

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	:	Chapter 11
	:	
FORWARD FOODS, LLC,	:	Case No. 09-10545 (KJC)
	:	
Debtor.	:	Re: Docket No. 9
	:	

**LIMITED OPPOSITION BY THE CIT GROUP/COMMERCIAL SERVICES, INC.
TO MOTION OF DEBTOR AND DEBTOR IN POSSESSION FOR THE ENTRY OF
INTERIM AND FINAL ORDERS (I) AUTHORIZING SECURED POST-PETITION
FINANCING, (II) GRANTING SENIOR LIENS, JUNIOR LIENS AND
SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (III) PROVIDING
ADEQUATE PROTECTION, (IV) GRANTING LIMITED RELIEF FROM
THE AUTOMATIC STAY, (V) SCHEDULING A FINAL HEARING,
AND (VI) GRANTING RELATED RELIEF**

The CIT Group/Commercial Services, Inc. (“CIT”), agent for certain Lenders as that term is defined in the Financing Agreement dated September 1, 2006, hereby submits this Limited Opposition To Motion Of Debtor and Debtor in Possession For The Entry of Interim and Final Orders (i) Authorizing Secured Post-Petition Financing; (ii) Granting Senior Liens, Junior Liens and Superpriority Administrative Expense Status; (iii) Providing Adequate Protection; (iv) Granting Limited Relief From The Automatic Stay; (v) Scheduling A Final Hearing; and (vi) Granting Related Relief (the “Motion”; D.I. 9), and respectfully represents as follows:

1. Lenders have a first priority security interest in substantially all assets of Debtor pursuant to the terms of the Financing Agreement and related documents. Upon learning of the recall and related financial implications for Debtor, Lenders have been in discussions with Debtor and Emigrant Capital Corporation (“Emigrant”) concerning a post-petition lending facility on terms agreeable to Lenders. Lenders have engaged Huron Consulting Group to assist them in the inquiry regarding Debtor’s financial condition and the value of Lenders’ collateral but, due to the short timeframes involved, have not yet been able to avail themselves of all of the information and expertise being provided by Huron.

2. While Lenders acknowledge that some form of post-petition financing is necessary to preserve Debtor's going concern value, they have identified the following issues that raise concerns whether Lenders are receiving adequate protection to protect them from any diminution of value of their collateral on an interim basis, including, without limitation, the following:

- Lenders assert a security interest in Debtor's commercial tort claim against Next Proteins, Inc., David A. Jenkins and Bluegrass Bars, LLC that was asserted by Debtor in a complaint filed against those parties (the "Action"). A settlement of the Action is or will soon be the subject of a motion before this Court that will result in the payment of \$975,000 to Debtor. Although that payment is recognized as being received and applied to pay down the post-petition facility in the budget attached to the Motion, Lenders are not provided any adequate protection for the use of those funds. Lenders do not consent to the use of the settlement payment for those purposes and hereby reserves all of their rights and remedies relating to the use of those settlement funds by Debtor.
- The \$5,000 per month adequate protection payment to Lenders does not accurately represent the value of the use of the equipment that is Lenders' collateral nor does it provide any adequate protection for the use of Debtor's intellectual property rights that are Lenders' collateral. Lenders contend that the amount of adequate protection payments should be increased and that Lenders should also be granted a junior lien in the post-petition collateral as additional adequate protection for Debtor's use of Lenders' collateral. In any event, Lenders expressly reserve the right to object to the amount of these adequate protection payments and all of their rights and remedies relating to the use of the equipment and intellectual property by Debtor.

- Although the Motion provides for the abandonment of Released Inventory and Debtor has indicated that it will purchase the Released Inventory from Lenders at cost or, as to finished goods, at wholesale sales price, during the post-petition operation of its business, this inventory will have little value to Lenders if not promptly purchased by Debtor. Thus, as an added element of adequate protection, Lenders hereby request that Debtor agree to purchase the Released Inventory from Lenders to fill its orders and that it will not purchase from third parties until there is no Released Inventory remaining.

WHEREFORE, Lenders hereby request that to the extent the Court grants the Motion on an interim basis, the Court grants such relief consistent with the terms and conditions set forth in this Limited Opposition, and grants such other and further relief as is just and appropriate under the circumstances.

Dated: February 17, 2009
Wilmington, Delaware

Respectfully submitted,

REED SMITH LLP

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