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ATTORNEYS FOR CNOSSEN DAIRY

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
AMARILLO DIVISION

IN RE:	§	
	§	
Cnossen Dairy	§	BANKRUPTCY NO. 10-20760-rlj-11
and	§	
Cnossen Family Partnership	§	BANKRUPTCY NO. 10-20793-rlj-11
and	§	
UC Farms, LLC	§	BANKRUPTCY NO. 10-20794-rlj-11
	§	
Debtors	§	Jointly Administered
	§	Under No. 10-20760-rlj-11
	§	
	§	Chapter 11
	§	

**FIRST AMENDED PLAN OF REORGANIZATION (AS MODIFIED)
PROPOSED BY CNOSSEN DAIRY, CNOSSEN FAMILY
PARTNERSHIP, AND UC FARMS, LLC**

Cnossen Dairy, Cnossen Family Partnership, and UC Farms, LLC, Debtors, hereby
proposes this Plan of Reorganization in this proceeding:

I. DEFINITIONS

For the purposes of this Plan of Reorganization ("Plan"), the following terms shall mean:

"Administrative Claim" shall mean an Allowed Claim, arising prior to the Effective
Date, for the provision of goods or services to the Debtor after the commencement of this

Chapter 11 case or which is otherwise the type of expense contemplated by Bankruptcy Code § 503(b), and which is entitled to priority status pursuant to Bankruptcy Code § 507(a)(2).

“Allowed Claim” shall mean a Claim as to which no objection has been interposed and: in respect to which a proof of claim has been filed with the Court within the applicable period of limitation fixed by an order of the Court, pursuant to Bankruptcy Rule 3003(c)(3); or scheduled in the list of creditors prepared and filed with the Court pursuant to Bankruptcy Rule 1007(b) and not listed as disputed, contingent, or unliquidated as to amount.

“Allowed Claim” shall also include any Claim as to which any objection has been determined by an order or judgment which is no longer subject to appeal or certiorari proceeding and as to which no appeal or certiorari proceeding is pending. **“Allowed Claim”** shall also include any amounts established by a proper amendment to a timely filed Claim.

“Allowed Priority Non-Tax Claim” shall mean Allowed Claims under Bankruptcy Code §§ 507(a)(1) – (7).

“Allowed Secured Claim” shall mean an Allowed Claim secured by a lien, security interest, or other charge against or interest in property in which Debtor has an interest, or which is subject to setoff under 11 U.S.C. § 553, which claim is equal to the lesser of (a) the Allowed amount of such Claim, or (b) the value of the holder’s interest in its Collateral (determined in accordance with 11 U.S.C. § 506(a)(1)).

“Ballot” shall mean the document approved by the Bankruptcy Court for voting on the Plan and for holders of Class Claims to elect options for treatment under the Plan.

“Bankruptcy Code or Code” shall mean the United States Bankruptcy Code, Title 11 of the United States Code, § 101 et seq.

“Bankruptcy Court or Court” shall mean the United States Bankruptcy Court for the Northern District of Texas, Amarillo Division, or such other court having jurisdiction over this Chapter 11 Case, or any proceeding related thereto, including appeals.

“Bankruptcy Rule(s)” shall mean the Federal Rules of Bankruptcy Procedure.

“Bar Date” shall mean the date established by the Bankruptcy Court by which any particular type of Claim or Equity Interest must be evidenced by the filing of a proof of claim or proof of interest with the Bankruptcy Court. Absent further order of the Bankruptcy Court extending the Bar Date, the Bar Date for Cnossen Dairy claimants is March 30, 2011; the Bar Date for Cnossen Family Partnership claimants is March 30, 2011; and the Bar Date for UC Farms claimants is March 30, 2011.

“Business Day” shall mean a day other than a Saturday, Sunday, or legal holiday.

“Chapter 11 Case or Case” shall mean the case commenced under Chapter 11 of the Bankruptcy Code by the Debtor on the Petition Date by the filing of its Chapter 11 petition with the Bankruptcy Court.

“Claim” shall mean any right to payment, or right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, against a Debtor in existence on or as of the Petition Date, whether or not such right to payment or right to an equitable remedy is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured as of the Effective Date. **“Claim”** shall also include an injunction, specific performance, remediation, or any other equitable or non-monetary form of remedy, whether or not such right to an equitable form of remedy is reduced to judgment, fixed, contingent, matured, unmatured, requested, contested, secured, or unsecured as of the Effective Date.

“Class” shall mean any class into which Allowed Claims or Allowed Interests are classified pursuant to Article II.

“Collateral” shall mean property in which the Debtor has an interest and that secures, in whole or in part, whether by agreement, statute, or judicial decree, the payment of a Claim.

“Confirmation Date” shall mean the date upon which the Order of Confirmation is entered by the Court determining the Plan meets the requirements of Chapter 11 of the Bankruptcy Code.

“Confirmation Order” shall mean the order of the Bankruptcy Court confirming the Plan under § 1129 of the Bankruptcy Code.

“Contested Claim” shall mean a Claim against the Debtor for which a proof of claim has been filed and as to which an objection has been filed with the Bankruptcy Court, but which has not been determined by Final Order.

“Debtor” shall mean Cnossen Dairy, Cnossen Family Partnership, or UC Farms, LLC, respectively, as pertaining to the Case of each such respective entity, including in each such entity in its capacity as pre-petition, post-petition, or post-confirmation debtor-in-possession, depending on context.

“Disclosure Statement” shall mean the proposed Disclosure Statement under Bankruptcy Code § 1125, including any amendments, submitted by the Debtor for its Plan of Reorganization.

“Effective Date” shall mean the later of (a) the first Business Day fourteen (14) days from the Confirmation Date, unless a notice of appeal has been timely filed, in which event the Effective Date will be the first Business Day during which no motion for stay pending appeal has been granted or supersedeas bond is approved and filed; (b) in the event a stay is granted or

supersedeas bond is approved and filed, the first Business Day on which the Confirmation Order becomes a Final Order; or (c) loan and guaranty documentation, in form and substance acceptable to Wells Fargo Bank, N.A. has been fully executed by the Debtor (including all Guarantors) and delivered to Wells Fargo Bank.

“Equity Interest” shall mean any ownership interest in the Debtor, whether designated as partnership interest, membership interest, capital stock, common stock, preferred stock, warrants, options, or any other indicia of interest(s) in the Debtor which are not “claims” as defined by the Bankruptcy Code.

“Estate” shall mean the legal entity created to administer the property of the Debtor by the commencement of the Case.

“Final Order” shall mean an order, judgment, ruling or other decree issued and entered by the Bankruptcy Court (as entered on the docket in the Chapter 11 Case), or any state or federal court or other tribunal located in one of the states, territories, possessions of the United States of America, or the District of Columbia, which judgment, order, or other decree has not been reversed, stayed, modified, or amended, and as to which (a) the time to appeal or to seek review, rehearing, or certiorari has expired and as to which no appeal or petition for review, rehearing, or certiorari is pending or has been timely filed, or (b) any appeal that has been or may be taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought.

“General Unsecured Claim” shall mean any Allowed Claim which is not secured by property of the Debtor’s Estate and which is not an Administrative Claim, Convenience Claim, or Priority Non-Tax Claim including, without limitation, all claims arising from the rejection of executory contracts, unexpired leases, or deficiency claims.

“Lease Cure Claim” shall mean any Claim arising under or relating to any executory contract or unexpired lease to which the Debtor was a party on the Petition Date and which is assumed pursuant to the Plan including, without limitation, any Claim for breach of or default under such contract.

“Net Proceeds” shall mean the sales price less expenses of the sale.

“Oversecured Claim” shall mean a Claim which is secured by property which has a value (as of the Petition Date) greater than the amount of the Claim.

“Person” shall mean any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, governmental or regulatory body, or other entity.

“Petition Date” shall mean November 12, 2010 as to Cnossen Dairy and December 3, 2010 as to Cnossen Family Partnership and UC Farms, LLC, the date on which the Debtor commenced its Chapter 11 Case.

“Plan” shall mean the Plan of Reorganization proposed by the Debtor pursuant to Chapter 11 of the Bankruptcy Code, as amended or modified from time to time in accordance with the terms hereof or as approved by the Court. All provisions not specific to any particular Debtor shall apply to each jointly administered Debtor. As to each jointly administered Debtor, “Plan” shall refer to those provisions specific to such Debtor and to all those provisions not specific to any particular Debtor.

“Priority Tax Claim” shall mean any Allowed Claim of a governmental unit for taxes entitled to priority status pursuant to Bankruptcy Code § 507(a)(8). **“Priority Tax Claim”** shall not include amounts owed to governmental units for penalties that are not compensation for

actual pecuniary loss and, therefore, not entitled to priority treatment pursuant to 11 U.S.C. § 507(a)(8)(G).

“Professional Fees” shall mean Allowed Claims for professional fees which are allowed following notice and opportunity for hearing, pursuant to Bankruptcy Code § 330 and entitled to priority status as administrative expenses pursuant to Bankruptcy Code § 507(a)(2).

“Reorganized Debtor” shall mean Cnossen Dairy, Cnossen Family Partnership, and UC Farms, LLC, respectively, on or after the Effective Date, after giving effect to the provisions of this Plan.

“Schedules” shall mean the Statement of Liabilities of Debtor Engaged in Business filed by the Debtor with the Bankruptcy Court, as amended.

“Secured Claim” shall mean any Allowed Claim secured by property of the Estate, which Claim is equal to the lesser of (a) the amount of such Allowed Claim or (b) the value of the Collateral.

“Subordinated Claim” shall mean (a) any Claim of any Person that is liable with the Debtor on or has secured the Claim of another creditor to the extent that such obligor’s Claim is for identity, contribution, or reimbursement and is not Allowed on or before the Confirmation Date, (b) any Claim for punitive damages and any other Claim of the type described in Bankruptcy Code § 726(a)(4) (and notwithstanding the general inapplicability of Chapter 7 of the Bankruptcy Code), including any lien securing such Claim, and (c) any Claim subordinated under Bankruptcy Code § 510, including any lien securing such Claim.

“Voting Deadline” shall mean 5:00 p.m. on the date established by the Bankruptcy Court, by which time Ballots must be received by counsel for the Debtor at the address indicated on the Ballots.

Undefined Terms. Terms and phrases, whether capitalized or not, that are used and not defined in the Plan, but that are defined in the Bankruptcy Code, have the meanings ascribed to them in the Bankruptcy Code.

Interpretation. Unless otherwise specified, all section, article, and schedule references in the Plan are to the respective section in, article of, or schedule to this Plan, as the same may be amended, waived, or modified from time to time. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Words denoting the singular number shall include the plural number and vice versa, and words denoting one gender shall include the other gender.

II. CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

A. Creation of Classes

The Debtor creates the following classes for purposes of organization, voting, and all confirmation matters with respect to all Claims and Equity Interests in the Debtor other than Administrative Claims. As to Administrative Claims, the following classes are created for purposes of organization only.

B. Division of Claims – Cnossen Dairy

A Claim is in a particular class only to the extent that the Claim qualifies within the description of that class. The classification of claims was made pursuant to the requirements of 11 U.S.C. § 1123(a)(1) and was performed entirely at the Debtor's discretion. For the purposes of this Plan, the classes of claims are designated as follows:

B-1. Class 1 – Administrative Claims.

This Class consists of all administrative claims in this case as defined by the Code.

B-2. Class 2 – Priority Non-Tax Claims.

This Class consists of all priority non-tax claims in this case as defined by the Code.

B-3. Class 3 – Priority Tax Claims.

This Class consists of all unsecured priority tax claims in this case as defined by the Code. Included in this Class are any claims for interest on a tax claim arising prior to the Petition Date, provided such interest is intended as compensation for actual pecuniary loss suffered by the holder of such claim. It does not include any penalties owed to any Class 3 claimant that are not compensation for actual pecuniary loss and not a part of a secured claim and, therefore, not entitled to priority treatment pursuant to 11 U.S.C. § 507(a)(8)(G). Similarly, it does not include any amount allowed a taxing authority as a secured claim.

B-4. Class 4 – Secured Claim of ASCO.

This Class consists of ASCO's secured claim in the amount of \$6,226,50.

B-5. Class 5 – Secured Claim of Aurora Nunez.

This Class consists of Aurora Nunez' secured claim in the amount of \$12,310.

B-6. Class 6 – Secured Claim of Jeremy Peatzold, Inc.

This Class consists of Jeremy Peatzold, Inc.'s secured claim in the amount of \$25,500.00.

B-7. Class 7 – Secured Claim of John Deere Credit.

This Class consists of John Deere Credit's secured claim in the amount of \$111,305.

B-8. Class 8 – Secured Claim of Kubota Credit Corporation, U.S.A.

This Class consists of Kubota Credit Corporation, U.S.A.'s secured claim in the amount of \$18,781.60.

B-9. Class 9 – Secured Claim of Navistar Financial Corporation.

This Class consists of Navistar Financial Corporation's secured claim in the amount of \$202,239.

B-10. Class 10 – Secured Claim of Paccar Financial Corporation.

This Class consists of Paccar Financial Corporation's secured claim in the amount of \$104,584.18.

B-11. Class 11 – Secured Claim of Volvo Financial Services.

This Class consists of Volvo Financial Services' secured claim in the amount of \$156,588.

B-12. Class 12 – Secured Claim of Wells Fargo Bank, N.A. (Loan Facility)

This Class consists of that portion of Wells Fargo Bank, N.A.'s secured claim equal to 75% of the value of the Debtor's cattle, feed inventory, and cash investment in growing crops as determined by the most recent collateral inspection as of the confirmation date.

B-13. Class 13 – Secured Claim of Wells Fargo Bank, N.A. (Amortized Debt)

This class consists of the balance of Wells Fargo Bank, N.A.'s secured claim after deducting the amount of the Class 12 Claim.

B-14. Class 14 – Secured Claim of FPC Financial, f.s.b

This class consists of FPC's secured claim in the amount of \$30,403.33.

B-15. Class 15 – Secured Claim of Hartford Accident and Indemnity Company.

This class consists of Hartford Accident and Indemnity Company's secured claim in the amount of \$14,918,459.59.

B-16. Class 16 – Secured Claim of Hartford Accident and Indemnity Company.

This class consists of Hartford Accident and Indemnity Company's secured claim in the amount of \$5,500,000.00.

B-17. Class 17 – Secured Claim of Hartford Accident and Indemnity Company.

This class consists of Hartford Accident and Indemnity Company's secured claim in the amount of \$2,000,000.00.

B-18. Class 18 – Secured Claim of Deaf Smith County Tax Assessor.

This class consists of the claims of the Deaf Smith County Tax Assessor for ad valorem property taxes.

B-19. Class 19 – General Unsecured Claims – Affiliated Entities.

This class consists of all General Unsecured Claims held any entity or individual affiliated with the Debtor.

B-20. Class 20 – General Unsecured Claims.

This class consists of all General Unsecured Claims not included in Class 18.

B-21. Class 21 – Equity Holders.

This class consists of the holders of partnership interests in the Debtor.

B-22. Class 22 – 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 22 claims shall be excluded from both Class 19 and Class 20. Class 22 claims include the claim of AgStar Financial Services, FLCA that is secured by property owned by Cnossen Brothers Co., Inc. in Idaho.

C. Division of Claims – Cnossen Family Partnership

A Claim is in a particular class only to the extent that the Claim qualifies within the description of that class. The classification of claims was made pursuant to the requirements of 11 U.S.C. § 1123(a)(1) and was performed entirely at the Debtor's discretion. For the purposes of this Plan, the classes of claims are designated as follows:

C-1. Class 1 – Administrative Claims.

This Class consists of all administrative claims in this case as defined by the Code.

C-2. Class 2 – Priority Non-Tax Claims.

This Class consists of all priority non-tax claims in this case as defined by the Code.

C-3. Class 3 – Priority Tax Claims.

This Class consists of all unsecured priority tax claims in this case as defined by the Code. Included in this Class are any claims for interest on a tax claim arising prior to the Petition Date, provided such interest is intended as compensation for actual pecuniary loss suffered by the holder of such claim. It does not include any penalties owed to any Class 3 claimant that are not compensation for actual pecuniary loss and not a part of a secured claim and, therefore, not entitled to priority treatment pursuant to 11 U.S.C. § 507(a)(8)(G). Similarly, it does not include any amount allowed a taxing authority as a secured claim.

C-4. Class 4 – Secured Claim of Wells Fargo Bank, N.A.

This class consists of Wells Fargo Bank, N.A.'s secured claim in the amount of \$1,375,000.00.

C-5. Class 5 – General Unsecured Claims.

This class consists of all General Unsecured Claims.

C-6. Class 6 – Equity Holders.

This class consists of the holders of partnership interests in the Debtor.

C-7. Class 7 – 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 7 claims shall be excluded from Class 5. Class 7 claims include the claims of Hartford Accident and Indemnity Company in the total amount of \$22,449,628.80 that is secured by property owned by Cnossen Dairy (including one or more of its partners) and by Cnossen Brothers Co., Inc. in Texas.

D. Division of Claims – UC Farms, LLC

A Claim is in a particular class only to the extent that the Claim qualifies within the description of that class. The classification of claims was made pursuant to the requirements of 11 U.S.C. § 1123(a)(1) and was performed entirely at the Debtor's discretion. For the purposes of this Plan, the classes of claims are designated as follows:

D-1. Class 1 – Administrative Claims.

This Class consists of all administrative claims in this case as defined by the Code.

D-2. Class 2 – Priority Non-Tax Claims.

This Class consists of all priority non-tax claims in this case as defined by the Code.

D-3. Class 3 – Priority Tax Claims.

This Class consists of all unsecured priority tax claims in this case as defined by the Code. Included in this Class are any claims for interest on a tax claim arising prior to the Petition Date, provided such interest is intended as compensation for actual pecuniary loss suffered by the holder of such claim. It does not include any penalties owed to any Class 3 claimant that are not compensation for actual pecuniary loss and not a part of a secured claim

and, therefore, not entitled to priority treatment pursuant to 11 U.S.C. § 507(a)(8)(G). Similarly, it does not include any amount allowed a taxing authority as a secured claim.

D-4. Class 4 – Secured Claim of Chase Auto Finance.

This Class consists of Chase Auto Finance's secured claim in the amount of \$12,672.88.

D-5. Class 5 – Secured Claim of CNH Capital America, LLC.

This Class consists of CNH Capital America's secured claim in the amount of \$78,828.55.

D-6. Class 6 – Secured Claim of John Deere Credit.

This Class consists of John Deere Credit's secured claim in the amount of \$33,597.72.

D-7. Class 7 – Secured Claim of Wells Fargo Equipment Finance, Inc.

This Class consists of Wells Fargo Equipment Finance's secured claim in the amount of \$879,881.60.

D-8. Class 8 – Secured Claim of Wells Fargo Bank, N.A.

This class consists of Wells Fargo Bank, N.A.'s secured claim in the amount of \$442,217.

D-9. Class 9 – Secured Claim of Deaf Smith County Tax Assessor.

This class consists of the claims of the Deaf Smith County Tax Assessor for ad valorem property taxes.

D-9.5. Class 9.5 – Chris Urbanczyk and Kevin Urbanczyk

This class consists of Chris and Kevin Urbanczyk's secured claim in the amount of \$260,000.00.

D-10. Class 10 – General Unsecured Claims.

This class consists of all General Unsecured Claims.

D-11. Class 11– Equity Holders.

This class consists of the holders of membership interests in the Debtor.

D-12. 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 property owned by Chris and/or Kevin Urbanczyk.

D-13. Class 13 – Indemnity Claims

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.

E. Non-Participating Claims

Any Class that is not occupied as of the date of the hearing on confirmation of this Plan by an Allowed Claim or a claim temporarily allowed pursuant to Bankruptcy Rule 3018 shall (a) be deemed to accept the Plan or (b) alternatively, be deleted from this Plan solely for the purpose of voting on acceptance or rejection of this Plan and for the purpose of determining whether this Plan has been accepted by such class pursuant to Bankruptcy Code § 1129, but not be deleted for purposes of enforcement of this Plan against such class from and after Confirmation.

III. IDENTIFICATION OF UNIMPAIRED CLASSES OF CLAIMS AND EQUITY INTERESTS – CNOSSEN DAIRY

A. Unimpaired Classes of Claims and Interests

Classes 1 through 11, 16, 17, 18, and 22 are not impaired under this Plan.

B. Impaired Classes of Claims and Interests

Classes 12 through 15 and 19 through 21 are impaired under this Plan.

C. Impairment Controversies

If a controversy arises as to whether any Claim or Equity Interest, or any class of Claims or class of Equity Interests, is impaired under this Plan, such class shall be treated as specified in this Plan unless the Bankruptcy Court shall determine such controversy upon motion of the party challenging the characterization of a particular Claim or Equity Interest under this Plan.

IV. IDENTIFICATION OF UNIMPAIRED CLASSES OF CLAIMS AND EQUITY INTERESTS – CNOSSEN FAMILY PARTNERSHIP

A. Unimpaired Classes of Claims and Interests

Classes 1 through 3 are not impaired under this Plan.

B. Impaired Classes of Claims and Interests

Classes 4 through 7 are impaired under this Plan.

C. Impairment Controversies

If a controversy arises as to whether any Claim or Equity Interest, or any class of Claims or class of Equity Interests, is impaired under this Plan, such class shall be treated as specified in this Plan unless the Bankruptcy Court shall determine such controversy upon motion of the party challenging the characterization of a particular Claim or Equity Interest under this Plan.

V. IDENTIFICATION OF UNIMPAIRED CLASSES OF CLAIMS AND EQUITY INTERESTS – UC FARMS, LLC

A. Unimpaired Classes of Claims and Interests

Classes 1 through 7, 9, 9.5, 11, and 12 are not impaired under this Plan.

B. Impaired Classes of Claims and Interests

Classes 8, 10, and 13 are impaired under this Plan.

C. Impairment Controversies

If a controversy arises as to whether any Claim or Equity Interest, or any class of Claims or class of Equity Interests, is impaired under this Plan, such class shall be treated as specified in this Plan unless the Bankruptcy Court shall determine such controversy upon motion of the party challenging the characterization of a particular Claim or Equity Interest under this Plan.

**VI. ACCEPTANCE OR REJECTION OF PLAN; EFFECT OF REJECTION
BY ONE OR MORE CLASSES OF CLAIMS OR EQUITY INTERESTS**

A. Classes Entitled to Vote

Each impaired class of Claims or Equity Interests shall be entitled to vote separately to accept or reject this Plan. Any unimpaired class of Claims shall be deemed to have accepted the Plan pursuant to Bankruptcy Code § 1126(f).

B. Class Acceptance Requirement

A class of Claims shall have accepted this Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims of such class that have timely and properly voted on this Plan.

C. One Vote per Holder

If a holder of a Claim holds more than one Claim in any one class, all Claims of such holder in such class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims voting on this Plan.

D. Cramdown

Notwithstanding the rejection of this Plan by any class of Claims or Equity Interests, the Debtor may request that the Bankruptcy Court confirm this Plan in accordance with Bankruptcy Code § 1129(b).

VII. TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. General Overview.

The basic premise of this Plan of Reorganization is that Cnossen Dairy will, with the exception of the claims of Wells Fargo and Hartford, cure the defaults to its creditors that have resulted from the commencement of this Case. Hartford's claims and Wells Fargo's claims will be modified upon plan confirmation. This Plan contemplates that Cnossen Dairy and Wells Fargo will resume a more traditional financing arrangement for a three (3) year term. That financing arrangement will provide for the Debtor's revenue to be applied to the outstanding loan balance upon receipt, thus reducing the interim charge of interest, and will also provide working capital for the Debtor in amounts up to 75% of the collateral value. This Plan contemplates that all creditors will be paid in full through the Debtor's operations over the term of the Plan.

Cnossen Family Partnership will continue to provide farming services for Cnossen Dairy. Cnossen Family Partnership's debt to Wells Fargo will be paid as part of the financing with Cnossen Dairy. From the management fee and Class 19 claim paid by Cnossen Dairy, Cnossen Family Partnership shall pay its remaining creditors in full over the term of the Plan.

Upon confirmation, UC Farms will distribute its assets to its members, Frank Cnossen and Jim Cnossen. Frank Cnossen and Jim Cnossen will also assume liability for all indebtedness of UC Farms. The assets distributed by UC Farms to Frank Cnossen and Jim Cnossen will then be contributed to Cnossen Dairy. As consideration for the contribution of those assets, Cnossen Dairy will assume liability for all indebtedness of UC Farms assumed by Frank Cnossen and Jim Cnossen. 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. UC Farms will then be dissolved.

Cnossen Dairy will pay UC Farms' creditors in full over the term of the Plan.

Claims based on debts for which more than one entity is liable shall initially be the responsibility of the entity that has traditionally treated the debt as its liability. However, any entity that is a guarantor or co-obligor of another entity shall remain secondarily liable for the debt.

The assets of the Estate may be valued under Bankruptcy Code §§ 502 and 506 and Bankruptcy Rule 3012 on or before confirmation of the Debtor's Plan so that the value of any Secured Claim can be determined prior to implementation of the Plan. However, values agreed upon by interested parties may be utilized in lieu of formal findings by the Bankruptcy Court. 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.

The amounts referenced in this Plan are in certain instances approximations and are subject to change. The amount to be Allowed under the Plan is the amount of the Allowed Claims filed by creditors on or before the Bar Date established by the Court for filing proofs of claim, after any objections interposed with respect to such claims have been resolved.

All Claimants will be required to make any election to which they are entitled by law or contract, whether under § 1111(b) or the Code or otherwise, in accordance with Bankruptcy Rule 3014.

B. Treatment of Claims and Interests – Cnossen Dairy

Class 1 – Administrative Claims.

This Class consists of all fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930, as well as all claims for administrative expenses pursuant to § 503(b) of the Bankruptcy Code, and specifically includes all costs and expenses of administration incurred or assumed subsequent to the filing date including, but without limitation, all fees and reimbursable expenses of professionals.

Each Holder of an Allowed Administrative Claim shall receive from the Debtor with respect to such Allowed Claim either (a) the amount of such Allowed Claim from the Debtor in one (1) Cash payment on the later of (i) the Effective Date, (ii) the date that is sixty (60) days after a request for payment of the Claim is filed, (iii) the date that is twenty (20) days after the Claim becomes an Allowed Claim, or (b) such other treatment as may be agreed upon in writing by such holder; provided, however, that an Allowed Administrative Claim representing a liability incurred in the ordinary course of business shall be paid by the Debtor upon presentment or otherwise in accordance with the terms of the particular transaction and any agreement related thereto.

Applications for compensation and reimbursement filed by Professionals employed under § 327 of the Bankruptcy Code or otherwise employed by order of the Bankruptcy Court shall be filed no later than forty-five (45) days after the Effective Date. All other requests for payment of Administrative Claims found to be effective by the Bankruptcy Court shall be filed by the earlier of (i) thirty (30) days after the date of service of notice of the Effective Date, or (ii) any applicable bar date established by the Bankruptcy Court and noticed separately by the Debtor, and if no timely request for payment of Administrative Claims is reversed, such claims shall be

forever barred and shall not be assertable in any manner against the Debtor or the Estate provided no request for payment shall be required with respect to Administrative Claims that have been paid previously or with respect to Administrative Claims representing liabilities incurred in the ordinary course of business unless a dispute exists as to any such liabilities or unless the provisions of the Bankruptcy Code require approval or allowance by the Bankruptcy Court as a precondition to payments being made on any such liability.

Class 2 – Priority Non-Tax Claims.

Each holder of an Allowed Class 2 Claim shall be paid in full on the Effective Date.

Class 3 – Priority Tax Claims.

Each holder of an Allowed Class 3 Claim shall be paid in full on the Effective Date.

Class 4 – Secured Claim of ASCO.

ASCO's Class 4 claim shall be allowed in the amount of \$6,226.50. ASCO's Class 4 claim will be paid in accordance with the terms of the Credit Agreement between Debtor and ASCO. Since the final payment required by the Credit Agreement was scheduled for April 10, 2011, this Claim shall be paid in full on the Effective Date. ASCO shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

This claim is Fully Secured.

Class 5 – Secured Claim of Aurora Nunez.

Aurora Nunez' Class 5 claim shall be allowed in the amount of \$12,310. Aurora Nunez' Class 5 claim will be paid in accordance with the terms of the promissory note between Debtor and Aurora Nunez. Since the final payment required by the promissory note is scheduled for June 15, 2011, this Claim shall be paid in full on the Effective Date. Aurora Nunez shall retain

her lien in the real property described in the promissory note and deed of trust and in the proceeds thereof.

This claim is Fully Secured.

Class 6 – Secured Claim of Jeremy Peatzold, Inc.

Jeremy Peatzold, Inc.'s Class 6 claim shall be allowed in the amount of \$25,500.00. Jeremy Peatzold, Inc.'s Class 6 claim will be paid in accordance with the terms of the Credit Agreement between Debtor and Jeremy Peatzold, Inc. All arrearage on this Claim will be paid within thirty (30) days of the Effective Date. Jeremy Peatzold, Inc. shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

This claim is Fully Secured.

Class 7 – Secured Claim of John Deere Credit.

John Deere Credit's Class 7 claim shall be allowed in the amount of \$111,305. John Deere Credit's Class 7 will be paid in accordance with the terms of the Credit Agreements between Debtor and John Deere Credit, which includes monthly payments in the amount of \$2,554.33 to be paid by the 15th of each month until March, 2013 and monthly payments in the amount of \$1,375.07 to be paid by the 21st of each month until May, 2013. All arrearages on this Claim will be paid within thirty (30) days of the Effective Date. John Deere Credit shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

This claim is Fully Secured.

Class 8 – Secured Claim of Kubota Credit Corporation, U.S.A.

Kubota Credit Corporation, U.S.A.'s Class 8 claim shall be allowed in the amount of \$18,781.60. Kubota Credit Corporation, U.S.A.'s Class 8 claim will be paid in accordance with the terms of the Credit Agreement between Debtor and Kubota Credit Corporation, U.S.A, which includes monthly payments in the amount of \$1,341.45 to be paid by the 27th of each month until December, 2011. All arrearages on this Claim will be paid within thirty (30) days of the Effective Date. Kubota Credit Corporation, U.S.A. shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

This claim is Fully Secured.

Class 9 – Secured Claim of Navistar Financial Corporation.

Navistar Financial Corporation's Class 9 claim shall be allowed in the amount of \$202,239. Navistar Financial Corporation's Class 9 claim will be paid in accordance with the terms of the Commercial Loan and Security Agreements between Debtor and Navistar Financial Corporation, which includes monthly payments in the amount of \$3,301.92 to be paid by the 12th of each month until June, 2013 and monthly payments in the amount of \$3,845.80 to be paid by the 4th of each month until April, 2013. Navistar Financial Corporation shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

This claim is Fully Secured.

Class 10 – Secured Claim of Paccar Financial Corporation.

Paccar Financial Corporation's Class 10 claim shall be allowed in the amount of \$104,584.18. Paccar Financial Corporation's Class 10 claim will be paid in accordance with the terms of the Credit Agreements between Debtor and Paccar Financial Corporation, which

includes monthly payments in the amount of \$1,930.00 to be paid by the 1st of each month until May, 2013 and monthly payments in the amount of \$1,655.00 to be paid by the 14th of each month until September, 2013. All arrearages on this Claim will be paid within thirty (30) days of the Effective Date. Paccar shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

This claim is Fully Secured.

Class 11 – Secured Claim of Volvo Financial Services.

Volvo Financial Services' Class 11 claim shall be allowed in the amount of \$156,588. Volvo Financial Services' Class 11 claim will be paid in accordance with the terms of the Credit Agreements between Debtor and Volvo Financial Services, which includes monthly payments in the amount of \$1,831.00 to be paid by the 10th of each month until May, 2012 and monthly payments in the amount of \$3,723.00 to be paid by the 20th of each month until March, 2013. All arrearages on this Claim will be paid within thirty (30) days of the Effective Date. Volvo Financial Services shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

This claim is Fully Secured.

Class 12 – Secured Claim of Wells Fargo Bank, N.A. (Loan Facility)

Wells Fargo Bank's Class 12 claim shall be allowed. The allowed amount of the claim shall be that amount equal to 75 percent of the value of the Debtor's cattle, feed inventory, and investment in growing crops ("LTV ratio") as determined by the most recent collateral inspection prior to confirmation. The treatment for this claim is described in a Terms Sheet ("Terms Sheet") (where this claim is described as "Claim A") agreed to between Wells Fargo and the Debtor. A true and correct copy of the executed Terms Sheet is attached hereto as

Exhibit 1. 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.

This claim is Fully Secured.

Class 13 – Secured Claim of Wells Fargo Bank, N.A. (Amortized Loan)

Wells Fargo Bank's Class 13 claim shall be allowed. The allowed amount of the claim shall be the balance of Wells Fargo Bank, N.A.'s secured claim after deducting the Class 12 claim. The treatment for this claim is described in a Terms Sheet (where this claim is described as "Claim B") agreed to between Wells Fargo and the Debtor. A true and correct copy of the executed Terms Sheet is attached hereto as **Exhibit 1**. 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.

This claim is Fully Secured.

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.

Class 14 – Secured Claim of FPC, Financial, f.s.b.

FPC's Class 14 claim shall be allowed in the amount of \$30,403.33. FPC's Class 14 claim shall be paid in twelve (12) equal monthly installments of principal and interest in the

amount of \$2,603 beginning thirty (30) days after the Effective Date. This claim shall bear interest at a rate of 4% per annum. FPC shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

This claim is Fully Secured.

Class 15 – Secured Claim of Hartford Accident and Indemnity Company.

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.

Class 16 – Secured Claim of Hartford Accident and Indemnity Company.

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 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, 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.

Class 17 – Secured Claim of Hartford Accident and Indemnity Company.

This class consists of Hartford Accident and Indemnity Company's secured claim in the amount of \$2,000,000. This claim is secured by an interest in real estate farmed by Cnossen Dairy. This claim is Fully Secured. This Claim has been paid in full from the proceeds of the sale of the land securing this Claim prior to confirmation of this Plan.

Class 18 – Secured Claim of Deaf Smith County Tax Assessor.

This class consists of the claims of the Deaf Smith County Tax Assessor for ad valorem property taxes. Deaf Smith County Tax Assessor shall retain its liens for ad valorem property taxes on the Debtor's real and personal property. This claim shall be paid when due.

Class 19 – General Unsecured Claims – Affiliated Entities & Persons.

All General Unsecured Claims of Affiliated Entities shall be paid over a period of one hundred and twenty (120) months beginning in the fourth (4th) month after the Effective Date.

More specifically, this class includes a claim by Cnossen Family Partnership in the amount of \$4,190,999, and a claim by Clara Cnossen in the amount of \$1,178,561. Cnossen Family Partnership's claim in this class will be offset by a claim Cnossen Dairy has against Cnossen Family Partnership in the amount of \$198,560.

Class 20 – General Unsecured Claims.

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.

Class 21 – Equity Holders.

Cnossen Dairy's partners shall retain their partnership interest. The partners shall continue to receive draws and other benefits consistent with and comparable to those provided prior to and subsequent to the Petition Date.

Class 22 – 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 22 claims shall be excluded from both Class 19 and Class 20. Class 22 claims include the claim of AgStar Financial Services, FLCA that is secured by property owned by Cnossen Brothers Co., Inc. in Idaho.

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 22 claim.

C. Treatment of Claims and Interests – Cnossen Family Partnership

Class 1 – Administrative Claims.

This Class consists of all fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930, as well as all claims for administrative expenses pursuant to § 503(b) of the Bankruptcy Code, and specifically includes all costs and expenses of administration incurred or assumed subsequent to the filing date including, but without limitation, all fees and reimbursable expenses of professionals.

Each Holder of an Allowed Administrative Claim shall receive from the Debtor with respect to such Allowed Claim either (a) the amount of such Allowed Claim from the Debtor in one (1) Cash payment on the later of (i) the Effective Date, (ii) the date that is sixty (60) days after a request for payment of the Claim is filed, (iii) the date that is twenty (20) days after the Claim becomes an Allowed Claim, or (b) such other treatment as may be agreed upon in writing by such holder; provided, however, that an Allowed Administrative Claim representing a liability incurred in the ordinary course of business shall be paid by the Debtor upon presentment or otherwise in accordance with the terms of the particular transaction and any agreement related thereto.

Applications for compensation and reimbursement filed by Professionals employed under § 327 of the Bankruptcy Code or otherwise employed by order of the Bankruptcy Court shall be filed no later than forty-five (45) days after the Effective Date. All other requests for payment of Administrative Claims found to be effective by the Bankruptcy Court shall be filed by the earlier

of (i) thirty (30) days after the date of service of notice of the Effective Date, or (ii) any applicable bar date established by the Bankruptcy Court and noticed separately by the Debtor, and if no timely request for payment of Administrative Claims is reversed, such claims shall be forever barred and shall not be assertable in any manner against the Debtor or the Estate provided no request for payment shall be required with respect to Administrative Claims that have been paid previously or with respect to Administrative Claims representing liabilities incurred in the ordinary course of business unless a dispute exists as to any such liabilities or unless the provisions of the Bankruptcy Code require approval or allowance by the Bankruptcy Court as a precondition to payments being made on any such liability.

Class 2 – Priority Non-Tax Claims.

Each holder of an Allowed Class 2 Claim shall be paid in full on the Effective Date.

Class 3 – Priority Tax Claims.

Each holder of an Allowed Class 3 Claim shall be paid in full on the Effective Date.

Class 4 –Secured Claim of Wells Fargo Bank, N.A.

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. This Claim shall be further governed by the Terms Sheet attached as Exhibit 1.

This Claim is fully secured.

This Claim shall be paid by Cnossen Dairy in accordance with Article VII.B.

Class 5 – General Unsecured Claims.

This class consists of all General Unsecured Claims. Beginning five (5) months after the Effective Date, Holders of Class 5 claims shall be paid in full. No interest shall be paid the holders of Class 5 claims.

Class 6 – Equity Holders.

Cnossen Family Partnership's partners shall retain their partnership interest. The partners shall continue to receive draws and other benefits consistent with and comparable to those provided prior to and subsequent to the Petition Date.

Class 7 – 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 7 claims shall be excluded from Class 5. Class 7 claims include the claim of Hartford Accident and Indemnity Company that is secured by property owned by Cnossen Dairy, or one or more of its partners and property owned by Cnossen Brothers Co., Inc. in Texas. Payment of Hartford Accident and Indemnity Company's Class 7 claim is provided for in Cnossen Dairy Classes 15, 16, and 17.

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 7 claim.

D. Treatment of Claims and Interests – UC Farms, LLC

Subsequent to the distribution of UC Farms' assets to its members and the contribution of those assets to Cnossen Dairy by its partners, Cnossen Dairy shall pay these claims in accordance with the provisions set forth below.

Class 1 – Administrative Claims.

This Class consists of all fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930, as well as all claims for administrative expenses pursuant to § 503(b) of the Bankruptcy Code, and specifically includes all costs and expenses of administration incurred or assumed subsequent to the filing date including, but without limitation, all fees and reimbursable expenses of professionals.

Each Holder of an Allowed Administrative Claim shall receive from the Debtor with respect to such Allowed Claim either (a) the amount of such Allowed Claim from the Debtor in one (1) Cash payment on the later of (i) the Effective Date, (ii) the date that is sixty (60) days after a request for payment of the Claim is filed, (iii) the date that is twenty (20) days after the Claim becomes an Allowed Claim, or (b) such other treatment as may be agreed upon in writing by such holder; provided, however, that an Allowed Administrative Claim representing a liability incurred in the ordinary course of business shall be paid by the Debtor upon presentment or otherwise in accordance with the terms of the particular transaction and any agreement related thereto.

Applications for compensation and reimbursement filed by Professionals employed under § 327 of the Bankruptcy Code or otherwise employed by order of the Bankruptcy Court shall be filed no later than forty-five (45) days after the Effective Date. All other requests for payment of Administrative Claims found to be effective by the Bankruptcy Court shall be filed by the earlier

of (i) thirty (30) days after the date of service of notice of the Effective Date, or (ii) any applicable bar date established by the Bankruptcy Court and noticed separately by the Debtor, and if no timely request for payment of Administrative Claims is reversed, such claims shall be forever barred and shall not be assertable in any manner against the Debtor or the Estate provided no request for payment shall be required with respect to Administrative Claims that have been paid previously or with respect to Administrative Claims representing liabilities incurred in the ordinary course of business unless a dispute exists as to any such liabilities or unless the provisions of the Bankruptcy Code require approval or allowance by the Bankruptcy Court as a precondition to payments being made on any such liability.

Class 2 – Priority Non-Tax Claims.

Each holder of an Allowed Class 2 Claim shall be paid in full on the Effective Date.

Class 3 – Priority Tax Claims.

Each holder of an Allowed Class 3 Claim shall be paid in full on the Effective Date.

Class 4 – Secured Claim of Chase Auto Finance.

Chase Auto Finance's Class 4 claim shall be allowed in the amount of \$12,672.88. 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. Chase Auto Finance shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

This claim is Fully Secured.

Class 5 – Secured Claim of CNH Capital America, LLC.

CNH Capital America's Class 5 claim shall be allowed in the amount of \$78,828.55. 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. CNH Capital America shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

This claim is Fully Secured.

Class 6 – Secured Claim of John Deere Credit.

John Deere Credit's Class 6 claim shall be allowed in the amount of \$33,597.72. 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. John Deere Credit shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

This claim is Fully Secured.

Class 7 – Secured Claim of Wells Fargo Equipment Finance, Inc.

Wells Fargo Equipment Finance's Class 7 claim shall be allowed in the amount of \$879,881.60. This claim consists of \$105,548.81 attributable to contract no. -700, \$529,574.46 attributable to contract no. -701, and \$244,758.33 attributable to contract no. 702, as per the proof of claim of Wells Fargo Equipment Finance, Inc. ("WFEFI"). WFEFI shall retain its liens in the equipment collateral described in the pre-petition loan and security agreements and in the proceeds thereof.

Within thirty (30) days after the Effective Date, payment in the sum of \$14,600.94 (as of May 5, 2011) shall be paid to WFEFI to cure UC Farms' pre-petition arrearage, and the payment schedule(s) in place on the Petition Date pursuant to UC Farms' pre-petition loan agreements with WFEFI shall be restored. Upon Cnossen Dairy's acquisition of the assets constituting WFEFI's collateral, Cnossen Dairy shall assume UC Farms' remaining payment obligations to

WFEFI and shall continue to make such payments in accordance with the terms of the pre-petition loan and security agreements until the Allowed Secured Claim has been paid in full, and the equipment subject to the WFEFI master lease and schedules shall be deemed transferred to Cnossen Dairy subject to WFEFI's liens. At WFEFI's request, Cnossen Dairy shall execute and deliver such assumption agreement(s) and ancillary documents evidencing the foregoing assumption and transfer as WFEFI may require, in a form satisfactory to WFEFI. Subject to the provisions in the Terms Sheet, Cnossen Dairy shall reimburse WFEFI's reasonable attorneys' fees and expenses incurred in connection with the Debtors' bankruptcy cases or in the preparation of post-confirmation documentation promptly upon receipt of WFEFI's invoice therefor.

Notwithstanding any limitation elsewhere in this Plan, WFEFI shall retain the benefit of its contractual default provisions and remedies as set forth in its pre-petition loan and security agreement (except as modified by any assumption agreements with Cnossen Dairy). It shall be an event of default under WFEFI's loan agreements if Frank Cnossen and Jim Cnossen, the pre-petition guarantors of UC Farms' obligations to WFEFI, fail to execute and return to WFEFI their respective written reaffirmations of their personal guaranties in a form satisfactory to WFEFI within 15 days of receipt of same from WFEFI.

This claim is Fully Secured.

Class 8 –Secured Claim of Wells Fargo Bank, N.A.

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. This Claim shall be further governed by the Terms Sheet attached as Exhibit 1.

This Claim is fully secured.

This Claim shall be paid by Cnossen Dairy in accordance with Article VII.B.

Class 9 – Secured Claim of Deaf Smith County Tax Assessor.

This class consists of the claims of the Deaf Smith County Tax Assessor for ad valorem property taxes. Deaf Smith County Tax Assessor shall retain its liens for ad valorem property taxes on the Debtor's real and personal property. This claim shall be assumed by Cnossen Dairy and paid when due. The collateral securing this Claim shall be transferred to Cnossen Dairy.

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.

Class 10 – General Unsecured Claims.

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.

Class 11 – Equity Holders.

Within thirty (30) days after the Effective Date, UC Farms shall distribute its assets to its members, who shall assume liability for all indebtedness then owing by UC Farms. No other payment or amount shall be paid to the holders of Class 11 claims. All assets distributed to UC Farms' members shall remain subject to and impressed with all perfected liens and security interests.

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.

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 interest 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.

VIII. PROVISIONS APPLICABLE TO ALL SECURED CLAIMS

Each holder of an Allowed Secured Claim shall receive either (a) the value of such holder's Allowed Secured Claim or (b) the indubitable equivalent of such holder's claim. Any provision of this Plan which prevents a holder of an Allowed Secured Claim from realizing, at a minimum, the indubitable equivalent of such holder's claim shall be inapplicable and unenforceable as to such creditor. 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).

IX. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Cnossen Dairy

A-1. Milk Delivery Contract

This executory contract will be assumed.

A-2. Contract to Lease Land from Rabo Agrifinance

This executory contract has been fully performed and is now moot.

A-3. Top of Texas Gin Feed Contract

This executory contract will be assumed.

A-4. ADM Grain Feed Contract

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.

A-5. Custom Farming – Management Contract

This executory contract will be assumed.

A-6. Equipment Lease with UC Farms, LLC

This executory contract will be rejected.

A-7. Land Lease with Cnossen Brothers Co., Inc.

This executory contract has been assumed.

A-8. Wells Fargo Interest Rate Contract

This executory contract was rejected by Wells Fargo.

A-9. Milk Income Loss Contract

This executory contract is rejected.

A-10. Contract to Sell Real Estate to B & E Farms

This executory contract has been assumed.

A-11. Contract to Sell Real Estate to Champion Feeders

This executory contract has been assumed.

A-12. EQIP Contract

This executory contract is rejected.

A-13. Cnossen Dairy Guarantee of Cnossen Brothers Co., Inc.'s Indebtedness to AgStar Financial Services, FLCA. (CD/CBCI AgStar Guaranty).

Cnossen Dairy executed a Continuing Guaranty and security agreements on a loan by AgStar Financial Services, FLCA to Cnossen Brothers Co., Inc. in the original principal amount of \$1,850,000.00. This guaranty is secured by an interest in real estate owned by Cnossen Brothers Co, Inc. in Idaho. Cnossen Brothers Co., Inc. is primarily liable for this indebtedness.

Cnossen Dairy shall remain obligated as a guarantor on this indebtedness until it has been fully paid by Cnossen Brothers Co., Inc. Should Cnossen Brothers Co., Inc. fail to remit payment as required by the loan documents, Cnossen Dairy shall assume the obligation of performing the loan requirements not performed by Cnossen Brothers Co., Inc.

B. Cnossen Family Partnership

B-1. Custom Farming – Management Contract

This executory contract will be assumed.

C. UC Farms, LLC

C-1. Equipment Lease with Cnossen Dairy

This executory contract will be assumed.

D. Assumed if Not Rejected

All contracts and leases of the Debtor that constituted executory contracts or unexpired leases as of the Petition Date shall be assumed as of the Effective Date, except for such contracts and leases that (a) have been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (b) have been renegotiated and assumed on renegotiated terms pursuant to order of the Bankruptcy Court entered prior to the Effective Date, (c) are the subject of a motion to assume or reject pending as of the Confirmation Date and which shall be assumed or rejected in accordance with any Final Order on such motion, and subject to a pending motion and (d) are specifically treated otherwise in this Plan or in the Confirmation Order.

E. Expired Contracts or Leases

Any contract or lease that expired pursuant to its terms prior to the Effective Date, and that has not been assumed or rejected by Final Order prior to the Effective Date, is hereby specifically rejected.

F. Scheduled Contracts and Leases

All contracts, leases, and other obligations listed on Schedule G of the Debtor's Bankruptcy Schedules shall be deemed to be, and shall be treated as though they are, executory contracts and unexpired leases.

G. Claims Arising from Assumption or Rejection

All Allowed Claims arising from the rejection of an executory contract or unexpired lease shall be treated as General Unsecured Claims pursuant to respective section of this Plan unless otherwise ordered by Final Order of the Bankruptcy Court; and all other Allowed Claims relating to an executory contract or unexpired lease shall have such status as to which they may be entitled under the Bankruptcy Code as determined by Final Order of the Bankruptcy Court.

X. GENERAL PROVISIONS GOVERNING DISTRIBUTIONS

A. Distribution Responsibility

Subject to the specific treatment provisions of Article VII, the Debtor shall be responsible for and shall be obligated to make, or administer where appropriate, all distributions required under this Plan

B. Payment/Delivery Agents

The Debtor, or such payment/delivery agent(s) as it may in its sole discretion employ, shall make all distributions and deliveries required to be made under this Plan.

C. Date of Distributions

Distributions pursuant to this Plan shall be made on the date specified in Article VII, or any other payment or delivery date established in Section A hereof. Payments to normal post-petition course of business Claimants shall be made according to the terms of the Debtor's post-petition agreements with such Claimants. Distributions to be made pursuant to this Plan on a

specified date shall be deemed made on that date if made no later than three (3) days after such date.

D. Cash Payment

Cash payments made pursuant to this Plan shall be in U.S. funds, by check drawn on a domestic bank, or by wire transfer from a domestic bank.

E. One Distribution Per Holder

If the holder of a Claim holds more than one Claim in any one class, all Claims of such holder in such class may be aggregated and deemed to be one Claim for distribution purposes, and only one distribution or delivery may be made with respect to the single, aggregated Claim.

F. Delivery of Distributions

Distributions to holders of Allowed Claims shall be made at the addresses set forth on the proofs of claim filed by such holders (or at the last known addresses of such holders if no proof of claim is filed or if the Debtor has been notified of a change of address). If any holder's distribution is returned as undeliverable, or is not sent because no address is available, no further distributions to such holder shall be made unless and until the Debtor (or a payment agent, if applicable) is notified of such holder's then-current address on or within ninety (90) days from the date such distribution is made, at which time all missed distributions shall be made to such holder. Amounts in respect of undeliverable distributions made through a payment agent shall be returned to the Debtor, and remain with it until such distributions are claimed. All claims for undeliverable distributions must be made on or before 180 days from the Effective Date (the "Distribution Bar Date"). After such Distribution Bar Date, all unclaimed property shall revert to the Debtor. The claim of any holder with respect to such property, or the claims of any state under its unclaimed property laws with respect to such property (which state shall not be deemed

a holder of a Claim under such laws for purposes of this Plan), shall be discharged and forever barred.

G. Time Bar to Cash Payments

Checks issued by the Debtor, or by a payment agent on its behalf, in respect to Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Debtor. Any claim in respect of such avoided check shall be made on or before the Distribution Bar Date.

H. Effect of Preconfirmation Distributions

Nothing in this Plan shall be deemed to entitle the holder of a Claim that received, prior to the Effective Date, full or partial payment of such holder's Claim, by way of settlement or otherwise, pursuant to an order of the Bankruptcy Court, provision of the Bankruptcy Code, or other means, to receive a duplicate payment in full or in part pursuant to this Plan. All such full or partial payments shall be deemed to be payments made under this Plan for purposes of satisfying the obligations of the Debtor hereunder.

I. Prepayment

Unless this Plan otherwise provides, the Debtor shall have the right to prepay, without penalty, all or any portion of an Allowed Claim at any time.

J. Elections

To the extent this Plan provides for an election to be made by the holder of a claim, such election shall be made by the time for serving ballots accepting or rejecting the Plan. Those holders not entitled to vote must still serve any election concerning the potential treatment of such holder's claim by the voting deadline. No election shall be deemed to be made unless it is affirmatively expressed by the voting deadline.

K. Minimum Distribution Amount

The Debtor may pay any Allowed Claim in full if the balance of that claim is \$25.00 or less. The Debtor shall not be required to make any payment in an amount less than \$10.00 on any Claim. For any claim for which a payment is due in an amount less than \$10.00, the Debtor may withhold payment until the payment due has accumulated an amount equal to at least \$10.00. Notwithstanding the foregoing, the Debtor shall make at least one payment per year on each Allowed Claim.

**XI. GENERAL PROVISIONS FOR OBJECTING TO CLAIMS AND
RESOLVING AND TREATING CONTESTED AND CONTINGENT
CLAIMS**

A. Objection and Amendment Deadline

As soon as practicable, but in no event later than forty-five (45) days after the Effective Date, objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of each of the Claims to which objections are made. All parties must file any amendment or modifications to their proofs of claim on or before the Effective Date.

B. Prosecution of Objections

The Debtor shall have the sole responsibility for litigating, withdrawing, or resolving all objections to Claims after the Effective Date.

C. No Distributions Pending Allowance

Notwithstanding any other provision of the Plan, no payments shall be made with respect to all or any portion of a Contested Claim unless and until all objections to such Contested Claim have been determined by Final Order. For any portion of a Contested Claim that is allowed by Final Order, the Debtor shall distribute such funds as would be required to restore the Claimant to the position it would have been in had its Allowed Claim been allowed as of the Effective

Date. Such payment shall be made on or before the date when the next scheduled distribution to claimants in the same Class as the affected Claimant is due.

D. Disallowance of Postpetition Additions

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.

XII. MEANS FOR IMPLEMENTATION OF THE PLAN

The Plan will be financed based upon funds generated by the continued operation of the business by the Reorganized Debtor. Debtor's projections, based upon its historical records, establish that the operation of its business, including the production and sale of milk, will generate sufficient revenues to fund operations and payments under the Plan. In addition to the foregoing, it should be noted that with the accumulation of funds allowing the Debtor to meet its future capital requirements with working capital on hand will dramatically reduce the debt burden historically carried by the Debtor and will produce a business that is stronger, more flexible, less leveraged, and better able to withstand adverse economic and industry cycles in the future. In recognition of the decreased working capital demands on the Reorganized Debtor, the funds committed to the payment of the Claims increase as the amount required for future working capital is accumulated.

A. Revesting of Assets

Upon confirmation of this Plan, Debtor shall be revested with all of its assets, subject only to liens and claims set forth in this Plan, and shall be entitled to manage its affairs without further order of the Court.

The Debtor's operations shall be continued to be managed by Frank Cnossen and Jim Cnossen.

B. Affiliated Company Transactions

As of the Petition Date, prior transactions between Cnossen Dairy, Cnossen Family Partnership, UC Farms, LLC, and Cnossen Brothers Co., Inc. resulted in substantial ledger balances depicted amounts between the entities. Particularly, Cnossen Family Partnership was owed \$4,190,999.00 from Cnossen Dairy; UC Farms, LLC was owed \$1,107,956.00 from Cnossen Dairy; and Cnossen Dairy was owed \$1,609,669.00 from Cnossen Brothers Co., Inc. The Plan contemplates the repayment of these funds, but not to the detriment of other non-affiliated claimants. However, in the case of UC Farms, LLC and Cnossen Family Partnership, payment of the debt owed by Cnossen Dairy is necessary to provide each entity with the funds necessary for the repayment of the claims of each entity's respective creditors.

C. Claims Against Wells Fargo Bank

The Debtor has scheduled claims against Wells Fargo Bank for abuse of process, breach of fiduciary duty, and others. The Terms Sheet negotiated between Wells Fargo and the Debtor resolves those claims to the satisfaction of the Debtor. As described in paragraph 6 of the Terms Sheet, on the Effective Date the Debtors shall be deemed to have generally released Wells Fargo and its officers, employees, agents, and attorneys from and of all claims.

D. Prohibition Against Discriminatory Treatment of the Debtor

A governmental unit may not deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, or discriminate with respect to such a grant against, the Debtor, or another Person with whom the Debtor has been associated, solely because of the commencement, continuation, or termination of the Chapter 11 Case or because of any provision of this Plan or the legal effect of this Plan. The Confirmation Order shall constitute an express injunction against any such discriminatory treatment by a governmental unit.

E. Discharge of Debtor

The Debtor and Reorganized Debtor shall be discharged as of the Confirmation Date from all claims and interests to the extent permitted by the Bankruptcy Code and except as expressly provided in this Plan.

F. Preservation and Post-Effective Date Ownership and Management of the Debtor's Claims, Demands, and Causes of Action

Subject to the provisions of this Plan, all claims, demands, and causes of action held by, through, or on behalf of the Estate against any other Person are hereby preserved in full and no provision of this Plan shall impair the rights of the Debtor, as applicable, with respect to any such claims, demands, and causes of action. The Plan shall not impair the claims, demands, or causes of action of any party against any Person to the extent such claims, demands, or causes of action consist of the assertion of the individual rights, if any, of the party asserting the claims, demand, or causes of action. All claims for recovery against any party not released in and by virtue of this plan arising under any of Bankruptcy Code §§ 544, 545, 546, 547, 548, 549, 550, 551, or 553(b), are preserved notwithstanding the occurrence of the Effective Date by and in the

name of the Debtor and Reorganized Debtor or its designee and shall be managed solely by the Reorganized Debtor for the benefit of the Class 21 beneficiaries of the Plan.

G. Compliance with Tax Requirements

In connection with the Plan, the Debtor shall comply with all withholding and reporting requirements imposed by federal, state, local, and foreign taxing authorities, and all distributions hereunder shall be subject to such withholding and reporting requirements to the extent applicable.

H. Compliance with All Other Applicable Law

Except as otherwise provided in this Plan, the Debtor shall comply with any applicable law, rule, regulation, or order of a governmental authority relating to its business; provided that nothing contained herein shall require such compliance by the Debtor if any such law, rule, regulation, or order is preempted by the Bankruptcy Code or if the legality or applicability of any such law, rule, regulation, or order is being contested in good faith in appropriate proceedings by the Debtor and, where appropriate, for which an adequate reserve has been set aside on the books of the Debtor.

XIII. MODIFICATION OF THE PLAN

Modifications of this Plan may be proposed in writing by the Debtor at any time before confirmation, provided that the Plan, as modified, meets the requirements of Bankruptcy Code §§ 1122 and 1123, and the Debtor shall have complied with Bankruptcy Code § 1125. This Plan may be modified at any time after confirmation and before its substantial consummation, provided that the Plan, as modified, meets the requirements of Bankruptcy Code §§ 1122 and 1123, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under Bankruptcy Code § 1129, and the circumstances warrant such modification. A holder of a

Claim that has accepted or rejected this Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

XIV. RETENTION OF JURISDICTION

The Bankruptcy Court shall retain and have exclusive jurisdiction over the Chapter 11 Case for the following purposes:

To determine any and all objections to the allowance of Claims;

To determine any and all applications for allowance of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or this Plan;

To determine any applications pending on the Effective Date for the rejection or assumption of executory contracts or unexpired leases, or for the assumption and assignment, as the case may be, of executory contracts or unexpired leases to which the Debtor may be liable, to determine the nature and existence of any executory contracts or unexpired leases, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom;

To determine any and all applications, adversary proceedings, and contested or litigated matters that may be pending on the Effective Date or filed thereafter by the Debtor pursuant to the provisions of the Bankruptcy Code;

To consider any modifications of this Plan, remedy any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Code;

To determine all controversies, suits, and disputes that may arise in connection with the interpretation, enforcement, or consummation of this Plan or any Person's obligations thereunder;

To consider and act on the compromise and settlement of any claim against or cause of action by or against the Debtor's Estate;

To issue such orders in aid of execution of this Plan including any orders necessary to effectuate a transfer of Debtor's property, to the extent authorized by Bankruptcy Code § 1142;

To determine such other matters filed or to be filed relating to the Debtor which are adversary proceedings under Bankruptcy Rule 7001 including, but not limited to claims arising under Bankruptcy Code §§ 544, 545, 546, 547, 548, 549, and 550.

XV. MISCELLANEOUS PROVISIONS

A. Headings.

The Headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the meanings hereof.

B. Employment of Insiders.

Except for Frank and Jim Cnossen, no insider has been, or is expected to be, retained as an employee of the Debtor.

C. Notices.

All notices required or permitted to be made in accordance with the Plan shall be in writing and shall be delivered personally, by telephonic document transfer, or mailed by registered or certified mail, return receipt requested;

i) If to the Debtor, to Debtor's attorney, J. BENNETT WHITE, 1011 Pruitt Place, Tyler, Texas 75703, fax (903) 597-4330;

ii) If to a holder of an Allowed Claim or Allowed Interest, at the address set forth in its proof of claim, or the address set forth in Debtor's schedules and mailing matrix.

iii) Notice shall be deemed given when received. Any party may change the address at which it is to receive notice under the Plan by sending written notice pursuant to the provisions of this paragraph 3 to the Debtor's attorney of record.

D. Paragraph, Section, and Article References.

Unless otherwise specified, all references in the Plan to paragraphs, sections, and articles are to paragraphs, sections, and articles of the Plan.

E. Reservation of Rights.

1. Neither the filing of this Plan, nor any statement or provision contained herein, nor the taking by any creditor of any action with respect to this Plan shall be or be deemed to be an admission against interest and,

2. Until the Effective Date, be or be deemed to be a waiver of any rights which any creditor might have against the Debtor or any of their properties or any other creditor of the Debtor, and until the Effective Date, all such rights are specifically reserved. In the event that the Effective Date does not occur, neither this Plan nor any statement contained in it, may be used or relied upon in any manner in any suit, action, proceeding, or controversy within or outside of the reorganization case involving Debtors.

F. Permanent Injunction.

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.

G. Term of Other Injunctions or Stays.

Unless otherwise provided, all injunctions or stays provided for in this matter pursuant to Bankruptcy Code §§ 105 or 362 or otherwise, shall remain in full force and effect until the Confirmation Date and final disposition of this matter. Any stay or injunction issued pursuant to § 105 shall be governed by the proceeding issuing such injunction or stay.

H. Governing Law.

EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE IS APPLICABLE, THE RIGHTS AND OBLIGATIONS ARISING UNDER THIS PLAN SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

I. Successors And Assigns.

The rights and obligations of any person named or referred to in the Plan shall be binding upon and shall inure to the benefit of the successors and assigns of such person.

J. Severability.

Should any provision in this Plan be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Plan. Moreover, if the Bankruptcy Court will not confirm this Plan because one or more provisions hereof are determined to be prohibited or invalid under applicable law, the Debtor may seek permission of the Bankruptcy Court to amend this Plan by deleting the offending provision.

K. Claims.

Various types of claims are defined in this Plan. This Plan is intended to deal with all claims against the Debtors of whatever nature or character, whether or not contingent or liquidated and whether or not allowed by the Court pursuant to § 502(a) of the Code.

L. Revocation of Plan

The Debtor reserves the right to revoke and withdraw this Plan prior to entry of the Confirmation Order. If the Debtor revokes or withdraws this Plan, or if confirmation of this Plan does not occur, then this Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any person in any further proceedings involving the Debtor.

XVI. DISCHARGE OF DEBTOR

A. Upon the issuance of the Order of Confirmation, and except or otherwise provided for in the Plan, the Debtor shall be discharged from all Claims and/or liabilities, as authorized by the Code.

A-1. Discharge of Claims against Debtor.

Pursuant to § 1141(d)(1)(A) of the Bankruptcy Code, the Debtor shall on the Effective Date be deemed discharged from any debt, except as expressly provided in this Plan, which arose before the Confirmation Date and any debt of a kind specified in §§ 502(g), 502(h) or 502(i) of the Bankruptcy Code regardless of whether:

a proof of claim based on such debt has been filed under § 501 of the Bankruptcy Code,
such Claim has been allowed under § 502 of the Bankruptcy Code,
such Claim is listed on any Schedules filed by the Debtor herein, or

the holder of such Claim has accepted this Plan.

B. Disbursing Agent.

The Debtor will act as disbursing agent for all distributions to be made under this Plan. The disbursements will be made by checks drawn by the disbursing agent. The Debtor shall not be liable for any acts or failures to act in its capacity as disbursing agent in the absence of proof of bad faith or gross negligence. If the Debtor is unable or unwilling to perform the duties of disbursing agent, the Court shall appoint a successor disbursing agent.

C. Prepaid Amounts.

If any amount to be paid under the terms of this plan shall have already been paid, the distribution provided herein for such claimant shall be accordingly reduced.

XVII. EVENTS OF DEFAULT AND REMEDIES

A. Events of Default

Failure on the part of the Debtor to make any payment required to be made under the Plan as and when due and the continuation of such failure for a period of thirty (30) days unless otherwise agreed between the Debtor and the affected creditor. 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.

Failure to perform any obligation under the confirmed Plan

An administrator, trustee, receiver, custodian, or other representative appointed by or pursuant to any legislative act, resolution, or rule, any order or decree of any court, any

governmental board or agency, or any agreement takes possession or control of all or such portions of the property of the Debtor as would materially interfere with the operation of the business of the Debtor.

B. Remedies

In the event of default, notice shall be given in accordance with Article XV.C. If the default is not cured within fourteen (14) days from the date notice is sent, the notifying creditor shall be free to exercise all remedies provided by law, including but not limited to all remedies provided by contract, the United States Bankruptcy Code, or state law. The default provisions applicable to the Internal Revenue Service shall take priority over this Section. 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.

CNOSSEN DAIRY

BY: /s/ Frank Cnossen
Frank Cnossen, Partner

CNOSSEN FAMILY PARTNERSHIP

BY: /s/ Frank Cnossen
Frank Cnossen, Partner

UC FARMS, LLC

BY: /s/ Frank Cnossen
Frank Cnossen, Member

RESPECTFULLY SUBMITTED,

J. BENNETT WHITE, P.C.
1011 Pruitt Place (75703)
P. O. Box 6250
Tyler, Texas 75711
Telephone: (903) 597-4300
Telecopier: (903) 597-4330

/s/ J. Bennett White

J. BENNETT WHITE
State Bar No. 21309800
jbw@jbwlawfirm.com
ATTORNEYS FOR CNOSSEN DAIRY,
CNOSSEN FAMILY PARTNERSHIP,
AND UC FARMS, LLC

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was filed electronically. As such, this pleading was served on all interested parties who are deemed to have consented to electronic service. Pursuant to Fed. R. Bankr. P. 9013 and Fed. R. Civ. P. 5, all other interested parties not deemed to have consented to electronic service were served with a true and correct copy of the foregoing, unless noted otherwise below, by first class mail, on **July 19, 2011**. Those served by means other than electronic, are as follows:

Cnossen Dairy
P. O. Box 153
Hereford, TX 79045

/s/ J. Bennett White

J. BENNETT WHITE