

**THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

In re:	)	
	)	Chapter 11
GROEB FARMS, INC.	)	Case No. 13-58200
	)	
Debtor.	)	Honorable Walter Shapero
	)	

**COVER SHEET FOR EMERGENCY FIRST DAY MOTION OF THE DEBTOR  
PURSUANT TO SECTIONS 105(A), 361, 362, 363, 364, 507 AND 552 OF THE  
BANKRUPTCY CODE AND BANKRUPTCY RULE 4001 FOR ENTRY OF INTERIM  
AND FINAL ORDERS (A) AUTHORIZING POST-PETITION FINANCING; (B)  
AUTHORIZING USE OF CASH COLLATERAL; (C) GRANTING ADEQUATE  
PROTECTION; AND (D) SCHEDULING A FINAL HEARING ON THE MOTION**

The above-captioned Debtor has filed a motion for authorization to obtain post-petition financing and to use cash collateral, which is attached to this Cover Sheet. In accordance with LBR 4001-2(b) (E.D. Mich.), the Debtor has identified below, by page and paragraph number, the location in the proposed order accompanying the motion of each of the following provisions:

Provision	Contained in Proposed Order	Location in Proposed Order
(1) Provisions that grant liens on the estate's claims and causes of action arising under Chapter 5 of the Code.	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No	Page 23, ¶ 10 (proceeds of avoidance actions; subject to final order)



(2) Provisions that grant cross-collateralization protection to the prepetition secured creditor (i.e., clauses that secure prepetition debt with categories of collateral that were not covered by the secured party's lien prepetition) other than liens granted solely as adequate protection against diminution in value of a prepetition creditor's collateral.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(3) Provisions that establish a procedure or conditions for relief from the automatic stay.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Page 37, ¶¶ 21, 22
(4) Provisions regarding the validity or perfection of a secured creditor's prepetition liens or that release claims against a secured creditor.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Pages 6-9, ¶D(i)-(v); Page 32; ¶ 15; Page 42, ¶ 29
(5) Provisions that prime any lien without that lienholder's consent.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(6) Provisions that relate to a sale of substantially all of the debtor's assets.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(7) Provisions for the payment of professional fees of the debtor or any committees, including any carve-outs for such payments.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Page 30, ¶14
(8) Provisions for the payment of prepetition debt.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Page 19, ¶3(e)

(9) Provisions that waive the debtor's exclusive right to file or solicit acceptances of a plan during the time periods specified in 11 U.S.C. § 1121.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(10) Provisions that require the debtor's plan to be on terms acceptable to the secured creditor.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(11) Provisions that require or prohibit specific terms in the debtor's plan.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(12) Provisions establishing that proposing a plan inconsistent with the order constitutes a default.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(13) Provisions that waive surcharge under 11 U.S.C. § 506(c).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Page 35, ¶19 (subject to final order)
(14) Provisions that address the rights and obligations of guarantors or co-obligors.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(15) Provisions that prohibit the debtor from seeking approval to use cash collateral without the secured creditor's consent.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Page 35, ¶20
(16) Provisions that purport to bind a subsequent trustee.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(17) Provisions that obligate the debtor to pay any of a secured creditor's professional fees.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Page 27, ¶ 11(c)

Dated: October 1, 2013  
Detroit, Michigan

FOLEY & LARDNER LLP

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Debtor in Possession*

**THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

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In re:	)	Chapter 11
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GROEB FARMS, INC.	)	Case No. 13-58200
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Debtor.	)	Honorable Walter Shapero
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**EMERGENCY FIRST DAY MOTION OF THE DEBTOR PURSUANT TO SECTIONS  
105(a), 361, 362, 363, 364, 507 AND 552 OF THE BANKRUPTCY CODE AND  
BANKRUPTCY RULE 4001(b) FOR ENTRY OF INTERIM AND FINAL ORDERS (A)  
AUTHORIZING POST-PETITION FINANCING; (B) AUTHORIZING USE OF CASH  
COLLATERAL; (C) GRANTING ADEQUATE PROTECTION; AND (D) SCHEDULING  
A FINAL HEARING ON THE MOTION**

The Debtor, by and through its attorneys, Foley & Lardner LLP, hereby submit this Motion (the “Motion”) for entry of interim and final orders (together, the “DIP Orders”) authorizing the Debtor to, among other things, (i) obtain post-petition financing pursuant to sections 105(a), 361, 362, 363, 364, 507 and 552 of the Bankruptcy Code (the “Bankruptcy Code”), Rule 4001(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Local Rule 4001-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Eastern District of Michigan (the “Local Rules”), approving the DIP Orders on an interim basis with interim borrowing in an amount up to \$17.1 million and a final basis in an amount up to \$27,000,000.00 (the “DIP Facility”); (ii) use cash collateral pursuant to section 363 of the Bankruptcy Code; and (iii) grant adequate protection thereof. Pending a final hearing on this Motion (the “Final Hearing”), the financing will be implemented on an interim basis pursuant to the Senior Secured Superpriority Priming Debtor-in-Possession

Credit and Security Agreement (the “DIP Credit Agreement”), attached hereto as Exhibit 6-A. A copy of the proposed interim order (the “Interim Order”) regarding the DIP Credit Agreement is attached hereto as Exhibit 1-A.

An immediate and critical need exists for the Debtor to use cash collateral and access post-petition Debtor-in-Possession financing order to continue to operate its business. Without such funds, the Debtor will not be able to meet its payroll and other direct operating expenses or procure critical goods and expenses in order to address its working capital needs and fund its efforts during this chapter 11 case. The use of cash collateral and DIP financing will provide the Debtor with the necessary capital with which to operate its business, pay employees, maximize value, and pursue reorganization under Chapter 11.

In support of this Motion, the Debtor relies on the Declaration Of Jack Irvin, Jr., Chief Financial Officer In Support Of Chapter 11 Petitions And First Day Motions filed contemporaneously herewith (the “Irvin Declaration”)<sup>1</sup>, and the accompanying Debtor’s budget attached hereto as Exhibit 6-B. In further support of this Motion, the Debtor respectfully states as follows:

**SUMMARY OF MATERIAL TERMS REQUIRED BY FED. R. BANKR. P. 4001**

Material provisions of the DIP Credit Agreement are set forth in the following sections of the DIP Credit Agreement and/or the Interim Order:<sup>2</sup>

- A. Borrower: The borrower under the DIP Facility is Groeb Farms, Inc., a Michigan corporation.<sup>3</sup> DIP Credit Agreement, p. 1

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them as set forth in the Irvin Declaration.

<sup>2</sup> In the event of any inconsistency between the terms of this Summary and the DIP Credit Agreement, the provisions of the Post-Petition Credit Agreement shall govern and control.

<sup>3</sup> Capitalized terms used but not defined in the Motion shall have the meanings ascribed to them as set forth in the DIP Credit Agreement, the Interim Order and the Irvin Declaration.

- B. Lender: HC Capital Holdings 0909A, LLC. DIP Credit Agreement, p. 1.
- C. Availability: The DIP Lender has agreed to provide the DIP Facility with a maximum credit amount of up to \$27,000,000.00 (the “Maximum DIP Credit Amount”) by way of a DIP revolving line of credit facility DIP Credit Agreement and will allow \$3 million to remain outstanding under the Prepetition Credit Facility. DIP Credit Agreement, 2.1.
- D. Interest Rates: Interest Rate plus Interest Rate Margin, as each term is defined in Schedule 1.1. The initial Interest Rate shall be the daily three month LIBOR plus 2.5%. DIP Credit Agreement, 2.6(a); Schedule 1.1.
- E. Termination Date: The obligations of the Borrower with respect to the DIP Facility are payable on the date that is the earlier of (i) 110 days after the Petition Date; (ii) (x) three (3) days following the Petition Date, unless the Interim Order has been entered by that date and is in full force and effect, and not stayed or (y) thirty-six (36) days following the Petition Date unless the Final Order has been entered and is in full force and effect, and not stayed; (iii) the date the Borrower terminates the DIP Facility; (iv) the date the DIP Facility terminates pursuant to any event of default. DIP Credit Agreement, 2.9; Interim Order, p. 19, ¶4.
- F. Use and Restrictions on Use of Proceeds: The DIP Facility may be used to: (i) subject to the restrictions in the Interim Order and Final Order, refinance the obligations of the Existing Credit Facility (defined below); (ii) pay fees and expenses associated with the DIP Facility; and (iii) the working capital needs of the Debtor, subject the Approved Budget. DIP Credit Agreement, 7.13; Interim Order, p. 16, ¶3.
- G. DIP Availability: Loans under the DIP Facility (“DIP Loans”) may be borrowed, repaid and reborrowed on and after the Closing Date (as defined below). Availability of DIP Loans is subject to the Maximum DIP Facility Amount and to the other conditions described in the DIP Credit Agreement. DIP Credit Agreement, 2.1.

Upon entry of the interim order, \$17.1 million shall be available under the DIP Loans, for the interim period from the Closing Date to November 4, 2013.

From and after the Closing Date the aggregate borrowings under the DIP Facility during each week shall not exceed the forecasted borrowing requirements for that week set forth in the most recent Cash Flow Budget (as defined below) approved by the Lender.

- H. Liens: The DIP Lender is to be granted an allowed super-priority administrative claim having a priority in right of payment over any and all

other obligations (including the Pre-Petition Obligations to the Pre-Petition Lender), liabilities and indebtedness of the Debtors, now in existence or hereafter incurred by the Debtors and over any and all administrative expenses or priority claims of any kind including as specified in, or ordered pursuant to, Sections 105, 326, 330, 331, 503(b), 506(c), 507(a) or 507(b) of the Bankruptcy Code, whether arising in the Debtors' Chapter 11 Cases or in any superseding Chapter 7 cases. DIP Credit Agreement, Schedule 2.16; Interim Order, p. 21, ¶¶ 9-10.

- I. Fees: (a) Monthly Unused Line Fee: one quarter of one percent (0.25%) per annum of the daily average of the Unused Amount; (b) Monthly Cash Management Fees; (c) upon demand, (i) Collateral Exam fees; and (ii) Appraisal fees. DIP Credit Agreement, Schedule 2.12.

The provisions described in Bankruptcy Rule 4001(b)(1)(B)(i)-(iv) are set forth at the following sections of the Interim DIP Order:

- (i) *Name of Each Entity with Interest in Cash Collateral.* Interim Order, p. 3, ¶ (vi)-(vii).
- (ii) *Purposes of Use of Cash Collateral.* Interim Order, p. 16, ¶ 3.
- (iii) *Duration of Use of Cash Collateral.* Interim Order, p. 18, ¶ 4.
- (iv) *Liens, Cash Payments, or Other Adequate Protection to Be Provided to Each Entity with Interest in Cash Collateral.* Interim Order, p. 25, ¶ 11.

In addition, the provisions described in Bankruptcy Rule 4001(c)(1)(B)(i)-(xi) are set forth at the following sections of the DIP Credit Agreement and/or the Interim Order:

- (i) *Grant of Priority or a Lien on Property of the Estate.* DIP Credit Agreement, 2.16; Interim Order, p. 22, ¶10.
- (ii) *Adequate Protection for a Claim that Arose Before the Commencement of the Case.* Interim Order, p. 24, ¶11.
- (iii) *Determination of the Validity, Enforceability, Priority, or Amount of a Claim that Arose Before the Commencement of the Case, Subject to the Rights of a Creditors' Committee or Other Parties in Interest* Interim Order, pp. 6-9, ¶ (i)-(iv); p. 31. ¶15 (Challenge Rights)



- (iv) *Waiver or Modification of the Automatic Stay.* DIP Credit Agreement, 9.23; Interim Order, p. 36, ¶22.
- (v) *Waiver of Modification of Any Entity's Authority or Right to File a Plan, Seek an Extension of Time in which the Debtor Has the Exclusive Right to File a Plan, Request Use of Cash Collateral Under §363(c), or Request Authority to Obtain Credit under §364.* Interim Order, p. 35, ¶20.
- (vi) *Establishment of Deadlines for Filing a Plan of Reorganization, for Approval of a Disclosure Statement, for a Hearing on Confirmation, or for Entry of a Confirmation Order.* N/A
- (vii) *Waiver or Modification of Applicability of Nonbankruptcy Law Relating to the Perfection of a Lien on Property of the Estate, or on the Foreclosure or other Enforcement of the Lien.* Interim Order, p. 25, ¶11(a); p. 28, ¶12.
- (viii) *Release, Waiver, or Limitation on any Claim or Cause of Action Belonging to the Estate.* Interim Order, p. 41, ¶29
- (ix) *Indemnification of Any Entity.* DIP Credit Agreement, 11.3; Interim Order, p. 20, ¶7
- (x) *Release, Waiver, or Limitation on Rights under Section 506(c) Under Final Order.* Interim Order, p. 34, ¶9.
- (xi) *Liens Granted on Claims Arising Under Chapter 5.* DIP Credit Agreement, 3.1; Interim Order, p. 21, ¶9.

### **JURISDICTION**

1. This Court has jurisdiction to hear the Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. Sections 363 and 364 of title 11 of the United States Code (the “Bankruptcy Code”) authorize the relief requested in this Motion.

## **BACKGROUND**

2. On the date hereof (the “Petition Date”), the Debtor filed a petition for relief under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as amended (the “Bankruptcy Code”), in the United States Bankruptcy Court for the Eastern District of Michigan. The Debtor intends to continue in possession of its property and to manage its business as debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed and no committees have been appointed or designated in the Debtor’s chapter 11 case.

3. The Debtor was formed in 1981 and is the country’s leading processor and packager of honey for food manufacturers and food service companies.

4. The Debtor is headquartered in Onsted, Michigan. The Debtor also operates a honey processing facility in San Bernardino, California, and maintains a testing lab in Belleview, Florida.

5. The Debtor has approximately 76 full time employees, 8 contractors hired through staffing services, and 4 part time employees. Approximately 47 of the employees are in Michigan, 25 are in California, 2 are in Georgia, and 2 are in Florida. For the fiscal year ended December 31, 2012 the Debtor had net sales from continuing operations of approximately \$137.8 million.

6. In 2001, the Government imposed anti-dumping duties on honey imported from China. After the institution of these duties, the honey industry increasingly imported honey whose country of origin was identified to the buyers as Asian nations such as Vietnam, Malaysia, and Indonesia. When imports identified with a Chinese country of origin fell, the Government began to investigate the honey industry and the possibility that honey was being transshipped (i.e.

shipped through a second country to conceal its origins) and/or mislabeled to avoid the anti-dumping duties. Beginning in 2007, the U.S. Department of Justice (“DOJ”) brought the first of several cases in different districts alleging that U.S. honey packers had imported transshipped honey. In 2008, the Debtor received a grand jury subpoena seeking information relating to the investigation of its industry.

7. Following an extensive DOJ investigation, in February 2013, the Debtor entered into a deferred prosecution agreement (the “DPA”) with the DOJ as a global resolution for the Debtor. The agreement required the Debtor to: (1) accept and acknowledge responsibility for historical purchases of transshipped honey; (2) continue cooperating with the government’s ongoing investigation for two years; (3) pay a \$2 million fine; (4) dispose of any and all Chinese-origin honey in its possession which entered the country in contradiction to the duty requirements and (5) cease selling any of its finished goods containing such Chinese honey. The agreement further required the Debtor to continue ongoing compliance programs and remediation measures. The DPA acknowledged that two former, unnamed executives had misled the Debtor’s board, the Debtor’s customers and the public.

8. Both before and after execution of the DPA, the Debtor took a number of steps to remediate issues regarding potentially transshipped honey. In January 2012, the Debtor retained Foley & Lardner LLP to conduct an internal investigation. In January 2012, the Debtor also began revising its policies and procedures relating to the procurement of honey overseas. In February 2012, the Debtor named a new interim president and relieved its then-current CEO from his operating responsibilities. In June 2012, the Debtor agreed to a separation agreement with such CEO and stripped the then-current vice president of operations of all purchasing responsibility and subsequently terminated him. The Debtor hired a new full time president and

CEO, Rolf Richter, effective June 27, 2012. The Debtor also licensed Datamyne software to facilitate verification of container numbers and countries of origin for the honey that the Debtor purchases. The Debtor continues to carry BRC certification, which is a globally recognized food safety, quality and audit program subject to stringent audit testing by third parties. The Debtor also has strengthened its supplier audit program and reinvigorated lab testing procedures at its state-of-the-art lab testing facility in Florida. In October 2012, the Debtor hired John Wolf as its Vice President of Supply Chain and Management, to further enhance supply management and compliance. Mr. Wolf has a long history of experience in the food industry, including 24 years with Kellogg's.

9. As a result of the foregoing measures, the Debtor has robust policies and procedures in place relating to the purchase of honey to avoid international duty issues in the future. The Debtor also provides compliance training to all of its employees.

10. The Debtor had hoped that the DPA would enable the Debtor to have a fresh start with new executives and a new compliance program. However, in April 2013, just two months after the DPA was finalized, two civil putative class action lawsuits were filed against the Debtor in the United States District Court for the Northern District of Illinois by producers, packers and/or distributors of honey. In *Adee Honey Farms, et al v. Groeb Farms, et al.*, Case No. 1:13-cv-02922 (the "Adee Lawsuit"), the putative class alleges violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO") and Lanham Act. In *Moore's Honey Farm, et al. v. Groeb Farms, Inc., et al.*, Case No. 1:13-cv-02905 (the "Moore Lawsuit"), and collectively with the Adee Lawsuit, the "Putative Class Actions"), the putative class alleges violations of RICO and common law fraud, negligent misrepresentations, conspiracy, and clandestine wrongful importation without paying the anti-dumping duties. On June 24, 2013, the Putative Class

Actions were consolidated (hereinafter, the “Putative Class Action”) by Order of the Court handling the Moore Lawsuit (the “Consolidation Order”). An Amended Complaint must be filed pursuant to the Consolidation Order on or before October 21, 2013. The Putative Class Action is based on the factual statements contained in the DPA and claims the class members were harmed by the Debtor and other defendants’ purchases of transshipped honey. While none of the claims make a specific damage demand, RICO and Lanham Act cases carry a potential for treble damages and attorneys’ fees.

11. As a result of the DPA, and the costs associated with it, including: (1) the \$2,000,000 fine; (2) the legal fees; (3) the costs of the compliance programs; and (4) the costs incurred in recruiting and hiring new, experienced executives, the Debtor has incurred significant unanticipated expenses.

12. Although the Debtor has significant defenses to the allegations in the Putative Class Action, the fine, the attorneys’ fees and litigation and other expenses have severely strained, and would continue to severely strain, the Debtor’s liquidity. In addition, despite the fact that the putative classes have not been certified, the mere existence of these lawsuits negatively affects the value of the Debtor outside of a bankruptcy proceeding and impedes potential buyers from purchasing the company at a maximized value to resolve the Debtor’s financial issues.

13. In addition, increased prices in the honey market and supply shortages have had a negative impact on the Debtor. In late 2010, the Debtor had contracts with certain suppliers to purchase substantial amounts of honey at agreed-upon prices, while the honey market was experiencing significant price increases. However, these suppliers failed to deliver the product to the Debtor. As a result, the Debtor was forced to re-enter the honey market to buy replacement

product at a time when, on a global basis, prices were increasing and the supply of honey was decreasing. The Debtor has initiated legal action against certain suppliers in order to receive the contracted honey. These issues have put further pressure on the Debtor's financial condition.

14. As a result of the foregoing and various other factors, the Debtor defaulted under its Credit Agreement with Wells Fargo Bank, N.A. ("Wells"). As a result Wells began to exercise its rights and remedies, including without limitation: (a) imposing a \$750,000 reserve in borrowing in July 23, 2013; and (b) reducing or limiting the Debtor's available credit. These actions significantly reduced the Debtor's available cash, rendering it unable to buy necessary raw honey needed in the operation of its business.

15. On or about July 24, 2013, the Debtor hired Houlihan Lokey Capital, Inc. ("Houlihan") to assist with the assessment and implementation of strategic alternatives. Thereafter, Houlihan undertook an extensive marketing effort, including reaching out to 165 potentially interested parties, including strategic and financial buyers and capital providers. Houlihan secured Confidentiality Agreements from 75 parties and submitted a Confidential Information Memorandum to those parties. As part of the marketing process, Houlihan requested the submission of Indications of Interest ("IOIs") on or before September 18, 2013.

16. The Debtor received eight written IOIs, including a proposal from Honey Financing Company, LLC ("Honey Financing"), an affiliate of Peak Rock Capital, to restructure the obligations of the Debtor and acquire the equity of the reorganized Debtor pursuant to the chapter 11 Plan of Reorganization (the "Plan") filed contemporaneously herewith. After reviewing the IOIs, the Debtor determined that the proposal from Honey Financing was the best overall offer based on the following factors, among others: (1) the Debtor's financing needs and lending arrangements; (2) the speed and certainty of closing the transaction; and (3) the total

overall value to be provided to all stakeholders as a result of the transaction. Therefore, the Debtor elected to pursue the transaction with Honey Financing. The Debtor entered into the Restructuring Support Agreement in connection with the offer (the “Honey Financing RSA”).

17. Also on September 18, 2013, HC Capital Holdings 0909A (“HC”), an affiliate of Honey Financing, purchased the Wells debt, and became the Debtor’s senior secured lender.

18. In order to further bolster its restructuring efforts, the Debtor executed a Restructuring Support Agreement with its senior subordinated debt holders, Argosy Investment Partners II, L.P, and Marquette Capital Fund I, LP (the “Senior Subordinated Debt RSA”).

19. The Debtor has also entered into a Restructuring Support Agreement with the interim class action co-lead counsel in the Putative Class Action (the “Putative Class Action RSA” and collectively with the Honey Financing RSA and the Senior Subordinated Debt RSA, the “RSAs”).

20. The Debtor filed this chapter 11 case in order to affect the restructuring transaction as defined in the RSAs.

21. Additional factual background relating to the Debtor, including its corporate structure, business operations, the circumstances leading to the filing of the chapter 11 case, the Restructuring Agreement and the Debtor’s existing indebtedness, is set forth in detail in the Irvin Declaration, filed concurrently herewith and fully incorporated herein by reference.

## **FACTS RELEVANT TO DEBTORS POST-PETITION FINANCING**

### **A. The Need for Post-petition Financing and Use of Cash Collateral**

22. In planning for its chapter 11 Case, the Debtor determined it would require debtor-in-possession and exit financing in connection with its restructuring to meet working capital needs. After significant arm’s length and good faith negotiations, the Debtor and the DIP

Lender agreed on terms for (a) the DIP Facility and (b) Exit Financing (more fully described in the Plan) to replace the DIP Facility upon the Debtors' emergence from bankruptcy.

23. The Debtor has an immediate need for post-petition financing and use of the Cash Collateral. The DIP Facility and the use of the Cash Collateral is necessary to permit the Debtor to pay employees, vendors, suppliers, and service providers, and maintain the Debtor's ongoing business operations. The Debtor's objective of efficiently obtaining Court approval of the Plan and emerging from bankruptcy with "clean" balance sheets will be facilitated by the post-petition financing. As set forth more fully below, if the Debtor is unable to obtain post-petition financing and use the Cash Collateral, the Debtor's business will be irreparably harmed, resulting in a significant diminution of value of the estate and harm to the Debtor, its creditors, and all parties in interest.

#### **B. Negotiations for the Post-petition Financing**

24. The Debtor and HC Capital Holdings 0909A (the "DIP Lender") negotiated extensively to provide the Debtor with a senior secured debtor-in-possession revolving credit facility in the maximum amount of \$25,000,000.00 (the "DIP Facility") as described in the Interim Order Authorizing Post-Petition Financing attached hereto as Exhibit 1-A (the "Interim Order") and the DIP Financing Terms and Conditions (the "DIP Financing Terms"), and an agreement has been reached regarding the same.

#### **C. Summary of Essential Terms**

25. The essential terms of the DIP Financing are as follows:



**BORROWER:** Groeb Farms Inc., a Michigan corporation (the “Borrower”), consistent with the existing Credit and Security Agreement dated as of January 30, 2012, among, *inter alia*, the Borrower and HC Capital Holdings 0909A, LLC (as amended, supplemented or otherwise modified from time to time, the “Existing Credit Agreement”), including as debtor and debtor-in-possession under the U.S. Bankruptcy Code (“Bankruptcy Code”).

**DIP LENDER:** HC Capital Holdings 0909A, LLC

**DIP FACILITY:** Senior secured superpriority debtor-in-possession priming revolving credit facility in the maximum amount of \$27,000,000.00 (the “DIP Facility”).

**CLOSE DATE:** The date on which the initial funding of the DIP Facility occurs (the “DIP Close Date”), which must be on or before October 4, 2013.

**MATURITY:** The earliest of (i) 110 days following the Petition Date (the “Maturity Date”), (ii) (x) three (3) days following the Petition Date unless, on or prior to such date, the Interim Order shall have been entered and be in full force and effect and not stayed and (y) the date that is 36 days following the Petition Date unless, on or prior to such 36th day, the Final Order shall have been entered and be in full force and effect and not stayed, (iii) the date Borrower terminates the Revolving Credit Facility, and (iv) the date the Revolving Credit Facility terminates pursuant to Section 10.1 or Section 10.2 of the DIP Credit Agreement following an Event of Default (the earliest of these dates, the “Termination Date”).

**AVAILABILITY:** Amounts under the DIP Facility may be borrowed, repaid and reborrowed from the DIP Close Date until the Maturity Date or the Termination Date subject to the DIP Budget (as defined below). The DIP Facility will be available for loans in an aggregate amount not to exceed the Maximum Revolver Amount of \$27 million plus \$3 million of Prepetition Advances, less the amount of Prepetition Advances and Pre-Petition Term Loans outstanding, provided however the Aggregate Maximum Loan Balance shall not exceed and shall be deemed to reduce to, the letter of (x) \$30,000,000 and (y) the Borrowing Base plus the Permitted Overadvance Amount at such time. Subject to reserves and the Interim Order and Final Order, the Borrowing Base will be equal (a) 85% (less the amount, if any, of the Dilution Reserve, if applicable) of the amount of Eligible Accounts, plus (b) the *lower* of (i) \$11,000,000.00, or (ii) (A) the lower of (I) 75% (or such lesser percentage as in effect under the Prepetition Credit Facility immediately prior to the Petition Date) *times* the Value of Eligible Inventory consisting of raw materials, or (II) 85% (or

such lesser percentage as in effect under the Prepetition Credit Facility immediately prior to the Petition Date) *times* the most recently determined Net Liquidation Percentage *times* the Value of Eligible Inventory consisting of raw materials, plus (B) the lower of (I) 75% (or such lesser percentage as in effect under the Prepetition Credit Facility immediately prior to the Petition Date) *times* the Value of Eligible Inventory consisting of finished goods, or (II) 85% (or such lesser percentage as in effect under the Prepetition Credit Facility immediately prior to the Petition Date) *times* the most recently determined Net Liquidation Percentage *times* the Value of Eligible Inventory consisting of finished goods, plus (C) the lower of (I) 42% (or such lesser percentage as in effect under the Prepetition Credit Facility immediately prior to the Petition Date) *times* the Value of Eligible Inventory consisting of mesquite honey so acquired by Borrower in calendar year 2013, or (II) 100% of the amount of the Eligible Additional Cash Collateral, plus (c) 100% of the amount of the Eligible Original Cash Collateral, plus (d) 100% of the amount of the Eligible Additional Cash Collateral, minus (e) the aggregate amount of Reserves established by Lender.

**INTEREST RATES:** The DIP Facility will bear the interest rate of 3 month LIBOR plus 2.5%.

**DEFAULT RATE:** The rate otherwise in effect plus 3.0% per annum.

**USE OF PROCEEDS:** The DIP Facility may be used to, among other things: (i) subject to the restrictions in the Interim Order and Final Order, refinance the obligations of the Existing Credit Facility (defined below); (ii) pay fees and expenses associated with the DIP Facility; (iii) the working capital needs of the Debtor, subject the Approved Budget; and (iv) any payments contemplated by the First Day Motions filed in connection with the case, subject to Court approval.

**APPLICATION OF PROCEEDS:** Proceeds or payments received by the DIP Lender with respect to the Collateral (as defined below) shall be applied by the DIP Lender as follows: (a) first, to the payment of all Advances as such term is defined in the Prepetition Credit Agreement, until such amount is reduced to under \$3,000,000; and then (b) second to the Obligations under the DIP Facility in the DIP Lender's discretion.

**FEES:** (a) Monthly Unused Line Fee: one quarter or one percent (0.25%) per annum of the daily average of the Unused Amount; (b) Monthly Cash Management Fees: (c) upon demand, (i) Collateral Exam fees; and (ii) Appraisal fees.

**SCHEDULED  
REPAYMENTS:**

The DIP Facility balances will be due on the DIP Facility Termination Date.

**MANDATORY  
PREPAYMENTS:**

The Borrower must make a mandatory prepayment if and to the extent, at any time: (i) the Revolver Usage exceeds (A) the Borrowing Base plus the Permitted Overadvance Amount or (B) the Maximum Revolver Amount less the outstanding amount of Advances (as defined in the Prepetition Credit Facility), plus up to \$3 million in advances under the Prepetition Credit Facility at such time.

**COLLATERAL (THE  
“COLLATERAL”):**

The DIP Facility will be (i) secured (subject to the Carve-Out described below) pursuant to Section 364(c)(2) and 364(c)(3) of the Bankruptcy Code by a valid first priority perfected security interest in all assets of the Borrower, and all proceeds and products of the foregoing (provided any liens with respect to Avoidance Actions shall be on the proceeds of such Avoidance Actions, rather than on the Avoidance Actions themselves) and (ii) accorded super-priority administrative claim priority status under Section 364(c)(1) of the Bankruptcy Code.

The foregoing security shall secure the DIP Facility, as well as all other indebtedness and obligations owing to the DIP Lender under the Existing Credit Agreement.

**CONDITIONS  
PRECEDENT:**

Customary conditions for financings of this type, including but not limited to:

- (a) the Closing Date shall occur on or before October 4, 2013;
- (b) The DIP Lender shall have received a certificate from the Secretary of Borrower (i) attesting to the resolutions of the Board of Directors of Borrower, as applicable, authorizing its execution, delivery, and performance of the Loan Documents to which it is a party, (ii) authorizing specific officers to execute the same, and (iii) attesting to the incumbency and signatures of such specific officers;
- (c) The DIP Lender shall have received copies of the Articles of Incorporation and Bylaws of Borrower, as amended, modified, or supplemented to the Closing Date, certified as true, correct and complete by the Secretary of Borrower;
- (d) Each Loan Party and each of its Subsidiaries shall have received all licenses, approvals or evidence of other actions required by any Governmental Authority in connection with the execution and delivery by such Loan Party or its

Subsidiaries of the Loan Documents or with the consummation of the transactions contemplated thereby;

- (e) All other documents and legal matters in connection with the transactions contemplated by this Agreement shall have been delivered, executed, or recorded and shall be in form and substance satisfactory to Lender;
- (f) The DIP Lender shall have received a completed Borrowing Base Certificate;
- (g) The DIP Lender shall have received, not later than three (3) days following the Petition Date, a certified copy of the Interim Order by the Bankruptcy Court, which Interim Order shall, among other things, (i) authorize Borrower to enter into the DIP Credit Agreement and the other Loan Documents, in the amount and on the terms set forth in this Agreement and the other Loan Documents, (ii) approve the Loan Documents and grant the Lien and Superpriority Claim contemplated thereby, approve the prepayment of the obligations under the Prepetition Credit Facility (to the extent required herein) by Borrower and all of the fees provided for in this Agreement and (iv) not have been vacated, reversed, modified, amended or stayed;
- (h) All of the “first day orders” entered at the time of commencement of the Case, each of which shall be reasonably satisfactory in form and substance to Lender;
- (i) The DIP Lender shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable documental fees and expenses of legal counsel), on or before the Closing Date. The Prepetition Lender shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable documented fees and expenses of legal counsel), on or before the Closing Date; and
- (j) No litigation shall have commenced which has not been stayed by the automatic stay or by the Bankruptcy Court which, if successful, would result in a Material Adverse Change, other than the Case.

**DOCUMENTATION:** The DIP Facility will be subject to the terms and conditions set forth in the DIP Loan Documentation. Such documentation will contain usual and customary provisions for financings of this kind, including, without limitation, conditions (including those described herein), representations and warranties, affirmative and negative covenants (but excluding any financial covenants), assignment and participation provisions, indemnification, events of default and remedies.

**CASH MANAGEMENT:** Borrower shall maintain its prior cash management procedures in effect prior to the Petition Date including lock box procedures and blocked account agreements that will provide for full dominion and automatic daily sweeps into a collection account controlled by the DIP Lender.

**CARVE OUT:** The Interim Order and Final Order (together the “Orders”) shall contain a “Carve-Out” from the secured Collateral: (a) for professional fees and expenses accruing during the period on or prior to one Business Day after the DIP Lender provides notice that it is entitled to exercise remedies under the DIP Facility due to an Event of Default (the “Carve-Out Trigger Notice”), (i) the payment of all accrued and unpaid professional fees and expenses of attorneys, accountants, financial advisors, consultants and other professionals retained by the Debtor, and any official committees appointed pursuant to section 1103 of the Bankruptcy Code (collectively “Professionals”); (ii) quarterly fees requested to be paid pursuant to 28 U.S.C. Section 1930(a) and fees payable to the Clerk of the Bankruptcy Court; and (iii) up to \$25,000 for the expenses of a Trustee appointed pursuant to section 726(b) of the Bankruptcy Code; and (b) for professional fees and expenses accrued during the period after the Business Day following the DIP Lender’s provision of a Carve-Out Trigger Notice, in an amount not to exceed \$400,000.00 (the “Carve-Out”). The Carve-Out shall not be used to fund any litigation against the DIP Lender.

**EXPENSES AND INDEMNIFICATION:** The DIP Loan Documentation will provide that Borrower will be responsible for all reasonable costs, fees and expenses of the DIP Lender, and will indemnify the DIP Lender and its respective affiliates against any liabilities arising out of the transaction, subject to customary carveouts.

**GOVERNING LAW:** State of New York.

**D. Local Bankruptcy Rule 4001-2 Disclosures**

26. Local Rule 4001-2 requires the Debtor to state its position as to the value of each secured interest to be protected. HC Capital Holdings 0909A is the Debtor's senior pre-petition secured lender and holds a lien on all of the Debtor's collateral. The Debtor's inventory (including raw materials and finished goods) is valued at approximately \$10 million as of the Petition Date based on the Debtor's books and records. The Debtor's machinery and equipment is valued at \$990,000.00 based on an appraisal performed by Gordon Brothers in August 2013.

**RELIEF REQUESTED**

27. By this Motion, the Debtor seeks this Court's approval of the Interim and Final Orders, pursuant to sections 105(a), 361, 362, 363, 364, 507 and 552 of the Bankruptcy Code: (a) authorizing them to obtain post-petition financing; (b) authorizing interim use of the Cash Collateral pursuant to the budget, during the period from the Petition Date through November 4, 2013 and granting adequate protection to the Lender for the use of the Cash Collateral, as a result of the potential diminution in value of the Lender's Collateral during this case; and (c) scheduling a final hearing on the Motion (the "Final Hearing").

28. Bankruptcy Rule 4001(d) provides that the Court may fix the time within which objections to the approval of an agreement relating to post-petition credit must be filed. In addition, the Court is empowered to conduct an expedited preliminary hearing on the Motion and authorize the Debtor to obtain post-petition credit to the extent necessary to avoid immediate and irreparable harm to the Debtor's estate.

29. The Debtor urgently requires financing and credit in order to fund day-to-day operations to maintain production for its customers, which is necessary to preserve the Debtor's operations and maximize value for all stakeholders.

30. Additionally, of immediate urgency is the need to fund the Debtor's payroll and other expenses which arise in the ordinary course of the Debtor's business.

31. Absent immediate access to the DIP Facility, the continued operation of the Debtor's business would not be possible and immediate and irreparable harm to the Debtor's creditors and the Debtor's estate would occur. The Debtor's ability to obtain sufficient working capital and liquidity through the financial accommodations made under the DIP Facility is vital to the preservation of value for the Debtor's estate.

32. The Debtor engaged in reasonable, concerted, and good faith efforts to secure post-petition financing and financial accommodations on favorable terms. As a result of these efforts, the Debtor believes it has secured post-petition financing and financial accommodations on the most favorable terms available.

33. The Debtor and its estate will receive substantial benefit from the loans and other financial accommodations to be provided under the DIP Facility, which are necessary to fund the Debtor's business and will contribute to the actual and necessary costs of preserving its estate.

34. By this Motion, the Debtor also seeks authority to use Cash Collateral in accordance with the Budget and the Interim Order. The Debtor's Secured Lender has consented to the Debtor's limited use of Cash Collateral on the terms of the Interim Order and in accordance with the Budget.

35. The Debtor proposes to use the Cash Collateral for the payment of employee salaries, payroll, taxes, and other general operating and working capital purposes in the ordinary course of Debtor's business. These costs may constitute administrative expense claims under the Bankruptcy Code directly attributable to the operation of Debtor's business and expenditures authorized by final order of the Court including, without limitation, professionals whose

retention has been approved by the Court under Section 327, 328, and 330 of the Bankruptcy Code, the fees of the U.S. Trustee and the Clerk of this Court.

36. Absent continued access to the Cash Collateral and immediate access to the DIP Facility, the continued operation of the Debtor's business would not be possible and immediate and irreparable harm to the Debtor's creditors and the Debtor's estate would occur. The Debtor's ability to obtain sufficient working capital and liquidity through the use of the Cash Collateral and the financial accommodations made under the DIP Facility is vital to the preservation of value for the Debtor's estate.

#### **BASIS FOR RELIEF REQUESTED**

37. As described above, the Debtor requires the use of the Cash Collateral and the funds which will be made available through the DIP Facility in order to address its working capital needs and fund its efforts while in chapter 11. The use of the Cash Collateral and the funds from the DIP Facility will provide the Debtor with the necessary capital with which to operate its business, pay employees, maximize value, and pursue reorganization under Chapter 11.

38. The Pre-Petition Lender has consented to the Debtor's use of Cash Collateral in the ordinary course of business in accordance with the terms of the Stipulation and Interim Order.

39. The Pre-Petition Lender has requested, pursuant to sections 361 and 363(e) of the Bankruptcy Code adequate protection of its interests in the Cash Collateral under the Credit Agreement via the Pre-Petition Collateral to the extent there is a diminution in the value of such collateral from and after the Petition Date. Consistent with the terms of the Interim Order, as adequate protection for any such diminution in value, the Pre-Petition Lender shall be granted, pursuant to sections 361, 363(e), and 364(c) of the Bankruptcy Code, a first-priority security



interest in and lien upon the Pre-Petition Collateral and all post-petition proceeds of the Pre-Petition Collateral (the “Replacement Liens”).

40. The Debtor believes that its inability to continue to use Cash Collateral and to access the funds which will be made available through the DIP Facility would result in a material, negative impact on its business, all to the prejudice and detriment of the Debtor’s creditors, customers and employees.

41. Absent immediate use Cash Collateral and the funds from the DIP Facility for its continuing business operations, the Debtor will be unable to pay employee wages, or purchase the raw materials needed to produce its products, and, therefore, will be unable to continue to conduct its business. Consequently, if this Court does not permit use of Cash Collateral and its entry into the DIP Facility, the Debtor’s case will be immediately and irreparably jeopardized, to the detriment of its estate, creditors and other parties in interest.

### **APPLICABLE AUTHORITY**

#### **A. The DIP Facility Should Be Approved.**

42. The Debtor proposes to obtain financing under the DIP Facility by providing security interests and liens as set forth above pursuant to section 364(c) of the Bankruptcy Code.

43. Section 364(c) of the Bankruptcy Code provides, among other things, that if a debtor is unable to obtain unsecured credit allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code, the Court may authorize a debtor to obtain credit or incur debt (a) with priority over any and all administrative expenses, as specified in section 503(b) or 507(b) of the Bankruptcy Code, (b) secured by a lien on property of the estate that is not otherwise subject to a lien, or (c) secured by a junior lien on property of the estate that is subject to a lien.

11 U.S.C. § 364(c).

44. After due and appropriate investigation and analysis, the Debtor has concluded, in the sound exercise of its considered business judgment, that the DIP Facility is the only post-petition financing available to the Debtor and is in the best interest of its estate and creditors (both secured and unsecured) and all other parties in interest in this chapter 11 case.

45. Bankruptcy courts grant a debtor considerable deference in acting in accordance with its business judgment. *See, e.g., In re Trans World Airlines, Inc.*, 163 B.R. 964, 974 (Bankr. D. Del 1994); *Bray v. Shenandoah Fed. Sav. & Loan Ass'n. (In re Snowshoe Co.)*, 789 F.2d 1085, 1088 (4th Cir. 1986); *In re Ames Dept Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) (“cases consistently reflect that the court’s discretion under section 364 is to be utilized on grounds that permit reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit parties in interest”); *see also In re Funding Sys. Asset Mgmt. Corp.*, 72 B.R. 87 (Bankr. W.D. Pa. 1987); *In re Curlew Valley Assocs.*, 14 B.R. 506, 513-14 (Bankr. D. Utah 1981); *In re Simasko Prod. Co.*, 47 B.R. 444, 449 (D. Colo. 1985).

46. To incur indebtedness pursuant to sections 364(c) of the Bankruptcy Code, the Debtor must show that unsecured financing is not available. *See In re Ames Dep’t Stores, Inc.*, 115 B.R. 34, 37 (Bankr. S.D.N.Y. 1990) (debtor must demonstrate “that it has reasonably attempted, but failed, to obtain unsecured credit under sections 364(a) or (b).”). Despite good faith efforts by the Debtor, the Debtor has been unable to obtain (i) unsecured credit allowable under sections 503(b)(1) or 364(c)(1) of the Bankruptcy Code as an ordinary administrative expense, (ii) unsecured credit allowable under sections 364(a) or 364(b) of the Bankruptcy Code, or (iii) superpriority credit under 364(c)(1) of the Bankruptcy Code, from any source sufficient to

enable the Debtor to continue its business operations. The Debtor has not been able to obtain post-petition financing or other financial accommodations from any alternative prospective lender or group of lenders on more favorable terms and conditions than those for which approval is sought herein. In fact, the Debtor's former pre-petition secured lender was unwilling to act as a DIP Lender and was contemplating a forced liquidation of the Debtor before the secured debt was purchased by the Pre-Petition Lender. The Debtor and Houlihan also conducted a marketing process for the Debtor's assets, and none of the interested parties offered better financing terms than the terms described herein.

47. The Bankruptcy Code does not require that a debtor seek alternative financing from every possible lender; rather, the debtor simply must demonstrate sufficient efforts to obtain financing without the need to grant a senior lien. *In re Snowshoe Co.*, 789 F.2d at 1088 (demonstrating that credit was unavailable absent the senior lien by establishment of unsuccessful contact with other financial institutions in the geographic area); *In re 495 Central Park Ave. Co.*, 136 B.R. 626, 631 (Bankr. S.D.N.Y. 1992) (debtor testified to numerous failed attempts to procure financing from various sources, explaining that "most lend money only in return for a senior secured position"); *In re Aqua Assocs.*, 123 B.R. 192, 196 (Bankr. E.D. Pa. 1991) (debtor adequately established that some degree of priming of loan was necessary if debtor were to obtain funding). As set forth above, the Debtor, after considerable efforts with potential funding sources, was unable to obtain post-petition credit on better terms than those contained in the DIP Facility.

48. Thus, the Debtor has satisfied the conditions for incurring indebtedness under section 364(c) of the Bankruptcy Code.

49. The DIP Facility is critical to the Debtor's ability to continue its business operations and reorganize in chapter 11. Absent the DIP Facility, the Debtor will lack access to any cash and the Debtor's suppliers will refuse to continue providing necessary raw materials the Debtor needs to manufacture its products. The Debtor will also be unable to pay its employees and contractors, which will likely result in a shutdown of the business and doom the Debtor's reorganization prospects.

**B. The DIP Lender is a Good Faith Lender Pursuant to Section 364(e) of the Bankruptcy Code.**

50. The Debtor has exercised sound business judgment in determining that the DIP Facility is appropriate under the circumstances. The Debtor and the DIP Lender have also agreed upon a budget (the "DIP Budget"), a copy of which is attached hereto as Exhibit 6-B. The Debtor believes that the DIP Budget is achievable and will allow them to operate and pay its post-petition obligations as they mature. The Debtor proposes that the terms and conditions of the DIP Facility are fair, reasonable, and in the best interests of the Debtor and its creditors. Further, the terms and conditions of the DIP Facility were negotiated between the Debtor and the DIP Lender in good faith and at arms' length. Consequently, the Debtor requests that the Court find that all loans or accommodations made by the DIP Lender under the DIP Facility and pursuant to the Interim Order to have been made in good faith for purposes of Section 364(e) of the Bankruptcy Code.

**C. The Debtor May Use Cash Collateral With The Secured Lender's Consent**

51. Under section 363(c)(2) of the Bankruptcy Code, a debtor in possession may not use cash collateral unless "(a) each entity that has an interest in such cash collateral consents; or (b) the court, after notice and a hearing, authorizes such use . . . in accordance with the provisions of this section." 11 U.S.C. § 363(c)(2).

52. The Debtor requires the use of Cash Collateral to fund its day-to-day operations. Indeed, absent such relief, the Debtor's business will be brought to an immediate halt, with damaging consequences for the Debtor and its estate and creditors. The interests of the Pre-Petition Lender in the Debtor's Cash Collateral will be protected by the adequate protection set forth below. The Pre-Petition Lender has consented to the use of the Cash Collateral on the terms set forth herein, and in the Interim Order. Accordingly, the Debtor's request to use Cash Collateral in the operation of its businesses and administration of the chapter 11 cases should be approved.

**D. The Debtor Will Grant the Lender Liens On Post-Petition Assets To the Extent the Lender is Secured and the Debtor's Use of Cash Collateral Decreases Such Liens' Value**

53. Section 363(e) of the Bankruptcy Code provides that, "on request of an entity that has an interest in property used . . . or proposed to be used . . . by [a debtor in possession], the court, with or without a hearing, shall prohibit or condition such use . . . as is necessary to provide adequate protection of such interest." 11 U.S.C. § 363(e). Section 361 of the Bankruptcy Code delineates the forms of adequate protection, which include periodic cash payments, additional liens, replacement liens, and other forms of relief. 11 U.S.C. § 361. What constitutes adequate protection must be decided on a case-by-case basis. *See Delbridge v. Production Credit Assoc. and Federal Land Bank*, 104 B.R. 824, 827 (E.D. Mich. 1989); *In re O'Connor*, 808 F.2d 1393, 1396 (10th Cir. 1987); *In re Martin*, 761 F.2d 472 (8th Cir. 1985); *In re Shaw Indus., Inc.*, 300 B.R. 861, 865 (Bankr. W.D. Pa. 2003). The focus of the requirement is to protect a secured creditor from diminution in the value of its interest in the particular collateral during the period of use. *See Delbridge*, 104 B.R. at 827; *In re Swedeland Dev. Group, Inc.*, 16 F.3d 552, 564 (3d

Cir. 1994) (“The whole purpose of adequate protection for a creditor is to insure that the creditor receives the value for which he bargained prebankruptcy.”) (internal citation omitted).

54. The Pre-Petition Lender is entitled to adequate protection to the extent of any diminution in the value of its interest in the Prepetition Collateral in the form of: (a) Adequate Protection Liens; and in the event the Adequate Protection Liens do not adequately protect against diminution in the value of its interest in the Prepetition Collateral (b) Superpriority Claims. The Pre-Petition Lender is also entitled to (i) Fees and Expenses; and (ii) Interest.

**E. Interim Approval Should be Granted**

55. Bankruptcy Rules 4001(b) and (c) provide that a final hearing on a motion to use cash collateral may not be commenced earlier than fourteen (14) days after the service of such motion. Upon request, however, the Court is empowered to conduct a preliminary expedited hearing on the motion and authorize the use of cash collateral and the obtaining of credit to the extent necessary to avoid immediate and irreparable harm to Debtor’s estate pending a final hearing.

56. Pursuant to Bankruptcy Rules 4001(b) and (c), the Debtor request that the Court conduct an expedited preliminary hearing on this Motion and (a) authorize the Debtor to use Cash Collateral on an interim basis, pending entry of a final order, in order to (i) maintain and finance the ongoing operations of the Debtor, and (ii) avoid immediate and irreparable harm and prejudice to the Debtor’s estate and all parties in interest, (b) approve the DIP Facility on an interim basis; and (c) schedule a hearing to consider entry of a final order.

57. In addition, Local Rule 4001-2 allows this Court to grant an expedited motion to use cash collateral without a hearing if all of the creditors with an interest in the Cash Collateral consent, the motion complies with Bankruptcy Rule 4001(d)(1)(B), the order meets certain other

requirements, and the Motion is accompanied by an affidavit of the debtor stating the facts upon which the debtor relies in seeking the entry of the proposed order on an expedited basis and the amount of money needed to avoid immediate and irreparable harm.

58. The Debtor asserts that the Motion complies with Bankruptcy Rule 4001(d)(1)(B), the order meets the requirements of Local Rule 4002-1, and the Irvin Declaration states the facts upon which the Debtor rely in seeking the entry of the proposed order on an expedited basis and the amount of money needed to avoid immediate an irreparable harm.

59. The Debtor has an urgent and immediate need for cash to continue to operate. As set forth in the budget attached hereto as Exhibit 6-B, the Debtor needs \$17.1 million in interim cash usage under the proposed Interim Order for the period from the Petition Date to November 4, 2013 to avoid immediate and irreparable harm. The ability to use Cash Collateral will provide necessary assurance to the Debtor's vendors, employees, and customers of its ability to meet near-term obligations. Failure to meet these obligations and to provide these assurances likely would have a long-term negative impact on the value of the Debtor's business, to the detriment of all parties in interest. Furthermore, the lack of Cash Collateral would result in accelerated cash demands on the Debtor. Accordingly, the interim relief requested is critical to preserving and maintaining the going concern value of the Debtor and facilitating its reorganization efforts.

60. Thereafter, the Debtor proposes to use cash collateral subject to budgets approved by the DIP Lender from time to time, and entry of an Order approving such use after the Final Hearing.

61. The Debtor further submits that because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtor for the reasons set forth herein,

Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) has been satisfied.

62. To successfully implement the foregoing, the Debtor seeks a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay under Bankruptcy Rule 6004(h).

63. Additionally, pursuant to Bankruptcy Rule 4001(b)(2), the Debtor requests this Court to set a date for the Final Hearing.

### **NOTICE**

64. Notice of this Motion has been provided to: (a) the Office of the United States Trustee for the Eastern District of Michigan; (b) Debtor’s secured lenders and their counsel; (c) the DIP Lender and its counsel; and (d) the twenty largest unsecured creditors of each Debtor. The Debtor submits that in light of the nature of the relief requested, no further notice is required. This Motion has been submitted on an expedited basis because of the numerous matters to be considered by the Court during the initial period of these cases regarding the administration and the postpetition operations of the Debtor.

WHEREFORE, the Debtor respectfully requests entry of an order, the form of which is attached to this Motion as **Exhibit 1-A**, granting the relief requested herein and granting the Debtor such other and further relief as may be just and appropriate under the circumstances.



Dated: October 1, 2013  
Detroit, Michigan

FOLEY & LARDNER LLP

/s/ Judy A. O'Neill

Judy A. O'Neill (P32142)

John A. Simon (P61866)

Tamar N. Dolcourt (P73425)

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500 Woodward Ave., Suite 2700

Detroit, MI 48226-3489

(313) 234-7100 (Telephone)

(313) 234-2800 (Facsimile)

*Proposed Counsel for the Debtor and  
Debtor in Possession*

**EXHIBIT 4**

**Certificate of Service**

**THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

_____	)	
In re:	)	Chapter 11
	)	
GROEB FARMS, INC.	)	Case No. 13-58200
	)	
Debtor.	)	Honorable Walter Shapero
_____	)	

**CERTIFICATE OF SERVICE**

The Debtor has engaged a Noticing Agent, which will serve this Motion and file a subsequent Proof of Service after it has performed the service.

Dated: October 1, 2013  
Detroit, Michigan

FOLEY & LARDNER LLP

/s/ Judy A. O'Neill  
Judy A. O'Neill (P32142)  
John A. Simon (P61866)  
Tamar N. Dolcourt (P73425)  
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Detroit, MI 48226-3489  
(313) 234-7100 (Telephone)  
(313) 234-2800 (Facsimile)

*Proposed Counsel for the Debtor and Debtor in  
Possession*

**EXHIBIT 1-A**

**Proposed Interim Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

In re:	)	Chapter 11
	)	
GROEB FARMS, INC.	)	Case No. 13-58200
	)	
Debtor.	)	Honorable Walter Shapero
	)	

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**INTERIM ORDER ON FIRST DAY MOTION (I) AUTHORIZING THE DEBTOR TO  
(A) OBTAIN POSTPETITION FINANCING PURSUANT TO 11 U.S.C. §§ 105, 361, 362,  
364(C), 364(D)(1), AND 364(E) AND (B) UTILIZE CASH COLLATERAL OF  
PREPETITION SECURED ENTITIES PURSUANT TO 11 U.S.C. § 363, (II) GRANTING  
ADEQUATE PROTECTION TO PREPETITION SECURED LENDER PURSUANT TO  
11 U.S.C. §§ 361, 362, 363, AND 364, (III) SCHEDULING A FINAL HEARING  
PURSUANT TO BANKRUPTCY RULES 4001(B) AND 4001(C), AND (IV) GRANTING  
RELATED RELIEF**

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Upon the motion of Groeb Farms, Inc.,<sup>1</sup> as debtor-in-possession (the “Debtor”) in the above-captioned chapter 11 case (the “Chapter 11 Case”), dated October 1, 2013 (the “Motion”), for entry of an interim order (this “Interim Order”) and a final order (as defined in the DIP Credit Agreement (as defined below), a “Final Order”), under sections 105, 361, 362, 363(c), 363(e), 364(c), 364(d)(1), and 364(e) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”), and Rules 2002, 4001, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (as amended, the “Bankruptcy Rules”) and Rule 4001-2 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Eastern District of Michigan (the “Local Rules”), seeking, among other things:

(i) authorization for Groeb Farms, Inc., as debtor and debtor-in-possession (the “Borrower”) to obtain post-petition financing in the form of revolving loans drawn under a

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<sup>1</sup> All defined terms shall have the meaning ascribed to them in DIP Credit Agreement (as defined below) unless otherwise defined herein.

debtor-in-possession credit facility (the “DIP Facility”), pursuant to the terms of this Interim Order and the DIP Loan Documents (as defined below), the foregoing transactions to include:

- (a) a senior secured super-priority revolving credit facility providing for the borrowing of loans from time to time in accordance with the Approved Budget (as defined below) in an aggregate maximum principal amount of up to \$27 million, of which up to \$17.1 million (the “Interim Borrowing Amount”) shall be available upon entry of this Interim Order, and the DIP Lender will allow \$3 million to remain outstanding under the Prepetition Secured Facility;
- (b) the repayment of certain of the obligations outstanding on account of Advances (as defined in the Prepetition Secured Facility (as defined herein)) (the “Prepetition Facility Advance Repayment”);
- (ii) subject to entry of a Final Order, the repayment of all of the outstanding Term Loan (as defined in the Prepetition Secured Facility) obligations outstanding under the Prepetition Secured Facility (the “Prepetition Facility Term Loan Repayment”);
- (iii) authorization for the Debtor to execute and enter into that certain Senior Secured Super-Priority Priming Debtor-In-Possession Credit and Security Agreement, by and between the Borrower and the lender party thereto (the “DIP Lender”), which shall be in form and substance acceptable to the DIP Lender and substantially similar to the form attached hereto as Exhibit A (as the same may be amended, restated, supplemented, or otherwise modified from time to time pursuant to the terms thereof, the “DIP Credit Agreement”), and any related documents and instruments delivered pursuant to or in connection therewith (collectively, the “DIP Loan Documents”), and authorization for the Debtor to perform such other and further acts as may be required in connection with the DIP Loan Documents;

(iv) authorization for the Debtor's use of proceeds of the DIP Facility, all cash and equivalents, and cash collateral, as such term is defined in section 363(a) of the Bankruptcy Code (as so defined, but excluding any cash collateral subject to prior Non-Primed Liens (as defined below), if any, "Cash Collateral"), and the collection and application of Cash Collateral, pursuant to the terms and conditions set forth in this Interim Order and the DIP Credit Agreement;

(v) the grant of (i) valid, enforceable, non-avoidable, and fully perfected first priority priming liens on and senior security interests in (including liens pursuant to sections 364(c)(2) and 364(c)(3) of the Bankruptcy Code and priming liens pursuant to section 364(d) of the Bankruptcy Code) all DIP Collateral (as defined below) to the DIP Lender to secure all obligations of the Debtor under and with respect to the DIP Facility (collectively, the "DIP Obligations"), and (ii) super-priority claims (including a super-priority administrative claim pursuant to section 364(c)(1) of the Bankruptcy Code) to the DIP Lender having recourse to all prepetition and postpetition property of the Debtor's estate, now owned or hereafter acquired, including, subject to and upon entry of the Final Order, Avoidance Actions Proceeds (as defined herein) whether received by judgment, settlement or otherwise and any Debtor's rights under section 506(c) of the Bankruptcy Code and the proceeds thereof;

(vi) the grant of adequate protection to the Prepetition Secured Lender (as defined below) under that certain Credit and Security Agreement, dated as of January 30, 2012 (as amended, restated, supplemented, or otherwise modified from time to time and in effect on the date hereof, the "Prepetition Credit Agreement"), between the Borrower and HC Capital Holdings 0909A, LLC (the "Prepetition Secured Lender"), on account of (i) the Debtor's use of Cash Collateral and (ii) the priming of the liens and security interests held by the Prepetition

Secured Lender under the Prepetition Credit Agreement and all security agreements, pledge agreements, mortgages, deeds of trust, and other security and ancillary documents executed by the Borrower in favor of the Prepetition Secured Lender in connection therewith (collectively, the “Prepetition Credit Agreement Collateral Documents” and, together with the Prepetition Credit Agreement, the “Prepetition Loan Documents”), as more fully set forth in this Interim Order;

(vii) the grant of adequate protection to each holder of a debenture (the “Senior Subordinated Notes”) under that certain Securities Purchase Agreement (the “Senior Subordinated Notes Agreement”), dated as of March 31, 2010 (as amended, restated, supplemented, or otherwise modified from time to time and in effect on the date hereof), between the Borrower, on one hand, and Argosy Investment Partners III, L.P., Horizon Capital Partners III, L.P., and Marquette Capital Fund I, LP, on the other hand (collectively, the “Senior Subordinated Noteholders”) that executed a restructuring support agreement and has not and does not object to the relief requested by the Motion, on account of (i) the Debtor’s use of Cash Collateral and (ii) the priming of the liens and security interests held by the Senior Subordinated Noteholders under the Senior Subordinated Notes Agreement and all security agreements, pledge agreements, mortgages, deeds of trust, and other security and ancillary documents executed by the Borrower in favor of the Senior Subordinated Notes in connection therewith (collectively, the “Prepetition Senior Subordinated Note Collateral Documents” and, together with the Prepetition Senior Subordinated Note Credit Agreement, the “Prepetition Senior Subordinated Note Documents”), as more fully set forth in this Interim Order;

(viii) subject to entry of a Final Order, (i) the waiver by the Debtor of any right to seek to surcharge against the DIP Collateral or the Prepetition Collateral (as defined below)



pursuant to section 506(c) of the Bankruptcy Code or other applicable law, and (ii) the grant of rights under section 552(b) of the Bankruptcy Code;

(ix) pursuant to Bankruptcy Rule 4001, an interim hearing (the “Interim Hearing”) on the Motion for this Court to consider entry of this Interim Order, which, among other things, (i) authorizes Borrower to obtain from the DIP Lender under the DIP Facility an amount up to the Interim Borrowing Amount on an interim basis; (ii) authorizes the Debtor to effectuate the Prepetition Facility Advance Repayment with the proceeds of the Interim Borrowing and, upon entry of a Final Order, the Prepetition Facility Term Loan Repayment; (iii) authorizes the Debtor’s use of the Cash Collateral; and (iv) grants the liens and claims provided for herein;

(x) the scheduling of a final hearing (the “Final Hearing”) on the Motion no later than the thirty-six (36) days following the Petition Date (as defined herein) to consider entry of a Final Order granting the relief requested in the Motion on a final basis;

(xi) modification of the automatic stay imposed under section 362 of the Bankruptcy Code to the extent necessary to permit the Debtor, the DIP Lender, the Prepetition Secured Lender, and the Senior Subordinated Noteholders to implement the terms of this Interim Order; and

(xii) waiver of any applicable stay (including under Bankruptcy Rule 6004) and provision for immediate effectiveness of this Interim Order.

This Court having found that, under the circumstances, due and sufficient notice of the Motion and Interim Hearing was provided by the Debtor as set forth in Paragraph C below; and having held the Interim Hearing on October [ ], 2013 after considering all the pleadings filed with this Court; and having overruled all unresolved objections to the relief

requested in the Motion; and upon the record made by the Debtor at the Interim Hearing; and after due deliberation and consideration and good and sufficient cause appearing therefore:

**BASED ON THE RECORD MADE AT THE HEARINGS, THE COURT FINDS AS FOLLOWS:**

A. **Petition Date.** On October 1, 2013 (the “Petition Date”), the Debtor filed a voluntary petition with this Court commencing the Chapter 11 Case. The Debtor is continuing to operate its business and manage its property as debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

B. **Jurisdiction; Venue.** This Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). The statutory predicates for the relief sought herein are sections 105, 361, 362, 363, 364, 503, 507, and 552 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001(b), and 9014 and Local Rule 4001-2. Venue of the Chapter 11 Case and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. **Notice.** The Interim Hearing is being held pursuant to the authorization of Bankruptcy Rule 4001. Notice of the Interim Hearing and the emergency relief requested in the Motion has been provided by the Debtor, whether by facsimile, electronic mail, overnight courier, or hand delivery, on October 1, 2013, to certain parties in interest, including: (a) the Office of the United States Trustee for the Eastern District of Michigan, (b) the 20 largest non-insider unsecured creditors of the Debtor on a consolidated basis, (c) Kirkland & Ellis LLP, as counsel to the Prepetition Secured Lender and the DIP Lender, (d) holders of Senior Subordinated Notes, (e) the Internal Revenue Service, (f) the Securities and Exchange Commission, and (g) the United States Attorney for the Eastern District of Michigan. Under the

circumstances, such notice of the Motion, the relief requested therein and the Interim Hearing complies with Bankruptcy Rule 4001(b), (c), and (d) and the Local Rules, and no further notice of the relief sought at the Interim Hearing is necessary or required.

**BASED ON THE RECORD MADE AT THE HEARING, THE COURT IS SATISFIED WITH THE FOLLOWING REPRESENTATIONS OF THE DEBTOR:**

**D. Debtor's Stipulations With Respect to Prepetition Obligations.**

Subject to the limitations thereon described below in Paragraph 14 the Debtor hereby admits, acknowledges, agrees, and stipulates that (collectively, the "Debtor's Stipulations"):

(i) as of the Petition Date, the Debtor was truly and justly indebted to the Prepetition Secured Lender pursuant to the Prepetition Loan Documents, without defense, counterclaim, or offset of any kind, in the aggregate principal amount of not less than (i)(a) \$15,719,001.64 outstanding under the Advances (as defined in the Prepetition Credit Agreement), and (b) \$851,947.44 outstanding under the Term Loan (as defined in the Prepetition Credit Agreement), including the CapEx Purchase Loan amount, *plus* (ii) accrued and unpaid interest with respect thereto and any additional fees, costs, and expenses (including any attorneys', financial advisors', and other professionals' fees and expenses that are chargeable or reimbursable under the Prepetition Loan Documents) due under the Prepetition Loan Documents.

(ii) as of the Petition Date, the Debtor was truly and justly indebted to the Senior Subordinated Noteholders pursuant to the Prepetition Senior Subordinated Note Documents, without defense, counterclaim, or offset of any kind, in the aggregate principal amount of not less than \$7,000,000 outstanding under the Senior Subordinated

Notes Agreement *plus* accrued and unpaid interest with respect thereto due under the Prepetition Senior Subordinated Note Documents.

All obligations of the Debtor arising under the Prepetition Loan Documents (including, without limitation, the “Obligations” as defined in the Prepetition Credit Agreement) and the Prepetition Senior Subordinated Note Documents shall collectively be referred to herein as the “Prepetition Obligations”;

(iii) the liens and security interests granted to the Prepetition Secured Lender (collectively, the “Prepetition First Priority Liens”) in substantially all of the Debtor’s assets (the “Prepetition Collateral”) as more particularly described in the Prepetition Collateral Documents are (i) valid, binding, perfected, and enforceable first priority liens and security interests in the real and personal property described in the Prepetition Collateral Documents;<sup>2</sup> (ii) not subject to, pursuant to the Bankruptcy Code or other applicable law, avoidance, disallowance, reduction, recharacterization, recovery, subordination, attachment, offset, counterclaim, defense, or “claim” (as defined in the Bankruptcy Code) of any kind; and (iii) subject and subordinate only to (A) the Carve-Out (as defined below), (B) the DIP Liens (as defined below), and (C) Permitted Liens (as defined in the Prepetition Credit Agreement) to the extent permitted under the Prepetition Credit Agreement to be senior and to the extent perfected, and the Debtor irrevocably waives, for itself and its subsidiaries and affiliates, any right to challenge or contest in any way the Prepetition First Priority Liens or the validity or enforceability under the Prepetition Obligations and the Prepetition Loan Documents;

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<sup>2</sup> Nothing shall prejudice the rights of any party in interest including, but not limited to, the Debtor, the DIP Lender, and the Prepetition Secured Lender to challenge the validity, priority, enforceability, seniority, avoidability, perfection, or extent of any such liens and/or security interests.

(iv) the liens and security interests granted to the Senior Subordinated Noteholders (collectively, the “Prepetition Second Priority Liens”) in the Prepetition Collateral, as more particularly described in the Prepetition Senior Subordinated Note Documents are (i) valid, binding, perfected, and enforceable second priority liens and security interests in the real and personal property described in the Prepetition Senior Subordinated Note Documents;<sup>3</sup> (ii) not subject to, pursuant to the Bankruptcy Code or other applicable law, avoidance, disallowance, reduction, recharacterization, recovery, subordination, attachment, offset, counterclaim, defense, or “claim” (as defined in the Bankruptcy Code) of any kind; and (iii) subject and subordinate only to (A) the Carve-Out (as defined below), (B) the DIP Liens (as defined below), (C) the Prepetition First Priority Liens, and (D) Permitted Liens (as defined in the Prepetition Credit Agreement) to the extent permitted under the Prepetition Credit Agreement to be senior and to the extent perfected, and the Debtor irrevocably waives, for itself and its subsidiaries and affiliates, any right to challenge or contest in any way the Prepetition Second Priority Liens or the validity or enforceability of the Prepetition Obligations under the Prepetition Senior Subordinated Note Documents;

(v) (a) the Prepetition Obligations constitute legal, valid, and binding Obligations of the Debtor; (b) no offsets, defenses, or counterclaims to the Prepetition Obligations exist; (c) no portion of the Prepetition Obligations is subject to avoidance, disallowance, reduction, or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law; (d) the Prepetition Loan Documents are valid and enforceable by the

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<sup>3</sup> Nothing shall prejudice the rights of any party in interest including, but not limited to, the Debtor, the DIP Lender, and the Prepetition Secured Lender to challenge the validity, priority, enforceability, seniority, avoidability, perfection, or extent of any such liens and/or security interests.

Prepetition Secured Lender against the Debtor; (e) the Senior Subordinated Notes are valid and enforceable by the Senior Subordinated Noteholders against the Debtor; (f) the Prepetition Obligations constitute allowed claims against the Debtor's estate; and (g) no claim of or cause of action held by the Debtor or its estate exists against the Prepetition Secured Lender or the Senior Subordinated Noteholders, whether arising under applicable state or federal law (including, without limitation, any recharacterization, subordination, avoidance or other claims arising under or pursuant to sections 105, 510, or 542 through 553 of the Bankruptcy Code), or whether arising under or in connection with any of the Prepetition Loan Documents or the Prepetition Senior Subordinated Note Documents (or the respective transactions contemplated thereunder), Prepetition Obligations, Prepetition First Priority Liens, or Prepetition Second Priority Liens, including without limitation, any right to assert any disgorgement or recovery; and

(vi) all of the Debtor's cash, including any cash in the deposit accounts, wherever located, constitutes Cash Collateral of the Prepetition Secured Lender and the Senior Subordinated Noteholders.

E. **Budget for DIP Facility.** Attached hereto as Exhibit B is a cash flow forecast setting forth all projected cash receipts and cash disbursements (by line item) on a monthly basis (the "Initial Approved Budget") for the 13-week period beginning on the Petition Date. The Initial Approved Budget is required to be updated periodically and may be modified or supplemented from time to time by additional budgets (covering any time period covered by a prior budget or covering additional time periods) prepared by the Debtor and approved by the DIP Lender, without subsequent notice to or order of the Court (each such additional budget, a "Supplemental Approved Budget" and together with the Initial Approved Budget, the "Approved

Budget”), in accordance with the terms of the DIP Credit Agreement. The Initial Approved Budget is an integral part of this Interim Order and has been relied upon by the DIP Lender and the Prepetition Secured Lender in consenting to this Interim Order, to provide the DIP Facility and to permit the use of the Cash Collateral. The Debtor represents and warrants to the DIP Lender, the Prepetition Secured Lender and this Court that the Approved Budget includes and contains the Debtor’s best estimate of all operational receipts and all operational disbursements, fees, costs, and other expenses that will be payable, incurred, and/or accrued by the Debtor during the period covered by the Approved Budget and that such operational disbursements, fees, costs, and other expenses will be timely paid in the ordinary course of business pursuant to and in accordance with the Approved Budget unless such operational disbursements, fees, costs, and other expenses are not incurred or otherwise payable. The Debtor further represents that the Initial Approved Budget is achievable and will allow the Debtor to operate in the Chapter 11 Case and pay postpetition administrative expenses as they come due. In accordance with the DIP Credit Agreement, the Debtor shall be required to provide to the DIP Lender a weekly report of actual cash receipts and disbursements on a consolidated basis (each, a “Weekly Actuals Report”), and a monthly variance report (the “Budget Variance Report”) comparing the actual cash receipts and disbursements and variances from the Approved Budget of the Debtor for each four-week period. The Debtor shall be permitted a variance between projected receipts and actual receipts of fifteen (15) percent, and between projected disbursements and actual disbursements of fifteen (15) percent, on a line item basis for each four-week period.

**F. Immediate Need for Funding.** Based upon the pleadings and proceedings of record in the Chapter 11 Case, the Debtor does not have sufficient available sources of working capital and financing to carry on the operation of its business without the DIP

Facility and authorized use of Cash Collateral. As a result of the Debtor's financial condition, the use of Cash Collateral alone will be insufficient to meet the Debtor's immediate postpetition liquidity needs. The Debtor's ability to maintain business relationships with its vendors, suppliers, and customers, pay its employees, purchase, and supply new inventory, and otherwise finance its operations is essential to the Debtor's continued viability. In the absence of the DIP Facility and the authority of this Court to use Cash Collateral, the Debtor's business and estate would suffer immediate and irreparable harm, including, without limitation, a cessation of substantially all of its operations. The preservation, maintenance, and enhancement of the going concern value of the Debtor are of the utmost significance and importance to a successful restructuring of the Debtor under chapter 11 of the Bankruptcy Code.

G. **No Credit on More Favorable Terms.** Based upon the pleadings and proceedings of record in the Chapter 11 Case, the Debtor is unable to obtain sufficient interim and long-term financing from sources other than the DIP Lender on terms and subject to conditions more favorable than under the DIP Facility and the DIP Loan Documents, and is not able to obtain adequate unsecured credit allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code. The Debtor is also unable to obtain secured credit allowable under sections 364(c)(1), 364(c)(2), and 364(c)(3) of the Bankruptcy Code for the purposes set forth in the DIP Credit Agreement without the Debtor (i) granting to the DIP Lender, subject to the Carve-Out as provided herein, (x) the DIP Super-Priority Claims (as defined below) and (y) the DIP Liens in the DIP Collateral, as provided herein and in the DIP Loan Documents, (ii) agreeing to the Prepetition Facility Advance Repayment and, upon entry of a Final Order, the Prepetition Facility Term Loan Repayment, and (iii) providing the Prepetition Secured Lender the adequate protection as provided herein.



H. **Reasonable; Good Faith.** The DIP Lender has indicated a willingness to provide Borrower with post-petition secured financing but solely on the terms and conditions set forth in this Interim Order and the DIP Loan Documents. After considering all of its alternatives, the Debtor has concluded, in an exercise of its sound business judgment, that the DIP Facility to be provided by the DIP Lender and the authorization to use the Cash Collateral to be provided by the Prepetition Secured Lender represents the best financing presently available to the Debtor. Based upon the pleadings and proceedings of record in the Chapter 11 Case, (i) the terms and conditions of the DIP Facility and the use of the Prepetition Collateral (including the Cash Collateral) in accordance with this Interim Order and the DIP Loan Documents are fair and reasonable, reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties, and constitute reasonably equivalent value and fair consideration, (ii) the DIP Facility has been the subject of extensive negotiations conducted in good faith and at arm's length among the Debtor and the DIP Lender, and (iii) any credit extended, loans made, and other financial accommodations extended to the Debtor by the DIP Lender have been extended, issued, or made, as the case may be, by the DIP Lender in "good faith" within the meaning of section 364(e) of the Bankruptcy Code. The Debtor has requested immediate entry of this Interim Order pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2) and the Local Rules. Absent granting the interim relief sought by this Interim Order, the Debtor's estate will be immediately and irreparably harmed. Consummation of the DIP Facility and authorization of the use of the Prepetition Collateral (including the Cash Collateral) in accordance with this Interim Order and the DIP Loan Documents are, therefore, in the best interests of the Debtor's estate and are consistent with the Debtor's fiduciary duties.

I. **Use of Cash Collateral.** An immediate and critical need exists for the Debtor to use the Cash Collateral (in addition to the DIP Facility) to continue to operate its business, pay wages, maintain business relationship with vendors, suppliers, and customers, make capital expenditures, make adequate protection payments, and generally conduct its business affairs so as to avoid immediate and irreparable harm to its estate and the value of its assets.

J. **Consent by Prepetition Secured Lender.** The Prepetition Secured Lender has consented to, conditioned on the entry of this Interim Order (i) the financing arrangements contemplated by this Interim Order and the DIP Loan Documents and (ii) Debtor's proposed use of Cash Collateral, on the terms and conditions set forth in this Interim Order and the DIP Credit Agreement.

K. **Adequate Protection.** The adequate protection provided to the Prepetition Secured Lender and to the Senior Subordinated Noteholders for any diminution in the value of the Prepetition Secured Lender's or the Senior Subordinated Noteholders' respective interests in the Prepetition Collateral from and after the Petition Date, including, without limitation, from the DIP Facility and use of the Cash Collateral, pursuant to the provisions of this Interim Order, is consistent with and authorized by the Bankruptcy Code and is offered by the Debtor to protect the Prepetition Secured Lender's and the Senior Subordinated Noteholders' respective interests in the Prepetition Collateral in accordance with sections 361, 362, and 363 of the Bankruptcy Code. The consent of the Prepetition Secured Lender to the priming of its liens by the DIP Liens does not constitute, and shall not be construed as constituting, an acknowledgment or stipulation by the Prepetition Secured Lender that its interests in the Prepetition Collateral are adequately protected pursuant to this Interim Order or otherwise. The

adequate protection provided herein and other benefits and privileges contained herein are necessary in order to (i) protect the Prepetition Secured Lender and the Senior Subordinated Noteholders from the diminution in value of their respective interests in the Prepetition Collateral and (ii) obtain the foregoing consents and agreements.

L. **Good Cause Shown; Best Interest**. The Debtor has requested immediate entry of this Interim Order pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2). This Court concludes that good cause has been shown and that entry of this Interim Order is in the best interest of the Debtor's estate and creditors as its implementation will, among other things, allow for the continued operation of the Debtor's existing business and enhance the Debtor's prospects for a successful reorganization.

M. **No Liability to Third Parties**. The Debtor stipulates and the Court finds that in making decisions to advance loans to the Debtor, in administering any loans, in permitting the Debtor to use Cash Collateral, in accepting the Initial Approved Budget or any future Supplemental Approved Budget, or in taking any other actions permitted by this Interim Order or the DIP Loan Documents, the DIP Lender shall not be deemed to be in control of the operations of the Debtor or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtor.

N. **Section 552**. In light of the subordination of its liens and super-priority administrative claims (i) in the case of the DIP Lender, to the Carve-Out and the Non-Primed Liens and (ii) in the case of the Prepetition Secured Lender to the Carve-Out, the DIP Liens, and the Non-Primed Liens, the DIP Lender and Prepetition Secured Lender each are entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and, subject to the entry of the Final Order, the "equities of the case" exception shall not apply.

Based on the foregoing, and upon the record made before this Court at the Interim Hearing, and good and sufficient cause appearing therefore,

**IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

1. **Approval of Interim Order.** The Motion is approved on the terms and conditions set forth in this Interim Order. Any objections that have not previously been withdrawn are hereby overruled. This Interim Order shall become effective immediately upon its entry.

2. **Approval of DIP Loan Documents; Authority Thereunder.** The Debtor is expressly authorized, empowered, and directed to execute and deliver, and on such execution and delivery, directed to perform all of its obligations under, the DIP Loan Documents, including the DIP Credit Agreement, which is approved and incorporated herein by reference, and such additional documents, instruments, and agreements as may be required or requested by the DIP Lender pursuant to the DIP Credit Agreement to implement the terms or effectuate the purposes of this Interim Order. The Debtor is authorized to comply with and perform all of the terms and conditions contained therein, and directed to repay amounts borrowed, together with interest, fees (including, without limitation, the fees set forth in the DIP Credit Agreement) and premiums (as applicable) thereon and any other outstanding DIP Obligations to the DIP Lender in accordance with and subject to the terms and conditions set forth in the DIP Loan Documents and this Interim Order. In the event of any inconsistency between the DIP Loan Documents and this Interim Order, this Interim Order shall control.

3. **Authorization to Borrow/Use Cash Collateral.** Upon executing the DIP Credit Agreement and the other DIP Loan Documents, (a) the Borrower is immediately authorized to borrow under the DIP Facility up to the Interim Borrowing Amount, and (b) the

Borrower is authorized and directed to cause the Prepetition Facility Advance Repayment to occur on a dollar-for-dollar basis from Cash Collateral received by the Borrower on account of accounts receivable that are paid following the entry of this Interim Order, in each case subject to the terms and conditions of this Interim Order and the DIP Loan Documents. The Debtor is authorized to use the proceeds of the DIP Facility and the Cash Collateral in the operation of the Debtor's business and to make the Prepetition Facility Advance Repayment, provided, that any proposed use of proceeds of the DIP Facility or use of Cash Collateral is consistent with the terms of the DIP Loan Documents, the Approved Budget and this Interim Order. Authorization to use Cash Collateral and any commitment to fund additional DIP Obligations under the DIP Facility will terminate pursuant to the terms of the DIP Credit Agreement or this Interim Order. In furtherance of the foregoing and without further approval of this Court, the Debtor is authorized, and the automatic stay imposed by section 362 of the Bankruptcy Code is lifted to the extent necessary, subject to paragraph 22 hereof, to perform all acts and to make, execute, and deliver all instruments and documents and to pay all fees that may be reasonably required or necessary for the Debtor's performance of its obligations under the DIP Loan Documents and this Interim Order, including, without limitation:

- a. The execution, delivery, and performance of the DIP Loan Documents, including, without limitation, the DIP Credit Agreement, any security and pledge agreement, and any mortgage contemplated thereby;
- b. The execution, delivery, and performance of one or more amendments, waivers, consents, or other modifications to and under the DIP Loan Documents, it being understood that no further approval of the Court shall be required for amendments, waivers, consents, or other modifications to and under the DIP Loan

Documents or the DIP Obligations; provided, however, that notice of any such modification or amendment to the DIP Loan Documents shall be provided to counsel to any Committee, to the U.S. Trustee and to the Prepetition Secured Lender, each of whom shall have three (3) days from the date of such notice within which to object in writing to such modification or amendment, and if any Committee or the U.S. Trustee timely objects to any modification or amendment to the DIP Loan Documents, such modification or amendment shall only be permitted pursuant to an order of this Court;

c. The non-refundable payment to the DIP Lender and the Prepetition Secured Lender of the fees and costs and expenses provided for under the DIP Loan Documents, the Prepetition Credit Agreement, and this Interim Order, as may be due from time to time, including, without limitation, fees and expenses of Kirkland & Ellis LLP and Pepper Hamilton LLP (together, the “Lenders’ Counsel”), as co-counsel to DIP Lender and the Prepetition Secured Lender (together, the “Lenders”), as provided for in the DIP Loan Documents, the Prepetition Credit Agreement, and this Interim Order, which fees and expenses shall not be subject to the approval of the Court, nor shall any recipient of any such payment be required to file with respect thereto any interim or final fee application with the Court; provided, however, that copies of any invoices (in summary form and redacted, as necessary, to protect any applicable privilege) with respect to such fees, costs, and expenses shall be provided to the U.S. Trustee and counsel to any Committee, and each such party shall have ten (10) days from the date of such notice within which to object in writing to such payment;

d. Each borrowing under the DIP Facility up to the amount of the Interim Borrowing in accordance with the terms hereof;

- e. The making of the Prepetition Facility Advance Repayment;
- f. The making of the adequate protection payments provided for in this Order; and
- g. The performance of all other acts required under or in connection with the DIP Loan Documents other than those conditioned on the entry of the Final Order.

4. **Termination Event.** The Debtor's authority to use the proceeds of the DIP Facility or any Prepetition Collateral, including Cash Collateral, and any commitment to fund DIP Obligations under the DIP Facility, shall each terminate upon (unless, for each subpart of this Paragraph 4, consented to by the DIP Lender) the earliest of (each a "Termination Event"):

- a. 110 days following the Closing Date (as defined in the DIP Credit Agreement);
- b. The 36<sup>th</sup> day following the entry of this Interim Order, unless the Final Order has been entered;
- c. The date of acceleration of any outstanding borrowings under the DIP Facility pursuant to an Event of Default (as defined in the DIP Credit Agreement);
- d. The first business day following the date on which this Interim Order expires by its terms or is terminated, unless the Final Order has been entered and becomes effective prior thereto;
- e. Conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code unless otherwise consented to in writing by the DIP Lender;

f. Dismissal of the Chapter 11 Case, unless otherwise consented to in writing by the DIP Lender;

g. The effective date of the Debtor's plan of reorganization confirmed in the Chapter 11 Case;

h. The occurrence of a Senior Lender Termination Event (as defined in any RSA).

5. **Perfection in Cash.** Subject to the Carve Out and other provisions of this Interim Order, all financial institutions in which the Debtor's accounts are located are authorized and directed to comply with any request of the DIP Lender to turn over to the DIP Lender all funds therein without offset or deduction of any kind. The Debtor is directed to enter into such blocked account agreements with springing cash dominion with the DIP Lender and such financial institutions as the DIP Lender may require, or alternatively, the DIP Lender may enjoy the benefit of all control agreements to which the Prepetition Secured Lender is a party without the need to enter into new blocked account agreements.

6. **Interest on DIP Facility.** The rates of interest to be charged for DIP Obligations funded to the Debtor pursuant to the DIP Credit Agreement shall be the rates set forth in the DIP Credit Agreement and shall be payable at the times set forth in the DIP Credit Agreement.

7. **Payment of DIP Fees and Expenses.** The Debtor is authorized and directed to pay (i) all fees when due under the DIP Credit Agreement (including, without limitation, any fees provided for under the DIP Credit Agreement) in the amounts set forth in the DIP Credit Agreement and (ii) costs, expenses, and any other fees or other amounts payable under the terms of the DIP Loan Documents and all other reasonable, documented, out-of-pocket



costs, and expenses of the DIP Lender in accordance with the terms of the DIP Loan Documents (including, without limitation, the reasonable, documented, out-of-pocket prepetition and postpetition fees, costs, and expenses of the Lenders' Counsel). None of such fees, costs, and expenses shall be subject to Court approval or U.S. Trustee guidelines, and no recipient of any such payment shall be required to file with respect thereto any interim or final fee application with this Court. Copies of any invoices (in summary form and redacted, as necessary, to protect any applicable privilege) with respect to such fees, costs, and expenses shall be provided to the U.S. Trustee and counsel to any Committee, and each such party shall have ten (10) days from the date of such notice within which to object in writing to such payment. In addition, the Debtor is hereby authorized and directed to indemnify the DIP Lender (and its affiliates, as well as each such parties' directors, officers, employees, agents, representatives, attorneys, consultants, advisors, and controlling persons) against any liability arising in connection with the DIP Loan Documents, to the extent set forth in the DIP Loan Documents; provided that the Debtor shall not have any obligation to indemnify or hold harmless any indemnified party with respect to any matter arising from the gross negligence or willful misconduct of such indemnified party, as determined by a court of competent jurisdiction in a final non-appealable order. All such unpaid fees, costs, and expenses and indemnities of the DIP Lender shall be secured by the DIP Collateral and afforded all of the priorities and protections afforded to the DIP Obligations under this Interim Order and the DIP Loan Documents.

**8. Validity of DIP Loan Documents.** Upon execution and delivery of the DIP Loan Documents, the DIP Loan Documents shall constitute, and are hereby deemed to be the legal, valid, and binding obligations of the Debtor, enforceable against the Debtor in accordance with the terms of the DIP Loan Documents and the terms of this Interim Order for all

purposes during the Chapter 11 Case, in any subsequently converted Chapter 11 Case of the Debtor under chapter 7 of the Bankruptcy Code or after dismissal of the Chapter 11 Case. Proceeds of the Interim Borrowing, shall, until the Final Hearing, be applied only to fund postpetition administrative expenses, the Debtor's working capital, the Prepetition Facility Advance Repayment, and to pay such other amounts as are required or permitted to be paid pursuant to the DIP Credit Agreement, this Interim Order, and any other orders of this Court, all subject to and in accordance with the Approved Budget. No obligation, payment, transfer, or grant of security under the DIP Loan Documents or this Interim Order shall be stayed, restrained, voided, voidable, or recoverable under the Bankruptcy Code or under any applicable non-bankruptcy law (including, without limitation, under sections 502(d) or 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, or similar statute or common law), or subject to any defense, reduction, setoff, recoupment, or counterclaim.

**9. DIP Super-Priority Claims.** In accordance with Bankruptcy Code sections 364(c)(1), the DIP Obligations shall constitute super-priority administrative expense claims (the "DIP Super-Priority Claims") against the Debtor with priority over any and all administrative expenses, adequate protection claims, diminution claims, and all other claims against the Debtor, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expenses or other claims of the kinds specified or ordered pursuant to any provision of the Bankruptcy Code, including, but not limited to, Bankruptcy Code sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546, 726, 1113, and 1114 or otherwise, including those resulting from the conversion of the Chapter 11 Case pursuant to section 1112 of the Bankruptcy Code, whether or not such expenses or claims may become

secured by a judgment lien or other non-consensual lien, levy or attachment; provided, however, that the DIP Super-Priority Claims shall be subject to the Carve-Out (as defined below). The DIP Super-Priority Claims shall for purposes of section 1129(a)(9)(A) of the Bankruptcy Code be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code, shall be against the Debtor, and shall be payable from and have recourse to all prepetition and postpetition property of the Debtor and all proceeds thereof, including, subject to and upon entry of the Final Order, Avoidance Actions Proceeds. Except as set forth in this Interim Order, no other super-priority claims shall be granted or allowed in this Chapter 11 Case.

**10. DIP Liens.** As security for the DIP Obligations, the DIP Lender is hereby granted, subject and subordinate only to the Carve-Out, (effective and perfected upon the date of this Interim Order and without the necessity of the execution by the Debtor (or recordation or other filing), security agreements, lock box or control agreements, pledge agreements, financing statements, intellectual property filings, mortgages, any other similar instruments, or the possession and control by the DIP Lender of any property or otherwise) valid, binding and fully perfected, security interests in, and liens upon (the “DIP Liens”) all present and after-acquired property of the Debtor of any nature whatsoever (including, without limitation, “Collateral” (as defined in the DIP Credit Agreement), all cash and cash equivalents contained in any account maintained by any of the Debtor and, subject to entry of a Final Order, all Avoidance Actions Proceeds of the Debtor or its estate (but not, for the avoidance of doubt, the Avoidance Actions)) (collectively, with all proceeds and products of any or all of the foregoing, the “DIP Collateral” and, together with the Prepetition Collateral, the “Collateral”), such DIP Liens to consist of:

a. First Lien on Cash Balances and Unencumbered Property.

Pursuant to section 364(c)(2) of the Bankruptcy Code, a continuing, enforceable, first

priority, fully-perfected lien and security interest upon all of the Debtor's right, title, and interest in, to and under all DIP Collateral that is not otherwise encumbered by a validly perfected security interest or lien on the Petition Date (collectively, the "Unencumbered Property"); provided, however, that Unencumbered Property shall not include the Debtor's claims and causes of action under sections 502(d), 544, 545, 547, 548, 549, 550, and 553 of the Bankruptcy Code and any other avoidance actions under the Bankruptcy Code (collectively, "Avoidance Actions"); provided further, however, that Unencumbered Property shall, subject only to and effective upon entry of the Final Order, include all proceeds of the Avoidance Actions and property received thereby (collectively, the "Avoidance Actions Proceeds").

b. Liens Priming the Prepetition Secured Lender's Liens. Pursuant to section 364(d)(1) of the Bankruptcy Code, a first priority, senior, priming, perfected lien and security interest upon all of the Debtor's right, title, and interest in, to and under all DIP Collateral that is subject to any existing lien presently securing the Prepetition Obligations, subject only to Non-Primed Liens (as defined below). Such security interest shall be senior to and prime the security interests and liens of the Prepetition Secured Lender on account of the Prepetition Obligations and the Adequate Protection Liens (as defined below) granted to the Prepetition Secured Lender, but shall be junior to any Non-Primed Liens on such property.

c. Liens Junior to Certain Other Liens. Pursuant to section 364(c)(3) of the Bankruptcy Code, a junior, perfected lien and security interest (other than as set forth in clause (d) below) upon all of the Debtor's right, title, and interest in, to and under all DIP Collateral (other than the property described in clause (a) or (b) of this paragraph

10, as to which liens and security interests in favor of the DIP Lender will be as described in such clauses), whether now existing or hereafter acquired, that is subject to (A) any validly perfected security interest or lien in existence as of the Petition Date that is not subject to section 552(a) of the Bankruptcy Code, or (B) any valid security interest or lien perfected (but not granted) after the Petition Date (to the extent such perfection in respect of a pre-Petition Date claim is expressly permitted under the Bankruptcy Code) that is not subject to section 552(a) of the Bankruptcy Code, in each case that is senior in priority to the Prepetition First Priority Liens (the “Non-Primed Liens”).

d. Liens Senior to Certain Other Liens. The DIP Liens and the Adequate Protection Liens shall not be subject or subordinate to (i) any lien or security interest that is avoided and preserved for the benefit of the Debtor and its estate under section 551 of the Bankruptcy Code, (ii) subject to entry of a Final Order, any liens arising after the Petition Date including, without limitation, any liens or security interests granted in favor of any federal, state, municipal or other governmental unit, commission, board or court for any liability of the Debtor, or (iii) any intercompany or affiliate liens of the Debtor.

11. Prepetition Secured Lender Adequate Protection. Until the indefeasible repayment of the Prepetition Obligations, the Prepetition Secured Lender is entitled pursuant to sections 361, 363(c), and 364(d)(1) of the Bankruptcy Code to adequate protection of its interest in the Prepetition Collateral for and equal in amount to the aggregate diminution in the value thereof as a result of (a) the provisions of this Interim Order granting first priority and/or priming liens on such Prepetition Collateral to the DIP Agent for the benefit of the DIP Lender; (b) authorizing the use of Cash Collateral; (c) the imposition of the automatic stay

pursuant to section 362 of the Bankruptcy Code; or (d) otherwise, pursuant to sections 361(a), 363(c), and 364(d)(1) of the Bankruptcy Code. The Prepetition Secured Lender is hereby granted, solely to the extent of the diminution in value of the Prepetition First Priority Liens in the Prepetition Collateral from and after the Petition Date, the following (collectively, the “Prepetition Adequate Protection Obligations”):

a. Adequate Protection Liens. The Prepetition Secured Lender is hereby granted valid, enforceable, unavoidable, and fully perfected replacement liens and security interests in all Collateral and, subject to and upon entry of the Final Order, Avoidance Actions Proceeds (but not, for the avoidance of doubt, the Avoidance Actions), to the extent of any diminution in the Prepetition Secured Lender’s interest in the Prepetition Collateral, which shall be junior to the DIP Liens and Non-Primed Liens and subject and subordinate to the Carve-Out (the “Prepetition Adequate Protection Liens”). The Prepetition Adequate Protection Liens shall be deemed to be legal, valid, binding, enforceable, perfected liens, not subject to subordination or avoidance, for all purposes in the Chapter 11 Case. Except as otherwise set forth in this Paragraph 11 or otherwise in this Interim Order, the Prepetition Adequate Protection Liens shall not be subordinated or be made *pari passu* with any other lien under section 364(d) of the Bankruptcy Code or otherwise. The Prepetition Adequate Protection Liens shall be deemed to be perfected automatically upon the entry of this Interim Order, without the necessity of filing of any UCC-1 financing statement, state or federal notice, mortgage or other similar instrument or document in any state or public record or office and without the necessity of taking possession or control of any collateral.

b. Super-Priority Claims. The Prepetition Secured Lender is hereby granted super-priority administrative expense claims (the “Prepetition Super-Priority Claims”) under sections 503 and 507 of the Bankruptcy Code against the Debtor’s estate, including, subject to and upon entry of the Final Order, Avoidance Action Proceeds, to the extent that the Adequate Protection Liens do not adequately protect against the diminution in value of the Prepetition Collateral, which Prepetition Super-Priority Claims, if any, shall have priority in payment over any and all administrative expenses of the kinds specified or ordered pursuant to any provision of the Bankruptcy Code, including, but not limited to, Bankruptcy Code sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 726, 1113, and 1114, or otherwise and including those resulting from the conversion of the Chapter 11 Case pursuant to section 1112 of the Bankruptcy Code; provided that at all times while such claim is in full force and effect pursuant to this Interim Order, the Prepetition Super-Priority Claims shall be junior in all respects to the DIP Super-Priority Claims and the Carve-Out;

c. Fees and Expenses. The Prepetition Secured Lender is hereby granted and shall receive payments in cash from the Debtor on a current basis of all fees, costs, and expenses payable to the Prepetition Secured Lender under the Prepetition Credit Agreement as in effect on the Petition Date, including but not limited to, the reasonable fees and disbursements of the Lenders’ Counsel, promptly upon receipt of written invoices therefor (subject in all respects to applicable privilege or work product doctrines) and without the necessity of filing motions or fee applications, including such amounts arising (A) before the Petition Date and (B) after the Petition Date to the extent such amounts arise in connection with the Chapter 11 Case; provided, however, that none

of such fees, costs, and expenses shall be subject to Court approval or U.S. Trustee guidelines, and the Prepetition Secured Lender shall not be required to file with respect thereto any interim or final fee application with this Court; provided further, however, that copies of any invoices (in summary form and redacted, as necessary, to protect any applicable privilege) with respect to such fees, costs, and expenses shall be provided to the U.S. Trustee, counsel to any Committee, and the Prepetition Secured Lender, and each such party shall have ten (10) days from the date of such notice within which to object in writing to such payment.

d. Interest. The Prepetition Secured Lender is hereby granted and shall receive (a) payments in cash from the Debtor on a current basis of all accrued and unpaid interest and fees at the non-default contract rate owing under the Prepetition Credit Agreement immediately prior to the Petition Date, and (b) current monthly payments of postpetition interest (at the Base Rate plus the Applicable Margin) (each term as defined in the Prepetition Credit Agreement)) when due and payable under the Prepetition Credit Agreement;

e. Financial Reporting. The Debtor shall provide the Prepetition Secured Lender with the financial and other reporting as described in the DIP Credit Agreement (the “Periodic Reporting Materials”); and

f. Right to Seek Additional Adequate Protection. This Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, the rights of the Prepetition Secured Lender to request additional forms of adequate protection at any time or the rights of the Debtor or any other party to contest such request; provided, however, that any such further or different adequate protection shall at



all times be subordinate and junior to the claims and liens of the DIP Lender granted under this Order and the DIP Loan Documents.

**12. Senior Subordinated Noteholder Adequate Protection.** Senior Subordinated Noteholders shall (x) receive the Periodic Reporting Materials, and (y) be granted valid, enforceable, unavoidable, and fully perfected replacement liens and security interests in all Collateral (the “Senior Subordinated Noteholder Adequate Protection Liens”), subordinate to the Carve-Out. The Senior Subordinated Noteholder Adequate Protection Liens shall be deemed to be legal, valid, binding, enforceable, perfected liens, not subject to subordination or avoidance, for all purposes in the Chapter 11 Case. Subject to section 510(a) of the Bankruptcy Code and any subordination agreement by and among the Prepetition Secured Lender and the Senior Subordinated Noteholders, the Senior Subordinated Noteholder Adequate Protection Liens shall be *pari passu* with any other lien under section 364(d) of the Bankruptcy Code or otherwise. The Senior Subordinated Noteholder Adequate Protection Liens shall be deemed to be perfected automatically upon the entry of this Interim Order, without the necessity of filing of any UCC-1 financing statement, state or federal notice, mortgage or other similar instrument or document in any state or public record or office and without the necessity of taking possession or control of any collateral.

**13. No Waiver of Prepetition Credit Agreement Provisions; Reservation of Rights.** Except as otherwise specifically provided in this Interim Order, nothing contained in this Interim Order shall be deemed a waiver or constitute a consent to the modification of any provision contained in the Prepetition Credit Agreements by the Prepetition Secured Lender, including, but not limited to, the incurrence or issuance of any indebtedness by the Debtor, the incurrence of any lien in connection therewith or the making of any payment by the Debtor.

14. **Carve-Out.** To the extent unencumbered funds are not immediately available to pay administrative expenses in full, the DIP Liens, DIP Super-Priority Claims, Prepetition Super-Priority Claims, Adequate Protection Liens, and all liens, claims, and other security interests (“Prepetition Liens”) held by any party, including the DIP Lender, the Prepetition Secured Lender and the Senior Subordinated Noteholders on account of any obligations, including the Prepetition Obligations, shall each be subject to the “Carve-Out,” which shall be defined as the sum of: (i) all fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee pursuant to 28 U.S.C. § 1930 plus interest at the statutory rate (without regard to the notice set forth in clause (iii) below); (ii) reasonable fees and expenses up to \$25,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the notice set forth in clause (iii) below); (iii) to the extent allowed or authorized by the Bankruptcy Court to be paid at any time, whether by interim order, procedural order, or otherwise, all accrued and unpaid fees and expenses (the “Professional Fees”) of persons or firms retained by the Debtor pursuant to section 327, 328, or 363 of the Bankruptcy Code and any official committee of creditors (“Committee”) appointed in this Chapter 11 Case pursuant to section 1103 of the Bankruptcy Code (collectively, “Professionals”) incurred at any time before or on the first Business Day (as defined in the DIP Credit Agreement) following delivery by the DIP Lender to the Debtor, its counsel, the U.S. Trustee, and lead counsel to any Committee of a written notice, which may be delivered following acceleration of the maturity of the DIP Facility, that the DIP Lender is entitled to exercise remedies under the DIP Facility, including seeking relief from the automatic stay to foreclose upon the DIP Collateral, due to an Event of Default having occurred (a “Carve-Out Trigger Notice”), whether allowed by the Bankruptcy Court prior to or after delivery of a Carve-Out

Trigger Notice; and (iv) Professional Fees incurred after the first Business Day following delivery by the DIP Lender of the Carve Out Trigger Notice, to the extent allowed or authorized by the Bankruptcy Court to be paid at any time, whether by interim order, procedural order, or otherwise, the payment of Professional Fees in an aggregate amount not to exceed \$400,000; provided, however, that no portion of the Carve-Out, proceeds of the DIP Facility, DIP Collateral, Prepetition Collateral, or Cash Collateral shall include, apply to, or be available for any fees, costs, or expenses incurred by any party, including the Debtor or any Committee or any Professionals engaged thereby, in connection with (x) the initiation or prosecution of any claims, causes of action, adversary proceedings, or other litigation against any of the DIP Lender or the Prepetition Secured Lender, including, without limitation, (a) challenging the amount, validity, extent, perfection, priority, or enforceability of, or asserting any defense, counterclaim, or offset to the DIP Obligations, DIP Super-Priority Claims or DIP Liens, (b) challenging the amount, validity, extent, perfection, priority, or enforceability of, or asserting any defense, counterclaim, or offset to the Prepetition Obligations, Prepetition Super-Priority Claims or Prepetition Liens or (y) asserting any claims or causes of action, including, without limitation, claims or actions to hinder or delay the DIP Lender's assertion, enforcement, or realization on the DIP Collateral in accordance with the DIP Loan Documents or this Interim Order. Nothing contained herein is intended to constitute, nor should be construed as consent by any party to, the allowance of any Professional's fees, costs, or expenses and shall not affect the right or ability of any party in interest to object to the allowance and payment of any fees, expenses, reimbursement, or compensation described in clauses (ii), (iii), and (iv) above. The aggregate amount set forth under clauses (i), (ii), (iii) and (iv) above from time to time shall be referred to as the "Carve-Out Cap."

**15. Investigation Rights.** The Committee, if formed, shall have until forty-five (45) days from the entry of this Interim Order (the “Investigation Termination Date”) to investigate the validity, perfection, and enforceability of the Prepetition Liens and the Prepetition Obligations, or to assert any other claims or causes of action against the Prepetition Secured Lender. If any Committee or non-debtor party-in-interest, subject to having obtained the requisite standing, determines that there may be a challenge to the Prepetition Secured Lender by the Investigation Termination Date, then upon three (3) days’ written notice to the Debtor and the Prepetition Secured Lender, such Committee shall be permitted to file and prosecute an objection or claim related thereto (each, a “Challenge”), and shall have only until the applicable Investigation Termination Date to file such objection or otherwise initiate an appropriate action on behalf of the Debtor’s estate setting forth the basis of any such challenge, claim, or cause of action; provided, however, that nothing contained in the DIP Loan Documents or this Interim Order shall be deemed to confer standing on any Committee or any other party in interest to commence a Challenge. If a Challenge is not filed on or before the Investigation Termination Date, then, without further action by any party or any further order of this Court:

(a) the agreements, acknowledgements, and stipulations contained in Paragraph D of this Interim Order, shall be deemed to be immediately and irrevocably binding on the Debtor and the Debtor’s estate, the Committee, all parties-in-interest and any and all successors-in-interest as to any of the foregoing, and any Committee and any other party-in-interest and any and all successors-in-interest thereto, shall thereafter be forever barred from bringing any Challenge;

(b) the liens and security interests of the Prepetition Secured Lender and the Senior Subordinated Noteholders shall be deemed to constitute valid, binding, enforceable, and perfected liens and security interests not subject to avoidance or disallowance pursuant to the Bankruptcy Code or

applicable non-bankruptcy law; (c) the Prepetition Obligations shall be deemed to be finally allowed claims for all purposes in the Chapter 11 Case and any subsequent chapter 7 case, in the amounts set forth in Paragraph D and shall not be subject to challenge by any party-in-interest as to validity, priority, or otherwise; and (d) the Debtor shall be deemed to have released, waived, and discharged the Prepetition Secured Lender (whether in its prepetition or postpetition capacity), together with its respective officers, directors, employees, agents, attorneys, professionals, affiliates, subsidiaries, assigns, and/or successors, from any and all claims and causes of action arising out of, based upon or related to, in whole or in part, the Prepetition Obligations or their prepetition relationship with such Debtor or any affiliate thereof relating to any of the Prepetition Loan Documents or any transaction contemplated thereby, including, without limitation, any claims or defenses as to the extent, validity, priority, or enforceability of the Prepetition Liens or the Prepetition Obligations, any claims or defenses under chapter 5 of the Bankruptcy Code or any other causes of action. Notwithstanding anything to the contrary herein: (a) if any such Challenge is timely commenced, the stipulations contained in Paragraph D and E of this Interim Order shall nonetheless remain binding on all parties-in-interest and preclusive except to the extent that such stipulations are expressly and successfully challenged in such Challenge; and (b) the Prepetition Secured Lender reserves all of its rights to contest on any grounds any Challenge. For the avoidance of doubt, any trustee appointed or elected in this case shall, until the Investigation Termination Date (and thereafter, if a Challenge is commenced by the Investigation Termination Date) for the duration of any adversary proceeding or contested matter commenced pursuant to this paragraph with respect to a Challenge (whether commenced by such trustee or commenced by any other party in interest on behalf of the Debtor's estate), be deemed to be a party other than the Debtor and shall not, for purposes of such adversary

proceeding or contested matter, be bound by the acknowledgments, admissions, confirmations, and stipulations of the Debtor in this Order.

**16. Protection of DIP Lender's Rights.** So long as there are any amounts outstanding under the DIP Credit Agreement or any other DIP Obligations are outstanding, the Prepetition Secured Lender (i) shall not take any action to foreclose upon or recover in connection with its liens and security interests, other agreements, or operation of law of this Interim Order, or otherwise exercise remedies against any DIP Collateral, except to the extent authorized herein or by any other order of this Court, (ii) shall be deemed to have consented to any release of DIP Collateral authorized under the DIP Loan Documents, (iii) shall not file any further financing statements, trademark filings, copyright filings, patent filings, mortgages, notices of lien or similar instruments, enter into any control agreement, or otherwise take any action to perfect its security interest in the DIP Collateral unless, solely as to this clause (iii), the DIP Lender files financing statements or other documents to perfect the liens granted pursuant to this Interim Order, or as may be required by applicable state law to continue the perfection of valid and unavoidable liens or security interests as of the Petition Date, and (iv) not seek to terminate or modify the use of Cash Collateral.

**17. Dispositions of Collateral.** In the event of any sale, lease, or other disposition of any DIP Collateral (a "Collateral Disposition"), the Debtor shall, as a condition to approval of such Collateral Disposition, to the extent required by the DIP Credit Agreement, immediately pay, or cause to be paid to, the DIP Lender all of the proceeds of such Collateral Disposition for application to the DIP Obligations and shall comply with all other provisions in the DIP Loan Documents and this Interim Order in connection with any such Collateral

Disposition. All such proceeds of any Collateral Disposition shall be applied in accordance with the terms and conditions of the DIP Credit Agreement.

**18. Further Assurances.** The Debtor shall execute and deliver to the DIP Lender and the Prepetition Secured Lender and the Senior Subordinated Noteholders, all such agreements, financing statements, instruments, and other documents as the Lenders may reasonably request to evidence, confirm, validate, or evidence the perfection of the DIP Liens or the Adequate Protection Liens granted pursuant hereto. Further, the Debtor is authorized and directed to do and perform all acts, to make, execute, and deliver all instruments and documents (including, without limitation, the execution of additional security agreements, pledge agreements, control agreements, mortgages, and financing statements), and shall pay fees and expenses that may be required or necessary for the Debtor's performance under the DIP Loan Documents, including, without limitation, (i) the execution of the DIP Loan Documents and (ii) the payment of the fees, costs, and other expenses described in the DIP Loan Documents as such become due.

**19. 506(c) Waiver.** Subject to the entry of the Final Order, and except to the extent of the Carve-Out, no costs or expenses of administration of the Chapter 11 Case or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged against or recovered from the DIP Collateral, the Prepetition Collateral, or the Cash Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law without the prior written consent of the DIP Lender or the Prepetition Secured Lender, and no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Lender or the Prepetition Secured Lender.

**20. Restrictions on Granting Post-Petition Liens.** Other than the Carve-Out, or as otherwise provided in this Interim Order or the DIP Credit Agreement, no claim having a priority superior or *pari passu* with those granted by this Interim Order to the DIP Lender and the Prepetition Secured Lender shall be granted or permitted by any order of this Court heretofore or hereafter entered in the Chapter 11 Case, while any portion of the DIP Facility (or refinancing thereof), any DIP Loan, or any other DIP Obligations are outstanding. Except as expressly permitted by this Interim Order and the DIP Loan Documents, the Debtor will not, at any time during the Chapter 11 Case, grant mortgages, security interests, or liens in the DIP Collateral (or any portion thereof) to any other parties pursuant to section 364(d) of the Bankruptcy Code or otherwise. Unless all DIP Obligations shall have indefeasibly been paid in full in cash (or as otherwise provided in this Interim Order and the DIP Loan Documents), and the Adequate Protection Obligations shall have been indefeasibly paid in cash in full, the Debtor shall not seek, and it shall constitute an Event of Default (as defined in the DIP Credit Agreement) and terminate the right of the Debtor to use Cash Collateral under this Interim Order if the Debtor seeks, or if there is entered, (i) any modification or extension of this Interim Order without the prior written consent of the DIP Lender (or, to the extent the DIP Obligations shall have been indefeasibly paid in full in cash (or otherwise fully satisfied as provided in this Interim Order and the DIP Loan Documents), the Prepetition Secured Lender), and no such consent shall be implied by any other action, inaction, or acquiescence, or (ii) an order converting or dismissing the Chapter 11 Case.

**21. Automatic Effectiveness of Liens.** The DIP Liens and Adequate Protection Liens shall not be subject to challenge and shall attach and become valid, perfected, enforceable, non-avoidable, and effective by operation of law as of the Petition Date, having the



priority set forth in Paragraph 10 of this Interim Order, without any further action by the Debtor, the DIP Lender or the Prepetition Secured Lender and without the necessity of execution by the Debtor, or the filing or recordation, of any financing statements, security agreements, vehicle lien applications, mortgages, filings with the U.S. Patent and Trademark Office, the Federal Aviation Administration or the Library of Congress, or other documents or the taking of any other actions. All DIP Collateral shall be free and clear of other liens, claims, and encumbrances, except as permitted in the DIP Loan Documents and this Interim Order. If the DIP Lender or the Prepetition Secured Lender hereafter request that the Debtor execute and deliver to the DIP Lender or the Prepetition Secured Lender financing statements, security agreements, collateral assignments, mortgages, or other instruments and documents considered by such agent to be reasonably necessary or desirable to further evidence the perfection of the DIP Liens or the Adequate Protection Liens, as applicable, the Debtor is hereby directed to execute and deliver such financing statements, security agreements, mortgages, collateral assignments, instruments, and documents, and the DIP Lender and the Prepetition Secured Lender are hereby authorized to file or record such documents in its discretion without seeking modification of the automatic stay under section 362 of the Bankruptcy Code, in which event all such documents shall be deemed to have been filed or recorded at the time and on the date of entry of this Interim Order.

**22. Automatic Stay.** As provided herein, subject only to the provisions of the DIP Credit Agreement and without further order from this Court, the automatic stay provisions of section 362 of the Bankruptcy Code are vacated and modified to the extent necessary to permit the DIP Lender to exercise, upon the occurrence and during the continuance of any Event of Default (as defined in the DIP Credit Agreement), all rights and remedies provided for in the

DIP Loan Documents, and to take any or all of the following actions, so long as the DIP Lender has provided three (3) business days prior written notice to the Debtor, its bankruptcy counsel, counsel to any Committee, counsel to the Prepetition Secured Lender, and the U.S. Trustee: (a) immediately terminate the Debtor's authority to use Cash Collateral and cease making any advances or issuing any letters of credit under the DIP Facility, and cease authorizing the use thereof; (b) declare all DIP Obligations to be immediately due and payable; (c) charge the default rate of interest provided for under the DIP Credit Agreement; (d) exercise rights on monies or balances in the Debtor's accounts; (e) enforce rights against the DIP Collateral in the possession or control of the DIP Lender for application towards the DIP Obligations; and (f) take any other actions or exercise any other rights or remedies permitted under this Interim Order, the DIP Loan Documents, or applicable law to effect the repayment of the DIP Obligations. Following the giving of written notice by the DIP Lender of the occurrence of an Event of Default, the Debtor and any Committee in the Chapter 11 Case shall be entitled to an emergency hearing before this Court solely for the purpose of contesting whether an Event of Default has occurred; provided, however, that the Court may consider these arguments or any other pertinent matters. Upon entry of this Interim Order, the Debtor shall not have the right to contest the enforcement of the remedies set forth in this Interim Order and the DIP Loan Documents on any basis other than an assertion that no Event of Default has occurred, and, except with respect to such an assertion, no party-in-interest shall have the right to enjoin any such enforcement under section 105 of the Bankruptcy Code or otherwise, or to seek any injunctive relief inconsistent with the provisions of this Interim Order or the DIP Loan Documents. The rights and remedies of the DIP Lender specified herein are cumulative and not exclusive of any rights or remedies that the DIP Lender may have under the DIP Loan Documents or otherwise. The Debtor shall cooperate fully with

the DIP Lender in its exercise of rights and remedies against the DIP Collateral. This Court shall retain exclusive jurisdiction to hear and resolve any disputes and enter any orders required by the provisions of this paragraph and relating to the application, re-imposition or continuance of the automatic stay as provided hereunder.

**23. Credit Bid.**

a. The DIP Lender shall have the unqualified right to credit bid up to the full amount of the outstanding DIP Obligations in any sale of any DIP Collateral under or pursuant to (i) section 363 of the Bankruptcy Code, (ii) a plan of reorganization or a plan of liquidation under section 1129 of the Bankruptcy Code, or (iii) a sale or disposition by a chapter 7 trustee for any Debtor under section 725 of the Bankruptcy Code.

b. The Prepetition Secured Lender shall have the unqualified right to credit bid up to the full amount of any remaining Prepetition Obligations in the sale of any Prepetition Collateral subject to the satisfaction of the DIP Obligations, or as otherwise consented to by the DIP Lender under or pursuant to (i) section 363 of the Bankruptcy Code, (ii) a plan of reorganization or a plan of liquidation under section 1129 of the Bankruptcy Code, or (iii) a sale or disposition by a chapter 7 trustee for any Debtor under section 725 of the Bankruptcy Code.

**24. Binding Effect.** Subject to Paragraph 15, the provisions of this Interim Order shall be binding upon and inure to the benefit of the DIP Lender, the Prepetition Secured Lender, the Debtor, any Committee appointed in this Chapter 11 Case, and their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereafter appointed or elected for the estate of the Debtor, an examiner appointed pursuant to section 1104 of the

Bankruptcy Code or any other fiduciary appointed as a legal representative of the Debtor or with respect to the property of the estate of the Debtor). To the extent permitted by applicable law, this Interim Order shall bind any trustee hereafter appointed for the estate of the Debtor, whether in this Chapter 11 Case or in the event of the conversion of the Chapter 11 Case to a liquidation under chapter 7 of the Bankruptcy Code. Such binding effect is an integral part of this Interim Order.

**25. Survival.** The provisions of this Interim Order and any actions taken pursuant hereto shall survive the entry of any order: (i) confirming any plan of reorganization in the Chapter 11 Case (and, to the extent not satisfied in full in cash, the DIP Obligations shall not be discharged by the entry of any such order, pursuant to section 1141(d)(4) of the Bankruptcy Code, the Debtor having hereby waived such discharge), (ii) converting the Chapter 11 Case to a chapter 7 case, or (iii) dismissing the Chapter 11 Case, and the terms and provisions of this Interim Order as well as the DIP Super-Priority Claims and the DIP Liens in the DIP Collateral granted pursuant to this Interim Order and the DIP Loan Documents (and with respect to the entry of any order as set forth in (ii) or (iii) herein, the Adequate Protection Liens and Prepetition Super-Priority Claims) shall continue in full force and effect notwithstanding the entry of any such order. Such claims and liens shall maintain their priority as provided by this Interim Order and the DIP Loan Documents, and to the maximum extent permitted by law, until all of the DIP Obligations are indefeasibly paid in full and discharged. In no event shall any plan of reorganization be allowed to alter the terms of repayment of any of the DIP Obligations from those set forth in the DIP Loan Documents.

**26. Reallocation.** For the avoidance of doubt, in the event that it is determined by this Court after a successful Challenge, if any, by the Committee, that the

Prepetition Secured Lender did not maintain valid, perfected, and enforceable liens on the Prepetition Collateral, the Bankruptcy Court, after notice and hearing, reserves the right to unwind and reallocate any payments, or any portion thereof (which could include the disgorgement, recharacterization, or reallocation of interest, fees, principal, and/or other incremental consideration paid in respect thereto) made to the Prepetition Secured Lender, including the Prepetition Facility Advance Repayment, and modify any liens and claims granted pursuant to this Order, including the grant of adequate protection to the Prepetition Secured Lender.

**27. Insurance Policies.** Upon entry of this Interim Order, the DIP Lender shall be, and shall be deemed to be, without any further action or notice, named as additional insureds and loss payees, as applicable, on each insurance policy maintained by the Debtor which in any way relates to the DIP Collateral. The Debtor is authorized and directed to take any actions necessary to have the DIP Lender be added as an additional insured and loss payee on each insurance policy.

**28. Restriction on Use of DIP Lender's Funds.** The Debtor shall not be permitted to use the proceeds of the DIP Facility: (a) for the payment of interest and principal with respect to any indebtedness that is subordinated to the DIP Facility except as expressly set forth herein and permitted pursuant to the terms of the DIP Credit Agreement, (b) to finance in any way any adversary action, suit, arbitration, proceeding, application, motion, other litigation, examination, or investigation of any type relating to or in connection with the DIP Loan Documents, including, without limitation, any challenges to the Prepetition Obligations, or the validity, perfection, priority, or enforceability of any Prepetition Lien securing such claims or any payment made thereunder, (c) to finance in any way any action, suit, arbitration, proceeding,

application, motion, other litigation, examination, or investigation of any type adverse to the interests of the DIP Lender or its rights and remedies under the DIP Credit Agreement, the other DIP Loan Documents, this Interim Order, or the Final Order without the prior written consent of the DIP Lender, (d) to make any distribution under a plan of reorganization in any Chapter 11 Case, and (e) to make any payment in settlement of any material claim, action, or proceeding, before any court, arbitrator, or other governmental body without the prior written consent of the DIP Lender. Notwithstanding anything herein to the contrary, for so long as the Debtor is authorized to use the Prepetition Secured Lender's Cash Collateral with the consent of the Prepetition Secured Lender, no Cash Collateral of the Prepetition Secured Lender may be used directly or indirectly by the Debtor, any Committee, or any other person or entity to object to or contest in any manner the Prepetition Obligations or Prepetition Liens, or to assert or prosecute any actions, claims, or causes of action against the Prepetition Secured Lender without the consent of the Prepetition Secured Lender.

**29. Release of Claims and Defenses.** The Debtor hereby releases and discharges the DIP Lender and its affiliates, together with their respective agents, attorneys, officers, directors, and employees (collectively, the "Released Parties"), from any and all claims and causes of action arising out of, based upon, or related to, in whole or in part, any of loans under the DIP Facility or the DIP Loan Documents, any aspect of the relationship between the Debtor, on the one hand, and any or all of the Released Parties, on the other hand, relating to any of DIP Loan Documents or any transaction contemplated thereby or any other acts or omissions by any or all of the Released Parties in connection with any of the DIP Loan Documents or their prepetition relationship with the Debtor or any affiliate thereof relating to any of the DIP Loan Documents or any transaction contemplated thereby, including, without limitation, any claims or

defenses under chapter 5 of the Bankruptcy Code or any other causes of action (collectively, the “Claims and Defenses”).

**30. Protection Under Section 364(e).** If any or all of the provisions of this Interim Order are hereafter reversed, modified, vacated, or stayed, such reversal, modification, vacation, or stay shall not affect the (i) validity of any DIP Obligations or Adequate Protection Obligations owing to the DIP Lender or the Prepetition Secured Lender incurred prior to the actual receipt by the DIP Lender or the Prepetition Secured Lender, as applicable, of written notice of the effective date of such reversal, modification, vacation, or stay, or (ii) validity or enforceability of any claim, lien, security interest, or priority authorized or created hereby or pursuant to the DIP Loan Documents with respect to any DIP Obligations or Adequate Protection Obligations owing to the Prepetition Secured Lender. Notwithstanding any such reversal, modification, vacation, or stay, any use of Cash Collateral or the incurrence of DIP Obligations, or Adequate Protection Obligations owing to the Prepetition Secured Lender, by the Debtor prior to the actual receipt by the DIP Lender or the Prepetition Secured Lender, as applicable, of written notice of the effective date of such reversal, modification, vacation, or stay, shall be governed in all respects by the provisions of this Interim Order, and the Prepetition Secured Lender shall be entitled to all of the rights, remedies, protections, and benefits granted under section 364(e) of the Bankruptcy Code, this Interim Order, and the DIP Loan Documents with respect to all uses of Cash Collateral and the incurrence of DIP Obligations, and Adequate Protection Obligations owing to the Prepetition Secured Lender.

**31. Effect of Dismissal of Chapter 11 Case.** If the Chapter 11 Case is dismissed, converted, or substantively consolidated, such dismissal, conversion, or substantive consolidation of the Chapter 11 Case shall not affect the rights of the DIP Lender or the

Prepetition Secured Lender under their respective DIP Loan Documents, Prepetition Loan Documents, or this Interim Order, and all of the respective rights and remedies thereunder of the DIP Lender and Prepetition Secured Lender shall remain in full force and effect as if the Chapter 11 Case had not been dismissed, converted, or substantively consolidated. If an order dismissing the Chapter 11 Case is at any time entered, such order shall provide (in accordance with Sections 105 and 349 of the Bankruptcy Code) that: (i) the DIP Liens and DIP Super-Priority Claims granted to and conferred upon the DIP Lender and the protections afforded to the DIP Lender pursuant to this Interim Order and the DIP Loan Documents shall continue in full force and effect and shall maintain their priorities as provided in this Interim Order until all DIP Obligations shall have been paid and satisfied in full (and that such DIP Liens, DIP Super-Priority Claims, and other protections shall, notwithstanding such dismissal, remain binding on all interested parties); (ii) those primed or unprimed (as the case may be) Prepetition Liens, Adequate Protection Liens, and Prepetition Super-Priority Claims granted to and conferred upon the Prepetition Secured Lender shall continue in full force and effect and shall maintain their priorities as provided in this Interim Order until all Prepetition Indebtedness shall have been paid and satisfied in full (and that such Prepetition Super-Priority Claims shall, notwithstanding such dismissal, remain binding on all interested parties); and (iii) to the greatest extent permitted by applicable law, this Court shall retain jurisdiction, notwithstanding such dismissal, for the purpose of enforcing the DIP Liens, Prepetition Liens, Adequate Protection Liens, DIP Super-Priority Claims, and Prepetition Super-Priority Claims referred to herein.

**32. Choice of Law; Jurisdiction.** The DIP Facility and the DIP Loan Documents (and the rights and obligations of the parties thereto) shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York, and, to the



extent applicable, the Bankruptcy Code. The Bankruptcy Court shall have exclusive jurisdiction with respect to any and all disputes or matters under, or arising out of or in connection with, either the DIP Facility or the DIP Loan Documents.

**33. Order Effective.** This Interim Order shall constitute findings of fact and conclusions of law and shall be effective as of the date of the signature by the Court, and there shall be no stay of effectiveness of this Interim Order.

**34. No Requirement to Accept Title to Collateral.** Neither the DIP Lender nor the Prepetition Secured Lender shall be obligated to accept title to any portion of the Prepetition Collateral or DIP Collateral in payment of the indebtedness owed to such party by the Debtor, in lieu of payment in cash or cash equivalents, nor shall any of the DIP Lender nor Prepetition Secured Lender be obligated to accept payment in cash or cash equivalents that is encumbered by any interest of any person or entity other than the DIP Lender.

**35. Controlling Effect of Interim Order.** To the extent any provision of this Interim Order conflicts or is inconsistent with any provision of the Motion, any prepetition agreement or any DIP Loan Document, the provisions of this Interim Order shall control.

**36. Final Hearing.** A final hearing on the Motion shall be heard before this Court on [\_\_\_\_], 2013 at [\_\_\_\_] [a.m./p.m.] in Courtroom [\_\_\_\_] at the United States Bankruptcy Court, 211 West Fort Street, Detroit, MI 48226. Any objections shall be filed with the Bankruptcy Court on or before [\_\_\_\_], 2013 at [\_\_\_\_] [a.m./p.m.], and served upon (a) [\_\_\_\_] as counsel for the Debtor and (b) Lenders' Counsel.

**EXHIBIT 2**

**Notice of Motion and Opportunity to Object**

**Not Applicable**

**EXHIBIT 3**

**Brief**

**Not Applicable**

**EXHIBIT 4**

**Certificate of Service**

**THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

_____	)	
In re:	)	Chapter 11
	)	
GROEB FARMS, INC.	)	Case No. 13-58200
	)	
Debtor.	)	Honorable Walter Shapero
_____	)	

**CERTIFICATE OF SERVICE**

The Debtor has engaged a Noticing Agent, which will serve this Motion and file a subsequent Proof of Service after it has performed the service.

Dated: October 1, 2013  
Detroit, Michigan

FOLEY & LARDNER LLP

/s/ Judy A. O'Neill  
Judy A. O'Neill (P32142)  
John A. Simon (P61866)  
Tamar N. Dolcourt (P73425)  
One Detroit Center  
500 Woodward Ave., Suite 2700  
Detroit, MI 48226-3489  
(313) 234-7100 (Telephone)  
(313) 234-2800 (Facsimile)

*Proposed Counsel for the Debtor and Debtor in  
Possession*

**EXHIBIT 5**

**Affidavit**

**Not Applicable**

**EXHIBIT 6-A**

**DIP Credit Agreement**

4837-3459-7654.1

HC Capital Holdings 0909A, LLC

Groeb Farms, Inc.  
10464 Bryan Highway  
Onsted, Michigan 49265  
Attention: Chief Financial Officer

Commitment Letter

Ladies and Gentlemen:

You have advised HC Capital Holdings 0909A, LLC (“HC”, “us” or “we”) that Groeb Farms, Inc. (the “Company” or “you”) is considering filing a voluntary petition under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”). In connection therewith, the Company has requested that we agree to commit to provide a debtor-in-possession revolving credit (the “DIP Facility”) in an aggregate principal amount of \$27 million (the “DIP Amount”).

Capitalized definitional terms used but not defined herein are used with the meanings assigned to them on Exhibit A attached hereto (the “Form of DIP Agreement”). This letter, and the attached Form of DIP Agreement, together, shall be referred to as the “Commitment Letter”. As used herein, the term “Transactions” means, collectively, the entering into and funding of the DIP Facility, the refinancing of the Prepetition Credit Facility and all other related transactions, including the payment of fees and expenses in connection therewith. The date on which the initial funding under the DIP Facility occurs is referred to as the “Closing Date,” and the date on which you file a voluntary petition under Chapter 11 of the Bankruptcy Code is referred to as the “Petition Date.”

1. Commitments

In connection with the Transactions, HC is pleased to advise you of its commitment, and hereby commits to provide, 100% of the aggregate amount of the DIP Facility upon the terms and conditions set forth in this Commitment Letter and the Form of DIP Agreement (as may be modified as mutually agreed).

2. Titles and Roles

It is agreed that (i) HC will act as sole lead arranger and sole bookrunner for the DIP Facility and (ii) HC will act as sole administrative agent for the DIP Facility.

You agree that no other agents, co-agents, arrangers, co-arrangers, bookrunners, co-bookrunners, managers or co-managers will be appointed, no other titles will be awarded and no compensation (other than that expressly contemplated by this Commitment Letter) will be paid in connection with the DIP Facility unless you and we shall so reasonably agree.

3. Information

You hereby represent and warrant to HC on the date hereof that (a) all information concerning you or any of your subsidiaries, other than any Projections (as defined below), forward looking information and information of a general economic or industry specific nature (the “Information”), that has been or will be made available to us by you or any of your representatives concerning you or your subsidiaries in connection with the Transactions contemplated hereby, when taken as a whole, does not or will not, when furnished to us, contain any untrue statement of a material fact or omit to state a material



fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (giving effect to all supplements thereto) and (b) the financial and/or business projections, budgets, estimates and other forward-looking information (the “Projections”) that have been or will be made available to us by you or any of your representatives in connection with the Transactions contemplated hereby have been or will be prepared in good faith based upon assumptions believed by you to be reasonable at the time prepared (it being recognized by HC that such Projections are not to be viewed as facts and that actual results during the period or periods covered by such Projections may differ from the projected results, and such differences may be material). You agree that if, at any time prior to the Closing Date, you become aware that any of the representations in the preceding sentence is incorrect in any material respect then you will promptly supplement the Information and the Projections so that such representations are correct in all material respects under those circumstances. You understand that in arranging and syndicating the DIP Facility we may use and rely on the Information and Projections without independent verification thereof, it being understood that Projections by their nature are inherently uncertain and are subject to significant contingencies, many of which are beyond your control and no assurances are being given that the results in the Projections will be achieved.

#### 4. Fees

As consideration for the commitments and agreements of the HC hereunder, you agree to pay or cause to be paid: (x) a commitment fee (the “Commitment Fee”) in the aggregate amount equal to 3.0% of the DIP Amount; and (y) the nonrefundable fees described in the Form of DIP Agreement on the terms and subject to the conditions set forth therein. The Commitment Fee is fully earned as of the date hereof, and is payable in cash as follows: 50% thereof payable on the date of entry by the Bankruptcy Court of the Interim Order and 50% thereof payable on the date of entry by the Bankruptcy Court of the Final Order.

#### 5. Conditions

HC’s commitments and agreements hereunder are subject to the conditions set forth in this Section 5 and in Section 4 of the Form of DIP Agreement.

HC’s commitments and agreements hereunder are further subject to (a) since the date hereof, there not having been any change, development or event that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company, other than as a result of events leading up to and following the commencement of the Case, (b) HC’s not becoming aware after the date hereof of any information (other than publicly available information or information with respect to general economic or industry conditions) not previously provided to HC affecting the Company or the Transactions that is inconsistent in a material and adverse manner with any such information (taken as a whole) disclosed (through public filings or private disclosure) to HC prior to the date hereof, (c) there being no competing offering, placement, arrangement or syndication of any debt securities or bank financing (other than the DIP Facility by or on behalf of you or your subsidiaries and indebtedness not prohibited by the terms of the definitive documentation relating to the DIP Facility) without the prior written consent of HC, (d) your performance of (i) all your obligations hereunder to provide information and (ii) all your obligations hereunder and under the Form of DIP Agreement and (e) your payment and reimbursement in full in cash of all fees, costs and expenses to the extent due and payable on or prior to the Closing Date.

## 6. Indemnification and Expenses

You agree (a) to indemnify and hold harmless HC, its affiliates and directors, officers, employees, advisors, agents and other representatives (each, an “Indemnified Person”) from and against any and all actual losses, claims, damages and liabilities to which any such Indemnified Person may become subject arising out of or in connection with this Commitment Letter, the DIP Facility, the use of the proceeds thereof or the Transactions or any claim, litigation, investigation or proceeding (a “Proceeding”) relating to any of the foregoing, regardless of whether any Indemnified Person is a party thereto, whether or not such Proceedings are brought by you, your equity holders, affiliates, creditors or any other person, and to reimburse each Indemnified Person upon demand for any reasonable legal expenses of one legal counsel for all Indemnified Persons or other out-of-pocket expenses incurred in connection with investigating or defending any of the foregoing, provided that the foregoing indemnity will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities or related expenses to the extent they are found by a final nonappealable judgment of a court of competent jurisdiction to arise from the willful misconduct, bad faith, breach of the obligation, if any, to fund loans in accordance with the terms of the DIP Facility by an Indemnified Person or any of its Related Parties (defined below) or gross negligence of any Indemnified Person or its affiliates, directors, officers, employees, advisors, agents or other representatives (collectively, the “Related Parties”) and (b) regardless of whether the Closing Date occurs, to reimburse on demand HC and its affiliates for all reasonable and documented out-of-pocket expenses (including reasonable fees and reasonable documented out-of-pocket due diligence expenses, syndication expenses, travel expenses, reasonable fees and reasonable documented out-of-pocket expenses of professionals engaged in field examinations, collateral reviews, appraisals and environmental reviews, and reasonable fees, charges and disbursements of one primary counsel (and (i) appropriate local counsel in applicable foreign and local jurisdictions, but limited to one local counsel in each such jurisdiction and (ii) and, solely in the case of a conflict of interest, one additional counsel in each relevant jurisdiction to the affected Indemnified Persons similarly situated)) incurred in connection with the DIP Facility and any related documentation (including this Commitment Letter and the definitive financing documentation) or the administration, amendment, modification or waiver thereof. It is further agreed that HC shall only have liability to you (as opposed to any other person). No Indemnified Person shall be, liable for any damages arising primarily from the use by others of Information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent any such damages are found by a final judgment of a court of competent jurisdiction to arise from the gross negligence, bad faith, the obligation, if any, to fund loans in accordance with the terms of the DIP Facility by an Indemnified Person or any of its Related Parties or willful misconduct of such Indemnified Person (or any of its Related Parties). None of the Indemnified Persons or you, or any of your affiliates or the respective directors, officers, employees, advisors, and agents of the foregoing shall be liable for any indirect, special, punitive or consequential damages in connection with this Commitment Letter, the DIP Facility or the transactions contemplated hereby, provided that nothing contained in this sentence shall limit your indemnity obligations to the extent set forth in this Section 6.

## 7. Sharing of Information, Absence of Fiduciary Relationship, Affiliate Activities

You acknowledge that HC is a full service firm and may from time to time effect transactions, for its own or its affiliates’ account, and hold positions in loans, securities or options on loans or securities of you, or your affiliates. In addition, HC and its affiliates will not use confidential information obtained from you or your affiliates or on your or their behalf by virtue of the transactions contemplated hereby in connection with the performance by HC and its affiliates of services in connection with other companies. You also acknowledge that HC and its affiliates have no obligation to use in connection with the transactions contemplated hereby, or to furnish to you, confidential information obtained from other companies or persons. HC shall continue to comply with the confidentiality provisions set forth in Section 17.8 of the Prepetition Credit Facility taking into account the exceptions thereto. You further

acknowledge and agree that (a) no fiduciary, advisory or agency relationship between you and HC is intended to be or has been created in respect of any of the transactions contemplated by the DIP Facility, (b) HC, on the one hand, and you, on the other hand, have an arm's length business relationship that does not directly or indirectly give rise to, nor do you rely on, any fiduciary duty to you or your affiliates on the part of HC with respect to the DIP Facility, (c) you are capable of evaluating and understanding, and you understand and accept, the terms, risks and conditions of the transactions contemplated by this Commitment Letter, (d) you have been advised that HC is engaged in a broad range of transactions that may involve interests that differ from your interests and that HC has no obligation to disclose such interests and transactions to you, (e) you have consulted your own legal, accounting, regulatory and tax advisors to the extent you have deemed appropriate and (f) HC does not have any obligation to you or your affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein or in any other express writing executed and delivered by HC and you or any such affiliate.

#### 8. Miscellaneous

This Commitment Letter shall not be assignable by you without the prior written consent of HC or by HC without your prior written consent (and in each case any purported assignment without such consent shall be null and void), is intended to be solely for the benefit of the parties hereto and the Indemnified Persons and is not intended to and does not confer any benefits upon, or create any rights in favor of, any person other than the parties hereto and the Indemnified Persons to the extent expressly set forth herein. HC reserves the right to employ the services of its affiliates in providing services contemplated hereby. This Commitment Letter may not be amended or waived except by an instrument in writing signed by you and HC. This Commitment Letter may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Commitment Letter by facsimile or electronic transmission (e.g., "pdf" or "tif") shall be effective as delivery of a manually executed counterpart hereof. This Commitment Letter is the only agreement that has been entered into among us and you with respect to the DIP Facility and sets forth the entire understanding of the parties with respect thereto. This Commitment Letter shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

You and we hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the bankruptcy court having jurisdiction over the chapter 11 case of the Company or, if such court denies jurisdiction or the Company elects not to file a case under the Bankruptcy Code, then any state or Federal court sitting in the Borough of Manhattan in the City of New York over any suit, action or proceeding arising out of or relating to the Transactions or the other transactions contemplated hereby, this Commitment Letter or the performance of services hereunder or thereunder. You and we agree that service of any process, summons, notice or document by registered mail addressed to you or us shall be effective service of process for any suit, action or proceeding brought in any such court. You and we hereby irrevocably and unconditionally waive any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in any inconvenient forum. You and we hereby irrevocably agree to waive trial by jury in any suit, action, proceeding, claim or counterclaim brought by or on behalf of any party related to or arising out of the Transactions, this Commitment Letter or the performance of services hereunder or thereunder.

HC hereby notifies you that, pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law on October 26, 2001) (the "PATRIOT Act"), it is required to obtain, verify and record information that identifies each Borrower and each Guarantor, which information includes names, addresses, tax identification numbers and other information that will allow such Lender to identify the Company and each Guarantor in accordance with the PATRIOT Act.

The indemnification, fee, expense, jurisdiction and confidentiality provisions contained herein shall remain in full force and effect regardless of whether definitive financing documentation shall be executed and delivered and notwithstanding the termination of this Commitment Letter or the commitments hereunder; provided that your obligations under this Commitment Letter shall automatically terminate and be superseded by the provisions of the loan documents governing the DIP Facility upon the initial funding thereunder, and you shall automatically be released from all liability in connection therewith at such time; provided further that HC's confidentiality obligations in Section 7 of this Commitment Letter shall automatically terminate and be superseded by the provisions of the definitive loan documents governing the DIP Facility.

You may terminate this Commitment Letter subject to the survival provisions set forth in the foregoing paragraph at any time upon notice to HC.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms of this Commitment Letter by returning to us an executed counterpart of this Commitment Letter, not later than the time immediately prior to the filing by the Company of its petition or petitions under Chapter 11 of the Bankruptcy Code. This offer will automatically expire at such time if we have not received such executed counterparts. In the event that the initial Advance under the DIP Facility does not occur on or before October 4, 2013 then this Commitment Letter and the commitments hereunder shall automatically terminate unless you request an extension and we shall, in our discretion, agree to such an extension. In addition, this Commitment Letter and the commitments hereunder shall expire at (a) 5:00 p.m. Central standard time, on October 1, 2013, unless the Company shall have theretofore filed its voluntary petition under Chapter 11 of the Bankruptcy Code in the Court and (b) if such petitions have been filed by such time, at 5:00 p.m. (New York City time) on the date that is 3 days after such filing, unless, prior to that time, the Court shall have entered the Interim Order, you shall have paid to HC the fees that are specified herein and in the DIP Facility to be due upon such entry and you shall have entered into definitive documentation with respect to the DIP Facility. In the further event that the Interim Order is entered, this Commitment Letter and the commitments hereunder shall expire 36 days after the entry of the Interim Order unless the Final Order shall have been entered prior to the expiration of such 36-day period.

We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

HC Capital Holdings 0909A, LLC

By: 

\_\_\_\_\_  
Name: Robert M. Strauss

Title: Managing Director

Accepted and agreed to as of the date first written above:

Groeb Farms, Inc.

By: \_\_\_\_\_

Name:

Title:

We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

HC Capital Holdings 0909A, LLC

By: \_\_\_\_\_  
Name:  
Title:

Accepted and agreed to as of the date first written above:

Groeb Farms, Inc.

By:

  
Name: Jack M. Irvin, Jr.  
Title: Chief Financial Officer

**Exhibit A**

(Attached)

**SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION**

**CREDIT AND SECURITY AGREEMENT**

**by and between**

**GROEB FARMS, INC.**

**as Borrower,**

**and**

**HC CAPITAL HOLDINGS 0909A, LLC,**

**as Lender**

**Dated as of October [\_\_], 2013**

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**SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION CREDIT AND SECURITY AGREEMENT**

**THIS SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION CREDIT AND SECURITY AGREEMENT** (this "Agreement"), is entered into as of October [\_\_\_], 2013, by and between **HC CAPITAL HOLDINGS 0909A, LLC** ("Lender") and **GROEB FARMS, INC.**, a Michigan corporation ("Borrower").

WHEREAS, on October 1, 2013 (the "Petition Date"), Borrower filed a voluntary petition with the Bankruptcy Court initiating a case under Chapter 11 of the Bankruptcy Code and has continued in the possession of its assets and in the management of its businesses pursuant to Section 1107 and 1108 of the Bankruptcy Code.

The parties agree as follows:

**1. DEFINITIONS AND CONSTRUCTION.**

1.1 **Definitions, Code Terms, Accounting Terms and Construction.** Capitalized terms used in this Agreement shall have the meanings specified therefor on Schedule 1.1. Additionally, matters of (i) interpretation of terms defined in the Code, (ii) interpretation of accounting terms and (iii) construction are set forth in Schedule 1.1.

**2. LOANS AND TERMS OF PAYMENT.**

2.1 **Revolving Loan Advances.**

(a) Subject to the terms and conditions of this Agreement, and prior to the Termination Date, Lender agrees to make advances of the revolving loans ("Advances") to Borrower in an amount at any one time outstanding not to exceed the Maximum Revolver Amount plus \$3,000,000 of Prepetition Advances (to the extent that such amount remains outstanding under the Prepetition Credit Facility and is not subject to challenge), less the amount of Prepetition Advances and Prepetition Term Loans outstanding at such time; provided, however, that the Aggregate Maximum Loan Balance shall not exceed, and shall be deemed to be reduced to, the lesser of (x) \$30,000,000 and (y) the Borrowing Base plus the Permitted Overadvance Amount at such time.

(b) Amounts borrowed pursuant to this Section 2.1 may be repaid and, subject to the terms and conditions of this Agreement, reborrowed at any time during the term of this Agreement. The outstanding principal amount of the Advances, together with interest accrued and unpaid thereon, shall be due and payable on the Termination Date. Lender has no obligation to (i) make an Advance at any time following the occurrence and during the continuance of a Default or an Event of Default and (ii) make an Advance in an amount that would, when added to all other Advances, exceed the amount permitted pursuant to Section 2.1(a).

2.2 **[RESERVED]**

2.3 **Borrowing Procedures.**

(a) **Procedure for Borrowing.** Each Borrowing shall be made by delivery to Lender of a Borrowing Request by an Authorized Person. Such written request must be received by Lender no later than noon (Central time) one (1) Business Day before the requested Funding Date specifying (i) the amount of such Borrowing, and (ii) the requested Funding Date, which shall be a Business Day. In lieu of delivering the above-described written request, any Authorized Person may give Lender telephonic notice of such request by the required time, followed promptly by such a written request. Lender is authorized to make the Advances based upon telephonic or other instructions received from anyone purporting to be an Authorized Person;

(b) **Making of Loans.** Promptly after receipt of a request for a Borrowing pursuant to Section 2.3(a), Lender shall make the proceeds thereof available to Borrower on the applicable Funding Date by transferring immediately available funds equal to such amount to the Designated Account; provided, however, that, (i) Lender shall not have the obligation to make any Advance if (1) one or more of the applicable conditions precedent set forth in Section 4 will not be satisfied on the requested Funding Date for the applicable Borrowing unless such condition has been waived by Lender, or (2) the requested Borrowing would exceed the Availability on such Funding Date and (ii) proceeds of the Borrowing shall be made available to Borrower by transferring immediately available funds equal to such amount to the Designated Account.

(c) **[Reserved]**

(d) **Protective Advances.** Lender may make an Advance for any reason at any time in its sole discretion, without Borrower's compliance with any of the conditions of this Agreement, and (i) disburse the proceeds directly to third Persons in order to protect Lender's interest in the Collateral or to perform any obligation of Borrower under this Agreement or any other Loan Document or otherwise to enhance the likelihood of repayment of the Obligations, or (ii) apply the proceeds to outstanding Obligations then due and payable to Lender (such Advance, a "Protective Advance").

#### 2.4 **Payments; Prepayments.**

(a) **Payments by Borrower.** Except as otherwise expressly provided herein, all payments by Borrower shall be made to the Collection Account or as otherwise specified in the applicable Cash Management Documents.

(b) **Payments by Account Debtors.** Promptly (and in any event within 5 Business Days) prior to the opening of any new Lockbox, Borrower shall instruct the Account Debtors of Borrower to make payments directly to the Lockbox for deposit by Lender to the Collection Account, or Borrower shall instruct them to deliver such payments to Lender by wire transfer, ACH, or other means as Lender may direct for deposit to the Lockbox or Collection Account or for direct application to reduce the outstanding Advances, as Lender shall determine in its sole discretion. To the extent that any Account Debtors of Borrower make payments directly to any lockbox other than a Lockbox, Borrower shall cooperate with Lender in causing all such funds to be wired directly to Lender on a daily basis for deposit to the Lockbox or Collection Account or for direct application to reduce the outstanding Advances, as Lender shall determine in its sole discretion. If Borrower receives a payment or the Proceeds of Collateral directly, Borrower will promptly deposit the payment or Proceeds into the Collection Account. Until so deposited, Borrower will hold all such payments and Proceeds in trust for Lender without commingling with other funds or property.

(c) **Crediting Payments.** For purposes of calculating Availability and the accrual of interest on outstanding Obligations, unless otherwise provided in the applicable Cash Management Documents, each payment shall be applied to the Obligations on the first Business Day following the Business Day of deposit to the Collection Account or other receipt by Lender provided such payment is received in accordance with Lender's usual and customary practices. Any payment received by Lender that is not a transfer of immediately available funds shall be considered provisional until the item or items representing such payment have been finally paid under Applicable Law. Should any payment item not be honored when presented for payment, then Borrower shall be deemed not to have made such payment, and that portion of outstanding Obligations corresponding to the amount of such dishonored payment item shall be deemed to bear interest as if the dishonored payment item had never been received by Lender. Each reduction in outstanding Advances resulting from the application of such payment to the outstanding Advances shall be accompanied by an equal reduction in the amount of outstanding Accounts.

#### (d) **Application of Payments.**

(i) All Collections and all Proceeds of Collateral received by Lender, shall be applied (subject to clause (ii) below), *first* to reduce the outstanding Prepetition Term Loans until such Prepetition Term Loans are Paid in Full, *second* to reduce the Prepetition Advances until the principal balance thereof equals \$3,000,000, *third* to reduce the Obligations in such manner as Lender shall determine in its sole discretion. Following the occurrence and during the continuance of an Event of Default, Proceeds of Collateral and Collateral shall be applied by Lender in such manner as Lender shall determine in its discretion including on account of obligations under the Prepetition Credit Facility. After payment in full in cash of all Obligations and termination of any commitment to provide Advances, any remaining balance shall be transferred to the Designated Account or otherwise to such other Person entitled thereto under Applicable Law.

(ii) (A) Each prepayment pursuant to Section 2.4(f)(i) shall be applied in the manner set forth in Section 10.5.

#### (e) **[Reserved]**

#### (f) **Mandatory Prepayments.**

(i) **Borrowing Base.** If, at any time, the Revolver Usage plus Prepetition Advances plus Prepetition Term Loans, in each case outstanding at such time, exceeds (any such excess amount being referred to as the "Overadvance Amount") the Borrowing Base plus the Permitted Overadvance Amount, then, at such time, the Borrower shall immediately pay the Obligations in an aggregate amount equal to the Overadvance Amount. If Payment in Full of the outstanding revolving loans is insufficient to eliminate the Overadvance Amount, Borrower shall prepay such amount of the outstanding Obligations in an amount at least equal to such excess. Lender shall not be obligated to provide any Advances during any period that an Overadvance Amount is outstanding.

2.5 **[Reserved]**

2.6 **Interest Rates: Rates, Payments, and Calculations.**

(a) **Interest Rates.** Except as provided in Section 2.6(b), the principal amount of all Obligations (except for Bank Products) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest on the Daily Balance thereof at a per annum rate equal to the Interest Rate plus the applicable Interest Rate Margin, provided, that an amount equal to the Commitment Fee (as defined in that certain Commitment Letter dated as of October 1, 2013 by and between Borrower and Lender) to the extent paid by Borrower and added to the principal balance of the Obligations, shall not bear any interest pursuant to this Section 2.6(a) prior to the Termination Date (unless on such date, such principal amount is repaid in full in cash).

(b) **Default Rate.** Upon the occurrence and during the continuation of an Event of Default and at any time following the Termination Date, the principal amount of all Obligations (except for Bank Products) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest on the Daily Balance thereof at a per annum rate equal to 3 percentage points above the per annum rate otherwise applicable hereunder.

(c) **Payment.** Except to the extent provided to the contrary in Section 2.12, all interest, all fees payable hereunder or under any of the other Loan Documents, all costs and expenses payable hereunder or under any of the other Loan Documents, and all Lender Expenses shall be due and payable, in arrears, on the first day of each month and on the Termination Date. Borrower hereby authorizes Lender, from time to time without prior notice to Borrower, to charge all interest, all fees payable hereunder or under any of the other Loan Documents (in each case, as and when due and payable), all costs and expenses payable hereunder or under any of the other Loan Documents (in each case, as and when due and payable), all Lender Expenses (as and when due and payable), and all fees and costs provided for in Section 2.12 (as and when due and payable), and all other payment obligations as and when due and payable under any Loan Document or any Bank Product Agreement (including any amounts due and payable to any Bank Product Provider in respect of Bank Products) to the Loan Account, which amounts shall thereupon constitute Advances hereunder and, shall accrue interest at the rate then applicable to Advances. Any interest, fees, costs, expenses, Lender Expenses, or other amounts payable hereunder or under any other Loan Document or under any Bank Product Agreement that are charged to the Loan Account shall thereafter constitute Advances hereunder and shall accrue interest at the rate then applicable to Advances.

(d) **Computation.** All interest and fees chargeable under the Loan Documents shall be computed on the basis of a 360 day year, in each case, for the actual number of days elapsed in the period during which the interest or fees accrue. In the event the Interest Rate is changed from time to time hereafter, the rates of interest hereunder based upon the Interest Rate automatically and immediately shall be increased or decreased by an amount equal to such change in the Interest Rate.

(e) **Intent to Limit Charges to Maximum Lawful Rate.** In no event shall the interest rate or rates payable under this Agreement, plus any other amounts paid in connection herewith, exceed the highest rate permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. Borrower and Lender, in executing and delivering this Agreement, intend legally to agree upon the rate or rates of interest and manner of payment stated within it; provided, however, that, anything contained herein to the contrary notwithstanding, if said rate or rates of interest or manner of payment exceeds the maximum allowable under Applicable Law, then, as of the date of this Agreement, Borrower is and shall be liable only for the payment of such maximum amount as is allowed by law, and payment received from Borrower in excess of such legal maximum, whenever received, shall be applied to reduce the principal balance of the Obligations to the extent of such excess.

2.7 **Designated Account.** Borrower agrees to establish and maintain one or more Designated Accounts, each in the name of Borrower, for the purpose of receiving the proceeds of the Advances requested by Borrower and made by Lender hereunder. Unless otherwise agreed by Lender and Borrower, any Advance requested by Borrower and made by Lender hereunder shall be made to the applicable Designated Account.

2.8 **Maintenance of Loan Account; Statements of Obligations.** Lender shall maintain an account on its books in the name of Borrower (the "Loan Account") in which will be recorded, all Advances made by Lender to Borrower or for Borrower's account and all other payment Obligations hereunder or under the other Loan Documents, including accrued interest, fees and expenses, and Lender Expenses. In accordance with Section 2.4, the Loan Account will be credited with all payments received by Lender from Borrower or for Borrower's account. All monthly statements delivered by Lender to Borrower regarding the Loan Account, including with respect to principal, interest, fees, and including an itemization of all charges and expenses constituting Lender Expenses owing, shall be subject to subsequent adjustment by Lender but shall, absent demonstrable error, be conclusively presumed to be correct and accurate and constitute an account stated between Borrower and

Lender unless, within 30 days after receipt thereof by Borrower, Borrower shall deliver to Lender written objection thereto describing the error or errors contained in any such statements.

2.9 **Maturity Date; Termination Date.** Lender's obligations under this Agreement shall continue in full force and effect for a term ending on the earliest of (i) 110 days following the Petition Date (the "**Maturity Date**"), (ii) (x) three (3) days following the Petition Date unless, on or prior to such date, the Interim Order shall have been entered and be in full force and effect and not stayed and (y) the date that is 36 days following the Petition Date unless, on or prior to such 36<sup>th</sup> day, the Final Order shall have been entered and be in full force and effect and not stayed, (iii) the date Borrower terminates the Revolving Credit Facility, and (iv) the date the Revolving Credit Facility terminates pursuant to **Section 10.1** or **Section 10.2** following an Event of Default (the earliest of these dates, the "**Termination Date**"). The foregoing notwithstanding, Lender shall have the right to terminate its obligations under this Agreement immediately and without notice upon the occurrence and during the continuance of an Event of Default. Borrower promises to pay the Obligations (including principal, interest, fees, costs, and expenses, including Lender Expenses) in full on the Termination Date (other than the Hedge Obligations, which shall be paid in accordance with the applicable Hedge Agreement).

2.10 **Effect of Maturity.** On the Termination Date, all obligations of Lender to provide additional credit hereunder shall automatically be terminated and all of the Obligations (other than Hedge Obligations which shall be terminated in accordance with the applicable Hedge Agreement) shall immediately become due and payable in full in cash without notice or demand and Borrower shall immediately repay all of such Obligations in full. No termination of the obligations of Lender (other than cash payment in full of the Obligations and termination of the obligations of Lender to provide additional credit hereunder) shall relieve or discharge any Loan Party of its duties, obligations, or covenants hereunder or under any other Loan Document and Lender's Liens in the Collateral shall continue to secure the Obligations and shall remain in effect until all Obligations have been paid in full in cash and Lender's obligations to provide additional credit hereunder shall have been terminated. Provided that there are no suits, actions, proceedings or claims pending or threatened against any Indemnified Person under this Agreement with respect to any Indemnified Liabilities, Lender shall, at Borrower's expense, release or terminate (or authorize Borrower or its designee to release or terminate) any filings or other agreements that perfect the Security Interest, upon Lender's receipt of each of the following, in form and content satisfactory to Lender: (i) cash payment in full of all Obligations and completed performance by Borrower with respect to its other obligations under this Agreement, (ii) evidence that any obligation of Lender to make Advances to Borrower or provide any further credit to Borrower has been terminated, and (iii) an agreement by Borrower and each other Loan Party to indemnify Lender and its Affiliates for any payments received by Lender or its Affiliates that are applied to the Obligations as a final payoff that may subsequently be returned or otherwise not paid for any reason. With respect to any outstanding Hedge Obligations which are not so paid in full, the Bank Product Provider may require Borrower to cash collateralize the then existing Hedge Obligations in an amount acceptable to Lender prior to releasing or terminating any filings or other agreements that perfect the Security Interest.

2.11 **Termination or Reduction by Borrower.** Borrower may terminate the Credit Facility or reduce the Maximum Revolver Amount in whole or in part at any time prior to the Maturity Date, if Borrower (i) delivers a notice to Lender of its intentions at least five (5) Business Days prior to the proposed action and (ii) pays the Obligations (other than the outstanding Hedge Obligations, which shall be paid in accordance with the applicable Hedge Agreement) in full or down to the reduced Maximum Revolver Amount, as applicable. Any reduction in the Maximum Revolver Amount shall be in multiples of \$500,000, with a minimum reduction of at least \$1,000,000. Each such termination, reduction or prepayment shall be irrevocable. Once reduced, the Maximum Revolver Amount may not be increased.

2.12 **Fees.** Borrower shall pay to Lender the fees set forth on **Schedule 2.12** attached hereto.

2.13 **[Reserved]**

2.14 **Illegality; Impracticability; Increased Costs.** In the event that, in each case after the date hereof, (i) any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation or application thereof make it unlawful or impractical for Lender to fund or maintain extensions of credit with interest based upon Daily Three Month LIBOR or to continue such funding or maintaining, or to determine or charge interest rates based upon Daily Three Month LIBOR, (ii) Lender determines that by reasons affecting the London interbank Eurodollar market, adequate and reasonable means do not exist for ascertaining Daily Three Month LIBOR, or (iii) Lender determines that the interest rate based on the Daily Three Month LIBOR will not adequately and fairly reflect the cost to Lender of maintaining or funding Advances at the interest rate based upon Daily Three Month LIBOR, Lender shall give notice of such changed circumstances to Borrower and (i) interest on the principal amount of such extensions of credit thereafter shall accrue interest at a rate equal to the Prime Rate plus the applicable Interest Rate Margin, and (ii) Borrower shall not be entitled to elect Daily Three Month LIBOR until Lender determines that it would no longer be unlawful or impractical to do so or that such increased costs would no longer be applicable (and Lender agrees to promptly notify Borrower at any time such changed circumstances no longer apply; provided, however, Lender shall have no liability to Borrower for failing to provide such notice).

2.15 **Capital Requirements.** If, after the date hereof, Lender determines that (i) the adoption after the date hereof of or change after the date hereof in any law, rule, regulation or guideline regarding capital or reserve requirements for banks or bank holding companies, or any change after the date hereof in the interpretation, implementation, or application thereof by any Governmental Authority charged with the administration thereof, including those changes resulting from the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Basel III, regardless of the date enacted, adopted or issued, or (ii) compliance by Lender or its parent bank holding company with any guideline, request or directive of any such entity regarding capital adequacy (whether or not having the force of law) issued after the date hereof has the effect of reducing the return on Lender's or such holding company's capital as a consequence of Lender's loan commitments hereunder to a level below that which such Lender or such holding company could have achieved but for such adoption, change, or compliance (taking into consideration such Lender's or such holding company's then existing policies with respect to capital adequacy and assuming the full utilization of such entity's capital) by any amount deemed by Lender to be material, then Lender may notify Borrower thereof. Following receipt of such notice, Borrower agrees to pay Lender on demand the amount of such reduction of return of capital as and when such reduction is determined, payable within 30 days after presentation by Lender of a statement in the amount and setting forth in reasonable detail Lender's calculation thereof and the assumptions upon which such calculation was based (which statement shall be deemed true and correct absent demonstrable error). In determining such amount, Lender may use any reasonable averaging and attribution methods. Failure or delay on the part of Lender to demand compensation pursuant to this Section shall not constitute a waiver of Lender's right to demand such compensation; provided that Borrower shall not be required to compensate Lender pursuant to this Section for any reductions in return incurred more than 180 days prior to the date that Lender demands compensation from Borrower in respect of such law, rule, regulation or guideline giving rise to such reductions; provided further that if such claim arises by reason of the adoption of or change in any law, rule, regulation or guideline that is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

2.16 **Priority and Liens Applicable to Borrower.** Borrower hereby covenants, represents and warrants that, upon the execution of this Agreement subject to the entry of the Interim Order (and when applicable, the Final Order), the Obligations of Borrower:

(a) pursuant to Section 364(c)(1) of the Bankruptcy Code, shall at all times constitute a Superpriority Claim in the Case;

(b) pursuant to Section 364(c)(2) of the Bankruptcy Code, shall at all times be secured by a perfected first priority Lien on all real, personal, tangible and intangible property of Borrower's estate in the Case (including, without limitation, all of the outstanding shares of capital stock of Subsidiaries of Borrower (limited, in the case of voting capital stock of Foreign Subsidiaries, to 65% of the voting capital stock of first tier Foreign Subsidiaries to the extent a pledge of a greater percentage of such stock could reasonably be expected to result in material adverse tax consequences to Borrower or any of its Subsidiaries as reasonably determined by Borrower) that is not subject to valid, perfected and non-avoidable liens as of the Petition Date);

(c) pursuant to Section 364(d) of the Bankruptcy Code, shall at all times be secured by a perfected first priority priming lien on all real, personal, tangible and intangible property of Borrower subject to an existing lien securing outstanding debt under the Prepetition Credit Facility and the Prepetition Subordinated Debt.

(d) pursuant to each Subordination Agreement (as defined in the Prepetition Credit Facility) and to the extent applicable, Section 364(d) of the Bankruptcy Code, shall be secured by a perfected first priority priming Lien on all real, personal, tangible and intangible property of Borrower subject to a Lien securing the Prepetition Credit Facility and the Prepetition Subordinated Debt; and

(e) pursuant to Section 364(c)(3) of the Bankruptcy Code, shall be secured by a perfected junior Lien upon all real, personal, tangible and intangible property of Borrower's estate in the Case that is subject to valid, perfected and non-avoidable Liens in existence on the Petition Date or to valid Liens in existence on the Petition Date that are perfected subsequent to the Petition Date as permitted by Section 546(b) of the Bankruptcy Code, in each case other than the Liens securing the Prepetition Credit Facility and the Prepetition Subordinated Debt, subject in the case of each of the preceding paragraphs, only to the Carve-Out, and, in each case, as set forth in the Orders.

2.17 **No Discharge; Survival of Claims.** Borrower agrees that (a) its obligations hereunder shall not be discharged by the entry of an order confirming a Reorganization Plan (and Borrower, pursuant to Section 1141(d)(4) of the Bankruptcy Code, hereby waives such discharge) and (b) the Superpriority Claim granted to Lender pursuant to the Orders and described in Section 2.16(a) and the Liens granted to Lender pursuant to the Orders and described in Sections 2.16(b), (c), (d) and (e) shall not be affected in any manner by the entry of an order confirming a Reorganization Plan other than the discharge and release of such Liens and upon the Payment in Full of the Obligations as provided herein.



### 3. SECURITY INTEREST.

3.1 **Grant of Security Interest.** Subject to the Orders, as applicable, Borrower hereby unconditionally grants, assigns, and pledges to Lender for the benefit of Lender and each Bank Product Provider that is a Lender, to secure payment and performance of the Obligations, a continuing security interest (hereinafter referred to as the "Security Interest") in all of its pre-Petition Date and post-Petition Date right, title, and interest in and to the Collateral. Following request by Lender, Borrower shall grant Lender a Lien and security interest in all Commercial Tort Claims that it may have against any Person. The Security Interest created hereby secures the payment and performance of the Obligations, whether now existing or arising hereafter.

3.2 **Borrower Remains Liable.** Anything herein to the contrary notwithstanding, (a) Borrower shall remain liable under the contracts and agreements included in the Collateral to perform all of the duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by Lender of any of the rights hereunder shall not release Borrower from any of its duties or obligations under such contracts and agreements included in the Collateral, and (c) Lender shall not have any obligation or liability under such contracts and agreements included in the Collateral by reason of this Agreement, nor shall Lender be obligated to perform any of the obligations or duties of Borrower thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

3.3 **Assignment of Insurance.** As additional security for the Obligations, Borrower hereby assigns as security to Lender for the benefit of Lender and each Bank Product Provider that is a Lender all rights of Borrower under every policy of insurance covering the Collateral and all other assets and property of Borrower (including, without limitation, business interruption insurance and proceeds thereof) and all business records and other documents relating to it, and all monies (including proceeds and refunds) that may be payable under any policy, and Borrower and each other Loan Party hereby directs the issuer of each policy to pay all such monies directly and solely to Lender. If an Event of Default shall have occurred and be continuing, Lender may (but need not), in Lender's or Borrower's name, execute and deliver proofs of claim, receive payment of proceeds and endorse checks and other instruments representing payment of the policy of insurance, and adjust, litigate, compromise or release claims against the issuer of any policy. Any monies received under any insurance policy assigned as security to Lender, other than liability insurance policies, or received as payment of any award or compensation for condemnation or taking by eminent domain, shall be paid to Lender and, as determined by Lender in its sole discretion, either be applied to prepayment of the Obligations or disbursed to Borrower under payment terms reasonably satisfactory to Lender for application to the cost of repairs, replacements, or restorations of the affected Collateral which shall be effected with reasonable promptness and shall be of a value at least equal to the value of the items or property destroyed.

3.4 **Financing Statements.** Subject to the Orders, as applicable, Borrower authorizes Lender to file financing statements describing Collateral to evidence the perfection of Lender's Security Interest in the Collateral, and Lender may describe the Collateral as "all personal property" or "all assets" or describe specific items of Collateral including without limitation any Commercial Tort Claims. All financing statements filed before the date of this Agreement to perfect the Security Interest were authorized by Borrower and each other Loan Party and are hereby ratified.

### 4. CONDITIONS.

4.1 **Conditions Precedent to the Initial Extension of Credit.** The obligation of Lender to make the initial extension of credit provided for hereunder is subject to the fulfillment, to the satisfaction of Lender, of each of the conditions precedent set forth on Exhibit B.

4.2 **Conditions Precedent to all Extensions of Credit.** The obligation of Lender to make any Advances hereunder (or to extend any other credit hereunder) at any time shall be subject to the following conditions precedent:

(a) the representations and warranties of each Loan Party and its Subsidiaries contained in this Agreement or in the other Loan Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of such extension of credit, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall continue to be true and correct as of such earlier date);

(b) no Default or Event of Default shall have occurred and be continuing on the date of such extension of credit, nor shall either result from the making thereof; and

(c) the Interim Order shall be in effect, not have been stayed or otherwise subject to appeal and not have been amended or modified and, following 36 days after the Petition Date, the Final Order shall be in effect, not have been stayed or otherwise subject to appeal and not have been amended or modified.

Any request for an extension of credit shall be deemed to be a representation by each Loan Party that the statements set forth in this Section 4.2 are correct as of the time of such request and (ii) if such extension of credit is a request for an Advance, sufficient Availability exists for such Advance pursuant to Section 2.1.

4.3 **Conditions Subsequent.** The obligation of Lender to continue to make Advances (or otherwise extend credit hereunder) is subject to the fulfillment, on or before the date applicable thereto, of the conditions subsequent set forth on Exhibit C (the failure by Borrower or any other Loan Party to so perform or cause to be performed such conditions subsequent as and when required by the terms thereof, shall constitute an Event of Default).

## 5. REPRESENTATIONS AND WARRANTIES.

In order to induce Lender to enter into this Agreement, Borrower, and each other Loan Party makes the representations and warranties to Lender set forth on Exhibit D. Each of such representations and warranties shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the Closing Date, and shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the date of the making of each Advance or other extension of credit made thereafter, as though made on and as of the date of such Advance or other extension of credit (except to the extent that such representations and warranties relate solely to an earlier date in which case such representations and warranties shall continue to be true and correct as of such earlier date) and such representations and warranties shall survive the execution and delivery of this Agreement.

## 6. AFFIRMATIVE COVENANTS.

Borrower and each other Loan Party covenants and agrees that until Payment in Full of the Obligations, Borrower and each other Loan Party shall, and shall cause each of its Subsidiaries to, comply with each of the following:

6.1 **Financial Statements, Reports, Certificates.** Deliver to Lender copies of each of the financial statements, reports, and other items set forth on Schedule 6.1 no later than the times specified therein. In addition, Borrower and each other Loan Party agree that no Subsidiary of Borrower or any other Loan Party will have a fiscal year different from that of Borrower. Borrower and each other Loan Party agree to maintain a system of accounting that enables it to produce financial statements in accordance with GAAP. Borrower and each other Loan Party shall also (a) keep a reporting system that shows all additions, sales, claims, returns, and allowances with respect to the sales of such Loan Party and its Subsidiaries, and (b) maintain its billing systems/practices substantially as in effect as of the Closing Date and shall only make material modifications following prior notice to Lender.

6.2 **Collateral Reporting.** Provide Lender with each of the reports set forth on Schedule 6.2 at the times specified therein. In addition, Borrower agrees to use commercially reasonable efforts in cooperation with Lender to facilitate and implement a system of electronic collateral reporting in order to provide electronic reporting of each of the items set forth on such Schedule.

6.3 **Existence.** Except as otherwise permitted under Section 7.3 or Section 7.4, at all times maintain and preserve in full force and effect (a) its existence (including being in good standing in its jurisdiction of organization) and (b) all rights and franchises, licenses and permits material to its business; provided, however, that no Loan Party nor any of its Subsidiaries shall be required to preserve any such right or franchise, licenses or permits if the preservation thereof is no longer desirable in the conduct of the business of such Person, and that the loss thereof is not disadvantageous in any material respect to such Person or to the Lender; provided that Borrower delivers at least ten (10) days prior written notice to Lender of the election of such Loan Party or such Subsidiary not to preserve any such right or franchise, license or permit.

6.4 **Maintenance of Properties.** Maintain and preserve all of its assets that are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear, tear and casualty excepted and Permitted Dispositions excepted (and except where the failure to so maintain and preserve such assets could not reasonably be expected to result in a Material Adverse Change), and comply with the material provisions of all material leases to which it is a party as lessee, so as to prevent the loss or forfeiture thereof, unless such provisions are the subject of a Permitted Protest.

### 6.5 **Taxes.**

(a) Cause all assessments and taxes imposed, levied, or assessed against any Loan Party or its Subsidiaries, or any of their respective assets or in respect of any of its income, businesses, or franchises to be paid in full, before delinquency or before the expiration of any extension period, except to the extent that the validity of such assessment or tax shall

be the subject of a Permitted Protest and so long as, in the case of an assessment or tax that has or may become a Lien against any of the Collateral, (i) such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such assessment or tax, and (ii) any such other Lien is at all times subordinate to Lender's Liens.

(b) Make timely payment or deposit of all tax payments and withholding taxes required of it and them by Applicable Laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish Lender with proof reasonably satisfactory to Lender indicating that such Loan Party and its Subsidiaries have made such payments or deposits.

6.6 **Insurance.** At Borrower's expense, maintain insurance with respect to the assets of each Loan Party and each of its Subsidiaries, wherever located, covering loss or damage by fire, theft, explosion, and all other hazards and risks as ordinarily are insured against by other Persons engaged in the same or similar businesses. Borrower also shall maintain, with respect to each Loan Party and each of its Subsidiaries, business interruption insurance, general liability insurance, flood insurance for Collateral located in a flood plain, product liability insurance, director's and officer's liability insurance, fiduciary liability insurance and employment practices liability insurance, as well as insurance against larceny, embezzlement, and criminal misappropriation. All such policies of insurance shall be with responsible and reputable insurance companies acceptable to Lender and in such amounts as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and located and in any event in amount, adequacy and scope reasonably satisfactory to Lender. All property insurance policies covering the Collateral are to be made payable to Lender for the benefit of Lender, as its interests may appear, in case of loss, pursuant to a lender loss payable endorsement reasonably acceptable to Lender and are to contain such other provisions as Lender may reasonably require to fully protect the Lender's interest in the Collateral and to any payments to be made under such policies. All certificates of property and general liability insurance are to be delivered to Lender, with the lender loss payable (but only in respect of Collateral) and additional insured endorsements (with respect to general liability coverage) in favor of Lender and shall provide for not less than 30 days (10 days in the case of non-payment) prior written notice to Lender of the exercise of any right of cancellation. If Borrower fails to maintain such insurance, Lender may arrange for such insurance, but at Borrower's expense and without any responsibility on Lender's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. Borrower shall give Lender prompt notice of any loss exceeding \$100,000 covered by such casualty or business interruption insurance. Upon the occurrence and during the continuance of an Event of Default, Lender shall have the right (but no obligation) to file claims under any property and general liability insurance policies in respect of the Collateral, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

6.7 **Inspections, Exams, Audits and Appraisals.** Permit Lender and each of Lender's duly authorized representatives or agents to visit any of its properties and inspect any of its assets or books and records, to conduct inspections, exams, audits and appraisals of the Collateral, to examine and make copies of its books and records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers and employees at such reasonable times and intervals as Lender may designate and, so long as no Default or Event of Default exists, with reasonable prior notice to Borrower.

6.8 **Account Verification.** Permit Lender, in Lender's name or in the name of a nominee of Lender, to verify the validity, amount or any other matter relating to any Account, by mail, telephone, facsimile transmission or otherwise. Further, at the request of Lender, Borrower shall send requests for verification of Accounts or send notices of assignment of Accounts to Account Debtors and other obligors.

6.9 **Compliance with Laws.** Comply with the requirements of all Applicable Laws, rules, regulations, and orders of any Governmental Authority, other than laws, rules, regulations, and orders the non-compliance with which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change.

6.10 **Environmental.**

(a) Keep any property either owned or operated by any Loan Party or any of its Subsidiaries free of any Environmental Liens or post bonds or other financial assurances satisfactory to Lender and in an amount sufficient to satisfy the obligations or liability evidenced by such Environmental Liens;

(b) Comply, in all material respects, with Environmental Laws and provide to Lender documentation of such compliance which Lender reasonably requests, other than Environmental Laws the non-compliance with which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change;

(c) Promptly notify Lender of any release of which any Loan Party has knowledge of a Hazardous Material in any reportable quantity from or onto property owned or operated by any Loan Party or any of its Subsidiaries and take

any Remedial Actions required to abate said release or otherwise to come into compliance, in all material respects, with applicable Environmental Law related to such release; and

(d) Promptly, but in any event within 5 Business Days of its receipt thereof, provide Lender with written notice of any of the following: (i) notice that an Environmental Lien has been filed against any of the real or personal property of any Loan Party or any of its Subsidiaries, (ii) commencement of any Environmental Action or written notice that an Environmental Action will be filed against any Loan Party or any of its Subsidiaries, and (iii) written notice of a violation, citation, or other administrative order from a Governmental Authority regarding any Environmental Law.

6.11 **Disclosure Updates.**

(a) Promptly and in no event later than 5 Business Days after an officer of Borrower obtains knowledge thereof, notify Lender:

(i) if any written information, exhibit, or report furnished to Lender contained, at the time it was furnished, any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances in which made. Any notification pursuant to the foregoing provision will not cure or remedy the effect of the prior untrue statement of a material fact or omission of any material fact nor shall any such notification have the effect of amending or modifying this Agreement or any of the Schedules hereto;

(ii) of all actions, suits, or proceedings brought by or against any Loan Party or any of its Subsidiaries before any court or Governmental Authority which, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change, provided that, in any event, such notification shall not be later than 5 days after service of process with respect thereto on any Loan Party or any of its Subsidiaries;

(iii) of (A) any disputes or claims by Borrower's customers exceeding \$100,000 individually or \$250,000 in the aggregate during any Fiscal Year; or (B) Goods returned to or recovered by Borrower outside of the ordinary course of business exceeding \$100,000 individually or \$250,000 in the aggregate during any Fiscal Year;

(iv) of any material loss or damage to any Collateral or any substantial adverse change in the Collateral;

(v) of a violation of any law, rule or regulation, the non-compliance with which reasonably could be expected to result in a Material Adverse Change;

(vi) of the occurrence of any ERISA Event; or

(vii) the filing or commencement of any material action, suit or proceeding with respect to any Lease.

(b) Promptly and in no event later than 5 Business Days after an officer of Borrower obtains knowledge thereof, notify Lender of any event or condition which constitutes a Default or an Event of Default and provide a statement of the action that Borrower proposes to take with respect to such Default or Event of Default.

(c) (i) Promptly in advance of filing with the Bankruptcy Court or delivering to the Creditor's Committee or to the U.S. Trustee, as the case may be, deliver to Lender all proposed orders and pleadings related to the Obligations and the Loan Documents, any Reorganization Plan and/or any disclosure statement related thereto and (ii) substantially simultaneously with the filing with the Bankruptcy Court or delivering to the Creditor's Committee or to the U.S. Trustee, as the case may be, deliver to Lender all other notices, filings, motions, pleadings or other information concerning the financial condition of Borrower or any of its Subsidiaries or other Indebtedness of Borrower or other the Loan Parties. Notwithstanding the foregoing, Borrower is not required to provide to Lender the information and/or documents that are delivered to the Creditor's Committee that directly relate to the process of marketing for sale in whole or in part Borrower's business and/or assets.

Upon request of Lender, each Loan Party shall deliver to Lender any other materials, reports, records or information reasonably requested relating to the operations, business affairs or financial condition of any Loan Party or any of its Subsidiaries or any Collateral or the Case.

6.12 **Collateral Covenants.** Comply with each of the following covenants.

(a) **Possession of Collateral.** In the event that any Collateral, including Proceeds, is evidenced by or consists of Negotiable Collateral, Investment Related Property, or Chattel Paper, Borrower shall promptly (and in any event within 5 Business Days after receipt thereof), notify Lender thereof, and if and to the extent that perfection or priority of Lender's Security Interest is dependent on or enhanced by possession, the applicable Loan Party, promptly (and in any event within 5 Business Days) after request by Lender, shall execute such other documents and instruments as shall be requested by Lender or, if applicable, endorse and deliver physical possession of such Negotiable Collateral, Investment Related Property, or Chattel Paper to Lender, together with such undated powers (or other relevant document of assignment or transfer acceptable to Lender) endorsed in blank as shall be requested by Lender, and shall do such other acts or things deemed necessary or desirable by Lender to enhance, perfect and protect Lender's Security Interest therein;

(b) **Chattel Paper.**

(i) Promptly (and in any event within 5 Business Days) after request by Lender, each Loan Party shall take all steps reasonably necessary to grant Lender control of all electronic Chattel Paper of Borrower and any other Loan Party in accordance with the Code and all "transferable records" as that term is defined in Section 16 of the Uniform Electronic Transaction Act and Section 201 of the federal Electronic Signatures in Global and National Commerce Act as in effect in any relevant jurisdiction;

(ii) If any Loan Party retains possession of any Chattel Paper or instruments (which retention of possession shall be subject to the extent permitted hereby), promptly upon the request of Lender, such Chattel Paper and instruments shall be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the Security Interest of HC Capital Holdings 0909A, LLC as Lender";

(c) **Control Agreements.**

(i) Except to the extent otherwise provided by Section 7.11, each Loan Party shall obtain a Control Agreement, from each bank (other than Lender) maintaining a Deposit Account for such Loan Party; except that no Control Agreement shall be required for up to two (2) petty cash accounts maintained with banks (other than Lender) so long as such petty cash accounts do not at any time contain more than \$5,000 in the aggregate at any one time.

(ii) Except to the extent otherwise provided by Section 7.11, each Loan Party shall obtain a Control Agreement, from each issuer of uncertificated securities, securities intermediary, or commodities intermediary issuing or holding any financial assets or commodities to or for any Loan Party; and

(iii) Except to the extent otherwise provided by Section 7.11, each Loan Party shall cause Lender to obtain "control", as such term is defined in the Code, with respect to all of the investment property of any Loan Party;

(iii) Except to the extent otherwise provided by Section 7.11, each Loan Party shall at all times cause all cash and Cash Equivalents of such Loan Party (including proceeds of any Collateral) to be immediately deposited in Deposit Accounts subject to a Control Agreement in favor of Lender;

(d) **Letter-of-Credit Rights.** If any Loan Party is or becomes the beneficiary of letters of credit, then such Loan Party shall promptly (and in any event within 5 Business Days after becoming a beneficiary), notify Lender thereof and, promptly (and in any event within 2 Business Days) after request by Lender, enter into a tri-party agreement with Lender and the issuer or confirming bank with respect to letter-of-credit rights assigning such letter-of-credit rights to Lender and directing all payments thereunder to the Collection Account, all in form and substance reasonably satisfactory to Lender;

(e) **Commercial Tort Claims.** If any Loan Party or Loan Parties obtain Commercial Tort Claims, then the applicable Loan Party or Loan Parties shall promptly (and in any event within 5 Business Days of obtaining such Commercial Tort Claim), notify Lender upon incurring or otherwise obtaining such Commercial Tort Claims and, promptly (and in any event within 2 Business Days) after request by Lender, amend Schedule 5.6(d) to the Information Certificate to describe such Commercial Tort Claims in a manner that reasonably identifies such Commercial Tort Claims and which is otherwise reasonably satisfactory to Lender, and hereby authorizes the filing of additional financing statements or amendments to existing financing statements describing such Commercial Tort Claims, and agrees to do such other acts or things deemed necessary or desirable by Lender to give Lender a first priority, perfected security interest in any such Commercial Tort Claim, which Commercial Tort Claim shall not be subject to any other Liens (other than junior Permitted Liens in favor of the Institutional Subordinated Creditors);

(f) **Government Contracts.** If any Account or Chattel Paper of any Loan Party arises out of a contract or contracts with the United States of America or any State or any department, agency, or instrumentality thereof, Loan Parties shall promptly (and in any event within 5 Business Days of the creation thereof) notify Lender thereof and, promptly (and in any event within 2 Business Days) after request by Lender, execute any instruments or take any steps reasonably required by Lender in order that all moneys due or to become due under such contract or contracts shall be assigned for security purposes to Lender, for the benefit of Lender and each Bank Product Provider, and shall provide written notice thereof under the Assignment of Claims Act or other Applicable Law;

(g) **Intellectual Property.**

(i) Upon the request of Lender, in order to facilitate filings with the PTO and the United States Copyright Office, subject to the Orders, as applicable, each Loan Party shall execute and deliver to Lender one or more Copyright Security Agreements, Patent Security Agreements or Trademark Security Agreements to further evidence Lender's Lien on such Loan Party's Patents, Trademarks, or Copyrights, and the General Intangibles of such Loan Party relating thereto or represented thereby;

(ii) Each Loan Party shall have the duty, with respect to Intellectual Property that is material and necessary in the conduct of such Loan Party's business, to protect and diligently enforce and defend at such Loan Party's expense such Intellectual Property, including (A) to diligently enforce and defend, including promptly suing for infringement, misappropriation, or dilution and to recover any and all damages for such infringement, misappropriation, or dilution, and filing for opposition, interference, and cancellation against conflicting Intellectual Property rights of any Person, (B) to prosecute diligently any trademark application or service mark application that is part of the Trademarks pending as of the date hereof or hereafter, (C) to prosecute diligently any patent application that is part of the Patents pending as of the date hereof or hereafter, (D) to take all reasonable and necessary action to preserve and maintain all of such Loan Party's Trademarks, Patents, Copyrights, Intellectual Property Licenses, and its rights therein, including paying all maintenance fees and filing of applications for renewal, affidavits of use, and affidavits of noncontestability, and (E) to require all employees, consultants, and contractors of each Loan Party who were involved in the creation or development of such Intellectual Property to sign agreements containing assignment to such Loan Party of Intellectual Property rights created or developed and obligations of confidentiality. No Loan Party shall abandon any Intellectual Property or Intellectual Property License that is material and necessary in the conduct of such Loan Party's business. Each Loan Party shall take the steps described in this Section 6.12(g)(ii) with respect to all new or acquired Intellectual Property to which it or any of its Subsidiaries is now or later becomes entitled that is material and necessary in the conduct of such Loan Party's business;

(iii) Each Loan Party acknowledges and agrees that Lender shall have no duties with respect to any Intellectual Property or Intellectual Property Licenses of any Loan Party. Without limiting the generality of this Section 6.12(g)(iii), each Loan Party acknowledges and agrees that Lender shall not be under any obligation to take any steps necessary to preserve rights in the Collateral consisting of Intellectual Property or Intellectual Property Licenses against any other Person, but Lender may do so at its option from and after the occurrence and during the continuance of an Event of Default, and all Lender Expenses incurred in connection therewith (including reasonable fees and expenses of attorneys and other professionals) shall be for the sole account of Loan Party and shall be chargeable to the Loan Account;

(iv) Each Loan Party shall promptly file an application with the United States Copyright Office for any Copyright that has not been registered with the United States Copyright Office if such Copyright is material and necessary in connection with the conduct of such Loan Party's business. Any expenses incurred in connection with the foregoing shall be borne by the Loan Parties;

(v) No Loan Party shall enter into any Intellectual Property License to receive any license or rights in any Intellectual Property of any other Person which is material and necessary in connection with the conduct of such Loan Party's business unless such Loan Party has used commercially reasonable efforts to permit the assignment of or grant of a security interest in such Intellectual Property License (and all rights of such Loan Party thereunder) to Lender (and any transferees of Lender);

(h) **Investment Related Property.**

(i) Upon the occurrence and during the continuance of an Event of Default, following the request of Lender, all sums of money and property paid or distributed in respect of the Investment Related Property that are received by any Loan Party shall be held by such Loan Party in trust for the benefit of Lender segregated from such Loan Party's other property, and such Loan Party shall deliver it promptly to Lender in the exact form received.

(ii) Each Loan Party shall cooperate with Lender in obtaining all necessary approvals and making all necessary filings under federal, state, local, or foreign law to effect the perfection of the Security Interest on the

Investment Related Property or to effect any sale or transfer thereof upon the occurrence and during the continuance of an Event of Default; and

(i) **Cash Management Transition.** Each Loan Party and each Subsidiary of each Loan Party shall maintain its Cash Management Services, including all deposit accounts and lockbox services in a manner, in accounts and at the same institutions, as existed immediately prior to the Petition Date, unless otherwise agreed to by Lender. Such Cash Management Services maintained by each Loan Party and each Subsidiary of each Loan Party shall be of a type and on terms reasonably satisfactory to Lender.

(j) **Motor Vehicles.** Promptly upon the request of the Lender in its sole discretion, Borrower shall deliver to Lender, an original certificate of title, a release signed by Wells Fargo, an application naming Lender as first priority lienholder thereto and/or such other documentation as Lender shall request with respect to each item of Eligible Equipment which is a motor vehicle or which has a certificate of title (including all such Eligible Equipment described on Schedule 5.33 to the Information Certificate), and Borrower shall cause, or cooperate with Lender in causing, such certificate of title and related items to be submitted to the appropriate state motor vehicle filing office for reissuance to Lender with the Lender's Lien noted thereon. Borrower shall deliver all original certificates of title with respect to Eligible Equipment and, upon request by Lender, all other original certificates of title with respect to motor vehicles and with respect to other equipment which has a certificate of title to be held by Lender. If Lender, in its sole discretion, agrees to any elimination or addition of any item of Eligible Equipment, upon request by Lender, Borrower shall amend Schedule 5.29 to the Information Certificate to accomplish such elimination or addition.

6.13 **Material Contracts.** Contemporaneously with the delivery of each Compliance Certificate pursuant to Section 6.1, provide Lender with copies of (a) each Material Contract entered into since the delivery of the previous Compliance Certificate, and (b) each material amendment or modification of any Material Contract entered into since the delivery of the previous Compliance Certificate. Each Loan Party shall maintain all Material Contracts in full force and effect and shall not default in the payment or performance of its obligations thereunder, except when such failure could not reasonably be expected to result in a Material Adverse Change.

6.14 **Location of Inventory and Equipment.** Keep the Inventory and Equipment of each Loan Party and each of its Subsidiaries (other than vehicles and Equipment out for repair and Inventory in transit) only at the locations identified on Schedule 5.29 to the Information Certificate or otherwise expressly permitted by Section 7.16 and keep the chief executive office of each Loan Party and each of its Subsidiaries only at the locations identified on Schedule 5.6(b) to the Information Certificate; provided, however, that Borrower may amend Schedule 5.29 to the Information Certificate so long as such amendment occurs by written notice to Lender not less than 10 days prior to the date on which such Inventory or Equipment is moved to such new location, and so long as, at the time of such written notification, the applicable Loan Party provides Lender a Collateral Access Agreement with respect thereto if such location is not owned by such Loan Party.

6.15 **Further Assurances.**

(a) At any time upon the reasonable request of Lender, execute or deliver to Lender any and all financing statements, fixture filings, security agreements, pledges, collateral assignments, endorsements of certificates of title, opinions of counsel, and all other documents (the "Additional Documents") that Lender may reasonably request and in form and substance reasonably satisfactory to Lender, to create, perfect, and continue perfection or to better perfect Lender's Liens in the assets of each Loan Party (whether now owned or hereafter arising or acquired, tangible or intangible, real or personal), and in order to fully consummate all of the transactions contemplated hereby and under the other Loan Documents; provided that the foregoing shall not apply to any Loan Party that is a CFC if providing such documents would result in adverse tax consequences or the costs to the Loan Parties of providing such documents are unreasonably excessive (as reasonably determined by Lender in consultation with Borrower) in relation to the benefits to Lender afforded thereby. To the maximum extent permitted by Applicable Law, if any Loan Party refuses or fails to execute or deliver any reasonably requested Additional Documents within a reasonable period of time, not to exceed 10 days following the request to do so, such Loan Party hereby authorizes Lender to execute any such Additional Documents in the applicable Loan Party's name, as applicable, and authorizes Lender to file such executed Additional Documents in any appropriate filing office. In furtherance and not in limitation of the foregoing, each Loan Party shall take such actions as Lender may reasonably request from time to time to ensure that the Obligations are guaranteed by the Guarantors and are secured by substantially all of the personal property assets of each Loan Party and all of the outstanding capital Stock of each Loan Party (subject to exceptions and limitations contained in the Loan Documents including with respect to CFCs);

(b) Each Loan Party authorizes the filing by Lender of financing or continuation statements, or amendments thereto, and such Loan Party will execute and deliver to Lender such other instruments or notices, as Lender may reasonably request, in order to perfect and preserve the Security Interest granted or purported to be granted hereby;

(c) Each Loan Party authorizes Lender at any time and from time to time to file, transmit, or communicate, as applicable, financing statements and amendments (i) describing the Collateral as “all personal property of debtor” or “all assets of debtor” or words of similar effect, (ii) describing the Collateral as being of equal or lesser scope or with greater detail, or (iii) that contain any information required by Part 5 of Article 9 of the Code for the sufficiency or filing office acceptance of such financing statement. Each Loan Party also hereby ratifies any and all financing statements or amendments previously filed by Lender in any jurisdiction; and

(d) Each Loan Party acknowledges that no Loan Party is authorized to file any financing statement or amendment or termination statement with respect to any financing statement filed in connection with this Agreement without the prior written consent of Lender, subject to such Loan Party’s rights under Section 9-509(d)(2) of the Code.

6.16 **Material Licenses.** Contemporaneously with the delivery of each Compliance Certificate pursuant to Section 6.1, provide Lender with copies of each Material License entered into since delivery of the previous Compliance Certificate. Borrower and each other Loan Party shall maintain all of its Material Licenses in full force and effect, except when such failure could not reasonably be expected to result in a Material Adverse Change.

6.17 **Agricultural Matters.**

(a) Borrower and each of its Subsidiaries will comply with all payment instructions imposed on Borrower or such Subsidiary in any notification received by Borrower or such Subsidiary, whether pursuant to the UCC, the FSA or otherwise, and whether sent by a seller of farm products, a lender to such seller, the Secretary of State of any state or any other Person, of any Lien on any farm products purchased or to be purchased hereafter.

(b) Borrower and its Subsidiaries shall pay each of its invoices from vendors and suppliers of perishable agricultural commodities or other farm products in a manner and within a time period consistent with Borrower’s or such Subsidiary’s past practices, except for invoices being contested in good faith by appropriate proceedings and as to which adequate reserves have been taken in accordance with GAAP.

6.18 **Payment of Post-Petition Obligations.** Subject to the Orders, Borrower will, and will cause each of its Subsidiaries to, pay its post-Petition Date Indebtedness and other obligations, including tax liabilities and Lease obligations (but excluding any past due rent) before the same shall become delinquent or in default, except where (a)(1) the validity of or amount thereof is being contested in good faith by appropriate proceedings, (2) Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, and (3) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation or the right of the lessor under such Lease to terminate such Lease, or (4) the failure to make such payment could not reasonably be expected to result in a Material Adverse Change.

6.19 **Priority of Claims Waivers.** Unless reserved for in accordance with the Borrowing Base provisions hereof, Borrower from time to time shall promptly deliver, or cause to be promptly delivered, a priority of claims waiver (“Priority of Claims Waiver”) from each vendor, landlord, public warehouse operator or other third party bailee that has not provided a Priority of Claims Waiver in form and substance satisfactory to Lender for each third party storage facility located in any priming jurisdiction.

6.20 **Advisory Firm.** Borrower shall provide Lender with reasonable access to Houlihan Lokey Capital, Inc. and Conway MacKenzie, Inc. or any replacement or successor financial advisory firms retained by Borrower or any of the other Loan Parties, and Borrower shall instruct such firm to cooperate reasonably with Lender; provided, that, an authorized representative of Borrower shall be permitted to participate in any meeting or phone call with Lender and any such firm.

6.21 **Approved Budget; Cash Flow Reporting.**

(a) Commencing with the first Tuesday following the Closing Date, Borrower will furnish to Lender on each Tuesday (or, if such day is not a Business Day, the next succeeding Business Day) of each week, a report (the “Weekly Actuals Report”), in form and detail acceptable to Lender in its reasonable discretion, setting forth actual cash receipts and disbursements for the one week period ended on the previous Friday (or, in the case of first such report, the period from the Petition Date to the previous Friday).

(b) Together with every fourth Weekly Actuals Report (except, for the first four weeks following the Petition Date, with the second and fourth Weekly Actuals Report), Borrower will furnish to Lender an updated cash forecast (each, an “Updated Budget”) for the period from through the end of the succeeding 13 weeks, setting forth projected cash receipts and disbursements, in form and scope similar to the then-applicable Approved Budget. If acceptable to Lender in its sole



discretion (as confirmed by Lender in writing), such Updated Budget shall become the “Approved Budget” thereunder and shall govern for the period set forth therein until such time as a new Updated Budget shall be approved by Lender (if at all).

(c) Together with every fourth Weekly Actuals Report, Borrower will furnish to Lender a variance report showing the difference between actual cash receipts and disbursements for the immediately prior four week period commencing on the Petition Date and projected cash receipts and disbursements for such period as compared to the projections set forth in the Approved Budget.

#### 6.22 **Budget Compliance.**

(a) (i) For each four week period commencing as of the Petition Date, Borrower will not permit the difference between the actual disbursements for the items set forth in the (w) “Honey Payments”, (x) “Payroll”, (y) “Other Operating Disbursements” and (z) “Total Disbursements” line items in the relevant Weekly Actuals Report for such four week period to exceed by more than 15% of the disbursements for such items for such period as set forth in the Approved Budget then-applicable for such period.

(ii) For the period commencing as of the Petition Date through the last date reflected in the relevant Weekly Actuals Report, Borrower will not permit the difference between the actual disbursements set forth in the “Professional Fees” line item in the relevant Weekly Actuals Report for such period to exceed by more than 15% of the disbursements for such line item for such period as set forth in the Approved Budget then applicable for such period.

(b) For each four week period commencing as of the Petition Date, Borrower will not permit the difference between the actual cash receipts set forth in each applicable receipts line item in the relevant Weekly Actuals Report for such four week period to be less than 85% of the cash receipts for each such line item for such period as set for in the Approved Budget then-applicable for such period.

(c) At no time shall Borrower use any Proceeds of Collateral, Collections or other assets except to the extent permitted by the Approved Budget then-applicable, subject to any variances permitted herein, or for any purpose not permitted by Section 7.13.

For the avoidance of doubt, the covenants included in this Section 6.22 shall apply in all circumstances and shall not be limited or deemed inapplicable notwithstanding anything set forth in any of the negative covenants included in Section 7 hereof.

### 7. **NEGATIVE COVENANTS.**

Borrower and each other Loan Party covenants and agrees that until Payment in Full of the Obligations, neither Borrower nor any other Loan Party will, nor will it permit any of its Subsidiaries to, do any of the following:

7.1 **Indebtedness.** Create, incur, assume, suffer to exist, guarantee, or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness, except for Permitted Indebtedness.

7.2 **Liens.** Create, incur, assume, or suffer to exist, directly or indirectly, any Lien on or with respect to any of its assets, of any kind, whether now owned or hereafter acquired, or any income or profits therefrom, except for Permitted Liens.

#### 7.3 **Restrictions on Fundamental Changes.**

(a) Other than pursuant to the RSA, enter into any merger, consolidation, reorganization, or recapitalization, or reclassify its Stock;

(b) Liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution);

(c) Suspend or cease operation of a substantial portion of its or their business; or

(d) Form or acquire any direct or indirect Subsidiary after the Closing Date without the prior written consent of Lender, which consent may be given or withheld by Lender in its sole discretion.

7.4 **Disposal of Assets.** Other than Permitted Dispositions or transactions expressly permitted by Sections 7.3 or 7.12, sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the

Collateral or any other asset except as expressly permitted by this Agreement. Lender shall not be deemed to have consented to any sale or other disposition of any of the Collateral or any other asset except as expressly permitted in this Agreement or the other Loan Documents.

7.5 **Change Name.** Change the name, organizational identification number, state of organization, organizational identity or “location” for purposes of Section 9-307 of the Code of any Loan Party or any of its Subsidiaries, in each case without providing at least 45 days prior written notice thereof to Lender.

7.6 **Nature of Business.** Make any change in the nature of its or their business as conducted on the date of this Agreement or acquire any properties or assets that are not reasonably related to the conduct of such business activities; provided, however, that the foregoing shall not prevent any Loan Party or any of its Subsidiaries from engaging in any business that is reasonably related or ancillary to its business.

7.7 **Prepayments and Amendments.**

(a) Except as expressly permitted by the Interim Order or the Final Order (as applicable), make any payment on account of Indebtedness or other obligations which are pre-Petition Date obligations or otherwise have been contractually subordinated in right of payment to the Obligations (or the “Obligations”, as such term is defined in the Prepetition Credit Facility) if such payment is not permitted at such time under this Agreement and the applicable subordination terms and conditions, including, without limitation, making any payment in respect of any Subordinated Debt if such payment is not expressly permitted under this Agreement and under the applicable Subordination Agreement; or

(b) Except as expressly permitted by the Interim Order or the Final Order (as applicable), directly or indirectly, amend, modify, or change any of the terms or provisions of

(i) any agreement, instrument, document, indenture, or other writing evidencing or governing any of the Subordinated Debt, except to the extent expressly permitted under the terms of the applicable Subordination Agreement and not inconsistent with the provisions of this Agreement;

(ii) any Material Contract except to the extent that such amendment, modification, or change could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change; or

(iii) the Governing Documents of any Loan Party or any of its Subsidiaries if the effect thereof, either individually or in the aggregate, could reasonably be expected to be materially adverse to the interests of Lender.

7.8 **Change of Control.** Other than pursuant to the RSA, cause, permit, or suffer, directly or indirectly, any Change of Control.

7.9 **Restricted Junior Payments.** Declare or make any Restricted Junior Payment.

7.10 **Accounting Methods.** Modify or change its method of accounting (other than as may be required to be in conformity with GAAP).

7.11 **Investments; Controlled Investments.**

(a) Except for Permitted Investments, directly or indirectly, make or acquire any Investment or incur any liabilities (including contingent obligations) for or in connection with any Investment.

(b) Other than amounts deposited into Deposit Accounts identified on Schedule 5.15 to the Information Certificate which are specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the employees of any Loan Party or its Subsidiaries and other than amounts permitted in the petty cash accounts described in the following sentence, make, acquire, or permit to exist Permitted Investments consisting of cash, Cash Equivalents, or amounts credited to Deposit Accounts or Securities Accounts unless such Loan Party or such Subsidiary, as applicable, and the applicable bank or securities intermediary have entered into Control Agreements with Lender governing such Permitted Investments in order to perfect (and further establish) Lender’s Liens in such Permitted Investments. No Loan Party shall, or shall permit any of its Subsidiaries, to establish or maintain any Deposit Account or Securities Account with a banking institution other than Lender or Wells Fargo, except for up to two (2) petty cash accounts maintained with banks (other than Lender) provided such petty cash accounts shall not contain more than \$5,000 in the aggregate at any one time.

7.12 **Transactions with Affiliates.** Directly or indirectly enter into or permit to exist any transaction with any Loan Party or any Affiliate of any Loan Party or any of its Subsidiaries except for:

(a) so long as it has been approved by a Loan Party's or its applicable Subsidiary's Board of Directors (or comparable governing body) in accordance with Applicable Law, any reasonable and customary indemnity provided for the benefit of directors (or comparable managers) of such Loan Party or its applicable Subsidiary;

(b) so long as it has been approved by a Loan Party's or its applicable Subsidiary's Board of Directors (or comparable governing body) in accordance with Applicable Law, the payment of reasonable compensation, severance, or employee benefit arrangements to employees, officers, and outside directors of such Loan Party or its applicable Subsidiary in the ordinary course of business and consistent with industry practice;

(c) transactions expressly permitted by Section 7.3 or Section 7.9;

(d) so long as Borrower has provided prior written notice thereof to Lender, a transaction not otherwise prohibited by this Agreement which has terms and conditions as favorable to such Loan Party as would be obtainable by such Loan Party in a comparable arms-length transaction with a Person which is not another Loan Party, Subsidiary or Affiliate; and

(e) the lending arrangement between Borrower and certain individual members of the Groeb family pursuant to which such individuals are indebted to Borrower in the approximate amount of \$185,000 on the Closing Date (as further described in Schedule P-1).

7.13 **Use of Proceeds.** The proceeds of the loans and Collections and Proceeds of Collateral shall be used (a) subject to the Orders and the limitations set forth in this Agreement, to refinance all of the Obligations (as such term is defined in the Prepetition Credit Facility) arising under or in connection with the Prepetition Credit Facility and to the extent outstanding on the Petition Date (except to the extent of \$3,000,000 of the Advances (as such term is defined in the Prepetition Credit Facility) which amount shall remain outstanding under the Prepetition Credit Facility in accordance with its terms), (b) on the Closing Date and thereafter, to pay the fees, costs and expenses, including Lender Expenses, incurred in connection with this Agreement, the other Loan Documents, and the transactions contemplated hereby and thereby, (c) subject to the terms and conditions hereof and the Approved Budget, for working capital purposes of Borrower, and (d) any payments contemplated by the so called "first day" motions filed in connection with the Case to the extent expressly permitted by the Approved Budget; provided, however, that no part of the proceeds of the loans made to Borrower will be used to purchase or carry any Margin Stock, to extend credit to others for the purpose of purchasing or carrying any Margin Stock or for any other purpose, in each case that violates the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System or for any purpose not permitted by the Orders, as applicable. Borrower shall not be permitted to use the proceeds of the loans: (i) to make any adequate protection payments not required under the Interim Order or the Final Order (as applicable), (ii) to finance in any way any action, suit, arbitration, proceedings, application, motion or other litigation challenging the validity, perfection, priority, extent or enforceability of the Obligations or the Liens of Lender on the Collateral, (iii) to finance in any way any action, suit, arbitration, proceedings, application, motion or other litigation challenging the validity, perfection, priority, extent or enforceability of the Obligations or the Liens of the Prepetition Lender on the Collateral (as defined in the Prepetition Credit Facility), (iv) except as required under the Interim Order or the Final Order, to make any payment in settlement of any claim, action or proceeding, before any court, arbitrator or other governmental body without the prior written consent of Lender or (v) unless the Lender shall grant its consent in writing in its sole discretion, in violation of the Approved Budget.

7.14 **Limitation on Issuance of Stock.** Issue or sell or enter into any agreement or arrangement for the issuance and sale of any of its Stock which would result in a Change of Control.

7.15 **Consignments.** Consign any of its Inventory or sell any of its Inventory on bill and hold, sale or return, sale on approval, or other conditional terms of sale, except as set forth on Schedule 7.15 to the Information Certificate.

7.16 **Inventory and Equipment with Bailees.** Store the Inventory or Equipment of any Loan Party or any of its Subsidiaries at any time now or hereafter with a bailee, warehouseman, or similar party, except as set forth on Schedule 5.29 to the Information Certificate or on Schedule 7.16 to the Information Certificate; provided, however, that Borrower may amend Schedule 5.29 to the Information Certificate so long as such amendment occurs by written notice to Lender not less than 10 days prior to the date such Inventory or Equipment is moved to such new location, and so long as, at the time of such written notice, the applicable Loan Party provides Lender a Collateral Access Agreement with respect to such location if such location is not owned by such Loan Party; provided, further, however, that no Collateral Access Agreement shall be required with respect to any such additional bailee or warehouseman location at which the maximum amount of Inventory and Equipment stored at such location does not exceed \$100,000.

7.17 **Salaries and Other Compensation.** Pay excessive or unreasonable salaries, bonuses, commissions, consultant fees or other compensation; or increase the salary, bonus, commissions, consultant fees or other compensation of the directors, officers and consultants of any Loan Party, and any members of their families except to the extent approved in an order entered by the Bankruptcy Court and acceptable to the Lender in its reasonable discretion, and permitted pursuant to the Applicable Budget.

7.18 **Lease Rejections.** Borrower shall not, and shall not permit any other Loan Party to, pursuant to Section 365 of the Bankruptcy Code, reject a Lease or otherwise terminate a Lease (including, without limitation, as a result of the expiration of the assumption period provided for in Section 365(d)(4) of the Bankruptcy Code) without first providing 15 days' prior written notice to Lender (or such lesser period agreed to by Lender in its reasonable discretion) during which time Lender shall be permitted to find a replacement leasee to whom such Lease may be assigned; Borrower hereby consents to such prospective assignee found by Lender and agrees that the Loan Parties shall (i) not seek to reject such Lease, (ii) promptly withdraw any previously filed rejection motion and (iii) promptly file a motion seeking expedited relief and hearing on the earliest court date available for purposes of assuming such Lease and assigning it to such assignees.

7.19 **Chapter 11 Claims.** Borrower shall not incur, create, assume, suffer to exist or permit any super-priority administrative claim against any Loan Party which is *pari passu* with or senior to the claims of Lender against the Loan Parties.

7.20 **Repayment of Indebtedness.** Except pursuant to a confirmed Reorganization Plan or the "first day" orders and except as specifically permitted hereunder, Borrower shall not, without the express prior written consent of Lender, make any payment or transfer with respect to any Lien, Indebtedness or other obligation incurred or arising prior to the filing of the Case that is subject to the automatic stay provisions of the Bankruptcy Code whether by way of "adequate protection" under the Bankruptcy Code or otherwise.

## 8. **[RESERVED]**

## 9. **EVENTS OF DEFAULT.**

Any one or more of the following events shall constitute an event of default (each, an "**Event of Default**") under this Agreement:

9.1 If Borrower fails to pay when due and payable, or when declared due and payable, all or any portion of the Obligations consisting of principal, interest, fees, charges or other amounts due Lender or any Bank Product Provider, reimbursement of Lender Expenses, or other amounts constituting Obligations (including any portion thereof that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding);

9.2 If any Loan Party or any of its Subsidiaries:

(a) fails to perform or observe any covenant or other agreement contained in any of (i) Sections 4.3, 6.1, 6.2, 6.3 (solely if any Loan Party is not in good standing in its jurisdiction of organization), 6.5(a) (solely with respect to F.I.C.A., F.U.T.A., federal income taxes and any other taxes or assessments the non-payment of which may result in a lien having priority over Lender's Liens), 6.5(b), 6.6, 6.7 (solely if any Loan Party or any of its Subsidiaries refuses to allow Lender or its representatives or agents to visit its properties, inspect its assets or books or records, examine and make copies of its books and records, or discuss its affairs, finances, and accounts with its officers and employees), 6.8, 6.11, 6.12; 6.13, 6.14, 6.16 or 6.17 of this Agreement, or (ii) Section 7 of this Agreement;

(b) fails to perform or observe any covenant or other agreement contained in any of Sections 6.3 (other than if a Loan Party is not in good standing in its jurisdiction of organization), 6.4, 6.5(a) (other than F.I.C.A., F.U.T.A., federal income taxes and any other taxes or assessments the non-payment of which may result in a lien having priority over Lender's Liens), 6.7 (other than if any Loan Party or any of its Subsidiaries refuses to allow Lender or its representatives or agents to visit its properties, inspect its assets or books or records, examine and make copies of its books or records or disclose its affairs, finances, and accounts with its officers and employees), 6.9, 6.10, and 6.15 of this Agreement and such failure continues for a period of 15 days after the earlier of (i) the date on which such failure shall first become known to any officer of any Loan Party or (ii) the date on which written notice thereof is given to any Loan Party by Lender; or

(c) fails to perform or observe any covenant or other agreement contained in this Agreement, or in any of the other Loan Documents, in each case, other than any such covenant or agreement that is unable to be cured or is the subject of another provision of this Section 9 (in which event such other provision of this Section 9 shall govern), and such failure

continues for a period of 30 days after the earlier of (i) the date on which such failure shall first become known to any officer of any Loan Party or (ii) the date on which written notice thereof is given to any Loan Party by Lender;

(d) (i) fails to perform or observe any covenant or other agreement contained in the RSA or (ii) takes any action inconsistent with the RSA;

9.3 [Reserved]

9.4 [Reserved]

9.5 [Reserved]

9.6 If any Loan Party or any of its Subsidiaries or any Guarantor is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of the business affairs of such Loan Party, such Subsidiary or such Guarantor, taken as a whole;

9.7 [Reserved]

9.8 If any warranty, representation, certificate, statement, or Record made herein or in any other Loan Document or delivered in writing to Lender in connection with this Agreement or any other Loan Document proves to be untrue in any material respect (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of the date of issuance or making or deemed making thereof;

9.9 If the obligation of any Guarantor under any Guaranty or any other Loan Document to which any Guarantor is a party is limited or terminated by operation of law or by such Guarantor (other than in accordance with the terms of this Agreement or such Guaranty), or if any Guarantor fails to perform any obligation under any Guaranty or under any such Loan Document, or repudiates or revokes or purports to repudiate or revoke any obligation under any Guaranty or any such Loan Document, or any Guarantor is dissolved, liquidated or ceases to exist for any reason (in each case other than as a result of a transaction expressly permitted under the Loan Documents);

9.10 [Reserved]

9.11 [Reserved]

9.12 If any event or circumstance shall occur which, in the sole discretion of Lender exercised in good faith, would be reasonably likely to cause Lender to suspect that any Loan Party or any Guarantor has engaged in fraudulent activity with respect to the Collateral or other matters;

9.13 Any director, officer or owner of at least ten percent (10%) of the issued and outstanding ownership interests of a Loan Party or a Guarantor is indicted for a felony offense under state or federal law involving embezzlement, fraud or any other financial crime or any other felony offense under state or federal law involving intentional misconduct, or a Loan Party or a Guarantor hires an officer or appoints a director who has been convicted of any such felony offense, or a Person becomes an owner of at least ten percent (10%) of the issued and outstanding ownership interests of a Loan Party or a Guarantor who has been convicted of any such felony offense; provided, however, the indictment of Ernest Groeb and/or Troy Groeb, formerly directors/officers and current owners, for felony offenses involving the illegal importation of honey or related offenses under state or federal laws shall not constitute an Event of Default under this Section 9.13;

9.14 If any Loan Party or any Guarantor fails to pay any indebtedness or obligation owed to Lender or its Affiliates which is unrelated to the Credit Facility or this Agreement as it becomes due and payable or the occurrence of any default or event of default under any agreement between any Loan Party or any Guarantor and Lender or its Affiliates unrelated to the Loan Documents;

9.15 The validity or enforceability of any Loan Document as against any Loan Party or of any Guaranty as against such Guarantor shall at any time for any reason be declared to be null and void, or a proceeding shall be commenced by a Loan Party or any Subsidiary of a Loan Party or by any Guarantor, or by any Governmental Authority having jurisdiction over a Loan Party or any Subsidiary of a Loan Party or any Guarantor, seeking to establish the invalidity or unenforceability thereof as against any Loan Party or any Guarantor, or a Loan Party or any Subsidiary of a Loan Party or any Guarantor shall deny that such Loan Party or such Subsidiary or such Guarantor has any liability or obligation purported to be created under any Loan Document or any Guaranty;

9.16 If (i) an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Loan Party under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$25,000, or (ii) any Loan Party or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan;

9.17 If any Key Officer shall die or shall fail to remain in such position or shall fail to perform the material duties of such position;

9.18 If Borrower implements any product recall involving any products of Borrower which Borrower's customers have purchased from Borrower in an aggregate amount in excess of \$25,000 during any Fiscal Year;

9.19 Any Loan Party or any Guarantor (i) becomes the subject of any governmental investigation related to any felony offense, or is indicted by any Governmental Authority with respect to any felony offense, under federal or state law; provided, however, that the investigation which was commenced by the USAO NDIL and described in, and deferred pursuant to, the Deferred Prosecution Agreement, shall not be deemed a violation of this Section 9.19 so long as any such investigation or prosecution continues to be deferred under the Deferred Prosecution Agreement and so long as Borrower has not failed to cure a material breach under the Deferred Prosecution Agreement within the applicable cure period (if any) under the Deferred Prosecution Agreement, or (ii) becomes the subject of any investigation, prosecution, charge or action related to any offense or any violation of law related to the factual matters described in the Deferred Prosecution Agreement by any federal or state agency or department or other Governmental Authority other than the USAO NDIL;

9.20 (a) Borrower receives notice from the USAO NDIL that a material breach has occurred under any provision of the Deferred Prosecution Agreement and such material breach has not been cured within the applicable cure period (if any) under the Deferred Prosecution Agreement, (b) the USAO NDIL commences or recommences any investigation or prosecution with respect to any matter or matters described in the factual statement of the Deferred Prosecution Agreement, or (c) the Deferred Prosecution Dismissal has not occurred on or before February 28, 2015;

9.21 If any obligation of any Pledgor under any Pledge Agreement or other Loan Document to which it is a party is limited or terminated by operation of law, or if any Pledgor fails to perform any of its obligations under any Pledge Agreement or other Loan Document to which it is a party, or any Pledgor purports to repudiate or revoke any of its obligations under any Pledge Agreement or other Loan Document to which it is a party, or any Pledgor is dissolved, liquidated or ceases to exist for any reason or is the subject of an Insolvency Proceeding;

9.22 The Case shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code or Borrower or any Loan Party shall file a motion or other pleading seeking the dismissal of the Case under Section 1112 of the Bankruptcy Code or otherwise; a trustee under Chapter 7 or Chapter 11 of the Bankruptcy Code, a responsible officer or an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106(b) of the Bankruptcy Code shall be appointed in the Case and the order appointing such trustee, responsible office or examiner shall be reversed or vacated within 20 days after the entry thereof; an order of a Bankruptcy Court shall be entered granting any Superpriority Claim (other than the Carve-Out) in the Case which is *pari passu* with or senior to the claims of Lender against Borrower or any Loan Party thereunder;

9.23 The Bankruptcy Court shall enter an order or orders granting relief from the automatic stay applicable under Section 362 of the Bankruptcy Code to the holder or holders of any security interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any assets of Borrower or any of the Loan Parties or permit other actions that would result in a Material Adverse Change;

9.24 An order of the Bankruptcy Court shall be entered reversing, staying, vacating or (without the written consent of Lender) otherwise amending, supplementing or modifying the Interim Order or the Final Order in a manner which is adverse to the interest of Lender;

9.25 Except as permitted by the Interim Order or Final Order, or as otherwise permitted by this Agreement (including in connection with adequate protection payments), or as otherwise agreed to by Lender, Borrower or any Loan Party shall make any Prepetition Payment other than Prepetition Payments authorized by the Bankruptcy Court (i) in accordance with "first day" or "second day" orders, (ii) in connection with the assumption of executor contracts and unexpired leases and (ii) in respect of accrued payroll and related expenses and employee benefits as of the Petition Date;

9.26 Borrower or any Loan Party shall not comply with any terms of any of the (i) Interim Order, (ii) Final Order or (iii) Approved Budget;

9.27 Borrower or any other Loan Party shall file a motion seeking, or the Bankruptcy Court shall enter, an order, authorizing a process for the sale of all or substantially all of Borrower's or any Loan Party's assets pursuant to Section 363 of the Bankruptcy Code;

9.28 Borrower or any Subsidiary shall fail to make payments (whether principal, interest or fees and expenses and in excess of \$5,000) in respect to any post-Petition Date Indebtedness, when and as the same shall become due and payable;

9.29 Any event or condition occurs that results in any post-Petition Date Indebtedness in an aggregate principal amount in excess of \$5,000 becoming due prior to its scheduled maturity or that enables or permits (after the giving of notice and/or the lapse of any applicable grace period) the holder or holders of such Indebtedness or any trustee or agent on its or their behalf to cause any such Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this Section 9.29 shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

9.30 One or more judgment for the payment of money of a post-Petition Date liability or debt in excess of amounts covered by insurance shall be rendered against Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of ten (10) consecutive days during which executing shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Borrower or any Subsidiary to enforce any such judgment; and

9.31 Any Lien purported to be created under any Loan Documents including the Interim Order or the Final Order shall cease to be, or shall be asserted by Borrower or any Loan Party not to be, a valid and perfected Lien on any material portion of the Collateral, with the priority required by the applicable Loan Document, Interim Order or Final Order, except as expressly permitted hereunder or thereunder; or any Borrower or Loan Party or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document or any Lien granted under any Loan Document or the Interim Order or the Final Order; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any provision of any Loan Document.

9.32 Any Subordinated Creditor that is a party to the RSA shall file a motion with the Bankruptcy Court in breach of the applicable Subordination Agreement with Borrower or otherwise in breach of the RSA.

9.33 Any Subordinated Creditor that is not a party to the RSA shall file a motion with the Bankruptcy Court in breach of the applicable Subordination Agreement with Borrower and such motion is not dismissed within fourteen (14) days.

9.34 Except as a result of the Case, any material provision of any Prepetition Loan Documents, at any time after their execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or as a result of acts or omissions by the Prepetition Lender or the Payment in Full of the Prepetition Obligations, ceases to be in full force and effect; or any Loan Party contests in writing the validity or enforceability of any provision of any Prepetition Loan Documents; or any Loan Party denies in writing that it has any or further liability or obligation under any Prepetition Loan Documents (other than as a result of a discharge of such Loan Party's Prepetition Obligations in accordance with the terms thereof), or purports in writing to revoke or rescind any Prepetition Loan Documents.

9.35 The loss of plan exclusivity by the Company under section 1121 of the Bankruptcy Code.

## **10. RIGHTS AND REMEDIES.**

10.1 **Rights and Remedies.** Upon the occurrence and during the continuance of an Event of Default, Lender may, notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before or notice from, the Bankruptcy Court (in each case under clauses (a) or (b) by written notice to Borrower), in addition to any other rights or remedies provided for hereunder or under any other Loan Document or by Applicable Law, do any one or more of the following:

(a) declare the Obligations (other than the Hedge Obligations, which may be accelerated in accordance with the terms of the applicable Hedge Agreement), whether evidenced by this Agreement or by any of the other Loan Documents immediately due and payable, whereupon the same shall become and be immediately due and payable and Borrower and each other Loan Party shall be obligated to repay all of such Obligations in full, without presentment, demand, protest, or further notice or other requirements of any kind, all of which are hereby expressly waived by Borrower and each Loan Party;

(b) declare the funding obligations of Lender under this Agreement terminated, whereupon such funding obligations shall immediately be terminated together with any obligation of Lender hereunder to make Advances;

(c) give notice to an Account Debtor or other Person obligated to pay an Account, a General Intangible, Negotiable Collateral, or other amount due, notice that the Account, General Intangible, Negotiable Collateral or other amount due has been assigned to Lender for security and must be paid directly to Lender and Lender may collect the Accounts, General Intangible and Negotiable Collateral of each Loan Party directly, and any collection costs and expenses shall constitute part of the Obligations under the Loan Documents;

(d) in Lender's name or in each Loan Party's name, as such Loan Party's agent and attorney-in-fact, notify the United States Postal Service to change the address for delivery of such Loan Party's mail to any address designated by Lender, otherwise intercept such Loan Party's mail, and receive, open and dispose of such Loan Party's mail, applying all Collateral as permitted under this Agreement and holding all other mail for such Loan Party's account or forwarding such mail to such Loan Party's last known address;

(e) without notice to or consent from any Loan Party, and without any obligation to pay rent or other compensation, take exclusive possession of all locations where any Loan Party conducts its business or has any rights of possession and use the locations to store, process, manufacture, sell, use, and liquidate or otherwise dispose of items that are Collateral, and for any other incidental purposes deemed appropriate by Lender in good faith; and

(f) exercise all other rights and remedies provided for in this Agreement, in the other Loan Documents, or otherwise available to it, including, without limitation, all the rights and remedies of a secured party on default under the Code or any other Applicable Law.

10.2 **Additional Rights and Remedies.** Without limiting the generality of the foregoing and upon the occurrence and during the continuance of an Event of Default, Borrower and each other Loan Party expressly agrees that:

(a) Lender, without demand of performance or other demand, advertisement or notice of any kind (except a notice specified below of time and place of public or private sale) to or upon Borrower, any Loan Party or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the Code or any other Applicable Law), may take immediate possession of all or any portion of the Collateral and (i) require Borrower and each other Loan Party to, and Borrower and each other Loan Party hereby agrees that it will at its own expense and upon request of Lender forthwith, assemble all or part of the Collateral as directed by Lender and make it available to Lender at one or more locations designated by Lender where Borrower or such other Loan Party conducts business, and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Lender's, Borrower's or such other Loan Party's offices or elsewhere, for cash, on credit, and upon such other terms as Lender may deem commercially reasonable. Borrower and each other Loan Party agrees that, to the extent notice of sale shall be required by law, at least 10 days notice to Borrower or such other Loan Party of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification and such notice shall constitute a reasonable "authenticated notification of disposition" within the meaning of Section 9-611 of the Code. Lender shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Lender may adjourn any public or private sale from time to time, and such sale may be made at the time and place to which it was so adjourned. Borrower and each other Loan Party agrees that the internet shall constitute a "place" for purposes of Section 9-610(b) of the Code. Borrower and each other Loan Party agrees that any sale of Collateral to a licensor pursuant to the terms of a license agreement between such licensor and Borrower or such other Loan Party is sufficient to constitute a commercially reasonable sale (including as to method, terms, manner, and time) within the meaning of Section 9-610 of the Code;

(b) Lender may, in addition to other rights and remedies provided for herein, in the other Loan Documents, or otherwise available to it under Applicable Law and without the requirement of notice to or upon any Loan Party or any other Person (which notice is hereby expressly waived to the maximum extent permitted by the Code or any other Applicable Law), (i) with respect to any Loan Party's Deposit Accounts in which Lender's Liens are perfected by control under Section 9-104 of the Code, instruct the bank maintaining such Deposit Account for the applicable Loan Party to pay the balance of such Deposit Account to or for the benefit of Lender, and (ii) with respect to any Loan Party's Securities Accounts in which Lender's Liens are perfected by control under Section 9-106 of the Code, instruct the securities intermediary maintaining such Securities Account for the applicable Loan Party to (A) transfer any cash in such Securities Account to or for the benefit of Lender, or (B) liquidate any financial assets in such Securities Account that are customarily sold on a recognized market and transfer the cash proceeds thereof to or for the benefit of Lender;

(c) any cash held by Lender as Collateral and all cash proceeds received by Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied against the Obligations in the order set forth in Section 10.5 of this Agreement. In the event the proceeds of Collateral are insufficient to satisfy all of the Obligations in full, Borrower and each other Loan Party shall remain jointly and severally liable for any such deficiency; and



(d) the Obligations arise out of a commercial transaction, and that if an Event of Default shall occur and be continuing Lender shall have the right to an immediate writ of possession without notice of a hearing. Lender shall have the right to the appointment of a receiver for each Loan Party or for the properties and assets of each Loan Party, and Borrower and each other Loan Party hereby consents to such rights and such appointment and hereby waives any objection Borrower or such Loan Party may have thereto or the right to have a bond or other security posted by Lender.

10.3 **Lender Appointed Attorney in Fact.** Borrower and each other Loan Party hereby irrevocably appoints Lender its attorney-in-fact, with full authority in the place and stead of Borrower or such Loan Party and in the name of Borrower or such Loan Party or otherwise, at such time as an Event of Default has occurred and is continuing, to take any action and to execute any instrument which Lender may reasonably deem necessary or advisable to accomplish the purposes of this Agreement, including:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Accounts or any other Collateral of Borrower or such other Loan Party;

(b) to receive, indorse, and collect any drafts or other instruments, documents, Negotiable Collateral or Chattel Paper;

(c) to file any claims or take any action or institute any proceedings which Lender may deem necessary or desirable for the collection of any of the Collateral of Borrower or such other Loan Party or otherwise to enforce the rights of Lender with respect to any of the Collateral;

(d) to repair, alter, or supply Goods, if any, necessary to fulfill in whole or in part the purchase order of any Person obligated to Borrower or such other Loan Party in respect of any Account of Borrower or such other Loan Party;

(e) to use any Intellectual Property or Intellectual Property Licenses of Borrower or such other Loan Party including but not limited to any labels, Patents, Trademarks, trade names, URLs, domain names, industrial designs, Copyrights, or advertising matter, in preparing for sale, advertising for sale, or selling Inventory or other Collateral and to collect any amounts due under Accounts, contracts or Negotiable Collateral of Borrower or such other Loan Party;

(f) to take exclusive possession of all locations where Borrower or such other Loan Party conducts its business or has rights of possession, without notice to or consent of Borrower or any Loan Party and to use such locations to store, process, manufacture, sell, use, and liquidate or otherwise dispose of items that are Collateral, without obligation to pay rent or other compensation for the possession or use of any location;

(g) Lender shall have the right, but shall not be obligated, to bring suit in its own name or in the applicable Loan Party's name, to enforce the Intellectual Property and Intellectual Property Licenses and, if Lender shall commence any such suit, Borrower or such other Loan Party shall, at the request of Lender, do any and all lawful acts and execute any and all proper documents reasonably required by Lender in aid of such enforcement; and

(h) to the extent permitted by law, Borrower and each other Loan Party hereby ratifies all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until all commitments of Lender under this Agreement to provide extensions of credit are terminated and all Obligations have been paid in full in cash.

10.4 **Remedies Cumulative.** The rights and remedies of Lender under this Agreement, the other Loan Documents, and all other agreements shall be cumulative. Lender shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by Lender of one right or remedy shall be deemed an election, and no waiver by Lender of any Default or Event of Default shall be deemed a continuing waiver. No delay by Lender shall constitute a waiver, election, or acquiescence by it.

10.5 **Crediting of Payments and Proceeds.** All payments received by Lender with respect to the Obligations and all net proceeds from the enforcement of the Obligations shall be applied in such manner as Lender shall determine in its sole discretion and, thereafter, to Borrower (to be wired to the Designated Account) or such other Person entitled thereto under Applicable Law.

10.6 **Marshaling.** Lender shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies under the Loan Documents and

in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, Borrower and each other Loan Party hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of Lender's rights and remedies under the Loan Documents or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations are outstanding or by which any of the Obligations are secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, Borrower hereby irrevocably waives the benefits of all such laws.

10.7 **License.** Borrower and each other Loan Party hereby grants to Lender a non-exclusive, worldwide and royalty-free license to use or otherwise exploit all Intellectual Property rights of Borrower and such other Loan Party for the purpose of: (a) completing the manufacture of any in-process materials upon the occurrence and during the continuance of any Event of Default so that such materials become saleable Inventory, all in accordance with the same quality standards previously adopted by Borrower or such other Loan Party for its own manufacturing; and (b) selling, leasing or otherwise disposing of any or all Collateral upon the occurrence and during the continuance of any Event of Default.

## 11. **WAIVERS; INDEMNIFICATION.**

11.1 **Demand; Protest; etc.** Borrower and each other Loan Party waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, nonpayment at maturity, release, compromise, settlement, extension, or renewal of documents, instruments, chattel paper, and guarantees at any time held by Lender on which Borrower or such other Loan Party may in any way be liable.

11.2 **The Lender's Liability for Collateral.** Borrower and each other Loan Party hereby agrees that: (a) so long as Lender complies with its obligations, if any, under the Code, Lender shall not in any way or manner be liable or responsible for: (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other Person, and (b) all risk of loss, damage, or destruction of the Collateral shall be borne by Borrower and such other Loan Party.

11.3 **Indemnification.** Borrower and each other Loan Party shall pay, indemnify, defend, and hold the Lender-Related Persons (each, an "**Indemnified Person**") harmless (to the fullest extent permitted by law) from and against any and all claims, demands, suits, actions, investigations, proceedings, liabilities, fines, costs, penalties, and damages, and all reasonable fees and disbursements of attorneys, experts, or consultants and all other costs and expenses actually incurred in connection therewith or in connection with the enforcement of this indemnification (as and when they are incurred and irrespective of whether suit is brought), at any time asserted against, imposed upon, or incurred by any of them (a) in connection with or as a result of or related to the execution and delivery, enforcement, performance, or administration (including any restructuring, waiver, amendment, forbearance or workout with respect hereto) of this Agreement, any of the other Loan Documents, the Interim Order, the Final Order or the transactions contemplated hereby or thereby or the monitoring of compliance by each Loan Party and each of its Subsidiaries with the terms of the Loan Documents, (b) with respect to any investigation, litigation, or proceeding related to this Agreement, any other Loan Document, the Interim Order, the Final Order or the use of the proceeds of the credit provided hereunder (irrespective of whether any Indemnified Person is a party thereto), or any act, omission, event, or circumstance in any manner related thereto, (c) in connection with the custody, preservation, use or operation of, or, upon an Event of Default, the sale of, collection from, or other realization upon, any of the Collateral in accordance with this Agreement and the other Loan Documents, (d) with respect to the failure by Borrower or any other Loan Party to perform or observe any of the provisions hereof or any other Loan Document, (e) in connection with the exercise or enforcement of any of the rights of Lender hereunder or under any other Loan Document, (f) in connection with or arising out of any presence or release of Hazardous Materials at, on, under, to or from any assets or properties owned, leased or operated by any Loan Party or any of its Subsidiaries or any Environmental Actions, Environmental Liabilities or Remedial Actions related in any way to any such assets or properties of any Loan Party or any of its Subsidiaries (g) in connection with the negotiation, preparation and filing and recordation of the Loan Documents, the Interim Order and the Final Order, (h) obtaining of approval of the Loan Documents by the Bankruptcy Court, (i) the preparation and review of pleadings, documents and reports related to the Case or any subsequent case under Chapter 7 of the Bankruptcy Code, attendance at meetings, court hearings or conferences related to the Case or any subsequent case under Chapter 7 of the Bankruptcy Code and (j) general monitoring of the Case or any subsequent case under Chapter 7 of the Bankruptcy Code (each and all of the foregoing, the "**Indemnified Liabilities**"). The foregoing to the contrary notwithstanding, neither Borrower nor any other Loan Party shall have any obligation to any Indemnified Person under this **Section 11.3** with respect to any Indemnified Liability that a court of competent jurisdiction finally determines to have resulted from the gross negligence or willful misconduct of such Indemnified Person or its officers, directors, employees, or attorneys. This provision shall survive the termination of this Agreement and the repayment of the Obligations. If any Indemnified Person makes any payment to any other Indemnified Person with respect to an Indemnified Liability as to which Borrower or any other Loan Party was required to indemnify the Indemnified Person receiving such payment, the Indemnified Person making such payment is entitled to be indemnified and reimbursed by Borrower or such Loan Party with respect thereto. **WITHOUT**

**LIMITATION, THE FOREGOING INDEMNITY SHALL APPLY TO EACH INDEMNIFIED PERSON WITH RESPECT TO INDEMNIFIED LIABILITIES WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF ANY NEGLIGENT ACT OR OMISSION OF SUCH INDEMNIFIED PERSON OR OF ANY OTHER PERSON.**

**12. NOTICES.**

Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement or any other Loan Document shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as a party may designate in accordance herewith), or telefacsimile. In the case of notices or demands to Borrower, any other Loan Party or Lender, as the case may be, they shall be sent to the respective address set forth below:

If to Borrower: **GROEB FARMS, INC.**  
10464 Bryan Highway  
Onsted, Michigan 49265  
Attn: Jack Irvin  
Fax: (517) 467-2840  
Email: jack@groebfarms.com

with courtesy copies to  
(which shall not constitute  
Notice for purposes of this  
Section 12):

**FOLEY & LARDNER LLP**  
777 East Wisconsin Avenue, Suite 3800  
Milwaukee, Wisconsin 53202  
Attn: Patricia J. Lane  
Fax: (414) 297-4900  
Email: plane@foley.com

If to Lender: **HC CAPITAL HOLDINGS 0909A, LLC**  
c/o Peak Rock Capital  
13413 Galleria Circle, Suite Q-300  
Austin, TX 78738  
Attn: Robert M. Strauss  
Fax: (512) 765-6530  
Email: Strauss@peakrockcapital.com

with courtesy copies to  
(which shall not constitute  
Notice for purposes of this  
Section 12):

**KIRKLAND & ELLIS LLP**  
601 Lexington Avenue  
New York, NY 10022  
Attn: Leonard Klingbaum  
Fax: (212) 446-6460  
Email: Leonard.Klingbaum@kirkland.com

Any party hereto may change the address at which it is to receive notices hereunder, by notice in writing in the foregoing manner given to the other party. All notices or demands sent in accordance with this Section 12, shall be deemed received on the earlier of the date of actual receipt or 3 Business Days after the deposit thereof in the mail; provided, that (a) notices sent by overnight courier service shall be deemed to have been given when received, (b) notices by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient) and (c) notices by electronic mail shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgment). Any notice given by Lender to Borrower as provided in this Section 12 shall be deemed sufficient notice as to all Loan Parties, regardless of whether each Loan Party is sent a separate copy of such notice or whether each Loan Party is specifically identified in such notice.

**13. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.**

(a) **THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT), THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO AS WELL AS ALL CLAIMS, CONTROVERSIES OR DISPUTES ARISING UNDER OR RELATED TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (OTHER THAN ITS CONFLICT OF LAWS RULES AND EXCEPT TO THE EXTENT THE LAW OF ANY OTHER JURISDICTION APPLIES AS TO THE PERFECTION OR ENFORCEMENT OF LENDER'S LIEN IN ANY COLLATERAL AND EXCEPT TO THE EXTENT EXPRESSLY PROVIDED TO THE CONTRARY IN ANY LOAN DOCUMENT) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA (INCLUDING THE BANKRUPTCY CODE).**

(b) **ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY LOAN PARTY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY OBLIGATIONS HEREUNDER OR THEREUNDER, MUST BE BROUGHT IN THE BANKRUPTCY COURT AND, IF THE BANKRUPTCY COURT DOES NOT HAVE (OR ABSTAINS FROM) JURISDICTION, SUCH PROCEEDING MAY BE BROUGHT IN THE COURTS OF THE STATES OF NEW YORK OR MICHIGAN, THE COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, THE COURTS OF THE UNITED STATES OF AMERICA FOR THE EASTERN DISTRICT OF MICHIGAN AND APPELLATE COURTS OF ANY OF THE FOREGOING. EACH LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY CONSENTS AND AGREES THAT THE BANKRUPTCY COURT SHALL HAVE NON-EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN BORROWER, ON THE ONE HAND, AND LENDER, ON THE OTHER HAND, PERTAINING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS; PROVIDED, THAT BORROWER ACKNOWLEDGES THAT ANY APPEALS FROM THE BANKRUPTCY COURT MAY HAVE TO BE HEARD BY A COURT OTHER THAN THE BANKRUPTCY COURT; PROVIDED, FURTHER, THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE LENDER BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE SECURED OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER. EACH LOAN PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT. TO THE EXTENT PERMITTED BY LAW, EACH PARTY TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED MAIL (RETURN RECEIPT REQUESTED) DIRECTED TO IT AT ITS ADDRESS FOR NOTICES AS PROVIDED FOR IN SECTION 13. NOTHING IN THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.**

(c) **TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND EACH OTHER LOAN PARTY AND LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. BORROWER AND EACH OTHER LOAN PARTY AND LENDER REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

**14. ASSIGNMENTS; SUCCESSORS.** This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, however, that neither Borrower nor any other Loan Party may assign this Agreement or any other Loan Document or any rights or duties hereunder or under any of the other Loan Documents without Lender's prior written consent and any prohibited assignment shall be absolutely void *ab initio*. No consent to assignment by the Lender shall release Borrower or any other Loan Party from its Obligations. Lender may assign this Agreement and the other Loan

Documents in whole or in part and its rights and duties hereunder or grant participations in the Obligations hereunder and thereunder and no consent or approval by Borrower or any other Loan Party is required in connection with any such assignment or participation; provided, however, if a payment made to any assignee of Lender would be subject to U.S. federal withholding tax imposed by FATCA if such assignee were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the IRC, as applicable), such assignee shall deliver to Borrower at the time or times prescribed by law and at such time or times reasonably requested by Borrower such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the IRC) and such additional documentation reasonably requested by Borrower as may be necessary for Borrower to comply with its obligations under FATCA and to determine that such assignee has complied with such assignee's obligations under FATCA or to determine the amount to deduct and withhold from such payment.

**15. AMENDMENTS; WAIVERS.** No failure by Lender to exercise any right, remedy, or option under this Agreement or any other Loan Document, or delay by Lender in exercising the same, will operate as a waiver thereof. No amendment of any provision of this Agreement or of any of the other Loan Documents will be effective unless it is in writing and signed by Lender and Borrower, and then only to the extent specifically stated. No waiver by Lender of any provision of this Agreement or of any of the other Loan Documents will be effective unless it is in writing and signed by Lender, and then only to the extent specifically stated. No waiver or amendment by Lender on any occasion shall affect or diminish Lender's rights thereafter to require strict performance by Borrower and each other Loan Party of any provision of this Agreement. Lender's rights under this Agreement and the other Loan Documents will be cumulative and not exclusive of any other right or remedy that Lender may have. The Lender may require a written amendment to this Agreement in connection with any changes to any Schedule of the Information Certificate which Borrower makes to such Schedule of Information as permitted under this Agreement to reflect such changes to such Schedule of Information.

**16. TAXES.**

(a) All payments made by Borrower or any other Loan Party hereunder or under any note or other Loan Document will be made without setoff, counterclaim, or other defense. In addition, all such payments will be made free and clear of, and without deduction or withholding for, any present or future Taxes, and in the event any deduction or withholding of Taxes is required, Borrower shall comply with the next sentence of this Section 16(a). If any Taxes are so levied or imposed, Borrower agrees to pay the full amount of such Taxes and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement, any note, or Loan Document, including any amount paid pursuant to this Section 16(a) after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein; provided, however, that Borrower shall not be required to increase any such amounts if the increase in such amount payable results from Lender's or such Lender's own willful misconduct or gross negligence (as finally determined by a court of competent jurisdiction). Borrower will furnish to Lender as promptly as possible after the date the payment of any Tax is due pursuant to Applicable Law, certified copies of tax receipts evidencing such payment by Borrower.

(b) Borrower agrees to pay any present or future stamp, value added or documentary taxes or any other excise or property taxes, charges, or similar levies that arise from any payment made hereunder or from the execution, delivery, performance, recordation, or filing of, or otherwise with respect to this Agreement or any other Loan Document.

**17. GENERAL PROVISIONS.**

17.1 **Effectiveness.** This Agreement shall be binding and deemed effective when executed by Borrower, each Guarantor which is a party hereto and Lender.

17.2 **Section Headings.** Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

17.3 **Interpretation.** Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against the Lender or any Loan Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

17.4 **Severability of Provisions.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

17.5 **Debtor-Creditor Relationship.** The relationship between the Lender, on the one hand, and the Loan Parties, on the other hand, is solely that of creditor and debtor. Lender shall not have (and shall not be deemed to have) any fiduciary relationship or duty to any Loan Party arising out of or in connection with the Loan Documents or the transactions contemplated

thereby, and there is no agency or joint venture relationship between Lender, on the one hand, and the Loan Parties, on the other hand, by virtue of any Loan Document or any transaction contemplated therein.

17.6 **Counterparts; Electronic Execution.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

17.7 **Revival and Reinstatement of Obligations.** If the incurrence or payment of the Obligations by Borrower, any other Loan Party or any Guarantor or the transfer to Lender of any property should for any reason subsequently be asserted, or declared, to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the Bankruptcy Code relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (each, a "Voidable Transfer"), and if Lender is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the reasonable advice of its counsel, then, as to any such Voidable Transfer, or the amount thereof that Lender is required or elects to repay or restore, and as to all reasonable costs, expenses, and attorneys fees of Lender related thereto, the liability of Borrower, such other Loan Party or such Guarantor automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made and all of Lender's Liens in the Collateral shall be automatically reinstated without further action.

17.8 **Confidentiality.**

(a) Lender agrees that material, non-public information regarding the Loan Parties and their respective Subsidiaries, their operations, assets, and existing and contemplated business plans ("Confidential Information") shall be treated by Lender in a confidential manner, and shall not be disclosed by Lender to Persons who are not parties to this Agreement, except: (i) to attorneys for and other advisors, accountants, auditors, and consultants to Lender and to employees, directors and officers of Lender (the Persons in this clause (i), "Lender Representatives") on a "need to know" basis in connection with this Agreement and the transactions contemplated hereby and on a confidential basis, (ii) to Subsidiaries and Affiliates of Lender, provided that any such Subsidiary or Affiliate shall have agreed in writing for Borrower's benefit to receive such information hereunder subject to the terms of this Section 17.8, (iii) as may be required by regulatory authorities, (iv) as may be required by statute, decision, or judicial or administrative order, rule, or regulation; provided that (x) prior to any disclosure under this clause (iv), the disclosing party agrees to provide Borrower with prior notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to Borrower pursuant to the terms of the applicable statute, decision, or judicial or administrative order, rule, or regulation and (y) any disclosure under this clause (iv) shall be limited to the portion of the Confidential Information as may be required by such statute, decision, or judicial or administrative order, rule, or regulation, (v) as may be agreed to in advance in writing by Borrower, (vi) as requested or required by any Governmental Authority pursuant to any subpoena or other legal process, provided, that, (x) prior to any disclosure under this clause (vi) the disclosing party agrees to provide Borrower with prior written notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior written notice to Borrower pursuant to the terms of the subpoena or other legal process and (y) any disclosure under this clause (vi) shall be limited to the portion of the Confidential Information as may be required by such Governmental Authority pursuant to such subpoena or other legal process, (vii) as to any such information that is or becomes generally available to the public (other than as a result of prohibited disclosure by Lender or Lender Representatives), (viii) in connection with any assignment, participation or pledge of any Lender's interest under this Agreement, provided that prior to receipt of Confidential Information any such assignee, participant, or pledgee shall have agreed in writing for Borrower's benefit to receive such Confidential Information hereunder subject to the terms of this Section, (ix) in connection with any litigation or other adversary proceeding involving parties hereto which such litigation or adversary proceeding involves claims related to the rights or duties of such parties under this Agreement or the other Loan Documents; (x) to equity owners of each Loan Party and (xi) in connection with, and to the extent reasonably necessary for, the exercise of any secured creditor remedy under this Agreement or under any other Loan Document.

(b) Anything in this Agreement to the contrary notwithstanding, Lender may use the name, logos, and other insignia of the Loan Parties and the Maximum Revolver Amount provided hereunder in any "tombstone" or comparable advertising, on its website or in other marketing materials of Lender, in each case with the prior written approval of Borrower (not to be unreasonably withheld, conditioned or delayed).

17.9 **Lender Expenses.** Borrower and each other Loan Party agrees to pay the Lender Expenses on the earlier of (a) the first day of the month following the date on which such Lender Expenses were first incurred, or (b) the date on which demand therefor is made by Lender, and Borrower and each other Loan Party agrees that its obligations contained in this Section 17.9 shall survive payment or satisfaction in full of all other Obligations.

17.10 **Setoff.** Upon the occurrence and during the continuance of any Default or Event of Default, Lender may at any time, in its sole discretion and without demand or notice to anyone, setoff any liability owed to Borrower, any other Loan Party or any Guarantor by Lender against any of the Obligations, whether or not due.

17.11 **Survival.** All representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that Lender may have had notice or knowledge of any Default or Event of Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as any of the Obligations are outstanding and unpaid and so long as the obligation of Lender to provide extensions of credit hereunder has not expired or been terminated.

17.12 **Patriot Act.** Lender hereby notifies the Loan Parties that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender to identify each Loan Party in accordance with the Patriot Act. In addition, if Lender is required by law or regulation or internal policies to do so, it shall have the right to periodically conduct (a) Patriot Act searches, OFAC/PEP searches, and customary individual background checks for the Loan Parties, and (b) OFAC/PEP searches and customary individual background checks of the Loan Parties' senior management and key principals, and Borrower, each other Loan Party agrees to cooperate in respect of the conduct of such searches and further agrees that the reasonable costs and charges for such searches shall constitute Lender Expenses hereunder and be for the account of Borrower.

17.13 **Integration.** This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof. The foregoing to the contrary notwithstanding, all Bank Product Agreements, if any, are independent agreements governed by the written provisions of such Bank Product Agreements, which will remain in full force and effect, unaffected by any repayment, prepayments, acceleration, reduction, increase, or change in the terms of any credit extended hereunder, except as otherwise expressly provided in such Bank Product Agreement.

17.14 **Bank Product Providers.** Each Bank Product Provider shall be deemed a third party beneficiary hereof and of the provisions of the other Loan Documents for purposes of any reference in a Loan Document to the parties for whom Lender is acting. Lender hereby agrees to act as agent for such Bank Product Providers and, by virtue of entering into a Bank Product Agreement, the applicable Bank Product Provider shall be automatically deemed to have appointed Lender as its agent and to have accepted the benefits of the Loan Documents; it being understood and agreed that the rights and benefits of each Bank Product Provider under the Loan Documents consist exclusively of such Bank Product Provider's being a beneficiary of the Liens and security interests (and, if applicable, guarantees) granted to Lender and the right to share in payments and collections of the Collateral as more fully set forth herein and in the other Loan Documents. In addition, each Bank Product Provider, by virtue of entering into a Bank Product Agreement, shall be automatically deemed to have agreed that Lender shall have the right, but shall have no obligation, to establish, maintain, relax, or release Reserves in respect of the Bank Product Obligations and that if Reserves are established there is no obligation on the part of Lender to determine or ensure whether the amount of any such reserve is appropriate or not. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, no provider or holder of any Bank Product shall have any voting or approval rights hereunder solely by virtue of its status as the provider or holder of such agreements or products or the Obligations owing thereunder, nor shall the consent of any such provider or holder be required for any matter hereunder or under any of the other Loan Documents, including as to any matter relating to the Collateral or the release of Collateral or any other Loan Party.

[Signature pages to follow]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed and delivered under seal as of the date first above written.

**BORROWER:**

**GROEB FARMS, INC.**

By: \_\_\_\_\_  
Name:  
Title:



**LENDER:**

**HC CAPITAL HOLDINGS 0909A, LLC**

By: \_\_\_\_\_

Name:

Title:

### **Schedule 1.1**

a. **Definitions.** As used in this Agreement, the following terms shall have the following definitions:

“Account” means an account (as that term is defined in Article 9 of the Code).

“Account Debtor” means an account debtor (as that term is defined in the Code).

“Additional Cash Collateral” means, the cash collateral in the original amount of approximately \$1,000,000 deposited by Pledgors in deposit accounts maintained with Lender and pledged by Pledgors to Lender pursuant to the Pledge Agreements and subject to Control Agreements in favor of Lender.

“Additional Documents” has the meaning specified therefor in Section 6.15 of this Agreement.

“Advances” has the meaning specified therefor in Section 2.1(a) of this Agreement.

“Affiliate” means, as applied to any Person, any other Person who controls, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” means the possession, directly or indirectly through one or more intermediaries, of the power to direct the management and policies of a Person, whether through the ownership of Stock, by contract, or otherwise; provided, however, that, for purposes of the definition of Eligible Accounts and Section 7.12 of this Agreement: (a) any Person which owns directly or indirectly 10% or more of the Stock having ordinary voting power for the election of the board of directors or equivalent governing body of a Person or 10% or more of the partnership or other ownership interests of a Person (other than as a limited partner of such Person) shall be deemed an Affiliate of such Person, (b) each director (or comparable manager) of a Person shall be deemed to be an Affiliate of such Person, and (c) each partnership in which a Person is a general partner shall be deemed an Affiliate of such Person.

“Aggregate Maximum Loan Balance” means the sum of Advances, plus Prepetition Advances, plus Prepetition Term Loans, in each case outstanding at such time.

“Agreement” means this Senior Secured Superpriority Priming Debtor-In-Possession Credit and Security Agreement to which this Schedule 1.1 is attached.

“Applicable Law” means as to any Person, all statutes, rules, regulations, orders, or other requirements having the force of law and applicable to such Person, and all court orders and injunctions, and/or similar rulings applicable to such Person, in each case of or by any Governmental Authority, or court, or tribunal which has jurisdiction over such Person, or any property of such Person.

“Approved Budget” means a 13-week forecast of projected receipts and disbursements in form, scope and substance acceptable to and approved in writing by Lender in its sole discretion. The initial Approved Budget is attached hereto as Exhibit [\_\_\_\_].

“Authorized Person” means any one of the individuals identified on Schedule A-2, as such Schedule is updated from time to time by written notice from Borrower to Lender.

“Availability” means, as of any date of determination, the amount that Borrower is entitled to borrow as Advances under Section 2.1 of this Agreement (after giving effect to all then outstanding Obligations).

“Avoidance Actions” means, the Loan Parties’ claims and causes of action under Section 502(d), 544, 545, 547, 548, 549, 550 and 553 of the Bankruptcy Code and any other avoidance actions under the Bankruptcy Code and the proceeds thereof and property received thereby whether by judgment, settlement or otherwise.

“Bank Product” means any one or more of the following financial products or accommodations extended to Borrower or its Subsidiaries by a Bank Product Provider: (a) commercial credit cards, (b) commercial credit card processing services, (c) debit cards, (d) stored value cards, (e) purchase cards (including so-called “procurement cards” or “P-cards”), (f) Cash Management Services, or (g) transactions under Hedge Agreements.

“Bank Product Agreements” means those agreements entered into from time to time by Borrower or its Subsidiaries with a Bank Product Provider in connection with the obtaining of any of the Bank Products, including, without limitation, all Cash Management Documents.

“Bank Product Collateralization” means providing cash collateral (pursuant to documentation reasonably satisfactory to Lender) to be held by Lender for the benefit of the Bank Product Provider in an amount determined by Lender as sufficient to satisfy the reasonably estimated credit exposure with respect to the then existing Bank Product Obligations (other than Hedge Obligations).

“Bank Product Obligations” means (a) all obligations, liabilities, reimbursement obligations, fees, or expenses owing by a Loan Party or its Subsidiaries to Lender or another Bank Product Provider pursuant to or evidenced by a Bank Product Agreement and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and (b) all Hedge Obligations.

“Bank Product Provider” means Lender or any of its Affiliates, or any other institution, that provide Bank Products to Borrower or its Subsidiaries.

“Bank Product Reserve Amount” means, as of any date of determination, the Dollar amount of reserves that Lender has determined are necessary or appropriate to establish (based upon Lender’s reasonable determination of credit and operating risk exposure to Borrower or its Subsidiaries in respect of Bank Product Obligations) in respect of Bank Products then provided or outstanding.

“Bankruptcy Code” means title 11 of the United States Code, as in effect from time to time.

“Bankruptcy Court” means the United States Bankruptcy Court for the Eastern District of Michigan or any other court having jurisdiction over the Case from time to time.

“Benefit Plan” means a “defined benefit plan” (as defined in Section 3(35) of ERISA) for which Borrower or any of its Subsidiaries or ERISA Affiliates has been an “employer” (as defined in Section 3(5) of ERISA) within the past six years.

“Board of Directors” means the board of directors (or comparable managers) of Borrower, any other Loan Party or any committee thereof duly authorized to act on behalf of the board of directors (or comparable managers).

“Books” means books and records (including Borrower’s or any other Loan Party’s Records indicating, summarizing, or evidencing Borrower’s or such other Loan Party’s assets (including the Collateral) or liabilities, Borrower’s or such other Loan Party’s Records relating to Borrower’s or such other Loan Party’s business operations or financial condition, or Borrower’s or such other Loan Party’s Goods or General Intangibles related to such information).

“Borrower” means Groeb Farms, Inc., a Michigan corporation.

“Borrowing” means a borrowing consisting of Advances (i) requested by Borrower, (ii) made by Lender pursuant to Section 2.6.

(C), or (iii) a Protective Advance.

“Borrowing Base” means, as of any date of determination, the result of:

(a) 85% (less the amount, if any, of the Dilution Reserve, if applicable) of the amount of Eligible Accounts, *plus*

(b) the *lower* of

(i) \$11,000,000, or

(ii) (A) the lower of

(I) 75% (or such lesser percentage as in effect under the Prepetition Credit Facility immediately prior to the Petition Date) *times* the Value of Eligible Inventory consisting of raw materials, or

(II) 85% (or such lesser percentage as in effect under the Prepetition Credit Facility immediately prior to the Petition Date) *times* the most recently determined Net Liquidation

Percentage times the Value of Eligible Inventory consisting of raw materials, plus

(B) the lower of

(I) 75% (or such lesser percentage as in effect under the Prepetition Credit Facility immediately prior to the Petition Date) *times* the Value of Eligible Inventory consisting of finished goods, or

(II) 85% (or such lesser percentage as in effect under the Prepetition Credit Facility immediately prior to the Petition Date) *times* the most recently determined Net Liquidation Percentage *times* the Value of Eligible Inventory consisting of finished goods, plus

(C) the *lower* of

(I) 42% (or such lesser percentage as in effect under the Prepetition Credit Facility immediately prior to the Petition Date) *times* the Value of Eligible Inventory consisting of mesquite honey so acquired by Borrower in calendar year 2013, or

(II) 100% of the amount of the Eligible Additional Cash Collateral, plus

(c) 100% of the amount of the Eligible Original Cash Collateral, plus

(d) 100% of the amount of the Eligible Additional Cash Collateral, minus

(e) the aggregate amount of Reserves established by Lender.

“Borrowing Base Certificate” means a form of borrowing base certificate in form and substance reasonably acceptable to Lender.

“Borrowing Request” a written request for a Borrowing substantially in the form of Exhibit F.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close pursuant to the rules and regulations of the Federal Reserve System.

“Capitalized Lease Obligation” means that portion of the obligations under a Capital Lease that is required to be capitalized in accordance with GAAP.

“Capital Lease” means a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

“Carve-Out” has the meaning specified in the Orders, as applicable.

“Carve-Out Cap” has the meaning specified in the Orders, as applicable.

“Carve-Out Reserves” means, at any time, such reserves as Lender, from time to time, determines in its Permitted Discretion as being appropriate to reflect (i) the remaining available amount of the Carve-Out Cap at such time, if any and (ii) the accrued but unpaid fees, costs and expenses of professionals retained by Borrower and the other Loan Parties and the Creditor’s Committee as such time, in each case as set forth in the most recently delivered Borrowing Base Certificate.

“Case” means the case under Chapter 11 of the Bankruptcy Code with respect to Borrower, with respect to which Borrower is the debtor and debtor-in-possession.

“Cash Equivalents” means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing

within 1 year from the date of acquisition thereof, (b) marketable direct obligations issued or fully guaranteed by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within 1 year from the date of acquisition thereof and having one of the three highest ratings obtainable from either Standard & Poor's Rating Group ("S&P") or Moody's Investors Service, Inc. ("Moody's"), (c) commercial paper maturing no more than 270 days from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's, (d) certificates of deposit, time deposits, overnight bank deposits or bankers' acceptances maturing within 1 year from the date of acquisition thereof issued by any bank organized under the laws of the United States or any state thereof or the District of Columbia or any United States branch of a foreign bank having combined capital and surplus of not less than \$250,000,000, (e) Deposit Accounts maintained with (i) any bank that satisfies the criteria described in clause (d) above, or (ii) any other bank organized under the laws of the United States or any state thereof so long as the full amount maintained with any such other bank is insured by the Federal Deposit Insurance Corporation, (f) repurchase obligations of any commercial bank satisfying the requirements of clause (d) of this definition or recognized securities dealer having combined capital and surplus of not less than \$250,000,000, having a term of not more than seven days, with respect to securities satisfying the criteria in clauses (a) or (d) above, (g) debt securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank satisfying the criteria described in clause (d) above, and (h) Investments in money market funds substantially all of whose assets are invested in the types of assets described in clauses (a) through (g) above.

"Cash Management Services" means any cash management or related services including treasury, depository, return items, overdraft, controlled disbursement, merchant stored value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) and other cash management arrangements.

"Cash Management Documents" means the agreements governing each of the Cash Management Services of Lender or any other institution utilized by Borrower, which agreements shall currently include the Master Agreement for Treasury Management Services or other applicable treasury management services agreement, "Acceptance of Services", the "Service Description" governing each such treasury management service used by Borrower, and all replacement or successor agreements which govern such Cash Management Services of Lender or any other institution.

"Cash Management Transition Period" has the meaning specified in Section 6.12(i) of this Agreement.

"CFC" means a controlled foreign corporation (as that term is defined in the IRC).

"Change of Control" means that (a) the Institutional Subordinated Creditors fail to directly own and control at least 63.6% of the Stock of Borrower having the right to vote for the election of members of the Board of Directors of Borrower, (b) the Groeb Family Subordinated Creditors and their children, grandchildren or other relatives, or trusts for their benefit, fail to directly own and control at least 23.4% of the Stock of Borrower having the right to vote for the election of members of the Board of Directors of Borrower, or (c) a majority of the members of the Board of Directors of Borrower do not constitute Continuing Directors.

"Chattel Paper" means chattel paper (as that term is defined in the Code), and includes tangible chattel paper and electronic chattel paper.

"Closing Date" means the date of the making of the initial Advance (or other extension of credit) under this Agreement.

"Code" means the New York Uniform Commercial Code, as in effect from time to time; provided, however, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, priority, or remedies with respect to Lender's Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies. To the extent that defined terms set forth herein shall have different meanings under different Articles under the Uniform Commercial Code, the meaning assigned to such defined term under Article 9 of the Uniform Commercial Code shall control.

"Collateral" means each of the assets referred to in Section 3 hereof and all of Borrower's:

- (a) Accounts;
- (b) Books;

- (c) Chattel Paper;
- (d) Deposit Accounts, money, cash and Cash Equivalents;
- (e) Goods, including Equipment and Fixtures;
- (f) General Intangibles;
- (g) Inventory;
- (h) Investment Related Property;
- (i) Negotiable Collateral;
- (j) Supporting Obligations;
- (k) Commercial Tort Claims and, subject to entry of the Final Order, proceeds from Avoidance Actions;
- (l) Upon entry of the Final Order, proceeds of Avoidance Actions;
- (m) Other assets of such Loan Party that now or hereafter come into the possession, custody, or control of Lender (or its agent or designee); and

(n) all of the proceeds (as such term is defined in the Code) and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance or Commercial Tort Claims covering or relating to any or all of the foregoing, and any and all Accounts, Books, Chattel Paper, Deposit Accounts, Equipment, Fixtures, General Intangibles, Inventory, Investment Related Property, Negotiable Collateral, Supporting Obligations, money, or other tangible or intangible property resulting from the sale, lease, license, exchange, collection, or other disposition of any of the foregoing, the proceeds of any award in condemnation with respect to any of the foregoing, any rebates or refunds, whether for taxes or otherwise, and all proceeds of any such proceeds, or any portion thereof or interest therein, and the proceeds thereof, and all proceeds of any loss of, damage to, or destruction of the above, whether insured or not insured, and, to the extent not otherwise included, any indemnity, warranty, or guaranty payable by reason of loss or damage to, or otherwise with respect to any of the foregoing (the “Proceeds”). Without limiting the generality of the foregoing, the term “Proceeds” includes whatever is receivable or received when Investment Related Property or proceeds are sold, exchanged, collected, or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes proceeds of any indemnity or guaranty payable to Borrower or Lender from time to time with respect to any of the Investment Related Property.

In addition, for purposes of this Agreement, “Collateral” shall also include all “Collateral” as described in the Pledge Agreements.

“Collateral Access Agreement” means a landlord’s disclaimer and consent, bailee letter, or acknowledgement agreement of any lessor, warehouseman, processor, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in the Books, Equipment, Accounts or Inventory of any Loan Party or of any of its Subsidiaries, in each case, in favor of Lender with respect to the Collateral at such premises or otherwise in the custody, control or possession of such lessor, warehouseman, processor, consignee or other Person and in form and substance reasonably satisfactory to Lender.

“Collection Account” means the Deposit Account identified on Schedule A-1.

“Collections” means *all* cash, checks, notes, instruments, and other items of payment (including insurance Proceeds, cash Proceeds of asset sales, rental Proceeds, and tax refunds).

“Commercial Tort Claims” means commercial tort claims (as that term is defined in the Code), and includes those commercial tort claims listed on Schedule 5.6(d) to the Information Certificate.

“Compliance Certificate” means a certificate substantially in the form of Exhibit A delivered by the chief financial officer of Borrower to Lender.

“Confidential Information” has the meaning specified therefor in Section 17.8 of this Agreement.

“Continuing Director” means (a) any member of the Board of Directors who was a director (or comparable manager) of Borrower on the Closing Date, and (b) any individual who becomes a member of the Board of Directors of Borrower after the Closing Date if such individual was approved, appointed or nominated for election to the Board of Directors by a majority of the Continuing Directors, but excluding any such individual originally proposed for election in opposition to the Board of Directors in office at the Closing Date in an actual or threatened election contest relating to the election of the directors (or comparable managers) of Borrower and whose initial assumption of office resulted from such contest or the settlement thereof.

“Control Agreement” means a control agreement, in form and substance reasonably satisfactory to Lender, executed and delivered by a Loan Party or any of its Subsidiaries, Lender, and the applicable securities intermediary (with respect to a Securities Account), the applicable bank (with respect to a Deposit Account) or issuer (with respect to uncertificated securities).

“Copyrights” means any and all rights in any works of authorship, including (i) copyrights and moral rights, (ii) copyright registrations and recordings thereof and all applications in connection therewith including those listed on Schedule 5.25(b) to the Information Certificate, (iii) income, license fees, royalties, damages, and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past, present, or future infringements thereof, (iv) the right to sue for past, present, and future infringements thereof, and (v) all of each Loan Party’s rights corresponding thereto throughout the world.

“Copyright Security Agreement” means each Copyright Security Agreement executed and delivered by the applicable Loan Party in favor of Lender, in form and substance reasonably acceptable to Lender.

“Covenant Threshold” means that Availability is \$5,000,000 or more, as determined by Lender.

“Credit Facility” means the Revolving Credit Facility.

“Creditor’s Committee” means any official committee of unsecured creditors duly appointed in the Case, if any.

“Daily Balance” means, as of any date of determination and with respect to any Obligation, the amount of such Obligation owed at the end of such day.

“Daily Three Month LIBOR” means the rate per annum (rounded up to the nearest whole 1/8<sup>th</sup> of one percent) for United States dollar deposits quoted by Lender for the purpose of calculating the effective Interest Rate for loans that reference Daily Three Month LIBOR as the Inter-Bank Market Offered Rate in effect from time to time for the 3 month delivery of funds in amounts approximately equal to the principal amount of such loans. Borrower understands and agrees that Lender may base its quotation of the Inter-Bank Market Offered Rate upon such offers or other market indicators of the Inter-Bank Market as Lender in its discretion deems appropriate, including but not limited to the rate offered for U.S. dollar deposits on the London Inter-Bank Market. When interest is determined in relation to Daily Three Month LIBOR, each change in the interest rate shall become effective each Business Day that Lender determines that Daily Three Month LIBOR has changed.

“Default” means an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

“Deferred Prosecution Agreement” means that certain Deferred Prosecution Agreement signed by Borrower on or about February 11, 2013 and filed on or about February 15, 2013, between Borrower and the USAO NDIL, approved by the United States District Court for the Northern District of Illinois, Eastern Division.

“Deferred Prosecution Dismissal” means the dismissal with prejudice of the information filed by the USAO NDIL against Borrower pursuant to the Deferred Prosecution Agreement and the related expiration of the Deferred Prosecution Agreement.

“Deposit Account” means any deposit account (as that term is defined in the Code).

“Designated Account” means the operating Deposit Account of Borrower at Lender identified on Schedule

D-1

"Dilution" means, as of any date of determination, a percentage that is the result of dividing the Dollar amount of (a) bad debt write-downs, discounts, advertising allowances, credits, deductions, or other dilutive items as determined by Lender with respect to Borrower's Accounts, by (b) Borrower's billings with respect to Accounts.

"Dilution Reserve" means, as of any date of determination, an amount sufficient to reduce the advance rate against Eligible Accounts by 1 percentage point for each percentage point by which Dilution is in excess of 5%.

"Dollars" or "\$" means United States dollars.

"Eligible Additional Cash Collateral" means, as of any date of determination, the amount of the Additional Cash Collateral then pledged by the Pledgors to Lender pursuant to the Pledge Agreements and subject to Control Agreements but only to the extent that such pledge and such cash continue to be on deposit and available to Lender; provided, however, any such Additional Cash Collateral shall not be Eligible Additional Cash Collateral in any of the following circumstances:

(a) such Additional Cash Collateral is not subject to valid and perfected first priority Lender's Lien or is subject to any other Lien (other than unperfected, inchoate Liens for unpaid taxes, assessments or other governmental charges or levies that are not yet delinquent);

(b) the applicable Pledgor of any such Additional Cash Collateral is contesting the validity, enforceability or priority of Lender's Lien in such Additional Cash Collateral;

(c) the applicable Pledgor of any such Additional Cash Collateral is subject to an Insolvency Proceeding, is not solvent or has gone out of business or Lender has received notice of an imminent Insolvency Proceeding with respect to such Pledgor; or

(d) such Additional Cash Collateral is otherwise deemed ineligible in whole or in part by Lender in its reasonable discretion as a result of the occurrence after the date of this Agreement of any event or circumstance with respect to such Additional Cash Collateral or the applicable Pledgor which Lender, in its reasonable discretion, determines impairs the value of such Additional Cash Collateral or the enforceability, perfection or priority of Lender's first priority Lien in such Additional Cash Collateral; provided, however, that Lender shall provide Borrower and the other Pledgors with written notice of such ineligibility and the opportunity, within 5 Business Days of such written notice, to contribute additional pledged cash collateral in the amount of the Additional Cash Collateral that has been deemed ineligible by Lender.

"Eligible Cash Collateral" means, collectively, the cash collateral deposited by Pledgors in deposit accounts maintained with Lender or any depository bank and pledged by Pledgors to Lender pursuant to the Pledge Agreements and, in each case, subject to a Control Agreement in favor of Lender; provided, however, any such cash collateral shall not be Eligible Cash Collateral in any of the following circumstances:

(a) such cash collateral is not subject to valid and perfected first-priority Lender's Lien or is subject to any other Lien (other than unperfected, inchoate Liens for unpaid taxes, assessments or other governmental charges or levies that are not yet delinquent);

(b) the applicable Pledgor of any such cash collateral is contesting the validity, enforceability or priority of Lender's Lien in such cash collateral;

(c) the applicable Pledgor of any such cash collateral is subject to an Insolvency Proceeding, is not solvent or has gone out of business or Lender has received notice of an imminent Insolvency Proceeding with respect to such Pledgor; or

(d) such cash collateral is otherwise deemed ineligible in whole or in part by Lender in its reasonable discretion as a result of the occurrence after the date of this Agreement of any event or circumstance with respect to such cash collateral or the applicable Pledgor which Lender, in its reasonable discretion, determines impairs the value of such cash collateral or the enforceability, perfection or priority of Lender's first-priority Lien in such cash collateral; provided, however, that Lender shall provide Borrower and the other Pledgors with written notice of such ineligibility and the opportunity, within 5 Business Days of such written notice, to contribute additional pledged cash collateral in the amount of the cash collateral that has been deemed ineligible by Lender.

"Eligible Accounts" means those Accounts created by Borrower in the ordinary course of its business, that arise out of Borrower's sale or lease of Goods or rendition of services, that comply with each of the representations and warranties respecting Eligible Accounts made in the Loan Documents, and that are not excluded as ineligible by virtue of one or



more of the excluding criteria set forth below; provided, however, that such criteria may be revised from time to time by Lender in Lender's reasonable discretion. In determining the amount to be included, Eligible Accounts shall be calculated net of customer deposits, credits and unapplied cash. Eligible Accounts shall not include the following:

- (a) Accounts that the Account Debtor has failed to pay within the earlier of 90 days after the original invoice date or 60 days after the original due date;
- (b) Accounts with selling terms of more than 60 days;
- (c) Accounts owed by an Account Debtor (or its Affiliates) where twenty-five percent (25%) or more of all Accounts owed by that Account Debtor (or its Affiliates) are deemed ineligible under clause (a) or (b) above or clauses (i) or (s) below;
- (d) Accounts with respect to which the Account Debtor is an Affiliate, agent or equity owner of Borrower or an employee or agent of Borrower or any Affiliate of Borrower;
- (e) Accounts arising in a transaction wherein Goods are placed on consignment or are sold pursuant to a guaranteed sale, a sale or return, a sale on approval, or any other terms by reason of which the payment by the Account Debtor may be conditional or contingent;
- (f) Accounts that are not payable in Dollars;
- (g) Accounts with respect to which the Account Debtor either (i) does not maintain its chief executive office in the United States or Canada, or (ii) is not organized under the laws of the United States or any state thereof or under the laws of Canada or any province thereof, or (iii) is the government of any foreign country or sovereign state, or of any state, province, municipality, or other political subdivision thereof, or of any department, agency, public corporation, or other instrumentality thereof, unless (x) the Account is supported by an irrevocable letter of credit reasonably satisfactory to Lender (as to form, substance, and issuer or domestic confirming bank) that has been delivered to Lender and is directly drawable by Lender, or (y) the Account is guaranteed pursuant to an approved working capital guarantee from the Export-Import Bank of the United States in favor of Lender and acceptable to Lender in all respects;
- (h) Accounts with respect to which the Account Debtor is either (i) the United States or any department, agency, or instrumentality of the United States (exclusive, however, of Accounts with respect to which Borrower has complied, to the reasonable satisfaction of Lender, with the Assignment of Claims Act, 31 USC §3727), or (ii) any state of the United States;
- (i) Accounts with respect to which the Account Debtor is a creditor of Borrower, has or has asserted a right of setoff, or has disputed its obligation to pay all or any portion of the Account, to the extent of such claim, right of setoff, or dispute;
- (j) That portion of Accounts which reflect a reasonable reserve for warranty claims or returns or amounts which are owed to account debtors, including those for rebates, allowances, co-op advertising, new store allowances or other deductions;
- (k) Accounts owing by a single Account Debtor or group of Affiliated Account Debtors whose total obligations owing to Borrower exceed fifteen percent (15%) of the aggregate amount of all otherwise Eligible Accounts (but the portion of the Accounts not in excess of the foregoing applicable percentages may be deemed Eligible Accounts), such percentage being subject to reduction if the creditworthiness of such Account Debtor deteriorates;
- (l) Accounts with respect to which the Account Debtor is subject to an Insolvency Proceeding, is not Solvent or has gone out of business, or as to which Borrower has received notice of an imminent Insolvency Proceeding or a material impairment of the financial condition of such Account Debtor;
- (m) Accounts, the collection of which, Lender, in its reasonable discretion, believes to be doubtful by reason of the Account Debtor's financial condition;
- (n) Accounts representing credit card sales or "C.O.D." sales;
- (o) Accounts that are not subject to a valid and perfected first priority Lender's Lien or that are subject to any other Lien (other than the junior Permitted Lien in favor of the Institutional Subordinated Creditors);

(p) Accounts that consist of progress billings (such that the obligation of the Account Debtors with respect to such Accounts is conditioned upon Borrower's satisfactory completion of any further performance under the agreement giving rise thereto) or retainage invoices;

(q) Accounts with respect to which the Account Debtor is a Sanctioned Person or Sanctioned Entity;

(r) that portion of Accounts which represent finance charges, service charges, sales taxes or excise taxes;

(s) that portion of Accounts which has been restructured, extended, amended or otherwise modified;

(t) bill and hold invoices, except those with respect to which Lender shall have received an agreement in writing from the Account Debtor, in form and substance satisfactory to Lender, confirming the unconditional obligation of the Account Debtor to take the Goods related thereto and pay such invoice, so long as such Accounts satisfy all other criteria for Eligible Accounts hereunder;

(u) Accounts which have not been invoiced;

(v) Accounts constituting (i) Proceeds of copyrightable material unless such copyrightable material shall have been registered with the United States Copyright Office, or (ii) Proceeds of patentable inventions unless such patentable inventions have been registered with the United States Patent and Trademark Office; and

(w) Accounts or that portion of Accounts otherwise deemed ineligible by Lender in its reasonable discretion.

Any Accounts which are not Eligible Accounts shall nonetheless constitute Collateral.

"Eligible Equipment" means Equipment of Borrower which is subject to a valid and perfected first priority Lender's Lien, is not subject to a Lien in favor of any Person other than Lender, is designated by Lender as eligible, and covered by the most recent acceptable appraisal received by Lender. All Equipment which does not constitute Eligible Equipment shall nonetheless constitute Collateral.

"Eligible New Equipment" shall mean any Equipment acquired by Borrower on or after October 2, 2012 which is in good order, repair, operating and marketable condition (ordinary wear and tear excepted) and in each case acceptable to Lender in its sole discretion. In general, Eligible New Equipment shall not include:

- (a) Equipment at premises other than those owned or leased and controlled by Borrower, unless Lender shall have entered into a Collateral Access Agreement with the owner or operator of such premises and shall have received such other documents, instruments and agreements as Lender may request;
- (b) Equipment subject to a security interest or Lien in favor of any Person other than Lender;
- (c) Equipment located outside the United States of America or Canada (other than Quebec);
- (d) Equipment that is not subject to the first priority, valid and perfected security interest of Lender;
- (e) damaged or defective Equipment or Equipment not used or usable in the ordinary course of Borrower's business as presently conducted; or
- (f) Equipment that is warehouse racking.

Any Equipment which is not Eligible New Equipment shall nonetheless constitute Collateral.

"Eligible New Racking" shall mean any warehouse racking acquired by Borrower on or after October 2, 2012 which is in good order, repair, operating and marketable condition (ordinary wear and tear excepted) and in each case acceptable to Lender in its sole discretion. In general, Eligible New Racking shall not include:

- (a) warehouse racking at premises other than those owned or leased and controlled by Borrower, unless Lender shall have entered into a Collateral Access Agreement with the owner or operator of such premises and shall have received such other documents, instruments and agreements as Lender may request;
- (b) warehouse racking subject to a security interest or Lien in favor of any Person other than Lender;
- (c) warehouse racking located outside the United States of America or Canada (other than Quebec);
- (d) warehouse racking that is not subject to the first priority, valid and perfected security interest of Lender;
- (e) damaged or defective warehouse racking or warehouse racking not used or usable in the ordinary course of Borrower's business as presently conducted; or
- (f) warehouse racking that is Eligible Equipment or Eligible New Equipment.

Any warehouse racking which is not Eligible New Racking shall nonetheless constitute Collateral.

"Eligible Inventory" means Inventory consisting of raw materials and finished goods held for sale in the ordinary course of Borrower's business, that complies with each of the representations and warranties respecting Eligible Inventory made in the Loan Documents, and that is not excluded as ineligible by virtue of one or more of the excluding criteria set forth below; provided, however, that such criteria may be revised from time to time by Lender in Lender's reasonable discretion. An item of Inventory shall not be included in Eligible Inventory if:

- (a) Borrower does not have good, valid, and marketable title thereto;
- (b) it consists of work-in-process Inventory, components which are not part of finished goods, supplies used or consumed in Borrower's business, or Goods that constitute spare parts or maintenance parts (other than after-market parts), packaging and shipping materials, or sample inventory or customer supplied parts or Inventory;
- (c) it consists of Inventory that is perishable or live or where less than 8 weeks remain until the Inventory's stated expiration or "sell-by" or "use-by" date;
- (d) Borrower does not have actual and exclusive possession thereof (either directly or through a bailee or agent of Borrower);
- (e) it is not located at one of the locations in the continental United States set forth on Schedule 5.29 to the Information Certificate, except for Transfer Eligible Inventory in an aggregate amount not to exceed \$150,000 at any time;
- (f) it is stored at locations holding Inventory of Borrower valued at less than \$100,000;
- (g) it is in-transit to or from a location of Borrower, except for Transfer Eligible Inventory in an aggregate amount not to exceed \$150,000 at any time;
- (h) it is located on real property leased by Borrower or in a contract warehouse or on the real property of any other Person, in each case, unless it is subject to a Collateral Access Agreement executed by the lessor, warehouseman or other Person, as the case may be, and unless it is segregated or otherwise separately identifiable from Goods of others, if any, stored on the premises;
- (i) it is the subject of a bill of lading or other document of title;
- (j) it is on consignment from any consignor; or on consignment to any consignee or subject to any bailment unless the consignee or bailee has (i) executed an agreement with Lender, and (ii) provided evidence acceptable to Lender that Borrower has properly perfected a first priority security interest in such consigned Inventory and has properly notified in writing the other creditors of consignee who hold an interest in such Inventory of Borrower's security interest in such Inventory, and (iii) Borrower has taken such other actions with respect to such consigned Inventory as Lender may reasonably request;
- (k) it is not subject to a valid and perfected first priority Lender's Lien;

- (l) it consists of goods returned, rejected or put on hold by Borrower's customers;
- (m) it consists of Goods that are damaged, contaminated, spoiled, defective, obsolete or slow moving;
- (n) Inventory that Borrower has returned, has attempted to return, is in the process of returning or intends to return to the vendor of such Inventory;
- (o) it consists of Goods that are restricted or controlled, or regulated items;
- (p) it consists of Goods that are bill and hold Goods;
- (q) it is subject to third party trademark, licensing or other proprietary rights;
- (r) it consists of customer-specific Inventory not supported by purchase orders; or
- (s) Inventory otherwise deemed ineligible by Lender in its reasonable discretion.

Any Inventory which is not Eligible Inventory shall nonetheless constitute Collateral.

"Eligible Original Cash Collateral" means, as of any date of determination, the amount of the Original Cash Collateral then pledged by the Pledgors to Lender pursuant to the Pledge Agreement and subject to the Control Agreements; provided, however, any such Original Cash Collateral shall not be Eligible Original Cash Collateral in any of the following circumstances:

- (a) such Original Cash Collateral is not subject to valid and perfected first priority Lender's Lien or is subject to any other Lien (other than unperfected, inchoate Liens for unpaid taxes, assessments or other governmental charges or levies that are not yet delinquent);
- (b) the applicable Pledgor of any such Original Cash Collateral is contesting the validity, enforceability or priority of Lender's Lien in such Original Cash Collateral;
- (c) the applicable Pledgor of any such Original Cash Collateral is subject to an Insolvency Proceeding, is not solvent or has gone out of business or Lender has received notice of an imminent Insolvency Proceeding with respect to such Pledgor; or
- (d) such Original Cash Collateral is otherwise deemed ineligible in whole or in part by Lender in its reasonable discretion as a result of the occurrence after the date of this Agreement of any event or circumstance with respect to such Original Cash Collateral or the applicable Pledgor which Lender, in its reasonable discretion, determines impairs the value of such Original Cash Collateral or the enforceability, perfection or priority of Lender's first priority Lien in such Original Cash Collateral; provided, however, that Lender shall provide Borrower and the other Pledgors with written notice of such ineligibility and the opportunity, within 5 Business Days of such written notice, to contribute additional pledged cash collateral in the amount of the Original Cash Collateral that has been deemed ineligible by Lender.

"Environmental Action" means any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter, or other written communication from any Governmental Authority, or any third party involving violations of Environmental Laws or releases of Hazardous Materials (a) from any assets, properties, or businesses of any Loan Party, any Subsidiary of a Loan Party, or any of their predecessors in interest, (b) from adjoining properties or businesses, or (c) from or onto any facilities which received Hazardous Materials generated by any Loan Party, any Subsidiary of a Loan Party, or any of their predecessors in interest.

"Environmental Law" means any applicable federal, state, provincial, foreign or local statute, law, rule, regulation, ordinance, code, binding and enforceable guideline, binding and enforceable written policy, or rule of common law now or hereafter in effect and in each case as amended, or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, in each case, to the extent binding on any Loan Party or any of its Subsidiaries, relating to the environment, the effect of the environment on employee health, or Hazardous Materials, in each case as amended from time to time.

"Environmental Liabilities" means all liabilities, monetary obligations, losses, damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts, or consultants, and costs of investigation and

feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, or Remedial Action required, by any Governmental Authority or any third party, and which relate to any Environmental Action.

“Environmental Lien” means any Lien in favor of any Governmental Authority for Environmental Liabilities.

“Equipment” means equipment (as that term is defined in the Code).

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto.

“ERISA Affiliate” means (a) any Person subject to ERISA whose employees are treated as employed by the same employer as the employees of any Loan Party or its Subsidiaries under IRC Section 414(b), (b) any trade or business subject to ERISA whose employees are treated as employed by the same employer as the employees of any Loan Party or its Subsidiaries under IRC Section 414(c), (c) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any organization subject to ERISA that is a member of an affiliated service group of which any Loan Party or any of its Subsidiaries is a member under IRC Section 414(m), or (d) solely for purposes of Section 302 of ERISA and Section 412 and 430 of the IRC, any Person subject to ERISA that is a party to an arrangement with any Loan Party or any of its Subsidiaries and whose employees are aggregated with the employees of a Loan Party or its Subsidiaries under IRC Section 414(o).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of any Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Loan Party or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the IRC or Sections 303, 304 and 305 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Loan Party or any ERISA Affiliate.

“Event of Default” has the meaning specified therefor in Section 9 of this Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, as in effect from time to time.

“Farm Product Lien Amount” means any amount which Borrower owes to a producer or seller of farm products which is secured by a Lien.

“Farm Products Reserve” means a reserve equal to the Farm Product Lien Amount determined by Lender from time to time in its sole discretion.

“FATCA” means Sections 1471 through 1474 of the IRC as of the date of this Agreement (or any amendment or successor version that is substantially comparable) and any current or future regulations or official interpretations thereof.

“Final Order” means an order of the Bankruptcy Court that is satisfactory in form and substance to Lender in its sole discretion, which order shall (w) be satisfactory in form and substance to Lender in its sole discretion, (x) have been entered and on such prior notice to such parties as may be reasonably satisfactory to Lender and (y) not have been vacated, reversed, modified, amended or stayed.

“Fiscal Month” means any of the twelve periods comprising Borrower’s Fiscal Year, determined in accordance with Borrower’s historical practice.

“Fiscal Quarter” means a period of three consecutive Fiscal Months ending on or about March 31, June 30, September 30 or December 31.

“Fiscal Year” means a period of twelve Fiscal Months ending on or about December 31.

“Fixtures” means fixtures (as that term is defined in the Code).

“Foreign Subsidiary” means, with respect to any Person, any Subsidiary of such Person that is not organized or existing under the laws of the United States of America, any state thereof or the District of Columbia and any Subsidiary that holds no material assets other than interests in Foreign Subsidiaries.

“FSA” means the Food Service Security Act of 1985, as amended and in effect from time to time, and regulations issued from time to time thereunder.

“Funding Date” means the date on which a Borrowing occurs.

“GAAP” means generally accepted accounting principles as in effect in the United States on the Closing Date, consistently applied; (i) except for any change in accounting practices to the extent that, due to a promulgation of the Financial Accounting Standards Board changing or implementing any new accounting standard, Borrower either (a) is required to implement such change, or (b) for future periods will be required to and for the current period may in accordance with generally accepted accounting principles implement such change, for its financial statements to be in conformity with generally accepted accounting principles (any such change is hereafter referred to a “Required GAAP Change”), provided that Borrower shall fully disclose in such financial statements any such Required GAAP Change and the effects of the Required GAAP Change on Borrower’s income, retained earnings or other accounts, as applicable, and (ii) except that all calculations relative to liabilities shall be made without giving effect to Statement of Financial Accounting Standards No. 159.

“General Intangibles” means general intangibles (as that term is defined in the Code), and includes payment intangibles, contract rights, rights to payment, rights under Hedge Agreements (including the right to receive payment on account of the termination (voluntarily or involuntarily) of any such Hedge Agreements), rights arising under common law, statutes, or regulations, choses or things in action, goodwill, Intellectual Property, Intellectual Property Licenses, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment and other rights under any royalty or licensing agreements, including Intellectual Property Licenses, infringement claims, pension plan refunds, pension plan refund claims, insurance premium rebates, tax refunds, and tax refund claims, interests in a partnership or limited liability company which do not constitute a security under Article 8 of the Code, and any other personal property other than Commercial Tort Claims, money, Accounts, Chattel Paper, Deposit Accounts, Goods, Investment Related Property, Negotiable Collateral, and oil, gas, or other minerals before extraction.

“Goods” means goods (as that term is defined in the Code).

“Governing Documents” means, with respect to any Person, the certificate or articles of incorporation, certificate of formation, by-laws, operating agreement, limited liability company agreement, shareholder agreement, investment agreement (including the Investment Agreements) or other organizational documents of such Person.

“Governmental Authority” means any federal, state, local, or other governmental or administrative body, instrumentality, board, department, or agency or any court, tribunal, administrative hearing body, arbitration panel, commission, or other similar dispute-resolving panel or body.

“Groeb Family Subordinated Creditors” means Ernest L. Groeb, Troy L. Groeb, E. Jeanne Groeb and E. Jeanne Groeb, as Trustee of the E. Jeanne Groeb Trust dated April 24, 2001.

“Groeb Family Subordinated Creditors Subordination Agreement” means that certain Subordination Agreement by and between Ernest L. Groeb, as shareholders’ representative, as subordinated creditor, and Lender, as senior creditor, as acknowledged by Ernest L. Groeb, Troy L. Groeb, E. Jeanne Groeb and E. Jeanne Groeb, as Trustee of the E. Jeanne Groeb Trust dated April 24, 2001, as amended, and as acknowledged by Borrower.

“Guarantors” means (a) each Subsidiary of Borrower that becomes a Guarantor as required by this Agreement, and (b) each other Person that becomes a guarantor after the Closing Date, and each of them is a “Guarantor”.

“Guaranty” means any guaranty executed and delivered by a Guarantor in favor of Lender in form and substance reasonably satisfactory to Lender, and all of such guaranties are, collectively, the “Guaranties”.

“Hard Costs” shall mean, with respect to the purchase by Borrower of an item of Eligible New Equipment or an item of Eligible New Racking, the net cash amount actually paid to acquire title to such item, net of all incentives, trade in allowances, discounts and rebates, and exclusive of freight, delivery charges, installation costs and charges, software costs, charges and fees, warranty costs, taxes, insurance and other incidental costs or expenses and all indirect costs or expenses of any kind.

“Hazardous Materials” means (a) substances that are defined or listed in, or otherwise classified pursuant to, any Applicable Laws or regulations as “hazardous substances,” “hazardous materials,” “hazardous wastes,” “toxic substances,” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, or “EP toxicity”, (b) oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, (c) any flammable substances or explosives or any radioactive materials, and (d) asbestos in any form or electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million.

“Hedge Agreement” means a “swap agreement” as that term is defined in Section 101(53B)(A) of the Bankruptcy Code.

“Hedge Obligations” means any and all obligations or liabilities, whether absolute or contingent, due or to become due, now existing or hereafter arising, of any Loan Party or any of its Subsidiaries arising under, owing pursuant to, or existing in respect of Hedge Agreements entered into with Lender or another Bank Product Provider.

“Indebtedness” as to any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers acceptances, or other financial products, (c) all obligations of such Person as a lessee under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of such Person, irrespective of whether such obligation or liability is assumed, (e) all obligations of such Person to pay the deferred purchase price of assets (other than trade payables and accrued expenses incurred in the ordinary course of business and repayable in accordance with customary trade practices), (f) all net obligations of such Person owing under Hedge Agreements (which amount shall be calculated based on the amount that would be payable by such Person if the Hedge Agreement were terminated on the date of determination), (g) any Prohibited Preferred Stock of such Person, and (h) any obligation of such Person guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (a) through (g) above. For purposes of this definition, (i) the amount of any Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Indebtedness, and (ii) the amount of any Indebtedness described in clause (d) above shall be the lower of the amount of the obligation and the fair market value of the assets of such Person securing such obligation. “Indebtedness” shall not include any obligations in respect of customer advances received and held in the ordinary course of business.

“Indemnified Liabilities” has the meaning specified therefor in Section 11.3 of this Agreement.

“Indemnified Person” has the meaning specified therefor in Section 11.3 of this Agreement.

“Insolvency Proceeding” means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code or under any other state or federal bankruptcy or insolvency law, assignments for the benefit of creditors generally, receiverships, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

“Institutional Subordinated Creditors” means, collectively, Argosy Investment Partners III, L.P., Marquette Capital Fund I, L.P. and Horizon Capital Partners III, L.P.

“Institutional Subordinated Creditors Subordination Agreement” means that certain Intercreditor and Subordination Agreement by and among the Institutional Subordinated Creditors, as subordinated lenders, and Lender, as senior lender, and acknowledged by Borrower.

“Intellectual Property” means any and all Patents, Copyrights, Trademarks, trade secrets, know-how, inventions (whether or not patentable), algorithms, software programs (including source code and object code), processes, product designs, industrial designs, blueprints, drawings, data, customer lists, URLs and domain names, specifications, documentations, reports, catalogs, literature, and any other forms of technology or proprietary information of any kind, including all rights therein and all applications for registration or registrations thereof.

“Intellectual Property Licenses” means, with respect to any Person (the “Specified Party”), (i) any licenses or other similar rights provided to the Specified Party in or with respect to Intellectual Property owned or controlled by any other Person, and (ii) any licenses or other similar rights provided to any other Person in or with respect to Intellectual Property owned or controlled by the Specified Party, in each case, including (A) any software license agreements (other than license agreements for commercially available off-the-shelf software that is generally available to the public which have been licensed to the

Specified Party pursuant to end-user licenses), (B) the license agreements listed on Schedule 5.25(b) to the Information Certificate, and (C) the right to use any of the licenses or other similar rights described in this definition in connection with the enforcement of the Lender's rights under the Loan Documents.

"Interest Expense" means, for any period, the aggregate of the interest expense of Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"Interest Rate" means an interest rate equal to Daily Three Month LIBOR, which interest rate shall change whenever Daily Three Month LIBOR changes. Notwithstanding the foregoing, in no event shall the Interest Rate be less than two percent (2.00%) per annum.

"Interest Rate Margin" means with respect to Advances under the Revolving Credit Facility, two and one half percent (2.5%) per annum.

"Interim Order" means an order of the Bankruptcy Court on an application or motion by Borrower that is reasonably satisfactory in form and substance to Lender, which order shall (w) be satisfactory in form and substance to Lender in its sole discretion, (x) have been entered and on such prior notice to such parties as may be reasonably satisfactory to Lender and (y) not have been vacated, reversed, modified, amended or stayed.

"Inventory" means inventory (as that term is defined in the Code).

"Investment" means, with respect to any Person, any investment by such Person in any other Person (including Affiliates) in the form of loans, guarantees, advances, capital contributions (excluding (a) commission, travel, and similar advances to officers and employees of such Person made in the ordinary course of business not to exceed \$100,000 in the aggregate during any Fiscal Year of Borrower, and (b) *bona fide* Accounts arising in the ordinary course of business), or acquisitions of Indebtedness, Stock, or all or substantially all of the assets of such other Person (or of any division or business line of such other Person), and any other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

"Investment Agreements" means, collectively, that certain Investment Agreement dated as of March 16, 2007, by and among Borrower (formerly known as GF Acquisition, Inc), the Institutional Subordinated Creditors, George W. Cawman, Jr., Howard S. Goss, Thomas R. Liebermann, Jack C. Meng, John C. Morley, Lanny A. Passaro Trust, J. William Petty, Ernest L. Groeb and Troy Groeb, and that certain Investment Agreement dated as of March 31, 2010, by and among Borrower, the Institutional Subordinated Creditors, Francis H. Barker, Robert G. Bush, George W. Cawman, Jr., Ernest L. Groeb, Troy Groeb, Joellen Sullivan, Thomas R. Lieberman, Jack C. Meng, John C. Morley, P. Kim Packard, Lanny A. Passaro Trust and J. William Petty.

"Investment Related Property" means any and all investment property (as that term is defined in the Code).

"IRC" means the Internal Revenue Code of 1986, as in effect from time to time.

"ISP98" means the International Standby Practices (1998 Revision, effective January 1, 1999), International Chamber of Commerce Publication No. 590.

"Key Officer" means Rolf Richter, as Chief Executive Officer and President.

"Lease" means any agreement, whether written or oral no matter how styled or structured, pursuant to which a Loan Party is entitled to the use or occupancy of any real property for any period of time.

"Leasehold Obligations Reserve" means, on any date, (i) the aggregate amount of leasehold obligations of the Loan Parties due and owing with respect to properties of a vendor, landlord, public warehouse operator or other third party bailee located in a priming jurisdiction or at a distribution center, in each case which is not subject to a Priority of Claims Waiver in form and substance reasonably satisfactory to the Lender; for each such property the amount of leasehold obligations shall be the next two months' leasehold obligations, and (ii) the aggregate amount of leasehold obligations of the Loan Parties with respect to all other Leases; for each such property the amount of leasehold obligations shall be the sum of (A) all past due rent, plus (B) one month's leasehold obligations for all such Leases subject to a mortgage in favor of Lender located in a priming jurisdiction.

"Lender" has the meaning specified therefor in the preamble to this Agreement and its successors and assigns.



“Lender-Related Persons” means Lender, together with its Affiliates, officers, directors, employees, attorneys, and agents.

“Lender’s Liens” mean the Liens granted by Borrower and the other Loan Parties and their respective Subsidiaries to Lender under the Loan Documents.

“Lender Expenses” means all (a) reasonable costs or expenses (including taxes, and insurance premiums) required to be paid by any Loan Party or any of its Subsidiaries or any Guarantor under any of the Loan Documents that are paid, advanced, or incurred by Lender, (b) reasonable out-of-pocket fees or charges paid or incurred by Lender in connection with Lender’s transactions with any Loan Party or any of its Subsidiaries or any Guarantor under any of the Loan Documents, including, fees or charges for photocopying, notarization, couriers and messengers, telecommunication, public record searches (including tax lien, judgment lien, litigation, bankruptcy and Code searches and including searches with the patent and trademark office, the copyright office, or the department of motor vehicles), filing, recording, publication, appraisal (including periodic collateral appraisals or business valuations to the extent of the fees and charges (and up to the amount of any limitation contained in this Agreement to the extent applicable), and environmental audits, (c) Lender’s customary fees and charges (as adjusted from time to time) with respect to the disbursement of funds (or the receipt of funds) to or for the account of Borrower (whether by wire transfer or otherwise), together with any out of pocket costs and expenses incurred in connection therewith, (d) out-of-pocket charges paid or incurred by Lender resulting from the dishonor of checks payable by or to any Loan Party, (e) reasonable out-of-pocket costs and expenses paid or incurred by Lender to correct any default or enforce any provision of the Loan Documents, or during the continuance of an Event of Default, in gaining possession of, maintaining, handling, preserving, storing, shipping, selling, preparing for sale, or advertising to sell the Collateral, or any portion thereof, irrespective of whether a sale is consummated, (f) reasonable out-of-pocket examination fees and expenses (including reasonable travel, meals, and lodging) of Lender related to any inspections, exams, audits or appraisals to the extent of the fees and charges (and up to the amount of any limitation contained in this Agreement to the extent applicable), (g) reasonable out-of-pocket costs and expenses of third party claims or any other suit paid or incurred by Lender in enforcing or defending the Loan Documents or in connection with the transactions contemplated by the Loan Documents or Lender’s relationship with any Loan Party or any of its Subsidiaries or any Guarantor, (h) Lender’s reasonable costs and expenses (including reasonable attorneys fees) incurred in advising, structuring, drafting, reviewing, administering (including reasonable travel, meals, and lodging), or amending the Loan Documents, and (i) Lender’s reasonable costs and expenses (including reasonable attorneys, accountants, consultants, and other advisors fees and expenses) incurred in terminating, enforcing (including reasonable attorneys, accountants, consultants, and other advisors fees and expenses incurred in connection with a “workout,” a “restructuring,” or an Insolvency Proceeding concerning any Loan Party or any of its Subsidiaries or any Guarantor or in exercising rights or remedies under the Loan Documents), or defending the Loan Documents, irrespective of whether suit is brought, or in taking any Remedial Action concerning the Collateral.

“Lender Representatives” has the meaning specified therefor in Section 17.8(a) of this Agreement.

“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment for security purposes, charge, deposit arrangement for security purposes, encumbrance, easement, lien (statutory or other), security interest, or other security arrangement, including any conditional sale contract or other title retention agreement, the interest of a lessor under a Capital Lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

“Loan Account” has the meaning specified therefor in Section 2.8 of this Agreement.

“Loan Documents” means this Agreement, each amendment thereto, any Borrowing Base Certificate, the Control Agreements, the Cash Management Documents, the Copyright Security Agreements, the Guaranties, the Orders, the Patent Security Agreements, the Trademark Security Agreements, the Subordination Agreements, the Pledge Agreements, any note or notes executed by Borrower in connection with this Agreement and payable to Lender and any other instrument or agreement entered into, now or in the future, by any Loan Party or any of its Subsidiaries, any Guarantor or any other Person in favor of Lender in connection with this Agreement, but specifically excluding all Hedge Agreements.

“Loan Party” means Borrower and each Subsidiary of Borrower which becomes a Guarantor.

“Lockbox” means “Lockbox” as defined and described in the Cash Management Documents.

“Management Fee Subordination Agreement” means the Management Fee Subordination Agreement executed and delivered by Horizon Partners Ltd. in favor of Lender on or about the date of this Agreement.

“Margin Stock” as defined in Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"Material Adverse Change" means (a) a material adverse change in the business, prospects, operations, results of operations, assets, liabilities or financial condition of Borrower and its Subsidiaries or their estates taken as a whole, (b) a material impairment of the ability of any Loan Party or its Subsidiaries or of any Guarantor or of their estates to perform their obligations under the Loan Documents or of the Lender's ability to enforce the Obligations or realize upon any of the collateral security for the Obligations, including, without limitation, any of the Collateral, or (c) a material impairment of the enforceability or priority of Lender's Liens with respect to any of the collateral security for the Obligations, including, without limitation, any of the Collateral, as a result of an action or failure to act on the part of any Loan Party or its Subsidiaries or of any Guarantor or of their estates.

"Material Contract" means, with respect to any Loan Party or any Subsidiary of any Loan Party, (i) each contract or agreement to which such Loan Party or such Subsidiary is a party involving aggregate consideration payable to or by such Loan Party or such Subsidiary of \$150,000 or more (other than purchase orders in the ordinary course of the business of such Loan Party or such Subsidiary), and (ii) all other contracts or agreements, the loss of which could reasonably be expected to result in a Material Adverse Change.

"Material Licenses" means, with respect to any Loan Party or any Subsidiary of any Loan Party, any license, permit or other authorization which is required or necessary for any Loan Party or any Subsidiary of any Loan Party to conduct any material portion of its business or operations.

"Maturity Date" has the meaning specified therefor in Section 2.9 of this Agreement.

"Maximum Revolver Amount" is \$27,000,000 as of the date of this Agreement.

"Moody's" has the meaning specified therefor in the definition of Cash Equivalents.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Multiple Employer Plan" means a Plan which has two or more contributing sponsors (including any Loan Party or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

"Negotiable Collateral" means letters of credit, letter-of-credit rights, instruments, promissory notes, drafts and documents (as each such term is defined in the Code).

"Net Forced Liquidation Value" means, as to Eligible Equipment, at any time, the value of such Eligible Equipment, determined on a forced liquidation basis, as set forth in the most recent acceptable appraisal received by Lender and upon which Lender may rely, net of all operating expenses and associated costs of such liquidation, such value to be as determined from time to time by an appraisal company selected or approved by Lender, with such most recent acceptable appraisal to be in form, scope, methodology and content acceptable to Lender.

"Net Liquidation Percentage" means the percentage of the Value of Borrower's Eligible Inventory that is estimated to be recoverable in an orderly liquidation of such Eligible Inventory as set forth in the most recent acceptable appraisal received by Lender and upon which Lender may rely, net of all operating expenses and associated costs of such liquidation, such percentage to be as determined from time to time by an appraisal company selected or approved by Lender, with such most recent acceptable appraisal to be in form, scope, methodology and content acceptable to Lender.

"Net Orderly Liquidation Value" means, as to the Eligible Equipment, Eligible New Equipment and Eligible New Racking, at any time, the value of such Eligible Equipment, Eligible New Equipment or Eligible New Racking, as applicable, determined on an orderly liquidation basis, as set forth in the most recent acceptable appraisal received by Lender and upon which Lender may rely, net of all operating expenses and associated costs of such liquidation, such value to be as determined from time to time by an appraisal company selected or approved by Lender, with such most recent acceptable appraisal to be in form, scope, methodology and content acceptable to Lender.

"Obligations" means (a) all loans (including the Advances), debts, principal, interest (including any interest that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), premiums, liabilities (including all amounts charged to the Loan Account pursuant to this Agreement), obligations (including indemnification obligations), fees, Lender Expenses (including any fees or expenses that accrue after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole

or in part as a claim in any such Insolvency Proceeding), guaranties, and all covenants and duties of any other kind and description owing by any Loan Party or any Guarantor pursuant to or evidenced by this Agreement or any of the other Loan Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, sole, joint, several or joint and several, now existing or hereafter arising, and including all interest not paid when due and all other expenses or other amounts that any Loan Party or any Guarantor is required to pay or reimburse by the Loan Documents or by law or otherwise in connection with the Loan Documents, and (b) all Bank Product Obligations. Any reference in this Agreement or in the Loan Documents to the Obligations shall include all or any portion thereof and any extensions, modifications, renewals, or alterations thereof, both prior and subsequent to any Insolvency Proceeding.

“OFAC” means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Overadvance Amount” has the meaning specified therefor in Section 2.4f of this Agreement.

“Orders” mean the Interim Order and the Final Order, collectively.

“Original Cash Collateral” means the cash collateral in the original amount of \$2,000,000 deposited by Pledgors in deposit accounts maintained with Lender and pledged by Pledgors to Lender pursuant to the Pledge Agreements and subject to Control Agreements in favor of Lender.

“Payment in Full” or “Paid in Full” means, when used in connection with the Obligations, the full and final payment in cash of all of the Obligations (other than unasserted contingent indemnification obligations), and the expiration, termination, cancellation or cash collateralization of all Bank Product Obligations (including Hedge Obligations) or other similar obligations, and the termination of all commitments and obligations of Lender to make loans or extend other financial accommodations to Borrower under the Credit Agreement or the other Loan Documents.

“Patents” means patents and patent applications, including (i) the patents and patent applications listed on Schedule 5.25(b) to the Information Certificate, (ii) all continuations, divisionals, continuations-in-part, re-examinations, reissues, and renewals thereof and improvements thereon, (iii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past, present, or future infringements thereof, (iv) the right to sue for past, present, and future infringements thereof, and (v) all of each Loan Party’s rights corresponding thereto throughout the world.

“Patent Security Agreement” means each Patent Security Agreement executed and delivered by the applicable Loan Party in favor of Lender, in form and substance reasonably acceptable to Lender.

“Patriot Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the IRC and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the IRC and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the IRC and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by any Loan Party and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the IRC.

“Permitted Discretion” means a determination made in good faith and in the exercise of the commercially reasonable business judgment of Lender in accordance with customary business practices for comparable asset-based transactions.

“Permitted Dispositions” means:

- (a) sales of Inventory to buyers in the ordinary course of business;
- (b) the granting of Permitted Liens;

- (c) the making of a Permitted Investment; and
- (d) any other disposition (not otherwise specifically permitted in this definition of Permitted Dispositions) which is agreed to in writing by Lender in its sole discretion.

"Permitted Indebtedness" means:

- (a) Indebtedness evidenced by this Agreement or the other Loan Documents or any other Indebtedness of a Loan Party or any Subsidiary of a Loan Party to Lender or any of Lender's Affiliates;
- (b) Indebtedness set forth on Schedule 5.19 to the Information Certificate;
- (c) Permitted Purchase Money Indebtedness and any Refinancing Indebtedness in respect of such Indebtedness;
- (d) endorsement of instruments or other payment items for deposit;
- (e) Indebtedness under Capital Leases of Borrower or any of its Subsidiaries;
- (f) unsecured Indebtedness (not otherwise specifically permitted in this definition of Permitted Indebtedness) in an aggregate principal amount not to exceed at any time \$50,000; and
- (g) other Indebtedness (not otherwise specifically permitted in this definition of Permitted Indebtedness) which is agreed to in writing by Lender in its sole discretion.

"Permitted Investments" means:

- (a) Investments in cash and Cash Equivalents;
- (b) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business;
- (c) advances made in connection with purchases of Goods or services in the ordinary course of business from Persons which are not Affiliates of Borrower and reasonable advances made for costs and expenses in the ordinary course of business;
- (d) Investments owned by Borrower or any of its Subsidiaries on the Closing Date and set forth on Schedule P-1;
- (e) Investments resulting from entering into Bank Product Agreements;
- (f) investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business; and
- (g) Investments constituting deposits made in connection with the purchase of goods or services or to secure the performance of statutory obligations constituting Permitted Liens, in each case in the ordinary course of business in an aggregate amount for such deposits not to exceed \$100,000 at any one time.

"Permitted Liens" means

- (a) Liens granted to, or for the benefit of, Lender and/or the Bank Product Providers to secure the Obligations;
- (b) Liens for unpaid taxes, assessments, or other governmental charges or levies that either (i) are not yet delinquent, or (ii) do not have priority over Lender's Liens and the underlying taxes, assessments, or charges or levies are the subject of Permitted Protests;
- (c) judgment Liens arising solely as a result of the existence of judgments, orders, or awards that do not constitute an Event of Default under Section 9.3 of the Agreement;

(d) Liens set forth on Schedule P-2; provided, however, that to qualify as a Permitted Lien, any such Lien described on Schedule P-2 shall only secure the Indebtedness that it secures on the Closing Date;

(e) the interests of lessors under operating leases and non-exclusive licensors under license agreements;

(f) purchase money Liens or the interests of lessors under Capital Leases to the extent that such Liens or interests secure Permitted Purchase Money Indebtedness and so long as (i) such Lien attaches only to the asset purchased or acquired, the proceeds thereof and the contracts pursuant to which such asset was acquired, and (ii) such Lien only secures the Indebtedness that was incurred to acquire the asset purchased or acquired or any Refinancing Indebtedness in respect thereof;

(g) Liens arising by operation of law in favor of warehousemen, landlords, carriers, mechanics, materialmen, laborers, or suppliers, incurred in the ordinary course of business and not in connection with the borrowing of money, and which Liens either (i) are for sums not yet delinquent, or (ii) are the subject of Permitted Protests;

(h) Liens on amounts deposited to secure the obligations of a Loan Party or any Subsidiary of a Loan Party in connection with worker's compensation or other unemployment insurance;

(i) Liens on amounts deposited to secure the obligations of a Loan Party or any Subsidiary of a Loan Party in connection with the making or entering into of bids, tenders or leases in the ordinary course of business and not in connection with the borrowing of money;

(j) Liens on amounts deposited to secure the reimbursement obligations of a Loan Party or any Subsidiary of a Loan Party with respect to surety or appeal bonds obtained in the ordinary course of business;

(k) with respect to any real property owned or leased by a Loan Party or any Subsidiary of any Loan Party, survey exceptions or encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of such real properties, which do not materially interfere with the business of such Loan Party or such Subsidiary

(l) rights of setoff or bankers' liens upon deposits of cash in favor of banks or other depository institutions permitted under this Agreement solely to the extent incurred in connection with the maintenance of such deposit accounts in the ordinary course of business;

(m) Liens in favor of customs authorities arising as a matter of law to secure customs duties in connection with the importation of goods; and

(n) Liens (not otherwise specifically permitted in this definition of Permitted Liens) which are agreed to in writing by Lender in its sole discretion.

"Permitted Overadvance Amount" means \$14,000,000.

"Permitted Protest" means the right of Borrower or any other Loan Party or any of their respective Subsidiaries to protest any Lien (other than any Lien that secures the Obligations), taxes (other than payroll taxes or taxes that are the subject of a United States federal tax lien), or rental payment, provided that (a) a reserve with respect to such obligation is established on the books and records of Borrower, such other Loan Party or such Subsidiary in such amount as is required under GAAP, (b) any such protest is instituted promptly and prosecuted diligently by Borrower, such other Loan Party or such Subsidiary, as applicable, in good faith, and (c) Lender is satisfied that, while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of Lender's Liens.

"Permitted Purchase Money Indebtedness" means Purchase Money Indebtedness incurred after the Closing Date in an aggregate principal amount outstanding not to exceed \$[100],000 during any Fiscal Year of Borrower.

"Person" means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Petition Date" has the meaning specified therefor in the preamble to this Agreement.

“Petition Lender” means HC Capital Holdings 0909A, LLC, in its capacity as “Lender” under the Prepetition Credit Facility.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of any Loan Party or any ERISA Affiliate or any such Plan to which any Loan Party or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“Pledge Agreements” means, collectively, the Pledge Agreements executed and delivered by the Pledgors in favor of Lender, and each is a “Pledge Agreement”.

“Pledgors” means, collectively, Argosy Investment Partners III, L.P., Marquette Capital Fund I, LP, Horizon Capital Partners III, L.P. and Horizon Partners, Ltd., and each is a “Pledgor”.

“Preferred Stock” means, as applied to the Stock of any Person, the Stock of any class or classes (however designated) that is preferred with respect to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Stock of any other class of such Person.

“Prepetition Advances” means “Advances” under and as defined in the Prepetition Credit Facility as in effect immediately prior to the Petition Date.

“Prepetition Credit Facility” means the Credit and Security Agreement dated as of January 30, 2012, between Borrower and Lender (as successor to Wells Fargo), as amended by the (i) First Amendment to Credit and Security Agreement and Waiver of Default, dated as of October 2, 2012, (ii) Second Amendment to Credit and Security Agreement and Waiver of Defaults, dated as of March 12, 2013, (iii) Third Amendment to Credit and Security Agreement, dated as of April 25, 2013, (iv) Forbearance Agreement and Fourth Amendment to Credit and Security Agreement, dated as of August 15, 2013, (v) Forbearance Agreement and Fifth Amendment to Credit and Security Agreement, dated as of September 9, 2013 and (vi) Waiver Agreement and Sixth Amendment to Credit and Security Agreement, dated as of September 26, 2013, and as amended, amended and restated, supplemented or otherwise modified from time to time prior to the Petition Date. “Prepetition Lender” means the “Lender” under the Prepetition Credit Facility.

“Prepetition Loan Documents” means the “Loan Documents” as defined in the Prepetition Credit Facility.

“Prepetition Obligations” means “Obligations” under and as defined in the Prepetition Credit Facility.

“Prepetition Payment” means a payment (by way of adequate protection or otherwise) of principal or interest or otherwise on account of any Indebtedness or trade payables (including, without limitation, in respect of reclamation claims) or other claims against the Loan Parties, in each case arising prior to the Petition Date.

“Prepetition Subordinated Debt” means Indebtedness or other obligations owed by Borrower or any other Loan Party which have been subordinated to the Obligations pursuant to a Subordination Agreement, in each case prior to the Petition Date.

“Prepetition Term Loans” means “Term Loans” and “CapEx Purchase Loans” under and as defined in the Prepetition Credit Facility as in effect immediately prior to the Petition Date.

“Prime Rate” means at any time the rate of interest most recently announced by Lender at its principal office as its Prime Rate, with the understanding that the Prime Rate is one of Lender’s base rates, and serves as the basis upon which effective rates of interest are calculated for those loans making reference to it, and is evidenced by its recording in such internal publication or publications as Lender may designate. Each change in the rate of interest shall become effective on the date each Prime Rate change is announced by Lender.

“Priority of Claims Waiver” has the meaning specified therefor in Section 6.19.

“Proceeds” has the meaning specified therefor in Schedule 1.1, definition of “Collateral”.

“Prohibited Preferred Stock” means any Preferred Stock that by its terms is mandatorily redeemable or subject to any other payment obligation (including any obligation to pay dividends, other than dividends of shares of Preferred Stock of the same class and series payable in kind or dividends of shares of common stock) on or before a date that is less than 1 year after the Maturity Date, or, on or before the date that is less than 1 year after the Maturity Date, is redeemable at the option

of the holder thereof for cash or assets or securities (other than distributions in kind of shares of Preferred Stock of the same class and series or of shares of common stock).

“Projections” means Borrower’s forecasted (a) balance sheets, (b) profit and loss statements, (c) Availability projections, and (d) cash flow statements, all prepared on a basis reasonably consistent with Borrower’s historical financial statements, together with appropriate supporting details and a statement of underlying assumptions.

“Protective Advance” has the meaning specified therefor in Section 2.3(d).

“PTO” means the United States Patent and Trademark Office.

“Purchase Money Indebtedness” means Indebtedness (other than the Obligations, but including Capitalized Lease Obligations), incurred at the time of, or within 60 days after, the acquisition, construction or improvement of any fixed assets for the purpose of financing all or any part of the cost of acquisition, construction or improvement thereof.

“Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

“Refinancing Indebtedness” means refinancings, renewals, or extensions of Indebtedness so long as:

(a) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended, other than by the amount of premiums paid thereon and the fees and expenses incurred in connection therewith and by the amount of unfunded commitments with respect thereto,

(b) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity (measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended, nor are they on terms or conditions that, taken as a whole, are or could reasonably be expected to be materially adverse to the interests of Lender,

(c) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions that are at least as favorable to the Lender as those that were applicable to the refinanced, renewed, or extended Indebtedness, and

(d) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended.

“Remedial Action” means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, or in any way address Hazardous Materials in the indoor or outdoor environment, (b) prevent or minimize a release or threatened release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (c) restore or reclaim natural resources or the environment, (d) perform any pre-remedial studies, investigations, or post-remedial operation and maintenance activities, or (e) conduct any other actions with respect to Hazardous Materials required by Environmental Laws.

“Reorganization Plan” means a plan or plans of reorganization in the Case.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

“Reserves” means, as of any date of determination, the sum of (a) an amount or percent of a specified item or category of items that Lender establishes from time to time in its sole discretion to reduce Availability to reflect (i) such matters, events, conditions, contingencies or risks which affect or which may reasonably be expected to affect the assets, business or prospects of Borrower, any other Loan Party or the Collateral or its value or the enforceability, perfection or priority of Lender’s security interest in the Collateral, or (ii) Lender’s judgment that any collateral report or financial information relating to Borrower or any other Loan Party delivered to Lender is incomplete, inaccurate or misleading in any material respect, *plus* (b) the Dilution Reserve, the Farm Products Reserve, the Leasehold Obligations Reserve, the Bank Product Reserve Amount and the Carve Out Reserve.

“Restricted Junior Payment” means (a) declaration or payment of any dividend or the making of any other payment or distribution on account of Stock issued by Borrower to the direct or indirect holders of such Stock, (b) any purchase, redemption, or other acquisition or retirement for value of any Stock issued by Borrower, (c) any payment in respect of any Subordinated Debt owed by Borrower to any Subordinated Creditor and/or any Subordinated Creditors, or (d) any payment of management, consulting, monitoring, sale representation, advisory or other service fees (and related costs and expenses) to Horizon Partners, Ltd. or to any other Affiliate of Horizon Partners, Ltd. or any other Affiliate of Borrower.

“Restricted Parties” means, collectively, (a) Little Bee Impex, (b) China Industrial and (c) E.J. Goodrich.

“Revolver Usage” means, as of any date of determination, the sum of the amount of outstanding Advances.

“Revolving Credit Facility” means the \$27,000,000 revolving line of credit facility described in Section 2.1 pursuant to which Lender provides Advances to Borrower.

“RSA” means, collectively, those certain Restructuring Support Agreements to be entered into in connection with a contemplated Insolvency Proceeding of Borrower, by and among Borrower and certain holders of claims against Borrower.

“Sanctioned Entity” means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, (d) a Person resident in or determined to be resident in a country, in each case, that is subject to a country sanctions program administered and enforced by OFAC.

“Sanctioned Person” means a person named on the list of Specially Designated Nationals maintained by OFAC.

“S&P” has the meaning specified therefor in the definition of Cash Equivalents.

“SEC” means the United States Securities and Exchange Commission and any successor thereto.

“Securities Account” means a securities account (as that term is defined in the Code).

“Securities Act” means the Securities Act of 1933, as amended from time to time, and any successor statute.

“Security Interest” has the meaning specified therefor in Section 3.1 of this Agreement.

“Solvent” means, with respect to any Person on a particular date, that, (i) at fair valuations, the sum of such Person’s assets (and including as assets for this purpose all rights of subrogation, contribution or indemnification arising pursuant to any guarantees given by such Person) is greater than all of such Person’s debts and including subordinated and contingent liabilities computed at the amount which, such Person has a reasonable basis to believe, represents an amount which can reasonably be expected to become an actual or matured liability (and including as to contingent liabilities arising pursuant to any guarantee the face amount of such liability as reduced to reflect the probability of it becoming a matured liability); and (ii) such Person is able to pay its debts as they mature and has (and has a reasonable basis to believe it will continue to have) sufficient capital (and not unreasonably small capital) to carry on its business consistent with its practices as of the date hereof.

“Stock” means all shares, options, warrants, interests, participations, or other equivalents (regardless of how designated) of or in a Person, whether voting or nonvoting, including common stock, preferred stock, or any other “equity security” (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act).

“Subordinated Creditors” means, collectively, Argosy Investment Partners III, L.P., Marquette Capital Fund I, L.P., Horizon Capital Partners III, L.P., Ernest L. Groeb, Troy Groeb, E. Jeanne Groeb, E. Jeanne Groeb, as Trustee of the E. Jeanne Groeb Trust dated April 24, 2001, as amended, Horizon Partners, Ltd. and any other Person now or in the future subordinating Indebtedness or other obligations of any Loan Party held by that Person to the payment of the Obligations, and each is a “Subordinated Creditor”.

“Subordinated Debt” means Indebtedness or other obligations owed by Borrower or any other Loan Party which have been subordinated to the Obligations pursuant to a Subordination Agreement.



“Subordinated Securities Purchase Agreements” means, collectively, that certain Securities Purchase Agreement dated as of March 16, 2007 and that certain Securities Purchase Agreement dated as of March 31, 2010, by and among Borrower and the Institutional Subordinated Creditors.

“Subordination Agreement” means each subordination agreement now or hereafter executed by one or more of the Subordinated Creditors in favor of Lender in form and content acceptable to Lender in its sole discretion, including, without limitation, the Institutional Subordinated Creditors Subordination Agreement, the Groeb Family Subordinated Creditors Subordination Agreement and the Management Fee Subordination Agreement.

“Subsidiary” of a Person means a corporation, partnership, limited liability company, or other entity in which that Person directly or indirectly owns or controls the shares of Stock having ordinary voting power to elect a majority of the board of directors (or appoint other comparable managers) of such corporation, partnership, limited liability company, or other entity.

“Superpriority Claim” means a claim against Borrower in the Case which is an administrative expense claim having priority over any and all administrative expenses of the kind specified in Sections 503(b) or 507(b) of the Bankruptcy Code.

“Supporting Obligations” means supporting obligations (as such term is defined in the Code), and includes letters of credit and guaranties issued in support of Accounts, Chattel Paper, documents, General Intangibles, instruments or Investment Related Property.

“Taxes” means any taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments and all interest, penalties or similar liabilities with respect thereto; provided, however, that Taxes shall exclude (i) any tax imposed on the net income or net profits of Lender (including any branch profits taxes), in each case imposed by the jurisdiction (or by any political subdivision or taxing authority thereof in which Lender is organized or the jurisdiction (or by any political subdivision or taxing authority thereof) in which Lender’s principal office is located in each case as a result of a present or former connection between Lender and the jurisdiction or taxing authority imposing the tax (other than any such connection arising solely from Lender having executed, delivered or performed its obligations or received payment under, or enforced its rights or remedies under this Agreement or any other Loan Document), and (ii) any U.S. withholding taxes imposed under FATCA.

“Termination Date” has the meaning specified therefor in Section 2.9 of this Agreement

“Trademark Security Agreement” means each Trademark Security Agreement executed and delivered by the applicable Loan Party in favor of Lender, in form and substance reasonably acceptable to Lender.

“Trademarks” means any and all trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including (i) the trade names, registered trademarks, trademark applications, registered service marks and service mark applications listed on Schedule 5.25(b) to the Information Certificate, (ii) all renewals thereof, (iii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (iv) the right to sue for past, present and future infringements and dilutions thereof, (v) the goodwill of each Loan Party’s business symbolized by the foregoing or connected therewith, and (vi) all of each Loan Party’s rights corresponding thereto throughout the world.

“Transfer Eligible Inventory” means Eligible Inventory that is in transit on trucks or trailers owned or leased by Borrower with a destination being a location identified on Schedule 5.29 to the Information Certificate which is owned by Borrower or leased by Borrower and subject to a Collateral Access Agreement.

“Uniform Customs” means the Uniform Customs and Practice for Documentary Credits (2007 Revision), effective July, 2007 International Chamber of Commerce Publication No. 600.

“United States” means the United States of America.

“Updated Budget” has the meaning specified therefor in Section 6.21(b).

“Priority of Claims Waiver” has the meaning specified therefor in Section 6.19.

“USAO NDIL” means the Department of Justice, United States Attorney’s Office for the Northern District of Illinois.

“URL” means “uniform resource locator,” an internet web address.

“Value” means, as determined by Lender in good faith, with respect to Inventory, the lower of (a) cost computed on a first-in first-out basis in accordance with GAAP or (b) market value, provided that for purposes of the calculation of the Borrowing Base, (i) the Value of the Inventory shall not include: (A) the portion of the value of Inventory equal to the profit earned by any Affiliate on the sale thereof to any Borrower or (B) write-ups or write-downs in value with respect to currency exchange rates and (ii) notwithstanding anything to the contrary contained herein, the cost of the Inventory shall be computed in the same manner and consistent with the most recent appraisal of the Inventory received and accepted by Lender, if any.

“Voidable Transfer” has the meaning specified therefor in Section 17.7 of this Agreement.

“Wells Fargo” means Wells Fargo Bank, National Association.

“Weekly Actuals Report” has the meaning specified therefor in Section 6.21(a).

b. **Accounting Terms.** All accounting terms not specifically defined herein shall be construed in accordance with GAAP; provided, however, that if Borrower notifies Lender that Borrower requests an amendment to any provision hereof to eliminate the effect of any change in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or successor thereto or any agency with similar functions) (an “Accounting Change”) occurring after the Closing Date, or in the application thereof (or if Lender notifies Borrower that Lender requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such Accounting Change or in the application thereof, then Lender and Borrower agree that they will negotiate in good faith amendments to the provisions of this Agreement that are directly affected by such Accounting Change with the intent of having the respective positions of the Lender and Borrower after such Accounting Change conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the provisions in this Agreement shall be calculated as if no such Accounting Change had occurred. Whenever used herein, the term “financial statements” shall include the footnotes and schedules thereto. Whenever the term “Borrower” is used in respect of a financial covenant or a related definition, it shall be understood to mean Borrower and its Subsidiaries on a consolidated basis, unless the context clearly requires otherwise.

c. **Code.** Any terms used in this Agreement that are defined in the Code shall be construed and defined as set forth in the Code unless otherwise defined herein. The meaning of any term defined herein by reference to the Code will not be limited by reason of any limitation set forth on the scope of the Code, whether under Section 9-109 of the Code, by reason of federal preemption or otherwise.

d. **Construction.** Unless the context of this Agreement or any other Loan Document clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereby,” “hereunder,” and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the case may be. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement or in any other Loan Document to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. Any reference herein or in any other Loan Document to the satisfaction, repayment, or payment in full of the Obligations shall mean the repayment in full in cash or immediately available funds (or in the case of obligations with respect to Bank Products (other than Hedge Obligations), providing Bank Product Collateralization) of all of the Obligations (including the payment of any Lender Expenses that have accrued irrespective of whether demand has been made therefor and the payment of any termination amount then applicable (or which would or could become applicable as a result of the repayment of the other Obligations) under Hedge Agreements) other than unasserted contingent indemnification Obligations. Any reference herein to any Person shall be construed to include such Person’s successors and assigns. Any requirement of a writing contained herein or in any other Loan Document shall be satisfied by the transmission of a Record.

e. **Schedules and Exhibits.** All of the schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference.

**Schedule 2.12**

**TO SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION  
CREDIT AND SECURITY AGREEMENT**

Borrower shall pay to Lender each of the following fees:

Monthly:

- (a) **Unused Line Fee.** An unused line fee of one-quarter of one percent (0.25%) per annum of the daily average of the Maximum Revolver Amount reduced by outstanding Advances (the "Unused Amount"), from the date of this Agreement to and including the Termination Date, which unused line fee shall be payable monthly in arrears on the first day of each month and on the Termination Date.
- (b) **Cash Management Fees.** Service fees to Lender for Cash Management Services provided pursuant to the Cash Management Documents, Bank Product Agreements or any other agreement entered into by the parties, in the amount prescribed in Lender's current service fee schedule.

Upon demand by Lender or as otherwise specified in this Agreement:

- (a) **Collateral Exam Fees, Costs and Expenses.** Lender's costs and expenses in connection with any collateral exams, audits or inspections conducted by or on behalf of Lender at the current rates established from time to time by Lender as its fee for collateral exams, audits or inspections (which fees are currently \$125 per hour per collateral examiner), together with all actual out-of-pocket costs and expenses incurred in conducting any collateral exam, audit, or inspection. Lender may conduct collateral exams, audits and inspections from time to time in its sole discretion.
- (b) **Appraisal Fees, Costs and Expenses.** Lender's costs and expenses, including any appraisal fees and costs and expenses incurred by an appraiser, in connection with any appraisal of all or any part of the Collateral conducted at the request of the Lender; provided, however, that commencing on the first anniversary of the Closing Date and during each year thereafter, so long as no Default or Event of Default shall have occurred, Borrower shall have no obligation to reimburse Lender for fees, costs and expenses related to more than one (1) such appraisal of all or any part of the Collateral conducted during each such Fiscal Year. Notwithstanding the foregoing limitation, Borrower shall have the obligation to reimburse Lender for fees, costs and expenses related to any appraisal of all or any part of the Collateral conducted as a result of Borrower failing to maintain the Covenant Threshold.

**Schedule 6.1**

**TO SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION  
CREDIT AND SECURITY AGREEMENT**

Deliver to Lender each of the financial statements, reports, or other items set forth below at the following times, in form satisfactory to Lender:

as soon as available, but in any event within 25 days after the end of each Fiscal Month:	(a) an unaudited consolidated and consolidating balance sheet, income statement, statement of cash flow, and statement of owner's equity covering the operations of Borrower and its Subsidiaries during such period and compared to the prior period, together with a corresponding discussion and analysis of results from management; and  (b) a Compliance Certificate.
as soon as available, but in any event within 120 days after the end of each Fiscal Year:	(a) consolidated and consolidating financial statements of Borrower for each such Fiscal Year, audited by independent certified public accountants reasonably acceptable to Lender and certified, without any qualification which relates to the treatment or classification of any item and which, as a condition to the removal of such qualification, would require an adjustment to such item), by such accountants to have been prepared in accordance with GAAP (such audited financial statements to include a balance sheet, income statement, statement of cash flow, and statement of owner's equity and, if prepared, such accountants' letter to management), together with a corresponding discussion and analysis of results from management;  (b) a Compliance Certificate; and
as soon as available, but in any event within 30 days before the start of each Fiscal Year:	(a) copies of Borrower's Projections, in form and substance (including as to scope and underlying assumptions) satisfactory to Lender, in its sole discretion, for such Fiscal Year, on a monthly basis, certified by the chief financial officer of Borrower as being such officer's good faith estimate of the financial performance of Borrower during the period covered thereby.

**Schedule 6.2**

**TO SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION  
CREDIT AND SECURITY AGREEMENT**

Provide Lender with each of the documents set forth below at the following times in form and substance satisfactory to Lender:

Daily:	(a) a Daily Collateral Report in form and detail acceptable to Lender;  (b) an Account roll-forward with supporting details supplied from sales journals, collection journals, credit registers and any other records;  (c) notice of all claims, offsets, or disputes asserted by Account Debtors with respect to Accounts of Borrower and its Subsidiaries;  (d) copies of invoices together with corresponding shipping and delivery documents and credit memos together with corresponding supporting documentation with respect to invoices and credit memos in excess of an amount determined in the sole discretion of Lender from time to time; and  (e) a Borrowing Base Certificate.
Weekly on the second Business Day of each week or more frequently if Lender requests:	(a) the total dollar value of all mesquite honey Inventory of Borrower;  (b) a conference call with financial advisors and Borrower detailing Borrower's efforts and progress with respect to the debtor in possession financing budget, chapter 11 bankruptcy preparations, restructuring and other management plans and strategies, including, without limitation, a summary description of margin improvements (if any), vendor and customer terms and expense reductions (if any); and  (c) Inventory system/perpetual reports specifying the cost of Borrower's Inventory, by location and by category, with additional detail showing additions to and deletions therefrom (delivered electronically in an acceptable format, if Borrower has implemented electronic reporting).
Monthly (no later than the 10th day of each month or more frequently if Lender requests:	(a) a detailed aging of Borrower's Accounts, together with a reconciliation to the monthly Account roll-forward and supporting documentation for any reconciling items noted (delivered electronically in an acceptable format, if Borrower has implemented electronic reporting);  (b) a detailed calculation of those Accounts that are not eligible for the Borrowing Base; and  (c) a summary aging, by vendor, of Borrower's accounts payable (delivered electronically in an acceptable format, if Borrower has implemented electronic reporting).
Monthly (no later than the 20th day of each month) or more frequently if Lender requests:	(a) a reconciliation of Accounts aging, trade accounts payable aging, and Inventory perpetual of Borrower to the general ledger and the monthly financial statements, including any book reserves related to each category;  (b) Inventory system/perpetual reports specifying the cost of Borrower's Inventory, by location and by category, with additional detail showing additions to and deletions therefrom (delivered electronically in an acceptable format, if Borrower has implemented electronic reporting); and  (c) a detailed calculation of Inventory categories that are not eligible for the Borrowing Base.
Annually, or more frequently, if Lender requests:	(a) a detailed list of Borrower's and its Subsidiaries' customers, with address and contact information; and  (b) mark to market Inventory adjustments.
Upon request by Lender:	(a) copies of purchase orders and invoices for Inventory and Equipment acquired by Borrower

	<p>or its Subsidiaries,</p> <p>(b) such other reports and information as to the Collateral and as to Borrower, each other Loan Party and each Subsidiary of each Loan Party and each Guarantor, as Lender may reasonably request.</p>
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**EXHIBIT A**

[To come]



## **EXHIBIT B**

### **TO SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION CREDIT AND SECURITY AGREEMENT**

#### **CONDITIONS PRECEDENT**

THE OBLIGATION OF LENDER TO MAKE ITS INITIAL EXTENSION OF CREDIT PROVIDED FOR IN THIS AGREEMENT IS SUBJECT TO THE FULFILLMENT, TO THE SATISFACTION OF LENDER, OF EACH OF THE FOLLOWING CONDITIONS PRECEDENT:

(a) the Closing Date shall occur on or before October \_\_\_, 2013 [To be the date that is not later than 3 days following the Petition Date];

(b) Lender shall have received a certificate from the Secretary of Borrower (i) attesting to the resolutions of the Board of Directors of Borrower, as applicable, authorizing its execution, delivery, and performance of the Loan Documents to which it is a party, (ii) authorizing specific officers to execute the same, and (iii) attesting to the incumbency and signatures of such specific officers;

(c) Lender shall have received copies of the articles of incorporation and bylaws of Borrower, as amended, modified, or supplemented to the Closing Date, certified as true, correct and complete by the Secretary of Borrower;

(d) [RESERVED]

(e) Each Loan Party and each of its Subsidiaries shall have received all licenses, approvals or evidence of other actions required by any Governmental Authority in connection with the execution and delivery by such Loan Party or its Subsidiaries of the Loan Documents or with the consummation of the transactions contemplated thereby;

(f) all other documents and legal matters in connection with the transactions contemplated by this Agreement shall have been delivered, executed, or recorded and shall be in form and substance satisfactory to Lender;

(g) Lender shall have received such other items as Lender shall have reasonably requested;

(h) Lender shall have received a completed Borrowing Base Certificate;

(i) Lender shall have received, not later than three (3) days following the Petition Date, a certified copy of the Interim Order by the Bankruptcy Court, which Interim Order shall, among other things, (i) authorize Borrower to enter into this Agreement and the other Loan Documents, in the amount and on the terms set forth in this Agreement and the other Loan Documents, (ii) approve the Loan Documents and grant the Lien and Superpriority Claim contemplated thereby, approve the prepayment of the obligations under the Prepetition Credit Facility (to the extent required herein) by Borrower and all of the fees provided for in this Agreement and (iv) not have been vacated, reversed, modified, amended or stayed;

(j) All of the "first day orders" entered at the time of commencement of the Case, each of which shall be reasonably satisfactory in form and substance to Lender;

(k) Lender shall have received all fees required to be paid, and all Lender Expenses for which invoices have been presented (including the reasonable documental fees and expenses of legal counsel), on or before the Closing Date. The Prepetition Lender shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable documented fees and expenses of legal counsel), on or before the Closing Date; and

(l) No litigation shall have commenced which has not been stayed by the automatic stay or by the Bankruptcy Court which, if successful, would result in a Material Adverse Change other than the Case.

**EXHIBIT C**

[To come]

**EXHIBIT D**

[To come]

**EXHIBIT E**

TO SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION  
CREDIT AND SECURITY AGREEMENT

INFORMATION CERTIFICATE  
OF  
BORROWER

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Dated: October \_\_, 2013

HC Capital Holdings 0909A, LLC  
c/o Peak Rock Capital  
13413 Galleria Circle, Suite Q-300  
Austin, TX 78738  
Attn: Robert M. Strauss  
Fax: (512) 765-6530  
Email: Strauss@peakrockcapital.com

In connection with certain financing provided or to be provided by HC Capital Holdings 0909A, LLC ("Lender"), the undersigned Borrower represents and warrants to Lender the following information about each Loan Party and each Subsidiary of each Loan Party and each Guarantor (Capitalized definitional terms not specifically defined shall have the meaning set forth in the Senior Secured Superpriority Priming Debtor-in-Possession Credit and Security Agreement (the "Agreement")):

1. Attached as Schedule 5.1(b) is a complete and accurate description of (i) the authorized Stock of each Loan Party and each of its Subsidiaries and each Guarantor, by class, and the number of shares issued and outstanding and the names of the owners thereof (including stockholders, members and partners) and their holdings, all as of the date of this Agreement, (ii) all subscriptions, options, warrants or calls relating to any shares of Stock of such Loan Party, such Subsidiary and such Guarantor, including any right of conversion or exchange; (iii) each stockholders' agreement, restrictive agreement, voting agreement or similar agreement relating to any such Stock; and (iv) and organization chart for the Guarantors, the Borrower and their Subsidiaries.
2. Each Loan Party and each Guarantor is affiliated with, or has ownership in, the entities (including Subsidiaries) set forth on Schedule 5.1(c).
3. Each Loan Party and each Guarantor uses the following trade name(s) in the operation of their business (e.g. billing, advertising, etc.):  
  
Borrower: Groeb Farms, Inc.; Miller's American Honey
4. Each Loan Party and each Guarantor is a registered organization of the following type:  
  
Groeb Farms, Inc. is a Michigan corporation.
5. The exact legal name (within the meaning of Section 9-503 of the Code) of each Loan Party and each Guarantor as set forth in its respective certificate of incorporation, organization or formation, or other public organic document, as amended to date is set forth in Schedule 5.6(a).
6. Each Loan Party and each Guarantor is organized solely under the laws of the State set forth on Schedule 5.6(a). Each Loan Party and each Guarantor is in good standing under those laws and no Loan Party or Guarantor is organized in any other State.
7. The chief executive office and mailing address of each Loan Party and each Guarantor is located at the address set forth on Schedule 5.6(b) hereto.
8. The books and records of each Loan Party and each Guarantor pertaining to Accounts, contract rights, Inventory, and other assets are located at the addresses specified on Schedule 5.6(b).

9. The identity and Federal Employer Identification Number of each Loan Party and each Subsidiary of each Loan Party and each Guarantor and organizational identification number, if any, is set forth on Schedule 5.6(c). (Please Use Form Attached)
10. No Loan Party has any Commercial Tort Claims, except as set forth on Schedule 5.6(d).
11. There are no judgments, actions, suits, proceedings or other litigation pending by or against or threatened by or against any Loan Party, any of its Subsidiaries and/or any of its Affiliates or any of its officers or principals, except for the Case and as set forth on Schedule 5.7(b).
12. Since its date of organization, the name as set forth in each Loan Party's organizational documentation filed of record with the applicable state authority has been changed as follows: N/A
13. Since the date of its organization, each Loan Party has made or entered into the following mergers or acquisitions:  
  
On March 31, 2010, Groeb Farms, Inc. acquired Miller's American Honey, Inc., which became a wholly-owned subsidiary of Groeb Farms, Inc. On June 30, 2010, Miller's American Honey, Inc. merged with Groeb Farms, Inc.  
  
In March 2007, Groeb Farms, Inc. merged with GF Acquisition, Inc. GF Acquisition, Inc. was formed for the sole purpose of acquiring Groeb Farms, Inc.  
  
Prior to 2007, Groeb Farms acquired a fresh salsa company (Gourmet Jose), which was sold in early 2008.
14. The assets of each Loan Party and each Subsidiary of each Loan Party are owned and held free and clear of Liens, mortgages, pledges, security interests, encumbrances or charges except as set forth below: See Schedule P-2 attached to the Agreement.
15. No Loan Party or any ERISA Affiliate maintains or contributes to, or has any unsatisfied obligation to contribute to, or liability under, any Pension Plan other than (A) on the Closing Date, those listed in Schedule 5.11(d) and (B) thereafter, Pension Plans not otherwise prohibited by this Agreement.
16. Each Loan Party has been and remains in compliance with all environmental laws applicable to its business or operations except as set forth on Schedule 5.12 and except to the extent that the failure to be in compliance therewith could not reasonably be expected to result in a Material Adverse Change.
17. No Loan Party has any Deposit Accounts, investment accounts, Securities Accounts or similar accounts with any bank, securities intermediary or other financial institution, except as set forth on Schedule 5.15 for the purposes and of the types indicated therein and except as otherwise permitted in Section 7.11(b).
18. No Loan Party is a party to or bound by an collective bargaining or similar agreement with any union, labor organization or other bargaining agent except as set forth below (indicate date of agreement, parties to agreement, description of employees covered, and date of termination): None
19. Set forth on Schedule 5.17 is a reasonably detailed description of each Material Contract of each Loan Party and each of its Subsidiaries as of the date of the Agreement.
20. Set forth on Schedule 5.19 is a true and complete list of all Indebtedness of each Loan Party and each of its Subsidiaries outstanding immediately prior to the Closing Date.
21. No Loan Party has made any loans or advances or guaranteed or otherwise become liable for the obligations of any others, except as set forth below:  
  
One or more members of the Groeb family is indebted to Groeb Farms, Inc. in the approximate amount of \$185,000 plus interest in connection with the sale of a division of Groeb Farms, Inc.

22. No Loan Party has any Chattel Paper (whether tangible or electronic) or instruments as of the date hereof, except as follows: None
23. No Loan Party owns or licenses any Trademarks, Patents, Copyrights or other Intellectual Property, and is not a party to any Intellectual Property License except as set forth on Schedule 5.25 (indicate type of Intellectual Property and whether owned or licensed, registration number, date of registration, and, if licensed, the name and address of the licensor).
24. Schedule 5.26(a) sets forth all real property owned by each Loan Party.
25. The Inventory, Equipment and other goods of each Loan Party are located only at the locations set forth on Schedule 5.29.
26. Set forth on Schedule 5.31 is a reasonably detailed description of each Material License of each Loan Party and each of its Subsidiaries as of the date of this Agreement.
27. Set forth on Schedule 5.33 is a list of all Eligible Equipment owned by each Loan Party as of the date of this Agreement.
28. At the present time, there are no delinquent taxes due (including, but not limited to, all payroll taxes, personal property taxes, real estate taxes or income taxes) except as follows:

In connection with an audit, the IRS determined that Groeb Farms, Inc. owes an additional \$1,372 plus interest and penalties for the tax year 2010. Groeb Farms, Inc. has not yet paid this tax deficiency because it has not received the final bill from the IRS.

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Lender shall be entitled to rely upon the foregoing in all respects and the undersigned is duly authorized to execute and deliver this Information Certificate on behalf of each Loan Party.

Very truly yours,

**GROEB FARMS, INC.**

By: \_\_\_\_\_  
Name: Jack M. Irvin, Jr.  
Title: Vice-President and Chief Financial Officer

Schedule 5.1(b)

TO INFORMATION CERTIFICATE

Capitalization of Borrower

Organization Chart

Items (i), (iv): Capital Stock, Organization Chart

*See attached.*

Item (ii):

*See attached.*

Item (iii):

Investment Agreement for 78,500 Shares of Convertible Preferred Stock and 2,500 Shares of Series D Common Stock issued by GF Acquisition, Inc., dated as of March 16, 2007, as amended

Investment Agreement for 26,923 Shares of Series C 6% Convertible Preferred Stock issued by Groeb Farms, Inc., dated as of March 31, 2010, as amended

Securities Purchase Agreement among Argosy Investment Partners III, L.P., Horizon Capital Partners III, L.P., Marquette Capital Fund I, LP, GF Acquisition, Inc. and Groeb Farms, Inc., dated March 16, 2007, as amended

Securities Purchase Agreement among Argosy Investment Partners III, L.P., Horizon Capital Partners III, L.P., Marquette Capital Fund I, LP and Groeb Farms, Inc., dated March 31, 2010, as amended

Executive Investment/Shareholder Agreement between GF Acquisition, Inc. and Ernest L. Groeb, dated as of March 16, 2007<sup>1</sup>

Groeb Farms, Inc. has additional shareholder agreements with other employees and such shareholder agreements are similar to Ernest L. Groeb's Executive Investment/Shareholder Agreement

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<sup>1</sup> Groeb Farms, Inc. has repurchased Ernie L. Groeb's common stock and believes this Executive Investment/Shareholder Agreement has been terminated. Ernie L. Groeb disagrees and believes such agreement is still in effect.



**GROEB FARMS, INC.  
PRO FORMA OWNERSHIP**

As of August 31, 2013

Updated: 9/18/13

As of August 31, 2013	Updated: 9/18/13								Primary Ownership		Fully Diluted Ownership		
Investor	Invest Date	Investment	Par Value	Equity Portion	APIC Portion	Avg. \$/Share	Less: Treasury	Shares	%	Shares	%	Class Of Stock	
Management													
Common Shares - Series D													
Michael R. Modjeski	12/31/09	59,420	1	1,000	58,420	59.42		1,000	0.78%	1,000	0.67%	Common D	
Craig S. Moore	12/31/09	50,000	1	1,000	49,000	50.00		1,000	0.78%	1,000	0.67%	Common D	
Joyce Darlene Schlachter	12/31/09	50,000	1	1,000	49,000	50.00		1,000	0.78%	1,000	0.67%	Common D	
Jack Irvin	12/31/09	50,000	1	1,000	49,000	50.00		1,000	0.78%	1,000	0.67%	Common D	
Alison Tringale	11/4/10	115,206	1	1,266	113,940	91.00		1,266	0.99%	1,266	0.85%	Common D	
Total Common D		324,626		5,266	319,360		0	5,266	4.13%	5,266	3.55%		
Conv. Preferred - Series B													
Ernest L. Groeb	3/16/07	469,500	100	469,500	0	100.00		4,695	3.68%	4,695	3.17%	Pref B	
Troy L. Groeb	3/16/07	469,500	100	469,500	0	100.00		4,695	3.68%	4,695	3.17%	Pref B	
Total Conv. Preferred Series B		939,000		939,000	0			9,390	7.36%	9,390	6.34%		
Conv. Preferred Series C													
Groeb Farms Partnership	4/1/10	930,540	130	930,540	0	130.00		7,158	5.61%	7,158	4.83%	Pref C	
Joellen Sullivan	4/1/10	45,240	130	45,240	0	130.00		348	0.27%	348	0.23%	Pref C	
Alison Tringale	11/4/10	45,240	130	45,240	0	130.00		348	0.27%	348	0.23%	Pref C	
Total Conv. Preferred Series C		1,021,020		1,021,020	0			7,854	6.16%	7,854	5.30%		
Total Management		2,284,646		1,965,286	319,360		0	22,510	17.65%	22,510	15.19%		
Board of Directors													
Restricted Common Shares - Series F													
George W. Cawman	12/18/07	1,500	\$1	\$1,500	\$0	1.00		1,500	1.18%	1,500	1.01%	Common F	
Robert G. Bush	12/18/07	250	1	250	0	1.00		250	0.20%	250	0.17%	Common F	
Kim W. Jenkins	12/18/07	100	1	100	0	1.00		100	0.08%	100	0.07%	Common F	
Frank H. Barker	2/23/10	0	1	0	0	1.00		0	0.00%	825	0.56%	Common F	
P. Kim Packard	2/23/10	500	1	500	0	1.00		500	0.39%	825	0.56%	Common F	
J. William Petty, Trustee of Carolyn V. Petty 2000 Trust U/A/D 2/25/2000	12/18/07	1,000	1	1,000	0	1.00		1,000	0.78%	1,000	0.67%	Common F	
Total Restricted Common F		3,350		3,350	0			3,350	2.63%	4,500	3.04%		
Conv. Preferred Series C													
Francis H. Barker	4/1/10	53,560	130	53,560	0	130.00		412	0.32%	412	0.28%	Pref C	
George W. Cawman, Jr.	4/1/10	249,990	130	249,990	0	130.00		1,923	1.51%	1,923	1.30%	Pref C	
J. William Petty	4/1/10	75,010	130	75,010	0	130.00		577	0.45%	577	0.39%	Pref C	
John C. Morley	4/1/10	31,720	130	31,720	0	130.00		244	0.19%	244	0.16%	Pref C	
Lanny A. Passaro Trust	4/1/10	31,720	130	31,720	0	130.00		244	0.19%	244	0.16%	Pref C	
P. Kim Packard	4/1/10	18,330	130	18,330	0	130.00		141	0.11%	141	0.10%	Pref C	
Robert G. Bush	4/1/10	99,190	130	99,190	0	130.00		763	0.60%	763	0.51%	Pref C	
Jack C. Meng	4/1/10	63,440	130	63,440	0	130.00		488	0.38%	488	0.33%	Pref C	
Thomas R. Liebermann	4/1/10	4,940	130	4,940	0	130.00		38	0.03%	38	0.03%	Pref C	
Total Conv. Preferred Series C		627,900		627,900	0			4,830	3.79%	4,830	3.26%		
Total Board of Directors		631,250		631,250	0		0	8,180	6.41%	9,330	6.30%		

**GROEB FARMS, INC.**  
**PRO FORMA OWNERSHIP**

As of August 31, 2013

Updated: 9/18/13

As of August 31, 2013		Updated: 9/18/13						Primary Ownership		Fully Diluted Ownership		
Investor	Invest Date	Investment	Par Value	Equity Portion	APIC Portion	Avg. \$/Share	Less: Treasury	Shares	%	Shares	%	Class Of Stock
Outside Investors												
Conv. Preferred Series A												
Horizon Capital Partners III, L.P.	3/16/07	1,411,000	\$100	\$1,411,000	\$0	100.00		14,110	11.06%	14,110	9.52%	Pref A
Marquette Capital Fund I, L.P.	3/16/07	1,700,000	100	1,700,000	0	100.00		17,000	13.33%	17,000	11.47%	Pref A
Argosy Investment Partners III, L.P.	3/16/07	3,200,000	100	3,200,000	0	100.00		32,000	25.09%	32,000	21.59%	Pref A
George W. Cawman	3/16/07	250,000	100	250,000	0	100.00		2,500	1.96%	2,500	1.69%	Pref A
Howard S. Goss	3/16/07	50,000	100	50,000	0	100.00		500	0.39%	500	0.34%	Pref A
Thomas R. Liebermann	3/16/07	25,000	100	25,000	0	100.00		250	0.20%	250	0.17%	Pref A
Jack C. Meng	3/16/07	100,000	100	100,000	0	100.00		1,000	0.78%	1,000	0.67%	Pref A
John C. Morley	3/16/07	50,000	100	50,000	0	100.00		500	0.39%	500	0.34%	Pref A
Lanny A. Passaro Trust	3/16/07	50,000	100	50,000	0	100.00		500	0.39%	500	0.34%	Pref A
J. William Petty	3/16/07	75,000	100	75,000	0	100.00		750	0.59%	750	0.51%	Pref A
Total Conv. Preferred Series A		6,911,000		6,911,000	0			69,110	54.19%	69,110	46.63%	
Conv. Preferred Series C												
Horizon Capital Partners III, L.P.	4/1/10	375,060	130	375,050	10	130.00		2,885	2.26%	2,885	1.95%	Pref C
Marquette Capital Fund I, L.P.	4/1/10	573,690	130	573,690	0	130.00		4,413	3.46%	4,413	2.98%	Pref C
Argosy Investment Partners III, L.P.	4/1/10	947,570	130	947,570	0	130.00		7,289	5.72%	7,289	4.92%	Pref C
Total Conv. Preferred Series C		1,896,320		1,896,310	10			14,587	11.44%	14,587	9.84%	
Common Shares - Series E												
Horizon Capital Partners III, L.P.	3/16/07	6,567	1	6,567	0	1.00		6,567	5.15%	6,567	4.43%	Common E
Horizon Partners, Ltd.	3/16/07	6,567	1	6,567	0	1.00		6,567	5.15%	6,567	4.43%	Common E
Total Common Shares Series E		13,134		13,134	0			13,134	10.30%	13,134	8.86%	
Junior Subordinate Note Warrants 'C'												
Horizon Capital Partners III, L.P.	3/16/07	—	1	—	—	1.00		—	—	900	0.61%	
Marquette Capital Fund I, L.P.	3/16/07	—	1	—	—	1.00		—	—	5,103	3.44%	
Argosy Investment Partners III, L.P.	3/16/07	—	1	—	—	1.00		—	—	4,504	3.04%	
Total Warrants		0		0	0			0	0.00%	10,507	7.09%	
Senior Subordinate Note Warrants 'G'												
Horizon Capital Partners III, L.P.	3/31/10	—	1	—	—	1.00		—	—	193	0.13%	
Marquette Capital Fund I, L.P.	3/31/10	—	1	—	—	1.00		—	—	4,692	3.17%	
Argosy Investment Partners III, L.P.	3/31/10	—	1	—	—	1.00		—	—	4,139	2.79%	
Total Warrants		0		0	0			0	0.00%	9,024	6.09%	
Total Outside Investors		8,820,454		8,820,444	10		0	96,831	75.93%	116,362	78.52%	
TOTAL ACTIVE SHARES		\$11,736,350		11,416,980	319,370		0	127,521	100.00%	148,202	100.00%	

**GROEB FARMS, INC.  
PRO FORMA OWNERSHIP**

As of August 31, 2013

Updated: 9/18/13

Investor	Invest Date	Investment	Par Value	Equity Portion	APIC Portion	Avg. \$/Share	Less: Treasury	Primary Ownership		Fully Diluted Ownership		Class Of Stock
								Shares	%	Shares	%	
<b>TOTAL ACTIVE SHARES</b>		<u>\$11,736,350</u>		<u>11,416,980</u>	<u>319,370</u>		<u>0</u>	<u>127,521</u>	<u>100.00%</u>	<u>148,202</u>	<u>100.00%</u>	

**Treasury Shares**

**Repurchased from: Issuance Date: Repurchased:**  
Common D:

Ernest L. Groeb	3/16/07	8/3/2012	\$125,000	\$1	\$0	\$125,000	50.00	-2,500	0	0.00%	0	0.00%	Common D
Ernest L. Groeb	4/1/10	8/3/2012	51,506	1	0	51,506	91.00	-566	0	0.00%	0	0.00%	Common D
Troy L. Groeb	12/31/09	11/19/2012	59,420	1	0	59,420	59.42	-1,000	0	0.00%	0	0.00%	Common D
Troy L. Groeb	4/1/10	11/19/2012	24,206	1	0	24,206	91.00	-266	0	0.00%	0	0.00%	Common D
Joellen Sullivan	12/31/09	11/19/2012	59,420	1	0	59,420	59.42	-1,000	0	0.00%	0	0.00%	Common D
Joellen Sullivan	4/1/10	11/19/2012	24,206	1	0	24,206	91.00	-266	0	0.00%	0	0.00%	Common D

Common F:

Ernest L. Groeb	3/16/07	8/3/2012	9,851	1	0	9,851	1.00	-9,851	0	0.00%	0	0.00%	Common F
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**Total Treasury APIC**

<u>353,609</u>	<u>-15,449</u>	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>
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TOTAL Additional Paid-in Capital *(ties to Balance Sheet)*

672,979

Schedule 5.1(c)

TO INFORMATION CERTIFICATE

Subsidiaries; Affiliates; Investments

Part 1 – Subsidiaries of Borrower (50% or more owned by Borrower)

Name	Jurisdiction of Organization	Percentage Owned
None		

Part 2 – Affiliates of Borrower (Less than 50% Owned by Borrower)

Name	Jurisdiction of Organization	Percentage Owned
None		

Part 3 – Affiliates of Borrower (Subject to common ownership with Borrower)

Name	Jurisdiction of Organization	Owner	Percentage Owned
None			

Part 4 – Owners of Borrower

Name	Jurisdiction of Organization	Percentage Owned
See Schedule 5.1(b)		

Schedule 5.6(a)

TO INFORMATION CERTIFICATE

Exact Legal Names and Jurisdiction of Organization of Borrower

Exact Legal Name	Jurisdiction of Organization
Groeb Farms, Inc.	Michigan

Schedule 5.6(b)

TO INFORMATION CERTIFICATE

Locations

Part 1 - Chief Executive Office and Mailing Address

**Borrower:**

10464 Bryan Highway  
Onsted, MI 49265

Part 2 - Location of Books and Records

**Borrower:**

10464 Bryan Highway  
Onsted, MI 49265

2301 E Michigan Ave  
Jackson, MI 49202

Schedule 5.6(c)

TO INFORMATION CERTIFICATE

Federal Employer Identification Number  
Organizational Identification Number  
for Borrower

*(Please Use Form Attached For Tax Identification Number)*

<b>Name</b>	<b>Organizational Identification Number</b>	<b>Federal Identification Number</b>
Groeb Farms, Inc.	371576	38-2778390

Schedule 5.6(d)

TO INFORMATION CERTIFICATE

Commercial Tort Claims

None



Schedule 5.7(b)

TO INFORMATION CERTIFICATE

Judgments/ Pending Litigation

**Borrower:**

Groeb Farms, Inc. v. China Industrial Manufacturing Group, Inc.: Groeb Farms and China Industrial entered into two contracts pursuant to which China Industrial agreed to deliver a total of 262 loads of pure Indonesian light amber honey ("Honey") to Groeb Farms. China Industrial delivered 30 loads of Honey to Groeb Farms but failed to deliver the remaining 232 loads of Honey to Groeb Farms as required by the two contracts. As a result of China Industrial's failure to deliver the remaining 232 loads of Honey to Groeb Farms, Groeb Farms incurred significant damages. Groeb Farms brought suit against China Industrial for breach of contract. China Industrial asserted a counterclaim against Groeb Farms seeking the recovery of payments that were withheld from China Industrial based on the failure to deliver the loads of Honey. The case was settled by a confidential settlement agreement, and the case was dismissed on April 29, 2013.

Little Bee Impex / Kashmir Apiaries Exports ("Little Bee"): Little Bee agreed to deliver 380 loads of White, Light Amber and Extra Light Amber Pure Bees Honey to Groeb Farms no later than May 11, 2011. Little Bee failed to deliver the specified loads of honey and caused Groeb Farms to incur significant damages. Groeb Farms set off against the amounts due to Little Bee the damages that Groeb Farms has incurred. Little Bee asserted claims against Groeb Farms for the failure to pay such amounts due to Little Bee. Little Bee and Groeb Farms reached a confidential settlement agreement to resolve the matter during arbitration. Once the settlement agreement is fulfilled, the arbitration proceeding will be dismissed. Groeb Farms' potential liability is not covered by insurance.

Consolidated Class Actions: In April 2013, two civil putative class action lawsuits brought by producers, packers and/or distributors of honey were filed in the United States District Court for the Northern District of Illinois. In Adee Honey Farms, et al v. Groeb Farms, et al., Case No. 1:13-cv-02922 (the "Adee Lawsuit"), the putative class alleges violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO") and Lanham Act. In Moore's Honey Farm, et al. v. Groeb Farms, Inc., et al., Case No. 1:13-cv-02905 (the "Moore Lawsuit" and collectively with the Adee Lawsuit the "Putative Class Actions"), the putative class alleges violations of RICO and common law fraud, negligent misrepresentations, conspiracy, and clandestine wrongful importation without paying the anti-dumping duties. On June 24, 2013, the Putative Class Actions were consolidated (hereinafter, the "Putative Class Action") by Order of the Court handling the Moore Lawsuit (the "Consolidation Order"). The Putative Class Action is based on the factual statements contained in the DPA regarding the purchase of trans-shipped honey. While none of the claims make a specific damage demand, RICO and Lanham Act cases carry a potential for treble damages. All claims also seek attorneys' fees. On September 9, 2013, the court granted the parties' agreed order to extend the deadline for the Putative Class Action Plaintiffs to file an amended complaint until October 24, 2013. Settlement discussions in this matter are ongoing. Groeb Farms' potential liability is covered by insurance to the extent set forth in the insurer's reservation of rights letter.

Yager v. Groeb Farms: Karen Yager, a former Groeb Farms salesperson, filed a suit in state court in Maryland on May 20, 2013 alleging gender discrimination with respect to a layoff, failure to pay all compensation owed with respect to a bonus agreement, and breach of contract with respect to the same bonus agreement. Yager asserts damages in excess of \$75,000.00 Groeb Farms removed the case to federal court on July 25, 2013. The case is currently stayed until November 15, 2013 to allow for settlement discussions, which are ongoing. Groeb Farms' potential liability is not covered by insurance.

Peter Nelson (California Workers' Compensation Matter): Nelson, a former employee, filed a claim for workers' compensation, and a claim for retaliatory discharge based on the filing of a workers' compensation claim with the California Workers' Compensation Appeal Board. The retaliatory discharge claim was settled in June 2013. The workers' compensation matter is ongoing. Groeb Farms' potential liability based on the workers' compensation claim, which is estimated to be \$25,000, is covered by insurance.

Jodi Sullivan Matter (threatened litigation): Jodi Sullivan is a former Groeb Farms employee who has threatened to sue Groeb Farms. On or about September 26, 2012, the Company terminated Ms. Sullivan's employment as part of a reduction in force and, in connection with such termination, elected to repurchase her Series D Common Stock for the estimated fair market value, which was in the aggregate \$1,266. Shortly after her termination, Ms. Sullivan retained an attorney, Marvin A. Robon, of Barkan & Robon, Ltd., Maumee, Ohio, alleging, among other things, improper termination, improper purchase of her Series D Common stock, failure to purchase her preferred stock and other claims. Although the parties entered into settlement discussions, no conclusion was ever reached and Ms. Sullivan may file a lawsuit against Groeb Farms. Groeb Farms' potential liability is not covered by insurance.

Schedule 5.11(d)

TO INFORMATION CERTIFICATE

Pension Plans

**Borrower:**

Groeb Farms, Inc. maintains a 401(k) plan.

Schedule 5.12

TO INFORMATION CERTIFICATE

Environmental Compliance

None

Schedule 5.15

TO INFORMATION CERTIFICATE

Deposit Accounts; Investment Accounts

Part 1 - Deposit Accounts

**Borrower:**

<b>Name and Address of Bank</b>	<b>Account No.</b>	<b>Purpose</b>
Wells Fargo Bank, National Association P.O. Box 63020 San Francisco, CA 94163	4122226913	Operating Account
Wells Fargo Bank, National Association P.O. Box 63020 San Francisco, CA 94163	4122234636	Cash Collection Account
Wells Fargo Bank, National Association P.O. Box 63020 San Francisco, CA 94163	4122226921	BASIC Account
Wells Fargo Bank, National Association P.O. Box 63020 San Francisco, CA 94163	4122407232	Petty Cash Account
Comerica Bank 11351 Brooklyn Rd. Brooklyn, MI 49230	Box 663	Safety Deposit Box
Old National Bank P.O. Box 718 Evansville IN 47705	5012453655	Petty Cash Account

Part 2 - Investment and Other Accounts

**Borrower:**

None

Schedule 5.17

TO INFORMATION CERTIFICATE

Material Contracts

Credit and Security Agreement, dated as of January 30, 2012, between Groeb Farms, Inc. and HC Capital Holdings 0909A, LLC (as successor to Wells Fargo Bank, National Association), as amended from time to time.

The agreements evidencing the indebtedness set forth on Schedule 5.19.

Schedule 5.19

TO INFORMATION CERTIFICATE

Existing Indebtedness

Part 1 - Direct Debt

**Borrower:**

The Prepetition Obligations.

Name/Address of Payee	Principal Balance as of Closing Date	Nature of Debt	Term
Ernest L. Groeb, as Shareholders' Representative 10464 Bryan Highway Onsted, MI 49265	\$1,500,000	Junior subordinated debt	Debt matures March 31, 2017
Argosy Investment Partners III, L.P. 950 West Valley Road, Suite 2900 Wayne, PA 19087  Horizon Capital Partners III, L.P. 3838 Tamiami Trail N, Suite 408 Naples, Florida  Marquette Capital Fund I, LP 60 South Sixth Street Minneapolis, MN	\$3,500,000	Senior subordinated debt	Debt matures March 31, 2017
Argosy Investment Partners III, L.P. 950 West Valley Road, Suite 2900 Wayne, PA 19087  Horizon Capital Partners III, L.P. c/o Horizon Partners Ltd. 3838 Tamiami Trail N, Suite 408 Naples, Florida  Marquette Capital Fund I, LP 60 South Sixth Street Minneapolis, MN	\$3,500,000	Senior subordinated debt	Debt matures March 31, 2017
Olesanik Family Living Trust 5100 Baggins Hill Road Templeton, CA 93485	\$423,762	Unsecured debt	Debt matures July 2017

Part 2 – Guarantees

**Borrower:**

Name/Address of Payee	Principal Balance as of Closing Date	Nature of Debt	Term
None			

Schedule 5.24

TO INFORMATION CERTIFICATE

Collective Bargaining or Similar Agreements

None


Schedule 5.25

TO INFORMATION CERTIFICATE

Intellectual Property

Part 1 – Trademarks Owned

**Borrower:**

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
	3907823	01/18/11
GROEB FARMS, INC.	3907825	01/18/11
SUPERIOR HONEY	3061871	02/28/06

Trademark Application	Application/Serial Number	Application Date
None		

Part 2 – Trademarks Licensed

**Borrower:**

Trademark	License Number	Effective Date of License	Expiration Date of License	Licensor
Smokey the Bear	#12-007	July 1, 2012	June 30, 2015	Forest Service, United States Department of Agriculture

Trademark Application	Application/Serial Number	Application Date
None		

Part 3 – Patents Owned

**Borrower:**

U.S. Patent No.	Title	File Date	Issue Date
None			



U.S. Application No.	Title	Priority Date
None		

Part 4 – Patents Licensed

**Borrower:**

Patent Description	Registration Number	Registration Date	Expiration Date	Licensor
None				

Patent Application	Application / Serial Number	Application Date
None		

Part 5 – Copyrights Owned

**Borrower:**

Copyright	Registration Number	Registration Date
None		

Part 6 – Copyrights Licensed

**Borrower:**

Copyright	Registration Number	Registration Date	Licensor
None			

Part 7 – Other License Agreements

**Borrower:**

Name of Document	Date of Document	Licensor	Term	Licensed Intellectual Property
None				

Schedule 5.26(a)

TO INFORMATION CERTIFICATE

Owned Real Estate

None.

## Schedule 5.29

## TO INFORMATION CERTIFICATE

## Locations of Inventory and Equipment

Locations of Inventory, Equipment and Other Assets**Borrower:**

<b>Address</b>	<b>Owned/Leased/Third Party</b>	<b>Name/Address of Lessor or Third Party, as Applicable</b>
10464 Bryan Highway Onsted, MI 49265	Leased	Ernest L. Groeb, Jr. Trust B, United Bank & Trust, Successor Trustee PO Box 248 Tecumseh, MI 749286
3220 SE County Highway 484 Bellevue, FL 34421	Leased	Groeb Farms, LLC P.O. Box 398 Bellevue, FL 34424
31 Plymouth St. Mansfield, MA 02048	Public Warehouse	Barrett Distribution Center 31 Plymouth St. Mansfield, MA 02048
3601 S. Leonard Rd. St. Joseph, MO 64503	Public Warehouse	BMS Logistics, Inc. 100 N. Airport Rd. St. Joseph, MO 64503
215 Industrial Drive #D Hampshire, IL 60140-8900	Public Warehouse	Food Ingredients, Inc. 2425 Alft Lane Elgin, IL 60124
2490 S. Broadway St., Bldg 7 Green Bay, WI 54304	Public Warehouse	Northland Cold Storage, Inc. P.O. Box 11796 Green Bay, WI 54307
26525 Danti Ct. Hayward, CA 94545	Public Warehouse	Green Packing, Inc. 3650 Perada Dr. Walnut Creek, CA 94598
1455 Riverview Drive San Bernardino, CA 92408	Leased	GT94, LP 9171 Wilshire Blvd. Suite 900 Hollywood, CA 90210

Schedule 5.31

TO INFORMATION CERTIFICATE

Material Licenses

None

Schedule 5.32

TO INFORMATION CERTIFICATE

Existing Liens on Farm Products

None

Schedule 5.33

TO INFORMATION CERTIFICATE

Eligible Equipment

Trailers

Year	Description	VIN	Hilco Appraisal Ref#
2011	Utility 53' Trailer	1UYVS253XBG147601	39
2011	Utility 53' Trailer	1UYVS253XBG147602	40
2010	Utility 53' Trailer	1UYVS2538AG917602	41
2010	Utility 53' Trailer	1UYVS2536AG917601	42
2010	Utility 53' Trailer	1UYVS2534AG917502	43
2010	Utility 53' Trailer	1UYVS2532AG917501	44
2009	Utility 53' Trailer	1UYVS25339G631202	45
2009	Utility 53' Trailer	1UYVS25319G631201	46
2008	Utility 53' Trailer	1UYVS25358G404902	47
2008	Utility 53' Trailer	1UYVS25358G404901	48
2008	Utility 53' Trailer	1UYVS25328G375309	49
2008	Utility 53' Trailer	1UYVS25338G354307	50
2008	Utility 53' Trailer	1UYVS25338G354310	51
2006	Utility 53' Trailer	1UYVS25326G892302	52
2006	Utility 53' Trailer	1UYVS25306G892301	53
2006	Utility 53' Trailer	1UYVS25316P826002	54
2006	Utility 53' Trailer	1UYVS253X6G761914	55

Tractors

2005	Freightliner Model M2 106, 4x2 water truck	1FVACVDD75HV43767	64
2003	Freightliner Model CL-120T, 6x4 Tractor	1FUJA6CG63LK43708	66

Schedule 7.15

TO INFORMATION CERTIFICATE

Consignment, Bill and Hold, Sale or Return, Sale on Approval or Conditional Sale Arrangements

None

## Schedule 7.16

## TO INFORMATION CERTIFICATE

Inventory With Bailee, Warehouseman, Processor, etc.

<b>Address</b>	<b>Type of Bailee</b>	<b>Name/Address of Bailee</b>
31 Plymouth St. Mansfield, MA 02048	Public Warehouse	Barrett Distribution Center 31 Plymouth St. Mansfield, MA 02048
3601 S. Leonard Rd. St. Joseph, MO 64503	Public Warehouse	BMS Logistics, Inc. 100 N. Airport Rd. St. Joseph, MO 64503
2490 S. Broadway St., Bldg 7 Green Bay, WI 54304	Public Warehouse	Northland Cold Storage, Inc. P.O. Box 11796 Green Bay, WI 54307
30039 Ahern Avenue Union City CA 94587	Public Warehouse	Green Packaging, Inc. 3650 Peradad Dr. Walnut Creek, CA 94598



Schedule A-1

TO SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION  
CREDIT AND SECURITY AGREEMENT

Collection Account

Account No. 4122234636 of Borrower maintained with Wells Fargo Bank, National Association.

Schedule A-2

TO SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION  
CREDIT AND SECURITY AGREEMENT

Authorized Persons

Rolf Richter, President and Chief Executive Officer  
Jack M. Irvin, Jr., Vice-President, Chief Financial Officer and Secretary

Schedule D-1

TO SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION  
CREDIT AND SECURITY AGREEMENT

Designated Account

Account No. 4122226913 of Borrower maintained with Wells Fargo Bank, National Association.

Schedule P-1

TO SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION  
CREDIT AND SECURITY AGREEMENT

Permitted Investments

One or more individual members of the Groeb family is indebted to Groeb Farms, Inc. in the approximate amount of \$185,000 plus interest in connection with the sale of a division of Groeb Farms, Inc.

Certain employees are indebted to Groeb Farms, Inc. in the approximate amount of \$102,000 for the purchase of stock. Due to the value of Groeb Farms, Inc.'s stock this payment obligation may have been terminated.

Schedule P-2

TO SENIOR SECURED SUPERPRIORITY PRIMING DEBTOR-IN-POSSESSION  
CREDIT AND SECURITY AGREEMENT

Permitted Liens

Liens securing the Prepetition Obligations.

<b>Debtor Searched</b> [Debtor Found]	<b>Jurisdiction</b>	<b>Secured Party</b>	<b>Filing No.</b>	<b>Filing Date</b>	<b>Lien Description</b>
Groeb Farms, Inc.	Michigan Secretary of State	Wells Fargo Bank, N.A.	2010088737-8	06/29/10	(2) Sellick Rough Terrain Forklifts SLP50JDS-4 and all equipment parts, substitutions and replacements and the proceeds thereof
Groeb Farms, Inc.	Michigan Secretary of State	Toyota Motor Credit Corp	2011078647-7	06/01/11	(1) Toyota 7BNCU20 with Crown Industrial Battery 18-125-17 and Energic Charger
Groeb Farms, Inc.	Michigan Secretary of State	Marquette Capital Fund I, LP	2012015872-1	01/30/12	All of the Debtor's right, title and interest in and to all tangible and intangible assets of any type or description, including the following, whether now owned and existing or hereafter created or acquired, wherever located, together with all additions and accessions and all proceeds and products thereof: all accounts, chattel paper, instruments, investment property, equipment, inventory, general intangibles, deposit accounts, documents, letter of credit rights, any supporting obligations relating to the foregoing, any insurance coverage relating to the foregoing and all books and records of the Debtor.
Groeb Farms, Inc.	Michigan Secretary of State	Raymond Leasing Corporation	2012178465-4	12/26/12	All material handling equipment and associated accessories, including without limitation, lift trucks, pallet trucks, orderpickers, batteries and chargers in the possession of Debtor or hereafter acquired by Debtor in accordance with Equipment Master Lease Schedule No 306691 or any schedule thereunder.
Groeb Farms, Inc.	Michigan Secretary of State	TCF Equipment Finance, Inc.	2013050737-0	04/10/13	All Equipment and other Goods now or hereafter subject to Lease Agreement No TC-04131896 dated 4/3/2013, including (1) Signature Touch Metal Detector with Conveyor, USB, together with modifications, additions, attachments, accessories, parts, repairs and replacement thereto, and all substitutes for and proceeds of any of the Equipment, including without limitation insurance proceeds.
Groeb Farms, Inc.	Michigan Secretary of State	HC Capital Holdings 0909A, LLC	2012002923-5 2013135415-0	01/06/2012 09/18/2013	All assets.
Groeb Farms, Inc.	Michigan Secretary of State	Navistar Financial			2 Freightliners

<b>Debtor Searched</b> [Debtor Found]	<b>Jurisdiction</b>	<b>Secured Party</b>	<b>Filing No.</b>	<b>Filing Date</b>	<b>Lien Description</b>
Groeb Farms, Inc.	Michigan Secretary of State	GE Capital			5 Freightliners; 1 Tractor; 2 Trailers
Groeb Farms, Inc.	Michigan Secretary of State	Ford Motor Credit			2011 Ford Escape
Groeb Farms, Inc.	Michigan Secretary of State	Xerox			Fax; Copier
Groeb Farms, Inc.	Michigan Secretary of State	Konica Minolta			Printer; Copier
Groeb Farms, Inc.	Michigan Secretary of State	Toyota Financial			1 Forklift

**EXHIBIT F**

[To come]

**EXHIBIT [ ]**

APPROVED BUDGET

(Attached)



## GROEB FARMS INC.

## WEEKLY CASH FLOW FORECAST - DIP Budget

(USD in 000's)

Week Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Weeks
Pre/Post Bankruptcy	Pre BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	1 - 14
Actual/Fcst	Est	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst
Week Ending	9/27	10/4	10/11	10/18	10/25	11/1	11/8	11/15	11/22	11/29	12/6	12/13	12/20	12/27	Total
Total Net Sales	1,934	\$ 1,608	\$ 2,052	\$ 2,052	\$ 2,052	\$ 2,117	\$ 2,375	\$ 2,375	\$ 2,375	\$ 1,425	\$ 2,178	\$ 2,178	\$ 2,178	\$ 1,525	\$ 28,425
<b><u>CASH FLOW SUMMARY</u></b>															
Total Cash Receipts	\$ 2,137	\$ 2,148	\$ 1,644	\$ 1,885	\$ 2,054	\$ 2,054	\$ 2,054	\$ 2,118	\$ 2,374	\$ 2,374	\$ 2,374	\$ 1,434	\$ 1,761	\$ 1,761	\$ 28,174
Operating Cash Disbursements:															
Honey Payments	1,268	1,574	2,184	2,635	2,331	2,647	2,116	2,214	1,427	1,727	2,239	2,098	1,444	1,450	27,356
Payroll	177	-	83	81	81	81	81	81	81	81	81	82	78	78	1,145
Other Operating Disbursements	230	454	359	336	331	433	403	347	342	310	485	354	340	313	5,038
Total Operating Disbursements	\$ 1,675	\$ 2,028	\$ 2,626	\$ 3,052	\$ 2,743	\$ 3,160	\$ 2,600	\$ 2,643	\$ 1,850	\$ 2,119	\$ 2,806	\$ 2,534	\$ 1,862	\$ 1,841	\$ 33,539
Bankruptcy Related Costs:															
Shippers & Warehouse Claims	-	42	42	42	42	-	-	-	-	-	-	-	-	-	169
Utility Deposits	-	9	9	-	-	-	-	-	-	-	-	-	-	-	18
Filing Fee	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1
Bankruptcy Related Disbursements	-	52	51	42	42	-	-	-	-	-	-	-	-	-	188
Capital Expenditure	-	-	10	-	10	-	10	-	10	-	10	-	10	-	60
Debt Service	-	6	-	-	-	6	-	-	-	6	-	-	-	-	18
Revolver/DIP Interest	-	73	-	-	-	72	-	-	-	-	86	-	-	-	231
Professional Fees	809	-	40	-	-	-	525	-	636	-	541	-	708	1,000	4,260
Amendment/Bank/Treasury Mgmt Fee	800	405	-	15	405	-	-	15	-	-	-	-	15	-	1,655
Total Disbursements	3,283	2,565	2,727	3,109	3,200	3,237	3,135	2,658	2,496	2,125	3,443	2,534	2,595	2,841	39,951
NET CASH FLOWS	\$ (1,147)	\$ (417)	\$ (1,084)	\$ (1,224)	\$ (1,146)	\$ (1,183)	\$ (1,081)	\$ (539)	\$ (122)	\$ 249	\$ (1,069)	\$ (1,101)	\$ (834)	\$ (1,080)	\$ (11,777)
Total DIP Facility Advances and Prepetition Advances															
Beginning Balance	\$ 15,016	\$ 16,162	\$ 17,432	\$ 18,515	\$ 19,739	\$ 20,885	\$ 22,068	\$ 23,149	\$ 23,688	\$ 23,810	\$ 23,561	\$ 24,630	\$ 25,731	\$ 26,565	15,016
Add: Net Cash Flow	1,147	417	1,084	1,224	1,146	1,183	1,081	539	122	(249)	1,069	1,101	834	1,080	11,777
Add: Term Loan	-	852	-	-	-	-	-	-	-	-	-	-	-	-	852
Ending Balance	\$ 16,162	\$ 17,432	\$ 18,515	\$ 19,739	\$ 20,885	\$ 22,068	\$ 23,149	\$ 23,688	\$ 23,810	\$ 23,561	\$ 24,630	\$ 25,731	\$ 26,565	\$ 27,645	\$ 27,645
Total Collateral	14,830	13,919	14,012	14,294	14,448	14,880	15,351	15,624	15,624	14,891	14,827	15,429	15,978	15,938	
Borrowing Base (collateral after limits & reserves)	14,030	11,769	11,862	12,144	12,298	12,730	13,201	13,474	13,474	12,741	12,677	13,279	13,828	14,788	
(Over)/Under Advance	\$ (2,132)	\$ (5,662)	\$ (6,654)	\$ (7,596)	\$ (8,587)	\$ (9,338)	\$ (9,947)	\$ (10,214)	\$ (10,336)	\$ (10,820)	\$ (11,953)	\$ (12,452)	\$ (12,736)	\$ (12,857)	

**EXHIBIT 6-B**

**Budget**

## GROEB FARMS INC.

## WEEKLY CASH FLOW FORECAST - DIP Budget

(USD in 000's)

Week Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Weeks
Pre/Post Bankruptcy	Pre BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	Post BR	1 - 14
Actual/Fcst	Est	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst
Week Ending	9/27	10/4	10/11	10/18	10/25	11/1	11/8	11/15	11/22	11/29	12/6	12/13	12/20	12/27	Total
Total Net Sales	1,934	\$ 1,608	\$ 2,052	\$ 2,052	\$ 2,052	\$ 2,117	\$ 2,375	\$ 2,375	\$ 2,375	\$ 1,425	\$ 2,178	\$ 2,178	\$ 2,178	\$ 1,525	\$ 28,425
<b><u>CASH FLOW SUMMARY</u></b>															
Total Cash Receipts	\$ 2,137	\$ 2,148	\$ 1,644	\$ 1,885	\$ 2,054	\$ 2,054	\$ 2,054	\$ 2,118	\$ 2,374	\$ 2,374	\$ 2,374	\$ 1,434	\$ 1,761	\$ 1,761	\$ 28,174
Operating Cash Disbursements:															
Honey Payments	1,268	1,574	2,184	2,635	2,331	2,647	2,116	2,214	1,427	1,727	2,239	2,098	1,444	1,450	27,356
Payroll	177	-	83	81	81	81	81	81	81	81	81	82	78	78	1,145
Other Operating Disbursements	230	454	359	336	331	433	403	347	342	310	485	354	340	313	5,038
Total Operating Disbursements	\$ 1,675	\$ 2,028	\$ 2,626	\$ 3,052	\$ 2,743	\$ 3,160	\$ 2,600	\$ 2,643	\$ 1,850	\$ 2,119	\$ 2,806	\$ 2,534	\$ 1,862	\$ 1,841	\$ 33,539
Bankruptcy Related Costs:															
Shippers & Warehouse Claims	-	42	42	42	42	-	-	-	-	-	-	-	-	-	169
Utility Deposits	-	9	9	-	-	-	-	-	-	-	-	-	-	-	18
Filing Fee	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1
Bankruptcy Related Disbursements	-	52	51	42	42	-	-	-	-	-	-	-	-	-	188
Capital Expenditure	-	-	10	-	10	-	10	-	10	-	10	-	10	-	60
Debt Service	-	6	-	-	-	6	-	-	-	6	-	-	-	-	18
Revolver/DIP Interest	-	73	-	-	-	72	-	-	-	-	86	-	-	-	231
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Total Disbursements	3,283	2,565	2,727	3,109	3,200	3,237	3,135	2,658	2,496	2,125	3,443	2,534	2,595	2,841	39,951
NET CASH FLOWS	\$ (1,147)	\$ (417)	\$ (1,084)	\$ (1,224)	\$ (1,146)	\$ (1,183)	\$ (1,081)	\$ (539)	\$ (122)	\$ 249	\$ (1,069)	\$ (1,101)	\$ (834)	\$ (1,080)	\$ (11,777)
Total DIP Facility Advances and Prepetition Advances															
Beginning Balance	\$ 15,016	\$ 16,162	\$ 17,432	\$ 18,515	\$ 19,739	\$ 20,885	\$ 22,068	\$ 23,149	\$ 23,688	\$ 23,810	\$ 23,561	\$ 24,630	\$ 25,731	\$ 26,565	15,016
Add: Net Cash Flow	1,147	417	1,084	1,224	1,146	1,183	1,081	539	122	(249)	1,069	1,101	834	1,080	11,777
Add: Term Loan	-	852	-	-	-	-	-	-	-	-	-	-	-	-	852
Ending Balance	\$ 16,162	\$ 17,432	\$ 18,515	\$ 19,739	\$ 20,885	\$ 22,068	\$ 23,149	\$ 23,688	\$ 23,810	\$ 23,561	\$ 24,630	\$ 25,731	\$ 26,565	\$ 27,645	\$ 27,645
Total Collateral	14,830	13,919	14,012	14,294	14,448	14,880	15,351	15,624	15,624	14,891	14,827	15,429	15,978	15,938	
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(Over)/Under Advance	\$ (2,132)	\$ (5,662)	\$ (6,654)	\$ (7,596)	\$ (8,587)	\$ (9,338)	\$ (9,947)	\$ (10,214)	\$ (10,336)	\$ (10,820)	\$ (11,953)	\$ (12,452)	\$ (12,736)	\$ (12,857)	