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-11**
	)	**Joint Administration**
Debtors.	)	

ORDER AUTHORIZING THE SALE OF CERTAIN ASSETS OF FARMLAND INDUSTRIES, INC. LOCATED NEAR SUNFLOWER, MISSISSIPPI TO DELTA PROTEIN INTERNATIONAL, INC. FREE AND CLEAR OF LIENS, CLAIMS OR INTERESTS

This matter came before the Court on the Debtors' Motion Under Sections 105(a), 363 and 365 Of The Bankruptcy Code To (i) Approve Auction and Bid Procedures, (ii) Approve The Sale Of Assets Located Near Sunflower, Mississippi, Outside The Ordinary Course of Business Free And Clear Of Liens And Interests, and (iii) Set A Date For A Sale Hearing (the "Motion"). The Court has now considered the entire record in this matter, including all of the arguments presented by counsel for the various parties reflected in the record at the above-referenced hearing. Based on the foregoing, the Court finds as follows:

1. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), made applicable to this proceeding pursuant to Bankruptcy Rule 9014.

2. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

3. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Agreement and the Motion.

4. Farmland Industries, Inc. ("Farmland" or "Debtor") entered into a purchase agreement (the "Agreement") with Delta Protein International, Inc. (the "Buyer") for the sale of certain assets, including a catfish processing plant located on 37.97 acres near Sunflower, Mississippi (the "Transferred Assets") for a purchase price of $85,000 (the "Purchase Price"). The Buyer deposited with the Debtor earnest monies totaling $8,500 (the "Deposit"). A copy of the Agreement is available upon request.

5. Farmland marketed the Transferred Assets and conducted the sale process in accordance with the Auction and Bid Procedures. Creditors, parties-in-interest and other entities have been afforded a reasonable opportunity to bid for the Transferred Assets.

6. No Competing Bids were received by Farmland. Accordingly, Buyer made the highest and best offer for the Transferred Assets.

7. The Agreement and the transactions related thereto were negotiated and have been and are undertaken by the Debtor and the Buyer at arm's length, without collusion and in good faith within the meaning of Section 363(m) of the Bankruptcy Code. The entire sale process was conducted in good faith within the meaning of Section 363(m) of the Bankruptcy Code. As a result of the foregoing, the Debtor and the Buyer are entitled to the protections of Section 363(m) of the Bankruptcy Code.

8. The Buyer is not an "insider" of any of the Debtors, as that term is defined in 11 U.S.C. § 101.

9. The sale consideration to be realized by Debtor's estate pursuant to the Agreement (i) is fair and reasonable and may not be avoided under section 363(n) of the Bankruptcy Code, (ii) is the highest or otherwise best offer for the Transferred Assets, (iii) will provide greater recovery for the Debtor's creditors than would be provided by any other practical alternative and (iv) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession or the District of Columbia.

10. In the absence of a stay pending appeal, the Debtor will be acting in good faith pursuant to section 363(m) of the Bankruptcy Code in closing the transactions contemplated by the Agreement at any time on or after the entry of this Order and cause has been shown as to why this Order should not be subject to the stay provided in Fed. R. Bankr. Proc. 6004(g) and 6006(d).

11. The sale of the Transferred Assets is pursuant to the Debtors' Second Amended Joint Plan of Reorganization, approved by this Court's Order of December 19, 2003.

12. The Court incorporates by reference as if fully set forth herein the findings of fact and conclusions of law set forth on the record at the Hearing.

ORDER

In light of the Court's findings and conclusions, **IT IS HEREBY ORDERED AS FOLLOWS:**

A. The relief requested in the Motion is granted in all respects and the Agreement and transactions contemplated thereby are approved in all respects.

B. To the extent that any objections to the Motion have not been withdrawn or resolved by stipulation prior to the entry of this Order or are not resolved by the relief granted herein or as stated on the record of the Sale Hearing, all such objections are overruled.

C. The terms and conditions of the Agreement are approved and the sale of the Transferred Assets is authorized under Sections 105 and 363(b) of the Bankruptcy Code and the Debtor is hereby directed to effectuate the terms thereof.

D. Pursuant to section 363(b) of the Bankruptcy Code, the Debtor is authorized to sell the Transferred Assets to the Buyer upon the terms and subject to the conditions set forth in the Agreement.

E. The sale of the Transferred Assets to Buyer shall be free and clear of liens and all other claims whatsoever pursuant to section 363(f) of the Bankruptcy Code, whether known or unknown, including, but not limited to, any existing right(s) of first refusal or similar protective right alleged by any party, except as specifically referenced herein, any liens and claims of any of the Debtors' creditors, vendors, suppliers, employees or lessors, and Buyer shall not be liable in any way (as a successor to the Debtors or otherwise) for any claims that any of the foregoing or any other third party may have against the Debtors or the Transferred Assets. Any and all alleged liens and claims on such Transferred Assets shall be transferred, affixed, and attached to the proceeds of such sale, with the same validity, priority, force, and effect as such liens had been upon the Transferred Assets immediately prior to the Closing. Proceeds of the sale of the Transferred Assets shall be applied as Net Asset Sale Proceeds pursuant to the provisions of the First Amended Debtor-in-Possession Credit Agreement and Adequate Protection Stipulation dated June 5, 2002, as amended, and the liens granted in favor of the Lenders thereunder will attach to the sale proceeds.

F. Subject to the payment by Buyer to the Debtor of the consideration provided for in the Agreement, effective as of the Closing, (a) the sale of the Transferred Assets by the Debtor to Buyer shall constitute a legal, valid and effective transfer of the Transferred Assets and shall vest Buyer with all right, title, and interest of Farmland and the Debtors in and to the Transferred Assets, free and clear of all liens pursuant to section 363(f) of the Bankruptcy Code, except those specifically referenced herein, and (b) the assumption of the Assumed Liabilities by Buyer shall constitute legal, valid, and effective delegation of the Assumed Liabilities to Buyer and shall divest the Debtors of all liability with respect to the Assumed Liabilities.

G. The sale of the Transferred Assets to Buyer under the Agreement will constitute a transfer for reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession or the District of Columbia. The transfers of the Transferred Assets by the Debtor to the Buyer are legal, valid and effective transfers of the Transferred Assets notwithstanding any requirement for approval or consent of any person. All entities presently or on the Closing Date in possession of some or all of the Transferred Assets are directed to surrender possession of the Transferred Assets to the Buyer on such Closing Date or at such time thereafter as the Buyer may request.

H. The Buyer is hereby granted and is entitled to the protections provided to a good-faith purchaser under section 363(m) of the Bankruptcy Code, including with respect to any transfer of an unexpired lease of non-residential real property and any executory contract to be assumed and assigned as part of the sale of the Transferred Assets pursuant to section 365 of the Bankruptcy Code.

I. Pursuant to sections 105(a) and 363 of the Bankruptcy Code, all Persons are enjoined from taking any action against Buyer or the Transferred Assets to recover any claim

which such Person had solely against the Debtors or Debtors' affiliates or the Transferred Assets, other than claims constituting Assumed Liabilities.

J. The Debtor is authorized to assign and transfer to Buyer all of Farmland and Debtors' right, title and interest (including common law rights) in and to all of Farmland and Debtors' intangible property to be assigned and transferred to Buyer under and pursuant to the Agreement.

K. The Buyer has not assumed or otherwise become obligated, as a successor or otherwise, for any of the Debtors' liabilities, debts or obligations, other than as set forth in section 2.2 of the Agreement. Consequently, all holders of liabilities that are not Assumed Liabilities ("Unassumed Liabilities"), are hereby enjoined from asserting or prosecuting any claim or cause of action against Buyer or the Transferred Assets to recover on account of any Unassumed Liabilities. All persons and entities holding liens or claims of any kind and nature with respect to the Transferred Assets are hereby barred from asserting or prosecuting any such lien or claim against Buyer, its successors or assigns, or the Transferred Assets for any liability, other than the Assumed Liabilities.

L. Pursuant to Bankruptcy Rule 7062, this Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing.

M. This Court shall retain exclusive jurisdiction through the earlier of dismissal or closing of this case to interpret and enforce the provisions of the Agreement, the Sale Procedures Order, and this Order in all respects and further to hear and determine all matters arising from the construction or implementation of this Order or the Agreement and any and all disputes between the Debtor and/or Buyer, as the case may be; provided, however, that in the event the Court abstains from exercising or declines to exercise such jurisdiction or is without jurisdiction with respect to the Agreement, Sale Procedures Order, or this Order, such abstention, refusal or lack of jurisdiction shall have no effect upon, and shall not control, prohibit, or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter.

N. The provisions of this Order are nonseverable and mutually dependent. Nothing contained in any plan of reorganization confirmed in this case or in any order confirming such plan shall conflict with the provision of the Agreement.

O. This Order shall inure to the benefit of Buyer, Debtor, and their respective successors and assigns, including but not limited to any successor chapter 11 or chapter 7 trustee that may be appointed in the Debtors' cases and shall be binding upon any trustee, party, entity or other fiduciary that may be appointed in connection with these cases or any other or further cases involving the Debtors, whether under chapter 7 or chapter 11 of the Bankruptcy Code.

P. Pursuant to section 1146(c) of the Bankruptcy Code, the transactions contemplated by the Agreement are under or in contemplation of a plan to be confirmed under section 1129 of the Bankruptcy Code, in that the net proceeds of the sale of the Transferred Assets are essential and required to fund a chapter 11 plan for Debtors, and therefore, are exempt from any transfer, stamp or similar tax or any so-called "bulk-sale" law in all necessary

jurisdictions arising as a result of or in connection with the Debtor's sale and transfer of the Transferred Assets to Buyer.

Q. Each and every federal, state, and local governmental agency, department or entity is hereby directed to accept the filing of any and all documents and instruments necessary and appropriate to implement, effectuate or consummate the transactions contemplated by the Agreement and this Order.

R. The Debtor is hereby authorized and directed to execute and deliver any and all instruments as may be required to effectuate the terms of the Agreement and this Order. The Debtor and each other person having duties or responsibilities under the Agreement, any agreements related thereto or this Order, and their respective directors, officers, general partners, agents, representatives, and attorneys, are authorized and empowered – subject to the terms and conditions contained in the Agreement and the schedules annexed thereto – to carry out all of the provisions of the Agreement and any related agreements; to issue, execute, deliver, file, and record, as appropriate, the documents evidencing and consummating the Agreement, and any related agreements; to take any and all actions contemplated by the Agreement, any related agreements or this Order; and to issue, execute, deliver, file, and record, as appropriate, such other contracts, instruments, releases, indentures, mortgages, deeds, bills of sale, assignments, leases, or other agreements or documents and to perform such other acts and execute and deliver such other documents, as are consistent with, and necessary or appropriate to implement, effectuate and consummate, the Agreement, any related agreements and this Order and the transactions contemplated thereby and hereby, all without further application to, or order of, the Court or further action by their respective directors, stockholders, or partners, and with like effect as if such actions had been taken by unanimous action of the respective directors, stockholders, and partners of such entities. The Debtor shall be, and hereby is, authorized to certify or attest to any of the foregoing actions (but no such certification or attestation shall be required to make any such action valid, binding, and enforceable). The Debtor is further authorized and empowered to cause to be filed with the secretary of state of any state or other applicable officials of any applicable governmental units any and all certificates, agreements, or amendments necessary or appropriate to effectuate the transactions contemplated by the Agreement, any related agreements and this Order, including amended and restated certificates or articles of incorporation and by-laws or certificates or articles of amendment, and all such other actions, filings, or recordings as may be required under appropriate provisions of the applicable laws of all applicable governmental units or as any of the officers of the Debtors may determine are necessary or appropriate. The execution of any such document or the taking of any such action shall be, and hereby is, deemed conclusive evidence of the authority of such person to so act. Without limiting the generality of the foregoing, this Order shall constitute all approvals and consents, if any, required by the corporation laws of the State of Kansas and all other applicable business corporation, trust, and other laws of the applicable governmental units with respect to the implementation and consummation of the Agreement, any related agreements and this Order, and the transactions contemplated thereby and hereby.

S. Pursuant to Fed. R. Bankr. Proc. 6004(g), this Order shall not be stayed, and in the absence of any entity obtaining a stay pending appeal, the Debtors and the Buyer are free to close under the Agreement at any time. In the absence of any entity obtaining a stay pending appeal, if the Debtor and the Buyer close under the Agreement, the Buyer shall be

entitled to the protection of section 363(m) of the Bankruptcy Code as to all aspects of the transaction pursuant to the Agreement if this Order or any authorization contained herein is reversed or modified on appeal.

T. The Agreement and any related agreements may be modified, amended or supplemented by agreement of the Debtor and the Buyer without further action of the Court; provided that any such modification, amendment or supplement is not material and substantially conforms to and effectuates the Agreement.

U. The failure specifically to include any particular provisions of the Agreement in this Order shall not diminish or impair the efficacy of such provisions, it being the intent of the Court that the Agreement be authorized and approved in its entirety.

V. All entities who on the Closing Date may be in possession of some or all of the Assets are hereby directed to surrender possession of said Assets to the Buyer on the Closing Date. On the Closing Date of the Sale, each of the Debtors' creditors is directed to execute such documents and take all other actions as may be necessary to release its lien, claim or interest in the Transferred Assets, if any, as such lien, claim or interest may have been recorded or may otherwise exist.

Dated: February 5, 2004

/s/ Jerry W. Venters
UNITED STATES BANKRUPTCY JUDGE

cc: Frazen to Serve Order

ORDER SUBMITTED BY:

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