2,419,800 shares of our common stock and 110,000 shares underlying management stock options held by Mr. Wolf.
- (10) Includes all shares referenced in footnotes 3 through 9 above.
- (11) Consists of 1,933,200 shares of preferred stock convertible into 6,444,000 shares of our common stock.
- (12) Consists of 1,719,432 shares of common stock held and 327,000 shares of preferred stock convertible into 1,220,800 shares of our common stock.

## Item 13 CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

There are no material relationships between the Company and the current directors and executive officers of the Company, other than as described below.

Since the beginning of the Company's last fiscal year, Mr. Dowe's spouse, Janet L. Dowe, has periodically provided legal and administrative services to the Company. For the year ended May 31, 2009, Mrs. Dowe received a consulting fee of \$5,000 per month for various legal and administrative services, including the preparation and filing of all SEC quarterly and annual reports, closing and daily reconciliation of asset-based line of credit, and contract reviews for a total of \$60,000. For the year ended May 31, 2008, Ms. Dowe received \$50,000 for legal work pertaining to the sale of the Company's building material assets (including all contract documentation, settlement of outstanding legal claims and liens relating to such assets, and related documentation) and pertaining to the Company's acquisition of the membership interests of Artisanal Cheese, LLC. Mrs. Dowe has also received a payment of \$25,000 with respect to the preparation and filing of a registration statement; and \$29,000 for other legal and administrative work performed throughout the year for the Company. Any payments to Mrs. Dowe for legal services rendered to the Company are approved by the Board of Directors, except for Mr. Dowe who is not entitled to vote on these matters.

In January 2007, Mr. Nesbett received 95,000 shares of the company's common stock in exchange for investor relations services rendered. Mr. Nesbitt was elected to the board of directors in January 2008.

In January 2007, Mr. Thornton made an equity investment of \$15,000 in exchange for 100,000 shares of the Company's common stock. Mr. Thornton was elected to the board of directors in January 2008.

In February 2007, a private investor, The Barrister Group, made an equity investment of \$20,000 for which the investor received 100,000 shares of the Company's common stock. Mr. Dowe was president of The Barrister Group at the time the investment was made. The proceeds were used for working capital. In April 2007, The Barrister Group loaned \$5,000 to the Company pursuant to a six-month promissory note at an interest rate of 10 percent (10%) per annum. In October 2007, all principle and interest due under the note was repaid.

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In October 2007, Carl Wolf purchased 600,000 shares of the Company's preferred stock. (See Item 5, Redeemable Convertible Preferred stock). He was elected to the Company's board of directors in January 2008. Mr. Wolf is also a shareholder in Hors D'oeuvres Unlimited which sells one line of par-baked frozen products to the Company. For the year ended May 31, 2009, Hors D'oeuvres Unlimited was paid approximately \$66,000 for its frozen products. The terms of these transactions are arm's length as they pre-existed Mr. Wolf's investment in the Company and his role as a director. Mr. Wolf resigned as a director on July 17, 2009.

Beginning in February 2008, one of the Company's directors, Jeffrey Roberts, began providing consulting services to the Company on a temporary basis. Effective January 2009, Mr. Roberts received a monthly fee of \$2,400 plus expenses. Mr. Roberts meets with various cheese producers throughout the United States to find new products and, in particular, products to be sold exclusively under the Company's brand. For the year ended May 31, 2009, Mr. Roberts received approximately \$12,000 for his services and out-of-pocket expenses.

With respect to the foregoing transactions, the Company believes that the terms of these transactions were as fair to the Company as could be obtained from an unrelated third party. Future transactions with affiliates including loans will be on terms no less favorable than could be obtained from unaffiliated parties and will be approved by a majority of the independent disinterested members of the board of directors.

William K. Lavin, Keith DeMatteis, Carl Wolf (resigned), Alfred Lepore, John Nesbitt, Jeffrey Roberts and Thomas Thornton are "independent" directors under the listing standards of The Nasdaq Stock Market. Daniel W. Dowe is not "independent" under the listing standards of The Nasdaq Stock Market.

Item 14

PRINCIPAL ACCOUNTING FEES AND SERVICES

AUDIT FEES

The aggregate fees billed and unbilled for the fiscal years ended May 31, 2009 and 2008 for professional services rendered by our principal accountants for the audits of our annual financial statements and the review of our financial statements included in our quarterly reports on Form 10-Q were approximately \$45,000 and \$39,500, respectively.

AUDIT-RELATED FEES

The audit-related fees for the fiscal years ended May 31, 2009 and 2008 for assurance and related services rendered by our principal accounts related to the performance of the audit of our new acquisition was \$0 for the year ended May 31, 2009, and \$45,000 for the year ended May 31, 2008.

TAX AND OTHER FEES

The aggregate fees billed for the fiscal years ended May 31, 2009 and 2008 for tax related or other services rendered by our principal accountants in connection with the preparation of our federal and state tax returns was \$0 and \$0, respectively.

APPROVAL OF NON-AUDIT SERVICES AND FEES

None.

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PART IV

Item 15 EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit Number	Description
2.2	Asset Purchase Agreement by and among Registrants and P. Terreri and J. Giulii dated August 14, 2007
2.3	Membership Interest Purchase Agreement by and among AHF Acquisition Corp., Artisanal Cheese, LLC, Terrence Brennan and Marvin Numeroff, dated August 14, 2007
2.4	Form of Promissory Note to T. Brennan in the amount of \$570,000
2.5	Form of Promissory Note to M. Numeroff in the amount of \$130,000
2.6	Form of Bridge Promissory Note to T. Brennan in the amount of \$700,000
2.7	Transitional Services Agreement between Artisanal Group LLC and Artisanal Cheese LLC dated August 14, 2007
2.8	Consulting Agreement between Artisanal Cheese LLC and Terrence Brennan dated August 14, 2007
2.9	Preferred Vendor Agreement by and among Artisanal Cheese LLC, Artisanal Fromagerie & Bistro, LLC, and 35 West 64th Restaurant Associates, L.P. dated August 14, 2007
2.10	Product Development Agreement by and among Artisanal Cheese LLC, Artisanal Fromagerie & Bistro, LLC, and 35 West 64th Restaurant Associates, L.P. dated August 14, 2007
2.11	Trademark License Agreement by and among Artisanal Cheese LLC, Artisanal Fromagerie & Bistro, LLC, and 35 West 64th Restaurant Associates, L.P. dated August 14, 2007
2.12	Noncompetition Agreement between Artisanal Cheese LLC and Terrence Brennan dated August 14, 2007
2.13	Noncompetition Agreement between Artisanal Cheese LLC and Marvin Numeroff dated August 14, 2007
3.1(v)	Certificate of Incorporation of Registrant as amended and filed with the Secretary of State of the State of New York
3.2	By-Laws (incorporated by reference to Exhibit 3.2 of the Registrant's Report on Form 10-KSB for the period ended May 31, 1999)

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Item 15 (Cont'd)

Exhibit  
Number Description

4.7	Certificate of Designation, Preference and Rights of Series A, Redeemable Convertible Preferred Shares
4.8	Stock Subscription and Investment Representation Agreement
4.9	Registration Rights Agreement
10.9	Employment Agreement between Registrant and Daniel W. Dowe
10.10	Fourth Amendment to Settlement Agreement by and among Registrant, Alfred Lepore, Joseph Aievoli, Daniel W. Dowe and David A. Dowe, dated August 10, 2007
10.11	Subscription Agreement and Investment Representation of Thomas Thornton, Jr.
10.12	Promissory Note to The Barrister Group in the amount of \$5,000
10.16	Financing Agreement between Summit Financial Resources L.P. and Artisanal Cheese LLC dated February 19, 2009.
10.17	Addendum to Financing Agreement between Summit Financial Resources L.P. and Artisanal Cheese LLC dated February 19, 2009.
10.18	Guarantee by Daniel W. Dowe in favor of Summit Financial Resources L.P.
13.5	Annual Report on Form 10-K for the period ended May 31, 2008
13.6	Quarterly Report on Form 10-Q for the period ended August 31, 2008
13.7	Quarterly Report on Form 10-Q for the period ended November 30, 2008
13.8	Quarterly Report on Form 10-Q for the period ended February 29, 2009
13.9	Form 8-K filed July 22, 2009 re director resignation
21	Subsidiaries of Registrant
<u>31.1*</u>	Certification of Principal Executive and Financial Officer
<u>31.2*</u>	Certification of Principal Accounting Officer
<u>32.1*</u>	Certification Pursuant to 18 U.S.C. Section 1350
<u>32.2*</u>	Certification Pursuant to 18 U.S.C. Section 1350

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Filed herewith

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, American Home Food Products, Inc. has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

AMERICAN HOME FOOD PRODUCTS, INC.

By: /ss/ Daniel W. Dowe  
Daniel W. Dowe, Chief Executive Officer  
And Chief Financial Officer

Dated: September 14, 2009

By: /ss/ Irene Posio  
Irene Posio  
Senior Corporate Controller  
Principal Accounting Officer

Dated: September 14, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in capacities and on the dates indicated:

		Dated
/ss/ Daniel W. Dowe Daniel W. Dowe	Director	September 14, 2009
/ss/ William K. Lavin William K. Lavin	Director	September 14, 2009
/ss/ Keith DeMatteis Keith DeMatteis	Director	September 14, 2009
/ss/ Alfred Lepore Alfred Lepore	Director	September 14, 2009
/ss/ John Nesbett John Nesbett	Director	September 14, 2009
/ss/ Jeffrey Roberts Jeffrey Roberts	Director	September 14, 2009
/ss/ Thomas Thornton Thomas Thornton	Director	September 14, 2009

