

**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
Debtors.)	Joint Administration

**ORDER UNDER 11 U.S.C. §§ 327(a) and 328(a) AUTHORIZING
DEBTORS AND DEBTORS IN POSSESSION
TO EMPLOY UBS WARBURG LLC AS FINANCIAL CONSULTANTS**

This matter having come before the Court upon the Debtors' Application Under 11 U.S.C. §§ 327 and 328 for Authorization to Employ USB Warburg LLC as Financial Consultants for Debtors and Debtors in Possession (the "Application"), and the Court having considered the Application, the Declaration of Thomas M. Benninger submitted in support thereof, the Letter Agreement, dated as of July 15, 2002, as amended, between UBS Warburg LLC and Farmland Industries, Inc., as submitted to the court (the "Letter Agreement"), the other pleadings on file in this case, and the arguments of Counsel, and it appearing to the Court that UBS Warburg LLC neither holds nor represents an interest adverse to the Debtors or their Estates; that UBS Warburg LLC is a disinterested person within the meaning of 11 U.S.C. § 101(14); and that the Debtors' retention of UBS Warburg LLC under the terms of the Letter Agreement is in the best interest of the Debtors' estates; notice of the Application having been adequate under the circumstances;

IT IS HEREBY ORDERED THAT the Debtors' Application is granted and that the Debtors are authorized, under 11 U.S.C. §§ 327(a) and 328(a), to retain USB Warburg LLC as their financial consultants, under the terms set forth in the Letter Agreement, the retention to be effective nunc pro tunc as of July 15, 2002, subject to the following modifications to the Letter Agreement (which shall be deemed incorporated by referenced into the Letter Agreement):

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

2. Annex A of the Letter Agreement shall be modified to provide that there shall be no liability under the indemnity and reimbursement agreement (including liability for reimbursement of legal fees and/or expenses) 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.

3. All references to legal fees and expenses shall mean reasonable legal fees and expenses.

4. The Debtors' right to extend the term of the Letter Agreement shall be subject to the consent of both Official Committees and the DIP Lenders, which consent shall not be unreasonably withheld.

ORDERED that UBS 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. Notwithstanding the foregoing, after the entry of this Order UBS Warburg may file and serve on the "Notice Parties" identified in Standing Order #2, a "catch-up" request in the form of a Monthly Fee Order for its monthly fees earned and expenses incurred from July 15, 2002, to

September 30, 2002. The Notice Parties will have 20 days to object to the request. The Debtor may pay the amount requested (or, if an objection is filed, any amount not subject to objection) after that 20-day period. All future payments to UBS Warburg will be subject to the schedule and procedures in Standing Order #2. The Debtors and their counsel will assist UBS Warburg in preparing the form and complying with the procedures in Standing Order #2.

ORDERED that a committee comprised of two members from each official committee, two representatives of the DIP Lenders and one member of management of the Debtors may cooperatively interview candidates and recommend a "Protein Transaction Broker" to the Debtors to evaluate the market and/or pursue the sale of some or all of the "Protein Assets". This committee may also participate cooperatively with the Debtors in negotiating an appropriate retainer agreement and fee structure for the services of such Protein Transaction Broker, which shall be subject to submission to and approval of the Bankruptcy Court. ("Protein Assets" shall mean the Debtors' equity interest in Farmland National Beef and the Debtors' pork operations known as the "Foods Division").

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

Dated: October 28, 2002

/s/ Jerry W. Venters

UNITED STATES BANKRUPTCY JUDGE

Frazen to Serve

ORDER SUBMITTED BY:

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