

NOTICE OF PENDENCY OF CLASS ACTION

TO: ALL INVESTORS (INDIVIDUALS AND ENTITIES) WHO PURCHASED PUBLICLY TRADED SECURITIES OF DIAMOND FOODS, INC. DURING THE PERIOD FROM OCTOBER 5, 2010, THROUGH FEBRUARY 8, 2012

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

You are receiving this notice because your rights may be affected by a class action lawsuit regarding your purchase of publicly-traded securities of Diamond Foods, Inc. If you are a Class Member, your rights will be affected by this lawsuit, which is referred to as *In Re Diamond Foods, Inc. Securities Litigation*, Case No. C 11-05386 WHA (the “Action”), and which is now pending before the United States District Court for the Northern District of California (the “Court”). The Court has ordered this notice to be sent to you.

On May 6, 2013, the Court determined that this lawsuit may proceed as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure. You received this notice because you were identified as a potential member of the Class. The purpose of this notice is to inform you how the lawsuit may affect your rights and what steps you may take. This notice is not an expression by the Court of any opinion as to the merits of any of the claims or defenses asserted by either side in the lawsuit. If you received this notice in error and you are not a member of the Class, you do not need to take any action and your rights will not be affected.

1. WHY SHOULD YOU READ THIS NOTICE?

The Court has certified a Class in this lawsuit. The Class consists of persons and entities who purchased shares of Diamond Foods, Inc. during a certain time period. The Class is more fully described below. You may be a member of this Class. You may be entitled to participate in any benefits that may eventually be obtained for the Class as a result of this lawsuit. There is, however, no assurance that a judgment in favor of the Class will be granted. This notice provides a summary of the lawsuit. It also describes who is eligible to be included in the Class, the effect of participating in this lawsuit as a Class Member, and how to request exclusion from the Class.

2. WHAT IS THIS LAWSUIT ABOUT?

This is a securities lawsuit filed in the United States District Court for the Northern District of California. The complaint names as defendants Diamond Foods, Inc. and two individuals (Michael Mendes and Steven Neil). The Court appointed Mississippi Public Employees’ Retirement System as Lead Plaintiff in this lawsuit.

a. LEAD PLAINTIFF’S CLAIMS.

The Lead Plaintiff, on behalf of the Class, alleges that Defendants deliberately understated commodity costs — specifically, the costs of walnuts — and improperly accounted for payments made to walnut growers to increase apparent profits and maintain high share prices. Plaintiff alleges that Defendants were motivated to inflate share prices during a period in which Diamond Foods, Inc. was seeking to use its stock to acquire Pringles, a snack chip brand owned by Proctor & Gamble Co. Plaintiff alleges that Defendants violated the Securities Exchange Act of 1934 by making false or misleading statements knowingly or with extreme recklessness which caused the price of Diamond Foods, Inc. securities to be artificially inflated during the period from October 5, 2010, through February 8, 2012. When the truth became known, Diamond Foods, Inc.’s stock price declined dramatically, resulting in financial losses to those who purchased the stock at the inflated price. You may review a copy of the Complaint by visiting the following website: <http://classaction.kccllc.net/DiamondFoods>.

b. DEFENDANTS' DENIAL OF LIABILITY.

Defendants deny any wrongdoing or liability for the claims alleged. Among other things, Defendants deny that they made any false or misleading statements violating the Securities Exchange Act of 1934, that they knew or believed Diamond Foods, Inc.'s financial accounting was inaccurate, or that they believed share prices were inflated during the period from October 5, 2010, through February 8, 2012. Defendants further deny that anyone sustained damages recoverable under the Securities Exchange Act of 1934, and assert that Diamond Foods, Inc.'s stock price decline was not caused by the disclosure of any wrongdoing or liability on the part of Defendants.

3. WHO IS A CLASS MEMBER?

By order dated May 6, 2013, the Court certified the following class of plaintiffs:

All persons and entities who purchased publicly traded securities of Diamond Foods, Inc. during the period from October 5, 2010, through and including February 8, 2012, and who suffered damages as a result.

Excluded from the Class are (1) Diamond Foods, Inc., Michael J. Mendes, Steven M. Neil; (2) any person who was an officer or director of Diamond Foods, Inc. during the Class Period; (3) members of the immediate families of either individual Defendant; (4) any firm, trust, corporation, officer or other entity in which any Defendant has a controlling interest; and (5) the legal representatives, heirs, successors or assigns of any such excluded party. The Class also excludes short sales of Diamond Foods, Inc. securities and subsequent purchases of Diamond Foods, Inc. securities to cover short sales.

The ruling by the Court certifying the Class does not address the merits of this litigation. Rather, the certification of the Class means only that the ultimate outcome of the Action — whether favorable or unfavorable to the Plaintiff Class or Defendants — will apply in like manner to each Class Member who does not timely elect to be excluded from the Class.

4. WHO REPRESENTS THE CLASS?

Plaintiff's Counsel, who represent the Class in this lawsuit, are the law firms of Chitwood Harley Harnes LLP and Lief Cabraser Heimann & Bernstein, LLP. Class Counsel may be contacted at the address and phone number listed below.

5. HOW TO PARTICIPATE IN THIS CLASS ACTION?

If you fall within the definition of the Class set forth above, you are a member of the Class. **IF YOU WISH TO REMAIN A MEMBER OF THE CLASS, YOU DO NOT NEED TO DO ANYTHING AT THIS TIME.** As a Class Member, you will be bound by any judgment or settlement, whether favorable or unfavorable, in this Action. Thus, you may participate in any monetary settlement or judgment rendered in favor of the Class, and you may submit a Proof of Claim following such a settlement or judgment. **No settlement or judgment has occurred at this time. You will necessarily also be bound by any unfavorable judgment which may be rendered in favor of Defendants.** You will not have the further opportunity to seek exclusion from the Class at the time of any settlement. In other words, this may be your only chance to opt out of the lawsuit.

Lead Plaintiff and Class Counsel represent the Class and all of its members. Class Counsel have agreed to pursue this Action on a contingent-fee basis. All attorney's fees and expenses will be payable only out of a recovery by the Class, if any, and will be subject to approval by the Court. Class Members will not have to pay lawyers any additional amounts, and in no event will individual Class Members be obligated to pay any judgment, court costs, or lawyer's fees for participating in this Action. Any Class Member who does not request exclusion from the Class may also enter an appearance through his or her own counsel at his or her own expense.

6. HOW TO BE EXCLUDED FROM THE CLASS?

If you wish to be excluded from the Class, meaning to opt out of the lawsuit, you must submit a request for exclusion in accordance with the instructions in the next paragraph. **If you choose to be excluded: (1) you will NOT be entitled to share in any recovery from any settlement or judgment that may be paid to**

members of the Class as a result of a trial or other resolution of this lawsuit; (2) you will NOT be bound by any judgment or release entered in this lawsuit; and (3) at your own expense, you MAY pursue any claims that you have by filing your own lawsuit or taking other action.

To be excluded, you must send a written request for exclusion from the Class addressed to Diamond Foods, Inc. Securities Litigation, c/o KCC Class Action Services, P.O. Box 6159, Novato, CA 94948-6159. Your request must be **received by September 17, 2013**. After that date, you may not have the right to be excluded from the Class. In order to be valid, any request for exclusion must set forth the name and address of the person or entity requesting exclusion and must specify the number and type of Diamond Foods, Inc. securities purchased and sold during the Class Period and the dates of such purchases and sales. The request must also state that such person or entity “requests exclusion from the Class in the Diamond Foods, Inc. Litigation,” and must be signed by such person or entity.

Only request exclusion if you do NOT wish to participate in the Class Action and do NOT wish to share in any potential recovery that the Class may obtain.

7. HOW TO GET MORE INFORMATION?

This notice contains only a summary of the litigation and your rights as a potential Class Member. For more detailed information regarding the matters involved in this litigation, please refer to the papers on file in this Action, which may be inspected, during business hours, at the Office of the Clerk of Court, 450 Golden Gate Ave., San Francisco, CA 94102. In addition, important documents in the case have been posted on the following website: <http://classaction.kccllc.net/DiamondFoods>. Inquiries regarding this litigation may be addressed to the following Class Counsel:

Chitwood Harley Harnes LLP
Ze’eva Kushner Banks
1230 Peachtree Street NE
Atlanta, GA 30309
Telephone: 1-888-873-3999

8. NOTICE TO BROKERS AND CUSTODIANS.

If you hold or held securities covered by the Action on behalf of a beneficial owner or in “street name,” you are directed by the Court to provide this notice to the beneficial owner. You may obtain additional copies of this notice by contacting KCC, the Notice Administrator, at the address or telephone number below. As an alternative, you may provide the Notice Administrator with mailing lists of beneficial owners. Please contact the Notice Administrator immediately upon receipt of this notice.

If you verify and provide details about your assistance with either of these options, you may be reimbursed for the actual expense you incur to send the notices, including postage and/or the reasonable cost of determining the names and addresses of beneficial owners. The Notice Administrator will send you a form for the verification. Send any requests for reimbursement, along with appropriate supporting documentation, to:

Diamond Foods, Inc. Securities Litigation
c/o KCC Class Action Services
P.O. Box 6159, Novato, CA 94948-6159
Telephone: 1-866-889-7090
Email: DiamondFoods@kccllc.com
Website: <http://classaction.kccllc.net/DiamondFoods>

9. CHANGE IN YOUR ADDRESS.

If this notice was mailed to you at an old address, or if you move, please advise the Notice Administrator of your current address so that you can receive any future notice and/or Proof of Claim forms. If you are not a member of the Class, you may discard this notice.

DATED: MAY 31, 2013.

BY ORDER OF THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

Diamond Foods, Inc. Securities Litigation

c/o KCC Class Action Services

P.O. Box 6159

Novato, CA 94948-6159

DFN

«Barcode»

Control #: DFN-«ClaimID» «MailRec»

«First1» «Last1»

«co»

«Addr1» «Addr2»

«City», «ST» «Zip» «Country»