

## SUBORDINATION AGREEMENT

**SUBORDINATION AGREEMENT** (this "Agreement"), dated as of \_\_\_\_\_, 2010, among **EPOCH STAR LIMITED**, a company organized under the Laws of the British Virgin Islands having offices at 4308 Tower 1, Lippo Center, 89 Queensway, Hong Kong (the "Lender"), **NORTHERN BEEF PACKERS MANAGEMENT, LLC**, a South Dakota limited liability company, having a principal place of business at 38749 135<sup>th</sup> Street, Aberdeen, SD 57401, USA (the "Subordinating Creditor"), and **NORTHERN BEEF PACKERS LIMITED PARTNERSHIP**, a South Dakota limited partnership having its office at 38749 135<sup>th</sup> Street Aberdeen, SD 57401USA (the "Borrower").

**WHEREAS**, the Lender has, pursuant to a Construction Loan Agreement, dated as of March 18, 2010 (as amended and in effect from time to time, including any replacement agreement therefor, the "Loan Agreement") agreed, upon the terms and subject to the conditions contained therein, to make loans to the Borrower; and

**WHEREAS**, pursuant to this Agreement, the Subordinating Creditor has agreed to subordinate all rights or claims arising in connection with any indebtedness that is at any time heretofore or hereafter owed by the Borrower to the Subordinating Creditor (collectively, the "Subordinated Claims"); and

**WHEREAS**, it is a condition precedent to the Lender's willingness to make loans to the Borrower pursuant to the Loan Agreement that the Borrower and the Subordinating Creditor enter into this Agreement with the Lender; and

**WHEREAS**, in order to induce the Lender to make loans to the Borrower pursuant to the Loan Agreement, the Borrower and the Subordinating Creditor have agreed to enter into this Agreement with the Lender.

**NOW, THEREFORE**, in consideration of the foregoing, the mutual agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

**1. Definitions.** Capitalized terms set forth herein shall have the following meanings (unless defined elsewhere in this Agreement):

Event of Default. Any breach of or failure to comply with the terms of the Loan Documents by the Borrower or any guarantor of the Borrower's obligations under the Loan Documents and the continuance of such breach or failure beyond any applicable grace and/or cure periods therefor which allow the Lender to pursue certain remedies.

Loan Documents. The Loan Agreement, the note, the mortgage, the security documents, any and all other documents which the Borrower or any other party or parties (including any guarantors) have executed and delivered, or may hereafter execute and deliver, to evidence, secure or guarantee the Borrower's obligations thereunder, or any part thereof, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

Senior Debt. All principal, interest, fees, costs, enforcement expenses (including legal fees and disbursements), collateral protection expenses and other reimbursement or indemnity obligations created or evidenced by the Loan Agreement and any of the other Loan Documents or any prior, concurrent, or subsequent notes, instruments or agreements of indebtedness, liabilities or obligations of any type or form whatsoever relating thereto in favor of the Lender. Senior Debt shall expressly include any and all interest accruing or out of pocket costs or expenses incurred after the date of any filing by or against the Borrower of any petition under the federal Bankruptcy Code or any other bankruptcy, insolvency or reorganization act regardless of whether the Lender's claim therefor is allowed or allowable in the case or proceeding relating thereto.

Subordinated Debt. All Subordinated Claims including, but not limited to, all principal, interest, fees, costs, enforcement expenses (including legal fees and disbursements), collateral protection expenses and other reimbursement and indemnity obligations created or evidenced by the Subordinated Documents or any prior, concurrent or subsequent notes, instruments or agreements of indebtedness, liabilities or obligations of any type or form whatsoever relating thereto in favor of the Subordinating Creditor.

Subordinated Documents. Collectively, any promissory notes executed in connection with any Subordinated Debt and any and all guaranties and security interests, mortgages and other liens directly or indirectly guarantying or securing any of the Subordinated Debt, and any and all other documents or instruments evidencing or further guarantying or securing directly or indirectly any of the Subordinated Debt, whether now existing or hereafter created.

**2. General.** Subject to Permitted Disbursements (as hereinafter defined), the Subordinated Debt and any and all Subordinated Documents shall be and hereby are subordinated and the payment thereof is deferred until the full and final payment in cash of the Senior Debt, whether now or hereafter incurred or owed by the Borrower. Notwithstanding any date for payment of any kind by the Borrower under or in respect of the Subordinated Documents, whether scheduled or which, but for this Agreement, may provide for payment following the occurrence of an "Event of Default" under and as defined in the Subordinated Documents, the Subordinated Creditor expressly acknowledges and agrees that no payment, whether in cash, property or otherwise, shall be made by the Borrower to the Subordinating Creditor except to the extent, if at all, disbursed by Lender on behalf of Borrower to Subordinated Creditor or otherwise consented to as agreed to in a writing between Lender and Borrower (a "Permitted Disbursement").

**3. Enforcement.** The Subordinating Creditor will not take or omit to take any action or assert any claim with respect to the Subordinated Debt or otherwise which is inconsistent with the provisions of this Agreement and expressly waives all prior or future claims and rights with respect to the Borrower other than the Subordinated Claims. Without limiting the foregoing, the Subordinating Creditor will not assert, collect or enforce the Subordinated Debt or any part thereof or take any action to foreclose or realize upon the Subordinated Debt or any part thereof or enforce any of the Subordinated Documents except for any Permitted Disbursements or to the extent (but only to such extent) that the commencement of a legal action may be required to toll the running of any applicable statute of limitation. Until the Senior Debt has been finally paid in full in cash and all commitments of the Lender to make loans or otherwise

extend credit to the Borrower under the Loan Documents shall have been terminated or expire (together, "Paid in Full" or "Payment in Full"), the Subordinating Creditor shall not have any right of subrogation, reimbursement, restitution, contribution or indemnity whatsoever from any assets of the Borrower or any guarantor of or provider of collateral security for the Senior Debt. The Subordinating Creditor further waives any and all rights with respect to marshalling.

**4. Payments Held in Trust.** Except for any Permitted Disbursements, the Subordinating Creditor will hold in trust and immediately pay over to the Lender, in the same form of payment received, with appropriate endorsements, for application to the Senior Debt any cash amount that the Borrower pays to the Subordinating Creditor with respect to the Subordinated Debt, or as collateral for the Senior Debt any other assets of the Borrower that the Subordinating Creditor may receive with respect to the Subordinated Debt.

**5. Defense to Enforcement.** If the Subordinating Creditor, in contravention of the terms of this Agreement, shall commence, prosecute or participate in any suit, action or proceeding against the Borrower, then the Borrower may interpose as a defense or plea the making of this Agreement, and the Lender may intervene and interpose such defense or plea in its name or in the name of the Borrower. If the Subordinating Creditor, in contravention of the terms of this Agreement, shall attempt to collect any of the Subordinated Debt or enforce any of the Subordinated Documents, then the Lender or the Borrower may, by virtue of this Agreement, restrain the enforcement thereof in the name of the Lender or in the name of the Borrower. If the Subordinating Creditor, in contravention of the terms of this Agreement, obtains any cash or other assets of the Borrower as a result of any administrative, legal or equitable actions, or otherwise, the Subordinating Creditor agrees forthwith to pay, deliver and assign to the Lender, with appropriate endorsements, any such cash for application to the Senior Debt and any such other assets as collateral for the Senior Debt.

**6. Bankruptcy, etc.**

**6.1. Payments relating to Subordinated Debt.** At any meeting of creditors of the Borrower or in the event of any case or proceeding, voluntary or involuntary, for the distribution, division or application of all or part of the assets of the Borrower or the proceeds thereof, whether such case or proceeding be for the liquidation, dissolution or winding up of the Borrower or its business, a receivership, insolvency or bankruptcy case or proceeding, an assignment for the benefit of creditors or a proceeding by or against the Borrower for relief under the federal Bankruptcy Code or any other bankruptcy, reorganization or insolvency law or any other law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension or marshalling of assets or otherwise, the Lender is hereby irrevocably authorized at any such meeting or in any such proceeding to receive or collect any cash or other assets of the Borrower distributed, divided or applied by way of dividend or payment, or any securities issued on account of any Subordinated Debt, and apply such cash to or to hold such other assets or securities as collateral for the Senior Debt, and to apply to the Senior Debt any cash proceeds of any realization upon such other assets or securities that the Lender in its discretion elects to effect, until all of the Senior Debt shall have been Paid in Full, rendering to the Subordinating Creditor any surplus to which the Subordinating Creditor is then entitled.

**6.2. Subordinated Debt Voting Rights.** At any such meeting of creditors or in the event of any such case or proceeding, the Subordinating Creditor shall retain the right to vote and otherwise act with respect to the Subordinated Debt (including, without limitation, the right to vote to accept or reject any plan of partial or complete liquidation, reorganization, arrangement, composition or extension), provided that the Subordinating Creditor shall not vote with respect to any such plan or take any other action in any way so as to contest (a) the validity of any Senior Debt or any collateral therefor or guaranties thereof, (b) the relative rights and duties of any holders of any Senior Debt established in any instruments or agreements creating or evidencing any of the Senior Debt with respect to any of such collateral or guaranties or (c) the Subordinating Creditor's obligations and agreements set forth in this Agreement.

**7. Lien Subordination.** The Senior Debt, the Loan Agreement and the other Loan Documents and any and all other documents and instruments evidencing or creating the Senior Debt and all guaranties, mortgages, security agreements, pledges and other collateral guarantying or securing the Senior Debt or any part thereof shall be senior to the Subordinated Debt, the Subordinated Claims and all of the Subordinated Documents irrespective of the time of the execution, delivery or issuance of any thereof or the filing or recording for perfection of any thereof or the filing of any financing statement or continuation statement relating to any thereof.

**7.1. Further Assurances.** The Subordinating Creditor hereby agrees, upon request of the Lender at any time and from time to time, to execute such other documents or instruments as may be requested by the Lender further to evidence of public record or otherwise the senior priority of the Senior Debt as contemplated hereby.

**7.2. Books and Records.** The Subordinating Creditor further agrees to maintain on its books and records such notations as the Lender may reasonably request to reflect the subordination contemplated hereby and to perfect or preserve the rights of the Lender hereunder. A copy of this Agreement may be filed as a financing statement in any Uniform Commercial Code recording office.

**7.3. Release of Guaranties and Collateral.** Without limiting any of the rights of the Lender under the Loan Agreement, the other Loan Documents or applicable law, so long as this Agreement is in effect in the event that the Lender releases or discharges any guaranties of the Senior Debt given by guarantors which have also guarantied the Subordinated Debt or any security interests in, or mortgages or liens upon, any collateral securing the Senior Debt and also securing the Subordinated Debt, such guarantors or (as the case may be) such collateral shall thereupon be deemed to have been released from all such guaranties or security interests, mortgages or liens in favor of the Subordinating Creditor, provided that any net cash proceeds received by the Borrower or such guarantor in connection with any sale or other disposition of assets in which such release or discharge is granted are applied, or are held for application, to the Senior Debt until the Senior Debt is Paid in Full and then shall be applied by Borrower or such guarantor to the Subordinated Debt. The Subordinating Creditor agrees that, within ten (10) days following the Lender's written request therefor, the Subordinating Creditor will execute, deliver and file any and all such termination statements, mortgage discharges, lien releases and other agreements and instruments as the Lender reasonably deems necessary

or appropriate in order to give effect to the preceding sentence. The Subordinating Creditor hereby irrevocably appoints the Lender, and its successors and assigns, and their respective officers, with full power of substitution, the true and lawful attorney(s) of the Subordinating Creditor for the purpose of effecting any such executions, deliveries and filings if and to the extent that the Subordinating Creditor shall have failed to perform such obligations pursuant to the foregoing provisions of this §7.3 within such ten (10) day period.

**8. Lender's Freedom of Dealing.** The Subordinating Creditor agrees, with respect to the Senior Debt and any and all collateral therefor or guaranties thereof, that the Borrower and the Lender may agree to increase the amount of the Senior Debt or otherwise modify the terms of any of the Senior Debt, and the Lender may grant extensions of the time of payment or performance to and make compromises, including releases of collateral or guaranties, and settlements with the Borrower and all other persons, in each case without the consent of the Subordinating Creditor or the Borrower and without affecting the agreements of the Subordinating Creditor or the Borrower contained in this Agreement; provided, however, that nothing contained in this §8 shall constitute a waiver of the right of the Borrower itself to agree or consent to a settlement or compromise of a claim which the Lender may have against the Borrower.

**9. Modification or Sale of the Subordinated Debt.** The Subordinating Creditor will not, at any time while this Agreement is in effect, modify any of the terms of any of the Subordinated Debt or any of the Subordinated Documents; nor will the Subordinating Creditor sell, transfer, pledge, assign, hypothecate or otherwise dispose of any or all of the Subordinated Debt to any person other than a person who agrees in a writing, satisfactory in form and substance to the Lender, to become a party hereto and to succeed to the rights and to bound by all of the obligations of the Subordinating Creditor hereunder. In the case of any such disposition by the Subordinating Creditor, the Subordinating Creditor will notify the Lender at least ten (10) days prior to the date of any of such intended disposition.

**10. Borrower's Obligations Absolute.** Nothing contained in this Agreement shall impair, as between the Borrower and the Subordinating Creditor, the obligation of the Borrower to pay to the Subordinating Creditor all amounts payable in respect of the Subordinated Debt as and when the same shall become due and payable in accordance with the terms thereof, or prevent the Subordinating Creditor (except as expressly otherwise provided in §3 or §6) from exercising all rights, powers and remedies otherwise permitted by Subordinated Documents and by applicable law upon a default in the payment of the Subordinated Debt or under any Subordinated Document, all, however, subject to the rights of the Lender as set forth in this Agreement.

**11. Termination of Subordination.** This Agreement shall continue in full force and effect, and the obligations and agreements of the Subordinating Creditor and the Borrower hereunder shall continue to be fully operative, until all of the Senior Debt shall have been paid and satisfied in full in cash and such full payment and satisfaction shall be final and not avoidable. To the extent that the Borrower or any guarantor of or provider of collateral for the Senior Debt makes any payment on the Senior Debt that is subsequently invalidated, declared to be fraudulent or preferential or set aside or is required to be repaid to a trustee, receiver or any

other party under any bankruptcy, insolvency or reorganization act, state or federal law, common law or equitable cause (such payment being hereinafter referred to as a “Voided Payment”), then to the extent of such Voided Payment, that portion of the Senior Debt that had been previously satisfied by such Voided Payment shall be revived and continue in full force and effect as if such Voided Payment had never been made. In the event that a Voided Payment is recovered from the Lender, an Event of Default shall be deemed to have existed and to be continuing under the Loan Agreement from the date of the Lender’s initial receipt of such Voided Payment until the full amount of such Voided Payment is restored to the Lender. During any continuance of any such Event of Default, this Agreement shall be in full force and effect with respect to the Subordinated Debt. To the extent that the Subordinating Creditor has received any payments with respect to the Subordinated Debt subsequent to the date of the Lender’s initial receipt of such Voided Payment and such payments have not been invalidated, declared to be fraudulent or preferential or set aside or are required to be repaid to a trustee, receiver, or any other party under any bankruptcy act, state or federal law, common law or equitable cause, the Subordinating Creditor shall be obligated and hereby agrees that any such payment so made or received shall be deemed to have been received in trust for the benefit of the Lender, and the Subordinating Creditor hereby agrees to pay to the Lender, upon demand, the full amount so received by the Subordinating Creditor during such period of time to the extent necessary fully to restore to the Lender the amount of such Voided Payment. Upon the payment and satisfaction in full in cash of all of the Senior Debt, which payment shall be final and not avoidable, this Agreement will automatically terminate without any additional action by any party hereto.

**12. Notices.** All notices and other communications which are required and may be given pursuant to the terms of this Agreement shall be in writing and shall be sufficient and effective in all respects if given in writing or telecopied, delivered or mailed by registered or certified mail, postage prepaid, as follows:

If to the Lender:      Epoch Star Limited  
                                 4308 Tower 1  
                                 Lippo Center  
                                 89 Queensway  
                                 Hong Kong  
                                 Attention:      Christine Ma

with a copy to:      Bingham McCutchen, LLP  
                                 100 Federal Street  
                                 Boston, MA 02110  
                                 USA  
                                 Attention:      Marcia Robinson, Esq.  
                                 Linda J. Groves, Esq.

If to the Subordinating Creditor:  
Norther Beef Packers Management, LLC  
38749 135<sup>th</sup> Street  
Aberdeen, SD 57401  
USA  
Attention: David Palmer

If to the Borrower: Northern Beef Packers Limited Partnership  
  
38749 135<sup>th</sup> Street  
  
Aberdeen, SD 57401  
USA  
Attention: David Palmer

with a copy to: Bantz, Gosch & Cremer, LLC  
305 Sixth Avenue S.E.  
P.O. Box 970  
Aberdeen, SD 57402  
USA  
Attention: Rory King, Esq.

or such other address or addresses as any party hereto shall have designated by written notice to the other parties hereto. Notices shall be deemed given and effective upon the earlier to occur of (a) the third day following deposit thereof in the U.S. mail or (b) receipt by the party to whom such notice is directed.

**13. Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

**14. Waiver of Jury Trial.** EACH OF THE SUBORDINATING CREDITOR AND THE BORROWER EACH HEREBY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS. EXCEPT AS PROHIBITED BY LAW, EACH OF THE SUBORDINATING CREDITOR AND THE BORROWER HEREBY WAIVES ANY RIGHT WHICH IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION REFERRED TO IN THE PRECEDING SENTENCE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. EACH OF THE SUBORDINATING CREDITOR AND THE BORROWER (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (B) ACKNOWLEDGES THAT THE BANK HAS BEEN INDUCED TO ENTER INTO THIS

AGREEMENT BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

**15. Miscellaneous.** This Agreement may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against which enforcement is sought. The Lender may, in its sole and absolute discretion, waive any provisions of this Agreement benefiting the Lender; provided, however, that such waiver shall be effective only if in writing and signed by the Lender and shall be limited to the specific provision or provisions expressly so waived. This Agreement shall be binding upon the successors and assigns of the Subordinating Creditor and the Borrower and shall inure to the benefit of the Lender, the Lender's successors and assigns, any lender or lenders refunding or refinancing any of the Senior Debt and their respective successors and assigns, but shall not otherwise create any rights or benefits for any third party. In the event that any lender or lenders refund or refinance any of the Senior Debt, the terms "Loan Agreement", "Loan Documents", "Event of Default" and the like shall refer mutatis mutandis to the agreements and instruments in favor of such lender or lenders and to the related definitions contained therein.

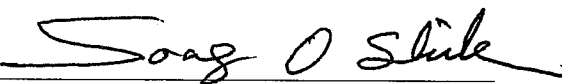


**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first above written.

BANK:  
**EPOCH STAR LIMITED**

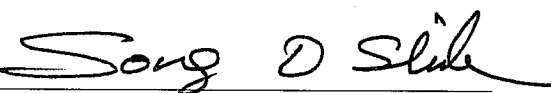
By: \_\_\_\_\_  
Name:  
Title:

SUBORDINATING CREDITOR:  
**NORTHERN BEEF PACKERS  
MANAGEMENT, LLC**

By:   
Name: Oshik Song  
Title: Sole Member

BORROWER:  
**NORTHERN BEEF PACKERS LIMITED  
PARTNERSHIP**

By: Northern Beef Packers Management LLC,  
its general partner

By:   
Name: Oshik Song  
Title: Sole Member

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_ day of \_\_\_\_\_, 2010, before me, the undersigned, personally appeared \_\_\_\_\_, who acknowledged him/herself to be the \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, and that he/she, as such \_\_\_\_\_ and being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the \_\_\_\_\_ by him/herself as \_\_\_\_\_.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

(Seal)

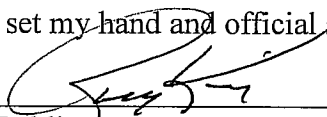
\_\_\_\_\_  
Notary Public  
My Comm. Expires: \_\_\_\_\_

STATE OF SOUTH DAKOTA )  
 ) SS.  
COUNTY OF BROWN )

On this 9th day of July, 2010, before me, the undersigned, personally appeared Oshik Song, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

(Seal)

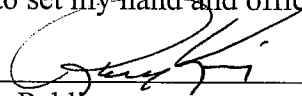
  
\_\_\_\_\_  
Notary Public  
My Comm. Expires: 7-25-2010

STATE OF SOUTH DAKOTA )  
 ) SS.  
COUNTY OF BROWN )

On this 9th day of July, 2010, before me, the undersigned, personally appeared Oshik Song, who acknowledged himself to be the sole member of Northern Beef Packers Management, a limited liability company, and that he, as such sole member and being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as sole member.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

(Seal)

  
\_\_\_\_\_  
Notary Public  
My Comm. Expires: 7-25-2010