

# Welcome Shareholders

**THIS INFORMATION IS TO ASSIST YOU IN YOUR REVIEW OF COURT DOCUMENTS; IT SHOULD NOT BE A SUBSTITUTE FOR REVIEW OF ANY DOCUMENTS YOU OR YOUR ADVISORS DEEM NECESSARY. TO THE EXTENT ANY CONFLICT EXISTS BETWEEN THIS INFORMATION AND A COURT ORDER OR SETTLEMENT AGREEMENT, THOSE DOCUMENTS CONTROL.**

## **Disclosure Statement and Plan**

On September 12, 2014, the Debtors, with the support of the Equity Committee, filed their Revised Second Amended Chapter 11 Plan of Liquidation. A copy of the plan, docket number 1360, can be found [here](#). On the same date, the Debtors, with the support of the Equity Committee, filed a Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code with Respect to the Debtors' Revised Second Amended Chapter 11 Plan of Liquidation. A copy of the disclosure statement, docket number 1361, can be found [here](#). On September 15, 2014, the court approved the Debtors' disclosure statement. A copy of the order, docket number 1367, can be found [here](#). As it pertains to the equity holders of the Debtors, the disclosure statement discusses important information regarding settlements that have been entered into the past couple of months.

## **Shareholder Class Action Settlement**

In 2011, two separate class actions were brought against AgFeed Industries and certain of its current and former officers and directors in the United States District Court of the Middle District of Tennessee, which was consolidated as *Blitz v. AgFeed Industries, Inc., et al.*, Case No. 3-11-cv-0992. On or about September 8, 2014, the class action plaintiffs, Debtors, and certain defendants entered into a stipulation and settlement release agreement that fully resolved all issues between the parties. The settlement is awaiting approval by the Tennessee District Court. For more details regarding this litigation and settlement, see pages 33 and 45 of the disclosure statement.

## **SEC Settlement**

On January 3, 2012, the SEC issued a formal order of investigation against the Debtors. The scope of the investigation related primarily to the financial reporting issues raised by the Special Committee Investigation. On March 11, 2014, the SEC filed a complaint in the United States District Court for the Middle District of Tennessee and alleged numerous causes of actions. On September 11, 2014, the Debtors and SEC agreed to entry of a final judgment against AgFeed Industries in the Tennessee District Court resolving the SEC litigation and the SEC's \$26 million claim. Settlement with the SEC is noteworthy for the equity holders because the SEC's claim, if successful, could have resulted in no recovery to the current equity holders. For further details regarding the scope of the SEC litigation and settlement, see pages 34 and 44 of the disclosure statement.

## **Remaining Claims**

The disclosure statement discusses three shareholder derivative suits brought in the Middle District of Tennessee against several of AgFeed Industries' current and former officers and directors. The derivative suits allege, among other things, breaches of fiduciary duties, gross mismanagement, and waste of corporate assets. These derivative suits have been dismissed, but the causes of action remain property of the Debtors' estate and may be subsequently prosecuted by the liquidating trustee. For details regarding this litigation, see page 33 of the disclosure statement.

## **Class 5B Claims**

The disclosure statement mentioned above, and ballots to vote, are being distributed to holders of allowed claims in Classes 4B, 6B, 7B, and 5B. Notably, class 5B represents the interest holders and they are entitled to vote. Holders of class 5B interest as of the distribution record date will receive a pro rata share of cash available for distribution from the \$12.5 million contribution from the SEC and from any amounts remaining in the class funds and SEC fairness fund. Holders will also receive a pro rata share of net proceeds recovered from any settlement on account of the liquidating trustee's causes of action. For a further discussion of class 5B's distribution, see page 60-61 of the disclosure statement.

Holders of allowed claims are entitled to vote to accept or reject the plan. To be counted, your ballot must be **actually received** by the voting agent by October 20, 2014 at 5:00 p.m. (Eastern Time).

The voting agent's address is:

*BMC Group, Inc.*  
*Attn: AgFeed USA, LLC Ballot Processing*

P.O. Box 3020  
Chanhausen, MN 55317-3020.

Any ballots received after this deadline will not be counted. Claimants must return their ballots to the voting agent in accordance with the voting instructions that accompany the ballots.

Instructions on the requirements for participation and information regarding the amount of the distribution available will be forthcoming. Should you have any questions regarding your ballot please email Cameron Fee at [cmf@elliottgreenleaf.com](mailto:cmf@elliottgreenleaf.com).

### **Historical Information**

On July 15, 2013 (the "Petition Date"), AgFeed USA, LLC and 15 of its subsidiaries (the "Debtors") filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") seeking relief under the provisions of Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). The Debtors are represented by Young Conaway Stargatt & Taylor. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession.

On August 23, 2013, the United States Trustee appointed the Official Committee of Equity Security Holders (the "Committee") in the Debtors' bankruptcy case pursuant to Section 1102 of the Bankruptcy Code. The Committee was initially organized on August 23, 2013 as a three member committee, consisting of: Mario Grech, Andrew Ferencz and James D. Warner. On November 14, 2013 the United States Trustee appointed three more members: Michael Buck, Don Tesh, and Phillip Quade. The Committee has selected the law firms of Elliott Greenleaf and Sugar Felsenthal Grais & Hammer LLP as its counsel. Aaron L. Hammer and Rafael X. Zahralddin are the principal attorneys responsible for this engagement. This website was created to assist the Committee in providing information to shareholders, as well as to solicit and receive comments from such shareholders.

The sale order for the sale of the BVI stock, Docket No. 640, can be found [here](#).

The sale order for the sale of the AgFeed USA, Docket No. 257, can be found [here](#).

The Debtors have filed an 8k, on December 10, 2012, which confirms closing of the sale of the BVI stock (which controls the Debtors' China assets). Pursuant to the 8k, at the closing of the BVI stock transaction, the Company received net cash proceeds, after fees and expenses of the transaction, of approximately \$44.5 million. The parties agreed to escrow \$558,000 until issues are resolved over the \$558,000, which represents the Company's estimate of the net working capital, cash and livestock adjustment to which the Company is entitled under the stock purchase agreement. The Company, if successful in the resolution of the adjustments, would then receive the \$558,000. The 8k can be found [here](#).

On July 7, 2014, the Debtors, with the support of the Equity Committee, filed AgFeed Industries, Inc.'s Motion for Entry of an Order (I) Enforcing the Sale Order in Connection with the AgFeed Industries, Inc. Stock Sale, (II) Directing U.S. Bank National Association, as Escrow Agent, to Release the Escrowed Funds Which Represents the Unpaid Closing Payment to AgFeed Industries, Inc. and (III) Granting Related Relief. A copy of the motion, Docket No. 1165, can be found [here](#). By the motion, the Debtors are seeking the release and payment of the escrowed \$558,000, which represents the Company's estimate of the net working capital, cash and livestock adjustments to which the Company is entitled under the stock purchase agreement. On July 23, 2014, Good Charm International Developments, Ltd., the purchaser under the stock purchase agreement and Ningbo Tech-Bank Co., Ltd., its parent company, objected to the motion. A copy of the objection, Docket No. 1203, can be found [here](#). The parties are engaged in discovery and a hearing on this matter has been scheduled for September 30, 2014 at 9:30 a.m.

On July 22, 2014, the Debtors' Second Amended Plan of Liquidation Supported by the Official Committee of Equity Security Holders was filed. A copy of the Plan, Docket No. 1192, can be found [here](#). The same day, the Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code with Respect to the Debtors' Second Amended Plan of Liquidation Supported by the Official Committee of Equity Security Holders was filed. A copy of the Disclosure Statement, Docket No. 1193, can be found [here](#). The Plan and Disclosure Statement describe and, once approved, provide for the treatment of claims and interests in the Debtors' estates. At the request of the Securities and Exchange Commission, the hearing on the Disclosure Statement was adjourned to September 15, 2014 at 10:00 a.m.. The proposed hearing on the confirmation of the Plan is currently scheduled for October 2, 2014 at 2:00 p.m.

On July 25, 2014, the Debtors, with the support of the Equity Committee, filed the Debtors' Motion for an Order, Pursuant to 363(b)(1) and 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving (I) Certain Settlements of General Unsecured Claims and (II) the Terms and Procedure by Which a Settlement Will Be Offered to All Holders of Allowed General Unsecured Claims. A copy of the motion, Docket No. 1214, can be found [here](#). The motion sought approval of settlement agreements with FTI Consulting, Inc., Foley & Lardner LLP, Latham & Watkins LLP and Marcum Bernstein & Pinchuk LLP. In return for immediate payment of the amounts set forth in the motion, these claimants agreed to (i) forego Post-Petition Interest and (ii) provide the Debtors a release of any and all claims or causes of action against the Debtors other than for fees and expenses of retained professionals in the Chapter 11 Cases. The

motion further proposed to pay the holders of Allowed General Unsecured Claims who agree to (i) forego post-petition interest at the rate determined by the Court in connection with confirmation of a chapter 11 plan on their Allowed General Unsecured Claims and (ii) provide the Debtors a release of any and all claims or causes of action against the Debtors. If this accord was not reached, holders of Allowed General Unsecured Creditors would be entitled to approximately \$2 million of post-petition interest. On August 21, 2014, the Bankruptcy Court entered an order approving the motion. A copy of the order, Docket no. 1317, can be found [here](#). The Debtors have mailed individualized versions of an Opt-In Notice to all holders of Allowed General Unsecured Claims and such holders have thirty (30) days to return the Opt-In Notice. On August 29, 2014, a supplemental order was entered which added additional Allowed General Unsecured Claims that are eligible to opt-in to the relief. A copy of the Supplemental Order, Docket No. 1326, can be found [here](#).