

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "Agreement") is entered into as of October 28, 2003, by and between Farmland Foods, Inc., a Delaware corporation ("FFI"), Smithfield Foods, Inc., a Virginia corporation ("Smithfield" and, collectively with FFI, the "Buyers"), and Farmland Foods, Inc., a Kansas corporation ("Seller 1"), and Farmland Industries, Inc., a Kansas cooperative corporation ("Seller 2" and, collectively with Seller 1, the "Sellers").

RECITALS

A. Seller 2 owns 1 share of minimum fixed capital ("Stock A") of Farmland Foods de Mexico, S.A. de C.V. (the "Company"), and Seller 1 owns all of the remaining outstanding capital of the Company, i.e. 49,999 shares of the minimum fixed capital of the Company and 377,912 shares of the variable part of the capital of the Company (collectively, the "Remaining Ownership Interest"); and

B. Smithfield desires to buy Stock A from Seller 2, and FFI desires to buy the Remaining Ownership Interest from Seller 1, on the following terms and conditions:

NOW, THEREFORE, in consideration of the recitals and the mutual covenants and agreements hereinafter expressed, the parties agree as follows:

PURCHASE AND SALE

1.1. **The Shares.** Upon the terms set forth in this Agreement, Seller 1 does hereby sell and deliver to FFI and FFI does hereby purchase and accept from Seller 1 all of Seller 1's right, title and interest in and to the Remaining Ownership Interest. Upon the terms set forth in this Agreement, Seller 2 does hereby sell and deliver to Smithfield and Smithfield does hereby purchase and accept from Seller 2 all of Seller 2's right, title and interest in and to Stock A.

1.2. **Consideration.** In consideration of Seller 1's sale and delivery of Stock A, Smithfield hereby pays to Seller 1 an amount equal to US \$1.00 and Seller 1 acknowledges receipt of such amount from Smithfield. In consideration of Seller 2's sale and delivery of the Remaining Ownership Interest, FFI hereby pays to Seller 2 an amount equal to US \$1.00 and Seller 2 acknowledges receipt of such amount from FFI.

1.3. **Deliveries of Sellers at Closing.** Each Seller hereby delivers to the appropriate Buyer a certificate or certificates evidencing the shares to be transferred, duly endorsed or accompanied by a duly executed stock power. Sellers shall be responsible for and agree to pay when due all sales, use, value added, documentary, stamp, transfer, conveyance, excise, real estate recording and other similar taxes and fees arising out of the transfer of Stock A and the Remaining Ownership Interest, but not including any taxes measured by the income of either Buyer (which shall be the sole responsibility of Buyer).

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as otherwise expressly provided herein, Stock A and the Remaining Ownership Interest are being transferred to the relevant Buyer "AS IS" and "WHERE IS" "WITH ALL FAULTS" and with no representations or warranties of any kind or nature. Sellers, jointly and severally, hereby represent to Buyers that:

2.1 Seller 1 is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Kansas;

2.2 Seller 2 is a cooperative corporation duly incorporated, validly existing and in good standing under the laws of the State of Kansas;

2.3 each Seller has full corporate power and authority to execute, deliver and perform its obligations under this Agreement;

2.4 this Agreement has been duly authorized, executed and delivered by each Seller and constitutes the legal, valid and binding obligation of each Seller, enforceable in accordance with its terms;

2.5 the execution, delivery and performance of this Agreement by each Seller will not (i) conflict with or result in any breach of any provision of the Certificate of Incorporation or bylaws of such Seller, (ii) violate any requirement of law or any existing mortgage, contract, lease, indenture or agreement binding on such Seller or such Seller's property or (iii) result in the creation or imposition of any lien on any of the properties or assets of such Seller;

2.6 no consent of any other person and no consent, license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority, including, without limitation, the United States Bankruptcy Court, is required in connection with the execution, delivery or performance of this Agreement;

2.7 Seller 1 is the legal and beneficial owner of the Remaining Ownership Interest with good and valid title thereto, free and clear of any and all mortgages, liens, encumbrances, charges, claims, restrictions, pledges, security interests or impositions of any kind thereon or in the proceeds thereof and, upon FFI's payment therefor, good and valid title to the Remaining Ownership Interest will pass to FFI; and

2.8 Seller 2 is the legal and beneficial owner of Stock A with good and valid title thereto, free and clear of any and all mortgages, liens, encumbrances, charges, claims, restrictions, pledges, security interests or impositions of any kind thereon or in the proceeds thereof and, upon Smithfield's payment therefor, good and valid title to Stock A will pass to Smithfield.

MISCELLANEOUS PROVISIONS

3.1. **Counterparts.** This Agreement may be executed simultaneously in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

3.2. **Expenses.** Except as otherwise expressly set forth in this Agreement to the contrary, each of the parties hereto agrees to be responsible for its own costs, without right of reimbursement from the other, incurred by it incident to the performance of its obligations hereunder, whether or not the transactions contemplated by this Agreement shall be consummated, including, without


limitation, those costs incident to the preparation of this Agreement, and the fees and disbursements of legal counsel, accountants and consultants employed by the respective parties in connection with the transactions contemplated by this Agreement.

3.3. **Governing Law.** This Agreement shall in all respects be construed in accordance with and governed by the substantive laws of the State of Missouri, without reference to its choice of law rules.


3.4. **Survival.** The representations and warranties made by Sellers in this Agreement shall not survive the transactions described herein, and any and all breaches of such representations and warranties shall be deemed waived when the Closing occurs.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

FARMLAND INDUSTRIES, INC.

By: 
Title: Chief Financial Officer

FARMLAND FOODS, INC., a Kansas corporation

By: 
Title: Treasurer

SMITHFIELD FOODS, INC.

By: _____
Title: _____

FARMLAND FOODS, INC., a Delaware corporation

By: _____
Title: _____