

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

In re:

GROEB FARMS, INC.

Debtor.

)
) Chapter 11
)
) Case No. 13-58200
)
) Hon. Walter Shapero
)

SENIOR LENDER'S STATEMENT IN SUPPORT OF PLAN CONFIRMATION

Honey Financing Company, LLC and HC Capital Holdings 0909A, LLC (collectively, the “Senior Lender”) file this statement (this “Statement”) in support of confirmation of the *Second Amended Plan of Reorganization of Groeb Farms, Inc., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 213] (the “Plan”).

During the course of this chapter 11 case, the Debtor, the Senior Lender, the official committee of unsecured creditors, and all other key constituencies in this chapter 11 case, have engaged in extensive good faith negotiations in an effort to achieve precisely this result—a fully consensual chapter 11 plan that maximizes value for creditors, preserves valuable rights for certain parties in interest, and enables the Debtor to emerge from chapter 11 as a stronger company, poised to compete and thrive in its industry once again.

Importantly, the parties were able to forge consensus on the timeline contemplated by the Debtor’s at the outset of this case. As the Debtor has repeatedly articulated, the circumstances of the honey industry—including the high demand for honey product relative to the supply—left the Debtor particularly exposed to adverse operational risk during this process. By maintaining the contemplated milestones throughout this case, the Debtor already has begun the process of rebuilding goodwill with its vendors and customers. Upon confirmation and consummation of



the Plan, the Debtor will have right-sized its capital structure and streamlined its operations to maximize performance on a go-forward basis.

It is no surprise, then, for the Court to hear that the parties worked particularly hard over the past few weeks to forge a global resolution and pave the way to a fully-consensual confirmation hearing. As the Court is aware, two objections were filed to the Plan.¹ As set forth in the stipulations approved by the Court yesterday,² those objections are resolved and have been deemed withdrawn.³

Given the current state this case, achieving the prompt entry of an order confirming the Plan is critical to all parties. The Debtor's efforts to forge consensus in this case have not come cheap; confirming the Plan will allow the Debtor to emerge by year-end, achieve critical cost savings, and otherwise ensure that significant administrative costs do not threaten the Debtor's viability in what would otherwise be a very successful chapter 11 case. Moreover, entry of the confirmation order will send a strong signal to the honey industry that the Debtor has successfully navigated the chapter 11 process and positioned itself to be a major player in the

¹ See Producer/Packer Claimant's Objection to Confirmation of Debtor's Proposed Second Amended Plan of Reorganization [Docket No. 321]; Limited Objection of Proposed Class Representatives to Debtor's Second Amended Plan of Reorganization [Docket No. 322].

² See Order Approving Stipulation by and Among Debtor, The Official Committee of Unsecured Creditors, and Producer/Packer Claimants for an Order Allowing Claim For Voting Purposes Only [Docket No. 354]; Order Approving Stipulation by and Among Debtor, The Official Committee of Unsecured Creditors, and Producer/Packer Claimants for an Order Resolving Objection to Confirmation of Debtor's Second Amended Plan of Reorganization and Voting in Favor of Debtor's Second Amended Plan of Reorganization [Docket No. 356].

³ The parties also reached agreement on a settlement regarding, among other things, certain derivative claims of the Debtor (the "Derivative Claim Settlement"). See Debtor's Motion for an Order Pursuant to Sections 363(b) and 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019(a) for Approval of Settlement of Derivative Claim with Current and Former Officers and Directors and Settlement of Claims 149, 152, 154, 155, and 156 [Docket No. 336]. That matter will not be in front of the Court until January 7, 2014, and is not a condition to confirmation of the Plan, but the Senior Lender also believes that the Derivative Claim Settlement also benefits the Debtor's estate and its constituencies.

honey industry once again, especially in light of the fact that the Debtor will have achieved Plan confirmation upon the schedule originally set forth at the commencement of this case.

Conclusion

For all of the reasons set forth herein the Senior Lender respectfully requests that the Court confirm the Plan and grant such other and further relief as is just and proper.

Dated: December 19, 2013

Respectfully submitted,

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