



The following constitutes the ruling of the court and has the force and effect therein described.

Signed July 25, 2011

Chapter 11

The plan under chapter 11 of the Bankruptcy Code filed by Cnossen Dairy on March 28, 2011 and as amended on May 12, 2011, or a summary thereof, having been transmitted to creditors and equity security holders; and

The plan under chapter 11 of the Bankruptcy Code filed by Cnossen Family Partnership on March 28, 2011 and as amended on May 12, 2011, or a summary thereof, having been transmitted to creditors and equity security holders; and

The plan under chapter 11 of the Bankruptcy Code filed by UC Farms, LLC on March 28, 2011 and as amended on May 12, 2011, or a summary thereof, having been transmitted to creditors and equity security holders; and

It having been determined after hearing on notice that the requirements for confirmation set forth in 11 U.S.C. § 1129(a) have been satisfied;

IT IS ORDERED that the First Amended Plan of Reorganization (the “Plan”) filed by Cnossen Dairy, Cnossen Family Partnership, and UC Farms, LLC, on May 12, 2011 is hereby confirmed with the following modifications:

1. The definition of “Effective Date” in Article I of the Plan (pp. 4-5) is hereby amended to change “ten (10) days” to “fourteen (14) days.”
2. The definition of “Substantial Consummation” in Article I of the Plan (p. 7) is hereby deleted.
3. In Section II.B of the Plan (p. 11), the amount of Hartford Accident and Indemnity Company’s Secured Class 15 claim is changed to \$14,918,459.59.
4. In Section II.C of the Plan (p. 13), Class 7 (Co-Obligor Claims) is modified to recognize that property belonging to Cnossen Dairy (including one or more of its partners) also secures Hartford Accident and Indemnity Company’s Class 7 claim and that the Hartford Accident and Indemnity Company’s Class 7 claim is in the amount of \$22,449,628.80.
5. In Section II.D of the Plan, Class 9.5 (Chris Urbanczyk and Kevin Urbanczyk) is added to the Plan. This class consists of the secured claim of Chris Urbanczyk and Kevin Urbanczyk.
6. In Section II.D of the Plan, Class 13 (Indemnity Claims) is added to the Plan. This class consists of the indemnity claims of Chris Urbanczyk and Kevin Urbanczyk arising out of their contingent

liability to Wells Fargo Bank, N.A. as guarantors of UC Farms.

7. In Section IV.A of the Plan (p. 16), the unimpaired classes of Cnossen Family Partnership are modified to remove Class 7.
8. In Section IV.B of the Plan (p. 16), the impaired classes of Cnossen Family Partnership are modified to add Class 7.
9. In Section V.A of the Plan (p. 16), the unimpaired classes of UC Farms are modified to add Class 9.5.
10. In Section V.A of the Plan (p. 16), the impaired classes of UC Farms are modified to add Class 13.
11. In Section VII.A of the Plan, the third paragraph (p. 18) is modified to include the following sentence:

The indebtedness assumed by Cnossen Dairy shall specifically include all indemnity and guaranty obligations of UC Farms, including, but not limited to, any contingent claims for contribution.

12. In Section VII.A of the Plan, the following sentence is hereby added at the end of the sixth paragraph (p. 19):

Notwithstanding the foregoing provision regarding the valuation of assets by the estate, the collateral of Wells Fargo Bank or any other secured creditor whose secured claim has been allowed in full under this Plan, shall not be subject to further valuation.

13. In Section VII.B of the Plan relating to the treatment of Class 9 (Navistar Financial Corporation) (p. 23), the reference to "Credit Agreements" shall be replaced with "Commercial Loan and Security Agreements."
14. With respect to Section VII.B of the Plan relating to the treatment of Classes 12 and 13 (Wells Fargo) (pp. 24-25), Exhibit 1, the Wells Fargo Terms Sheet, is hereby replaced with the fully-executed version attached hereto as Exhibit 1 to this Order. All of the terms, provisions, releases, and conditions of such Terms Sheet are hereby incorporated into the Plan and shall be considered an operative part of the Plan in all respects and as to all Debtors.

15. In Section VII.B of the Plan relating to the Class 13 Claims (Wells Fargo – Amortized Loan), the following provision is added on page 25 at the end of the section:

Upon payment made by the Urbanczyks in satisfaction of their contingent liability to Wells Fargo Bank (UC Farms Class 13) within 60 days of the Confirmation Date, the monthly payments of Cnossen Dairy on the Amortized Loan, as specified in the Terms Sheet attached hereto as Exhibit 1, shall be reamortized over the balance of the amortization period, provided that Cnossen Dairy shall reimburse Wells Fargo Bank for any resulting reasonable legal fees and expenses related to any post-confirmation loan document modifications deemed necessary by Wells Fargo Bank.

16. In Section VII.B of the Plan relating to the treatment of Class 15 (Hartford Accident and Indemnity Company), the existing language on pages 25 to 27 is hereby deleted in its entirety and replaced with the following:

Hartford Accident and Indemnity Company's Class 15 claim shall be allowed in the amount of \$14,918,459.59 (principal and interest as of the petition date). This claim is secured by an interest in the real estate where the Cnossen Dairy is located. It is also secured by real estate owned by Cnossen Brothers Co., Inc., along with Cnossen Dairy's dairy equipment, irrigation equipment, water rights, and certain general intangibles (all as related to the aforementioned real property) as specified in the applicable loan documents.

The promissory note on which the Class 15 claim is based provides for the indebtedness to be amortized over 22 years. The interest rate, initially at 6.56%, is variable and is adjusted on October 1st in every third (3rd) year.

During the time between the Petition Date and the Confirmation Date, Cnossen Dairy has been making monthly adequate protection payments to the Holder of the Class 15 claim. The monthly adequate protection payments have been in the amount of interest accruing monthly on the outstanding balance of the promissory note on which the Class 15 claim is based. However, the monthly adequate protection payments have been applied to the indebtedness as principal payments. Accordingly, the post-petition interest payments owing on this promissory note have not been paid.

On or about April 25, 2011, Cnossen Dairy consummated a real estate sale from which the Holder of the Class 15 claim was permitted to apply \$500,000. \$370,584 of this \$500,000 payment has been applied to accrued but unpaid post-petition interest. Subsequent to the real estate sale, Hartford has remained in possession of approximately \$881,993 of sales proceeds (the "Retained Funds").

On or before August 1, 2011, \$350,000 of the Retained Funds shall be applied to the accrued interest, attorneys' fees, and costs incurred by Hartford on the Class 15 claim. The remainder

of the accrued interest, attorneys' fees, and costs incurred by Hartford shall be paid by Cnossen Dairy within five (5) days of the Effective Date.

On or before August 1, 2011, all but \$100,000 of the remaining Retained Funds shall be applied to reduce the principal amount of Hartford's Class 15 claim. On the first day after the Effective Date, \$100,000 of the Retained Funds shall be disbursed by Hartford to Cnossen Dairy solely to be applied to Cnossen Dairy's obligations under its confirmed Plan.

Beginning with the next scheduled payment date after the Effective Date, Cnossen Dairy shall make monthly interest payments to Hartford on its Class 15 claim. These interest payments shall continue on a monthly basis through the payment currently scheduled for November 1, 2012. Beginning with the payment scheduled for December 1, 2012, Cnossen Dairy will resume making monthly payments of principal and interest due on the Class 15 claim pursuant to the terms of the amended and restated loan agreement dated February 7, 2008, which principal and interest payments are currently in the amount of \$114,650.37, and as may be adjusted from time to time pursuant to the terms of said loan agreement, until the Class 15 claim is paid in full.

This claim shall bear interest at the rate specified in the contract documents, which is 6.56 percent per annum at present. Hartford shall retain its liens in the real estate, dairy equipment, irrigation equipment, water rights, and certain general intangibles as described in the pre-petition loan agreements, promissory notes, and deeds of trust and in the proceeds thereof.

Cnossen Dairy and Cnossen Family Partnership shall sign amended and restated promissory notes and related loan documents concerning the indebtedness represented by Class 15, if requested by Hartford.

This claim is Fully Secured.

17. In Section VII.B of the Plan relating to the treatment of Class 16 (Hartford Accident and Indemnity Company), the existing language on page 27 is hereby deleted in its entirety and replaced with the following:

Hartford Accident and Indemnity Company's Class 16 claim shall be allowed in the amount of \$5,500,000. This claim is secured by, among other things, the real estate farmed by Cnossen Dairy, the real estate where the Cnossen Dairy is located, and dairy equipment, irrigation equipment, water rights, and certain general intangibles related to the aforementioned real property. Hartford Accident and Indemnity Company shall retain its liens in all the real estate, dairy equipment, irrigation equipment, water rights, and certain general intangibles related to the aforementioned real property described in the pre-petition loan agreements, promissory notes, deeds of trust, and related loan documents signed by, among others, Cnossen Dairy and Cnossen Family Partnership in favor of Hartford Accident and Indemnity Company, and in the proceeds thereof.

This claim is fully secured.

Cnossen Dairy and Cnossen Family Partnership, along with other non-bankrupt co-borrowers, shall be obligated to make all payments to Hartford Accident and Indemnity Company pursuant to the terms of the promissory note dated September 18, 2007 in the original principal amount of \$5,800,000.00, Loan No. BHM02D3Y0 ("Note B"), on which this claim is based. Cnossen Brothers Co., Inc., one of the aforementioned co-borrowers under Note B, may make the required payments directly to Hartford Accident and Indemnity Company; however, Cnossen Dairy and Cnossen Family Partnership shall remain obligated to Hartford Accident and Indemnity Company pursuant to Note B, regardless of which Debtor and/or non-bankrupt co-borrower's funds are used to make said payments. In the event Hartford Accident and Indemnity Company does not receive any payment required pursuant to Note B and/or if Cnossen Dairy, Cnossen Family Partnership, and/or any of the other non-bankrupt co-borrowers under Note B shall otherwise be in default of their obligations owed to Hartford Accident and Indemnity Company pursuant to Note B, Hartford Accident and Indemnity Company shall be entitled to exercise any and all of its rights and remedies upon such default according to the terms of Note B and all related loan documents.

In the event the payment to Hartford Accident and Indemnity Company pursuant to Note B is made from Cnossen Dairy's funds, Cnossen Dairy reserves the right to offset such payment from any payments Cnossen Dairy may owe Cnossen Brothers Co., Inc. pursuant to this Plan.

Cnossen Dairy and Cnossen Family Partnership shall sign an amended and restated Note B and related loan documents, if requested by Hartford.

18. In Section VII.B of the Plan relating to Class 20 (General Unsecured) claims (p. 28), the first sentence shall be modified to read:

All General Unsecured Claims will be paid in full, but with no interest, within ten (10) months after the Effective Date.

19. In Section VII.C of the Plan relating to Wells Fargo's Class 4 Claim against Cnossen Family Partnership, the existing language on page 31 is hereby deleted in its entirety and replaced with the following:

Wells Fargo Bank, N.A.'s Class 4 Claim shall be allowed as a fully secured claim in the amount of \$1,375,000.00. This Claim is secured by an interest in the Debtor's accounts receivable and other property of the Debtor in which Wells Fargo holds a contractual security interest. Wells Fargo Bank shall retain its liens in the accounts receivable and other property of the Debtor as described in the pre-petition loan and security agreements and in the proceeds thereof. The Claim shall be further governed by the Terms Sheet attached to the Plan Modification.

20. In Section VII.C of the Plan (pp. 31-32) relating to Co-Obligor Class 7 Claims, "Hartford Life &

Indemnity Co.” is modified to read “Hartford Accident and Indemnity Company.” Also, the following sentence is added to the end of that paragraph:

Payment of Hartford Accident and Indemnity Company’s Class 7 claim is provided for in Cnossen Dairy Classes 15, 16, and 17.

21. In Section VII.D of the Plan relating to Wells Fargo’s Class 8 Claim against UC Farms, LLC, the existing language on page 36 is hereby deleted in its entirety and replaced with the following:

Wells Fargo Bank, N.A.’s Class 8 Claim shall be allowed in the amount of \$442,217. This Claim is secured by an interest in the Debtor’s accounts receivable, inventory, and equipment (subject to priority purchase money liens). Wells Fargo Bank shall retain its liens in the accounts receivable, inventory, and equipment described in the pre-petition loan and security agreements and in the proceeds thereof. The Claim shall be further governed by the Terms Sheet attached to the Plan Modification.

22. In Section VII.D of the Plan, Class 9.5 shall be added. The provision for that class shall be as follows:

Class 9.5 – Chris Urbanczyk and Kevin Urbanczyk

Chris and Kevin Urbanczyk’s Class 9.5 claim shall be allowed in the amount of \$260,000.00. Within thirty (30) days after the Effective Date, payment will be made sufficient to cure any delinquency such that the payment schedule in place on the Petition Date is restored. Chris and Kevin Urbanczyk shall retain their liens in the equipment collateral described in the pre-petition promissory note and security agreement and in the proceeds thereof.

This claim is Fully Secured.

In the event any payment to Ally Financial is made from the Debtor’s funds, the Debtor reserves the right to offset such payment from any payments owed Chris Urbanczyk and Kevin Urbanczyk pursuant to this Plan.

23. In Section VII.D of the Plan relating to the Class 10 Claims (General Unsecured Creditors) against UC Farms, LLC, the existing language on page 36 is hereby deleted in its entirety and replaced with the following:

All General Unsecured Claims will be paid within ten (10) months after the Effective Date. Payments to general unsecured creditors shall commence within sixty (60) days of the Effective Date and shall be paid within nine (9) months after payments commence. To the extent Debtor’s available cash flow permits payments to be made more promptly, Debtor reserves the right to do so.

24. In Section VII.D of the Plan relating to the Class 11 Claims (Equity Holders), the following sentence is added on page 36 at the end of the paragraph:

All assets distributed to UC Farms' members shall remain subject to and impressed with all perfected liens and security interests.

25. In Section VII.D of the Plan, Class 12 shall be added. The provision for that class shall be as follows:

Class 12 – Co-Obligor Claims

This class consists of those claims for which the Debtor has liability, but for which another entity has undertaken the primary payment obligation. Any Class 12 claims shall be excluded from Class 10. Class 12 claims include the claim of Ally Financial that is secured by a vehicle owned by Chris Urbanczyk and/or Kevin Urbanczyk.

Should the primary obligor fail to make the regularly scheduled payments in accordance with the applicable loan documents, the Debtor shall make the required payments. In the event the Debtor is required to make any payments under this Class, it shall have the right to recoup such payments from the primary obligor and shall have the right of subrogation against any assets of the primary obligor or other collateral securing the indebtedness owed the Holder of a Class 12 claim.

26. In Section VII.D of the Plan, Class 13 shall be added. The provision for that class shall be as follows:

Class 13 – Indemnity Claims

Chris Urbanczyk and Kevin Urbanczyk hold potential indemnity claims against UC Farms in conjunction of a guaranty of UC Farms' indebtedness to Wells Fargo Bank, N.A. Subsequent to the Effective Date, Chris Urbanczyk and Kevin Urbanczyk (the "Urbanczyks") may elect to satisfy all of their contingent liability to Wells Fargo Bank by way of a single payment. In the event the Urbanczyks make payment to Wells Fargo Bank in satisfaction of their contingent liability, they shall be allowed a Class 13 claim in the amount of the payment made. In no event shall the allowed Class 13 claim exceed \$442,217.

Wells Fargo and the Urbanczyks may elect to agree to document their agreement with regard to the satisfaction of the Urbanczyks' guaranty obligations, and this Plan shall not prejudice or disturb any such agreement between them.

UC Farms shall pay the Class 13 claim over thirty-six (36) months in equal installments of principal and interest. Interest shall be calculated at the rate of 3% per annum. The first payment shall be due thirty (30) days after payment is made to Wells Fargo Bank by the Urbanczyks, with subsequent payments due monthly on the same day of the month as the first

payment. In the event Cnossen Dairy satisfies its obligations to Wells Fargo Bank as described in Cnossen Dairy Classes 12 and 13 prior to the end of the 36 month period described in Exhibit 1 to the Plan, the balance remaining on the Class 13 claim shall be paid at the same time as the payments to Wells Fargo Bank.

The Class 13 claim shall be secured with a security interest in UC Farms' equipment; however, that security interest shall be subordinate to all currently existing security interests in that equipment.

Upon request, UC Farms shall execute a promissory note and security agreement to implement the provisions specified herein.

All payments on the Class 13 claim shall be suspended for any time during which Cnossen Dairy is in default in its payment obligations to Wells Fargo Bank pursuant to the terms of Exhibit 1.

This claim is fully secured.

27. In Article VIII of the Plan (p. 37), the following sentence is added at the end of the paragraph:

The claims of all fully secured creditors shall include post-petition interest (at the non-default contract rate) and reasonable attorneys' fees except that, should the inclusion of post-petition interest and reasonable attorneys' fees cause the total claim amount to exceed the value of the holder's collateral, then such claim shall be limited to the collateral value (with the collateral value determined as of the Effective Date of the Plan).

28. In Section IX.A of the Plan relating to the ADM Grain Feed Contract, the existing language on page 37 is hereby deleted in its entirety and replaced with the following:

This executory contract will be rejected. Cnossen Dairy shall be permitted a credit in the amount of \$10,105 against the payment of the Class 1 claim approved for ADM. ADM is released from any liability for refusing to honor the pricing under the contract after the Petition Date.

29. In Section XI.D, the existing language on pages 43 and 44 is hereby deleted in its entirety and replaced with the following:

The Debtor shall not be required to make specific objections to proofs of claim that allege a right to recover postpetition interest, penalties, fees, and other accruals with respect to prepetition claims which are prohibited under Bankruptcy Code § 502 (except secured claims entitled to such accruals pursuant to Bankruptcy Code § 506(b), including but not limited to the claims of Hartford Accident and Indemnity Company), and any claim amounts attributable to such postpetition interest, penalties, fees, and other accruals shall be disallowed in full upon entry of the Confirmation Order.

30. In Section XII.C of the Plan (p. 45), the following sentence is hereby added at the end of the paragraph:

As described in paragraph 6 of the Terms Sheet, on the Effective Date the Debtors shall be deemed to have generally released Wells Fargo Bank and its officers, employees, agents and attorneys from and of all claims.

31. In Section XV.F, the existing language on pages 50 and 51 is hereby deleted in its entirety and replaced with the following:

Pursuant to Bankruptcy Code § 524, and except otherwise expressly provided in this Plan, the Confirmation Order shall provide, among other things, that all persons who have held, hold, or may hold Claims, and all persons who have held, hold, or may hold any interest, are permanently enjoined on and after the Confirmation Date from commencing or continuing any action, employing any process, or engaging in any act, to collect, recover, or offset any debt discharged by the confirmation of this Plan as a personal liability of the Debtor, whether or not discharge of such debt has been waived.

32. In Section XVII.A of the Plan (p. 53), the following sentence is added at the end of the first paragraph:

In particular, events of default regarding Debtors' obligations to Hartford Accident and Indemnity Company and Navistar Financial Corporation shall be exclusively governed by the terms and conditions of any and all loan documents and/or amended and restated loan documents signed by any or all of the Debtors in favor of Hartford Accident and Indemnity Company and Navistar Financial Corporation, respectively.

33. In Section XVII.B of the Plan (p. 54), the reference to Article "XII.C" should be "VX.C" instead.

Also, the following sentence is added at the end of the first paragraph:

Debtors' rights to cure any default regarding Debtors' obligations to Hartford Accident and Indemnity Company and Hartford Accident and Indemnity Company's right to exercise its remedies upon Debtors' default shall be exclusively governed by the terms and conditions of any and all loan documents and/or amended and restated loan documents signed by any or all of the Debtors in favor of Hartford Accident and Indemnity Company.

CONCLUSION

Pursuant to Fed. R. Bankr. P. 3019, the Court hereby finds that the modifications contained in this Order do not adversely change the treatment of the claim of any creditor or the interest of any equity security holder who has not accepted in writing these modifications.

Accordingly, the Court finds that all creditors and equity security holders who have previously accepted the Plan are deemed to have accepted the Plan with the modifications contained in this Order. The Debtor shall file with the Court its First Amended Plan (As Modified) which shall incorporate these modifications and which shall be the plan of reorganization approved by this Court.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the Debtor's First Amended Plan of Reorganization (As Modified) is hereby confirmed pursuant to 11 U.S.C. § 1129.

END OF ORDER