UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MISSOURI

In re:	)	**Chapter 11**
	)	
FARMLAND INDUSTRIES, INC., et al.	)	**Case No. 02-50557-JWV**
Debtors.	)	
	)	**(Jointly Administered)**

INTERIM ORDER PURSUANT TO SECTIONS 328 AND 1103 OF THE UNITED STATES BANKRUPTCY CODE APPROVING APPLICATION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR AN ORDER AUTHORIZING THE RETENTION OF HOULIHAN LOKEY HOWARD & ZUKIN FINANCIAL ADVISORS, INC. AS FINANCIAL ADVISORS

This matter is before the Court upon consideration of the Application of the Official Committee of Unsecured Creditors' Application for Order Authorizing the Employment, *Nunc Pro Tunc* to June 10, 2002, of Houlihan Lokey Howard & Zukin Financial Advisors, Inc. as Financial Advisor Pursuant to §§328(a) and 1103(a) of the Bankruptcy Code (the "Application")[1] in the above-captioned Chapter 11 cases, pursuant to sections 328 and 1103 of Title 11 of the United States Code (the "Bankruptcy Code") and Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing the Official Committee of Unsecured Creditors (the "Committee") to retain and employ Houlihan Lokey Howard & Zukin Financial Advisors, Inc. ("Houlihan Lokey"), pursuant to the terms of its engagement letter (attached as Exhibit A to the Application) (the "Engagement Letter"); and upon the affidavit of Matthew R. Niemann which is annexed as Exhibit B to the Application.

[1] Capitalized terms not defined in this Order shall have the meanings given to them in the Application.

The Court being satisfied that the employment of Houlihan Lokey is necessary and in the best interest of the Committee, that Houlihan Lokey does not and hereafter will not represent in connection with these cases, any other entity having an interest adverse to the Committee; that Houlihan Lokey is "disinterested" as defined in Section 101(14) of the Bankruptcy Code; that the terms and conditions of Houlihan Lokey's employment are reasonable and sufficient cause appearing therefore; it is

ORDERED, that pursuant to sections 328 and 1103 of the Bankruptcy Code and Bankruptcy Rules 2014 and 2016, the Committee is authorized to employ, retain, compensate and reimburse Houlihan Lokey as its financial advisor pursuant to the Engagement Letter, *nunc pro tunc* as of June 10, 2002, on the terms and conditions set forth in the Engagement Letter (which terms are approved as if fully set forth herein) and the Application, subject to the following modifications to the Engagement Letter (which shall be deemed incorporated by reference into the Engagement Letter):

1. Any Transaction Fee payable to Houlihan Lokey shall be subject to the standard of review under §330 of the Bankruptcy Code; whereas, any Monthly Fees payable to Houlihan Lokey shal be subject to the standard of review under §328(a) of the Bankruptcy Code. Per the United States Trustee's request, Houlihan Lokey acknowledges that notwithstanding the standard of review under §328(a) of the Bankruptcy Code, if Houlihan Lokey fails to provide those services it agreed to, the United States Trustee shall retain the right to object to Houlihan Lokey's Monthly Fees; provided, however, any such objection must be in writing and delivered to Houlihan Lokey within the time frame applicable under any Standing Order entered by the Court.

2. Houlihan Lokey shall maintain monthly time records of their work in this Case and shall submit these records with their interim and final fee applications;
3. The three month minimum duration for the Monthly Fees is eliminated and there shall be no minimum duration for payment of the Monthly Fees;
4. Paragraph 12 of the Engagement Letter shall be modified to provide that there shall be no liability under the indemnity and reimbursement agreement for any loss, claim, damage or liability which is finally judicially determined to have resulted primarily from the incompetence, willful misconduct, gross negligence, bad faith or self-dealing of any Indemnified Party.

ORDERED, that Houlihan Lokey shall file interim and final fee applications pursuant to the applicable provisions of the Bankruptcy Code, Bankruptcy Rules and the Local Rules and Orders of this Court.

ORDERED, that the Committee and the Debtors are authorized and empowered to take such actions as may be necessary and appropriate to implement the terms of this Order.

ORDERED, that the Application is approved as set forth herein, with the exception of the Debtors' objection to the method of payment of the Transaction Fee as discussed on the record and, if the Debtors and the Committee do not resolve this issue, the Court shall hear argument from the Debtors and the Committee on this sole issue at the hearings scheduled on July 9, 2002.

Dated: June 21, 2002

/s/ Jerry W. Venters

HONORABLE JERRY W. VENTERS

UNITED STATES BANKRUPTCY JUDGE

Barnes to serve