UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MISSOURI

In Re:	)	**In Proceedings Under Chapter 11**
	)	
FARMLAND INDUSTRIES, INC., et al.,	)	**Case No. 02-50557-JWV**
	)	**Joint Administration**
Debtors.	)	

AMENDED AND SUPPLEMENTAL DISCLOSURE PURSUANT TO DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION, AS MODIFIED

In accordance with the Debtor's Second Amended Joint Plan of Reorganization, as Modified (the "Plan"),[1/] the Debtors hereby amend and supplement their Disclosure Pursuant to §§ 5.1(b), 5.1(c), 5.1(d), 5.4(a) and 5.5(b) of Debtors' Second Amended Joint Plan of Reorganization, as Modified dated December 9, 2003 (Docket # 7100) (the "December 9 Disclosure") as follows:

1. The Debtors amend the December 9 Disclosure to disclose that the Management Agreement will be substantially in the form attached hereto as Exhibit A.

2. The Debtors amend the December 9 Disclosure to disclose that the identities of the proposed directors of Reorganized Industries are as set forth on Exhibit B hereto.

3. The Debtors supplement the December 9 Disclosure to disclose that the Transition Services Agreement to be entered into by and between Reorganized Industries and the Liquidating Trustee will be substantially in the form attached hereto as Exhibit C.

4. The Debtors supplement the December 9 Disclosure to disclose that the proposed compensation for Committee Members will include reimbursement of reasonable fees and expenses, subject to Bankruptcy Court approval, incurred in taking any action in the Bankruptcy Court either for the benefit of or for the protection of the Liquidating Trust, including but not limited to any request for relief sought by a third party in the Bankruptcy Court.

The Debtors reserve the right to alter, amend or supplement any of the foregoing disclosures prior to the Confirmation Hearing.

1/ Capitalized terms not otherwise defined herein shall have their respective meanings set forth in the Plan.

Dated: December 16, 2003

FARMLAND INDUSTRIES, INC., ET AL.

By: /s/ Laurence M. Frazen

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EXHIBIT A

(Management Agreement)

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT is entered into on, and effective as of, the Effective Date by and between Reorganized FLI, Inc., both in its own capacity and as successor in interest to Farmland Foods, Inc. ("***Foods***"), as reorganized as of the Effective Date ("***Reorganized Industries***") and _____, as trust administrator (together with any successor administrator, the "***Trustee***") of the FI Liquidating Trust (the "***Trust***"), pursuant to the Second Amended Joint Plan of Reorganization of Industries, Foods, SFA, Inc., Farmland Transportation Inc. and Farmland Pipe Line Company dated October 31, 2003 as may be subsequently amended (the "***Plan***"). Reorganized Industries and the Trustee may together be referred to as the "***Parties***" and each individually as a "***Party***".

RECITALS

WHEREAS, Reorganized Industries owns those assets set forth on Exhibit A (the "***Industries Retained Assets***");

WHEREAS, pursuant to Section 5.1 of the Plan, all recoveries received by Reorganized Industries on account of the Industries Retained Assets shall be remitted to the Trust and held by the Trustee on account of the Estate;

WHEREAS, to comply with the Plan, Reorganized Industries wishes to appoint the Trustee to manage, operate, direct and exercise full and exclusive control over the business and affairs of Reorganized Industries relating to the Industries Retained Assets and the Trustee wishes to accept such appointment;

WHEREAS, Section 5.4(b)(iv) of the Plan authorizes the Trust and the Trustee, as the representative for the Estate to file tax returns;

WHEREAS, the Parties wish to make clear in this Agreement that the authorization under the Plan to file tax returns includes an authorization to prepare, on behalf of Reorganized Industries, any return, declaration, report, claim for refund, or information return or statement relating to any Taxes required to be filed with any governmental entity, including any schedule or attachment thereto, and including any amendment thereof (the "***Reorganized Industries Tax Returns***"); and

WHEREAS, to comply with the Plan, Reorganized Industries wishes to appoint the Trustee to prepare the Reorganized Industries Tax Returns and to manage, operate, direct and exercise full and exclusive control over all other Tax Matters.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the covenants, conditions, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I.

APPOINTMENT OF THE TRUSTEE

Reorganized Industries hereby appoints the Trustee as Reorganized Industries' managing agent solely with respect to the Industries Retained Assets, and the Trustee accepts its appointment by Reorganized Industries, to manage, operate, direct and exercise full and exclusive control over (i) the business and affairs of Reorganized Industries relating to the Industries Retained Assets and (ii) the preparation and filing of the Reorganized Industries Tax Returns and any audit, litigation or other proceeding with respect to Reorganized Industries Tax obligations (together with the Reorganized Industries Tax Returns, the "***Tax Matters***") ((i) and (ii) together, the "***Services***"). As used herein, "***Taxes***" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Internal Revenue Code §59A), customs, ad valorem, duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

ARTICLE II.

POWERS AND DUTIES OF THE TRUSTEE

2.01 Powers of the Trustee. Subject to such limitations as may be imposed by law, this Agreement, the Plan or the Liquidating Trust Agreement, the Trustee is hereby authorized and empowered, in the name of and on behalf of Reorganized Industries, to do and perform any and all acts and things it deems appropriate or necessary in the conduct of the business and affairs of Reorganized Industries relating to the Services, including the following:

(a) to purchase products, services and supplies;

(b) to open, maintain and close bank accounts and to draw checks and other orders for the payment of money;

(c) to negotiate, execute and perform any contacts, conveyances or other instruments;

(d) to utilize the services of any third party, including officers and employees of Reorganized Industries, provided that, if the Trustee utilizes officers and employees of Reorganized Industries to perform its obligations hereunder, any and all obligations performed shall be subject to the Trustee's review prior to completion and such review shall be final;

(e) to select and dismiss outside attorneys, accountants, consultants and contractors;

(f) to sell, assign, liquidate, abandon or otherwise transfer the Industries Retained Assets; and

(g) to conduct litigation and incur legal expenses and otherwise deal with or settle claims or disputes;

in each case at such times and upon such terms and conditions as the Trustee deems appropriate or necessary and subject to any express restrictions on such powers as provided in the Plan.

2.02 Duties of the Trustee. The Trustee shall, at its own expense, perform the Services in the manner the Trustee deems appropriate or necessary. Without limiting the generality of the foregoing, the Trustee's duties to perform the Services shall include the following:

(a) to perform or cause to be performed financial, accounting and other administrative functions for the Services;

(b) to deposit all funds of Reorganized Industries relating to the Services in such account or accounts as shall be designated by the Trustee;

(c) to maintain the books and records of Reorganized Industries relating to the Services;

(d) to prepare and make all tax filings of Reorganized Industries relating to the Services in a timely manner reasonably required by federal, state and local income tax requirements; and

(e) to conduct the business and affairs of Reorganized Industries relating to the Industries Retained Assets in accordance with the Plan and all applicable laws, rules and regulations;

in each case in such a manner as the Trustee deems appropriate or necessary.

ARTICLE III.

COOPERATION OF REORGANIZED INDUSTRIES

3.01 Cooperation on Tax Matters.

(i) Reorganized Industries shall cooperate fully, as requested by the Trustee, in connection with all Tax Matters. Such cooperation shall include, (A) prompt notice delivered to the Trustee of any audit, litigation or other proceeding relating to any Tax Matter (a "***Tax Proceeding***"), (B) the retention and (upon the Trustee's request) provision of records and information, (C) making employees available to provide additional information, (D) explanation of any material provided hereunder and (E) assisting the Trustee in retaining and cooperating with counsel on any Tax Matter. Reorganized Industries agrees to (A) retain all books and records with respect to any Tax Matter pertinent to the Reorganized Industries Tax Returns until the expiration of the statute of limitations (and, to the extent notified by the Trustee, any extensions thereof) and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the Trustee 30-days written notice prior to transferring, destroying or discarding any

such books and records and Reorganized Industries shall allow the Trustee to take possession of such books and records.

(ii) At the Trustee's option, if Reorganized Industries receives notification of a Tax Proceeding, the Trustee shall have the right to defend, at the sole cost and expense of Reorganized Industries, such Tax Proceeding as it deems appropriate or necessary and shall have full control of any defense, proceeding or settlement relating to such Tax Proceeding. Reorganized Industries may participate in, if requested by the Trustee, but not control, any defense, proceeding or settlement controlled by the Trustee.

(iii) Reorganized Industries further agrees to use its best efforts to obtain any certificate or other document from any governmental authority or any other person or entity as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated by the Plan).

(iv) Reorganized Industries further agrees to provide the Trustee with all information that may be required to be reported pursuant to Internal Revenue Code §6043 and all Treasury Regulations Promulgated thereunder.

3.02 Access to Information, Books and Records. To the extent not otherwise provided for in the Plan, the Liquidating Trust Agreement or this Agreement, the Trustee and its authorized representatives shall have complete access to Reorganized Industries' offices, facilities and records wherever located, in order to perform the Trustee's Services hereunder.

ARTICLE IV.
USE OF NAME AND MARK

4.01 Grant of License. Reorganized Industries hereby grants to the Trustee as a licensee and the Trustee hereby accepts a nontransferable, fully paid-up, nonexclusive royalty-free right and license to use all fictitious business names, trade names, corporate names, registered and unregistered trademarks and service marks of Reorganized Industries.

ARTICLE V.

COVENANTS

5.01 Without giving written notice to and receiving consent from the Trustee, Reorganized Industries shall not,

(a) take any action that would result in:

(i) any sale or disposition of all or substantially all of the assets or earning power of Reorganized Industries;

(ii) any merger, consolidation, or statutory share exchange; or

(iii) any liquidation or dissolution of Reorganized Industries.

(b) declare or pay any dividend or distribution;

(c) purchase, redeem or otherwise acquire or retire for value any equity interests of Reorganized Industries;

(d) incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to, any indebtedness unless such indebtedness expressly states that it is non-recourse to the Industries Retained Assets and any proceeds therefrom;

(e) create, incur, assume or suffer to exist any lien of any kind on any of the Industries Retained Assets; and

(f) engage in any transaction outside of the ordinary course of business.

ARTICLE VI.

INDEMNIFICATION

6.01 Liability of the Trustee. Notwithstanding anything to the contrary in this Agreement, and except to the extent required by applicable law, neither the Trustee or any person who is or was serving at the request of the Trustee or any such affiliate as a director, officer, partner, trustee, employee or agent of another person (each an "***Indemnitee***" and collectively, the "***Indemnitees***") shall be liable to Reorganized Industries for any action taken or omitted to be taken by such Indemnitees, provided that such Indemnitee acted in good faith and such action or omission does not involve the gross negligence or willful misconduct of such Indemnitee. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that an action or omission involves bad faith, gross negligence or willful misconduct.

6.02 Indemnification.

(a) Reorganized Industries shall, to the fullest extent permitted by applicable law, indemnify each Indemnitee against expenses (including legal and experts' fees and expenses), judgments, fines and amounts paid in settlement, actually and reasonably incurred by such Indemnitee, in connection with any threatened, pending or completed claim, demand, action, suit or proceeding to which such Indemnitee was or is a party or is threatened to be made a party (i) because of the Indemnitee's status as the Trustee or a person or entity serving at the request of the Trustee or any such affiliate and (ii) that relates to this Agreement or the business, affairs or management of the Industries Retained Assets (provided the Indemnitee acted in good faith and the act or omission which is the basis of such demand, claim, action, suit or proceeding does not involve the gross negligence or willful misconduct of such Indemnitee).

(b) Expenses (including legal and experts' fees and expenses) incurred in defending any proceeding subject to Section 6.02(a) shall be paid by Reorganized

Industries in advance of the final disposition of such proceeding upon receipt of an undertaking (which need not be secured) by or on behalf of the Indemnitee to repay such amount if it shall ultimately be determined, by a court of competent jurisdiction, that the Indemnitee is not entitled to be indemnified by Reorganized Industries as authorized hereunder or otherwise.

(c) The indemnification provided by Section 6.02(a) shall be in addition to any other rights to which an Indemnitee may be entitled and shall continue as to an Indemnitee who has ceased to serve in a capacity for which the Indemnitee is entitled to indemnification and shall inure to the benefit of the heirs, successors, assigns, administrators and personal representatives of the Indemnitee.

(d) The provisions of this Article VI are for the benefit of the Indemnitees and the heirs, successors, assigns, administrators and personal representatives of the Indemnitees and shall not be deemed to create any rights for the benefit of any other person.

(e) As used in this Agreement, the term "affiliate" means, with respect to any person or entity, any other person or entity that directly or indirectly controls, is controlled by, or is under common control with, the person or entity in question.

ARTICLE VII.

TERMINATION; SUCCESSOR TRUSTEE

7.01 Termination.

(a) Except for Article IV, Article VI and Article VIII, this Agreement shall terminate upon the earlier of (any one of (i), (ii) or (iii), a "***Termination***"):

(i) except with respect to Article III as well, the dissolution and liquidation of the Trust;

(ii) except with respect to Article III as well, the sale, assignment, liquidation or transfer of all of the Industries Retained Assets; or

(iii) a decision by the Trustee, which shall be in its sole discretion, to terminate the Agreement.

(b) The Trustee may terminate its obligations under this Agreement with respect to,

(i) any one or more (but less than all) Industries Retained Assets in its sole discretion; and

(ii) the Tax Matters, in its sole discretion, at any time after the fiscal year ending August 31, 2004,

without Terminating this Agreement as contemplated in Section 7.01(a) above.

7.02 Successor Trustee. In the event the Trustee withdraws or is removed from the Trust and a successor becomes the Trustee of the Trust, the successor Trustee of the Trust shall automatically succeed to all of the rights and obligations of the Trustee hereunder. As soon as practicable after the effective date of such succession, the former Trustee shall deliver all records, data and information pertaining to the Services to the successor Trustee.

ARTICLE VIII.

MISCELLANEOUS

8.01 Entire Agreement. This Agreement, collectively with Exhibit A hereto, the Plan, the Liquidating Trust Agreement and the Transition Services Agreement by and between the Parties dated as of the Effective Date, constitute the entire agreement and understanding of the Parties in respect of the subject matter hereof and supersedes all prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

8.02 Assignment; Binding Effect; Third Party Beneficiaries. Reorganized Industries may not assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the Trustee , and any such assignment without prior written approval of the Trustee shall be deemed invalid and not binding on the Trustee. All of the terms, agreements, covenants, representations, warranties and conditions of this Agreement are binding upon, and inure to the benefit of and are enforceable by, the Parties and their respective successors and permitted assigns. Other than the Trust and as contemplated by Section 6.02(d) and Section 6.02(e), there are no third party beneficiaries having rights under or with respect to this Agreement.

8.03 Notices. All notices, requests and other communications provided for or permitted to be given under this Agreement must be in writing and shall be given by personal delivery, by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, or by facsimile transmission, as set forth in Section 11.13 of the Plan (or to such other address as any Party may give in a notice given in accordance with the provisions of the Plan). All notices, requests or other communications shall be effective and deemed given only as follows: (i) if given by personal delivery, upon such personal delivery, (ii) if sent by certified or registered mail, on the fifth business day after being deposited in the United States mail, (iii) if sent for next day delivery by overnight delivery service, on the date of delivery as confirmed by written confirmation of delivery, (iv) if sent by facsimile, upon the transmitter's confirmation of receipt of such facsimile transmission, except that if such confirmation is received after 5:00 p.m. (in the recipient's time zone) on a business day, or is received on a day that is not a business day, then such notice, request or communication shall not be deemed effective or given until the next succeeding business day. Notices, requests and other communications sent in any other manner, including by electronic mail, shall not be effective.

8.04 Specific Performance; Remedies. Reorganized Industries acknowledges and agrees that the Trustee would be damaged irreparably if any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. Accordingly, the Trustee shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and its provisions in the Bankruptcy Court in addition to any other remedy to which they may be entitled, at law or in equity. Except as expressly provided herein, the rights, obligations and remedies created by this Agreement are cumulative and in addition to any other rights, obligations or remedies otherwise available at law or in equity. Except as expressly provided herein, nothing herein shall be considered an election of remedies.

8.05 Conflict with Plan. If there is a conflict between the terms of this Agreement and the terms of the Plan or the Liquidating Trust Agreement, the terms of the Plan or the Liquidating Trust Agreement shall control. If there is a conflict between the terms of the Liquidating Trust Agreement and the terms of the Plan, the terms of the Plan shall control.

8.06 Retention of Jurisdiction. After the Effective Date and to the fullest extent permitted by law, the Bankruptcy Court shall retain exclusive jurisdiction over the performance of the duties of the Trustee hereunder and the interpretation of this Agreement and all issues arising under or related to this Agreement.

8.07 Headings. The article and section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

8.08 Amendment. This Agreement may not be amended or modified except by a writing signed by all of the Parties.

8.09 Extensions; Waivers. Any Party may, for itself only, (a) extend the time for the performance of any of the obligations of any other Party under this Agreement, (b) waive any inaccuracies in the representations and warranties of any other Party contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions for the benefit of such Party contained herein. Any such extension or waiver shall be valid only if set forth in a writing signed by the Party to be bound thereby. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, may be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising because of any prior or subsequent such occurrence. Neither the failure nor any delay on the part of any Party to exercise any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise of the same or of any other right or remedy

8.10 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof; provided that if any provision of this Agreement, as applied to any Party or to any circumstance, is judicially determined not to be enforceable in accordance with its terms, the Parties agree that the court judicially making such determination may modify the

provision in a manner consistent with its objectives such that it is enforceable, and/or to delete specific words or phrases, and in its modified form, such provision shall then be enforceable and shall be enforced.

8.11 Counterparts; Effectiveness. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party, which delivery may be made by exchange of copies of the signature page by facsimile transmission.

8.12 Construction. Undefined capitalized terms are defined in the Plan. This Agreement has been freely and fairly negotiated among the Parties. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party because of the authorship of any provision of this Agreement. Any reference to any law shall be deemed also to refer to such law as amended as in effect on the date hereof and all rules and regulations promulgated thereunder, unless the context requires otherwise. The words "include," "includes," and "including" shall be deemed to be followed by "without limitation." Pronouns in masculine, feminine, and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The words "this Agreement," "herein," "hereof," "hereby," "hereunder," and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties hereto as of the date first above written.

REORGANIZED FLI, INC.

By: _____
Name: _____
Title: _____

TRUSTEE

By: _____
Name: _____
Title: Trustee of FI Liquidating Trust

EXHIBIT B

(Identities of Directors of Reorganized Industries)

The proposed directors of Reorganized Industries will be Steve Rhodes, Kelly Schemenauer, Loretta Patton, J. Randall Vance and Sid Simpson.

EXHIBIT C

(Transition Services Agreement)

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT is entered into on, and effective as of, the Effective Date (defined herein) by and between Reorganized FLI, Inc., both in its own capacity and as successor in interest to Farmland Foods Inc. ("***Foods***"), as reorganized as of the Effective Date ("***Reorganized Industries***") and _____, as trust administrator (together with any successor administrator, the "***Trustee***") of the FI Liquidating Trust (the "***Trust***"), pursuant to the Second Amended Joint Plan of Reorganization of Industries, Foods, SFA, Inc., Farmland Transportation, Inc. and Farmland Pipe Line Company dated October 31, 2003 as may be subsequently amended (the "***Plan***"). Reorganized Industries and the Trustee may together be referred to as the "***Parties***" and each individually as a "***Party***".

RECITALS

WHEREAS, pursuant to the Plan, certain employees of Reorganized Industries (the "***Wind-Down Employees***") have agreed to remain employed by Reorganized Industries to facilitate the winding-down of the operations of Reorganized Industries after the Effective Date (the "***Transition***");

WHEREAS, Exhibit A contains a schedule of compensation per month of employment for each Wind-Down Employee; and

WHEREAS, the date of this Agreement is the Effective Date under the Plan and, to facilitate the Transition for so long as requested by the Trustee, the Trustee has requested that Reorganized Industries provide, and Reorganized Industries is willing to provide, certain transition services for the consideration set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby stipulate and agree as follows:

ARTICLE I.

DEFINITIONS

"***Direct Costs***" means the total compensation due on a monthly basis to those Wind-Down Employees not terminated during such month by the Trustee pursuant to the term sheet attached hereto as Exhibit B (the "***Term Sheet***").

"***Management Agreement***" means the Management Agreement by and between the Parties dated as of the Effective Date.

"***Services***" means upon the request of the Trustee, any and all acts and things the Trustee deems appropriate or necessary for the Transition, including providing any requested assistance

in connection with the Trustee's performance of its obligations under the Management Agreement.

"***Transition Period***" means the period from the date of this Agreement until there are no more Wind-Down Employees employed by Reorganized Industries or the Trustee terminates this Agreement, in its sole discretion, whichever comes first.

ARTICLE II.

PROVISION OF SERVICES

Reorganized Industries shall perform (or cause to be performed) the Services during the Transition Period. The selection of employees other than the Wind-Down Employees to perform the Services shall be solely within the Trustee's discretion.

ARTICLE III.

PAYMENT

Reorganized Industries shall perform (or cause to be performed by the Wind-Down Employees) all Services, and the Trustee shall reimburse Reorganized Industries on a monthly basis for all Direct Costs. At no time shall the monthly payments made under this Article III exceed the amount set forth for those Wind-Down Employees on Exhibit A not terminated by Reorganized Industries at the end of such month pursuant to the Term Sheet.

ARTICLE IV.

INDEMNIFICATION

4.01 Liability of the Trustee. Notwithstanding anything to the contrary in this Agreement, and except to the extent required by applicable law, neither the Trustee or any person or entity who is or was serving at the request of the Trustee or any such affiliate as a director, officer, partner, trustee, employee or agent of another person or entity (each an "***Indemnitee***" and collectively, the "***Indemnitees***") shall be liable to Reorganized Industries for any action taken or omitted to be taken by such Indemnitees, provided that such Indemnitee acted in good faith and such action or omission does not involve the gross negligence or willful misconduct of such Indemnitee. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that an action or omission involves bad faith, gross negligence or willful misconduct.

4.02 Indemnification.

(a) Reorganized Industries shall, to the fullest extent permitted by applicable law, indemnify each Indemnitee against expenses (including legal and experts' fees and expenses), judgments, fines and amounts paid in settlement, actually and reasonably incurred by such Indemnitee, in connection with any threatened, pending or completed claim, demand, action, suit or proceeding to which such Indemnitee was or is a party or is

threatened to be made a party (i) because of the Indemnitee's status as the Trustee or a person or entity serving at the request of the Trustee or any such affiliate and (ii) that relates to this Agreement (provided the Indemnitee acted in good faith and the act or omission which is the basis of such demand, claim, action, suit or proceeding does not involve the gross negligence or willful misconduct of such Indemnitee).

(b) Expenses (including legal and experts' fees and expenses) incurred in defending any proceeding subject to Section 4.02(a) shall be paid by Reorganized Industries in advance of the final disposition of such proceeding upon receipt of an undertaking (which need not be secured) by or on behalf of the Indemnitee to repay such amount if it shall ultimately be determined, by a court of competent jurisdiction, that the Indemnitee is not entitled to be indemnified by Reorganized Industries as authorized hereunder or otherwise.

(c) The indemnification provided by Section 4.02(a) shall be in addition to any other rights to which an Indemnitee may be entitled and shall continue as to an Indemnitee who has ceased to serve in a capacity for which the Indemnitee is entitled to indemnification and shall inure to the benefit of the heirs, successors, assigns, administrators and personal representatives of the Indemnitee.

(d) The provisions of this Article IV are for the benefit of the Indemnitees and the heirs, successors, assigns, administrators and personal representatives of the Indemnitees and shall not be deemed to create any rights for the benefit of any other person.

(e) As used in this Agreement, the term "affiliate" means, with respect to any person or entity, any other person or entity that directly or indirectly controls, is controlled by, or is under common control with, the person or entity in question.

(f) The terms and conditions of this Section 4.02 shall survive any termination of this Agreement.

ARTICLE V.

MISCELLANEOUS

5.01 Entire Agreement. This Agreement, collectively with Exhibits A and B, the Plan, the Liquidating Trust Agreement and the Management Agreement, constitute the entire agreement and understanding of the Parties in respect of the subject matter hereof and supersedes all prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

5.02 Assignment; Binding Effect; Third Party Beneficiaries. Reorganized Industries may not assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the Trustee. Any such assignment without prior written approval of the other Trustee shall be deemed invalid and not binding on the Trustee. All of the terms, agreements, covenants, representations, warranties and conditions of this Agreement are binding upon, and inure to the benefit of and are enforceable by, the Parties and their respective

successors and permitted assigns. Other than the Trust and as contemplated by Section 4.02(d) and Section 4.02(e) there are no third party beneficiaries having rights under or with respect to this Agreement.

5.03 Notices. All notices, requests and other communications provided for or permitted to be given under this Agreement must be in writing and shall be given by personal delivery, by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, or by facsimile transmission, as set forth in Section 11.13 of the Plan (or to such other address as any Party may give in a notice given in accordance with the provisions of the Plan). All notices, requests or other communications shall be effective and deemed given only as follows: (i) if given by personal delivery, upon such personal delivery, (ii) if sent by certified or registered mail, on the fifth business day after being deposited in the United States mail, (iii) if sent for next day delivery by overnight delivery service, on the date of delivery as confirmed by written confirmation of delivery, (iv) if sent by facsimile, upon the transmitter's confirmation of receipt of such facsimile transmission, except that if such confirmation is received after 5:00 p.m. (in the recipient's time zone) on a business day, or is received on a day that is not a business day, then such notice, request or communication shall not be deemed effective or given until the next succeeding business day. Notices, requests and other communications sent in any other manner, including by electronic mail, shall not be effective.

5.04 Specific Performance; Remedies. Reorganized Industries acknowledges and agrees that the Trustee would be damaged irreparably if any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. Accordingly, the Trustee shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and its provisions in the Bankruptcy Court in addition to any other remedy to which they may be entitled, at law or in equity. Except as expressly provided herein, the rights, obligations and remedies created by this Agreement are cumulative and in addition to any other rights, obligations or remedies otherwise available at law or in equity. Except as expressly provided herein, nothing herein shall be considered an election of remedies.

5.05 Conflict with Plan. If there is a conflict between the terms of this Agreement and the terms of the Plan or the Liquidating Trust Agreement, the terms of the Plan or the Liquidating Trust Agreement shall control. If there is a conflict between the terms of the Liquidating Trust Agreement and the terms of the Plan, the terms of the Plan shall control.

5.06 Retention of Jurisdiction. After the Effective Date and to the fullest extent permitted by law, the Bankruptcy Court shall retain exclusive jurisdiction over the performance of the duties of the Trustee hereunder and the interpretation of this Agreement and all issues arising under or related to this Agreement.

5.07 Headings. The article and section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

5.08 Amendment. This Agreement may not be amended or modified except by a writing signed by all of the Parties.

5.09 Extensions; Waivers. Any Party may, for itself only, (a) extend the time for the performance of any of the obligations of any other Party under this Agreement, (b) waive any inaccuracies in the representations and warranties of any other Party contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions for the benefit of such Party contained herein. Any such extension or waiver shall be valid only if set forth in a writing signed by the Party to be bound thereby. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, may be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising because of any prior or subsequent such occurrence. Neither the failure nor any delay on the part of any Party to exercise any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise of the same or of any other right or remedy

5.10 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof; provided that if any provision of this Agreement, as applied to any Party or to any circumstance, is judicially determined not to be enforceable in accordance with its terms, the Parties agree that the court judicially making such determination may modify the provision in a manner consistent with its objectives such that it is enforceable, and/or to delete specific words or phrases, and in its modified form, such provision shall then be enforceable and shall be enforced.

5.11 Counterparts; Effectiveness. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party, which delivery may be made by exchange of copies of the signature page by facsimile transmission.

5.12 Construction. Undefined capitalized terms herein are defined in the Plan. This Agreement has been freely and fairly negotiated among the Parties. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party because of the authorship of any provision of this Agreement. Any reference to any law shall be deemed also to refer to such law as amended as in effect on the date hereof and all rules and regulations promulgated thereunder, unless the context requires otherwise. The words "include," "includes," and "including" shall be deemed to be followed by "without limitation." Pronouns in masculine, feminine, and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The words "this Agreement," "herein," "hereof," "hereby," "hereunder," and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty, or covenant contained herein in any respect, the fact that

there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties hereto as of the date first above written.

REORGANIZED FLI, INC.

By: _____
Name: _____
Title: _____

TRUSTEE

By: _____
Name: _____
Title: Trustee of FI Liquidating Trust