

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MISSOURI**

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

**VERIFIED APPLICATION OF SPECIAL LITIGATION
CO-COUNSEL DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP,
SCHMIEDESKAMP, ROBERTSON, NEU & MITCHELL, AND
LINDQUIST & VENNUM P.L.L.P. FOR ALLOWANCE AND PAYMENT
OF CONTINGENT PROFESSIONAL FEES RELATED TO (I) THE DUPONT
SETTLEMENT AND (II) THE NEPERA SETTLEMENT IN CONNECTION
WITH THE VITAMIN LITIGATION**

Dickstein Shapiro Morin & Oshinsky LLP (“Dickstein”), Schmiedeskamp, Robertson, Neu & Mitchell (“Schmiedeskamp”), and Lindquist & Vennum P.L.L.P. (“Lindquist”), special litigation counsel to Farmland Industries, Inc., debtor and debtor in possession herein (“Farmland” or “Debtor”) in connection with the Vitamin Litigation, by and through the Debtor and Debtor’s general bankruptcy counsel, hereby submit this verified application for allowance and payment of contingent professional fees related to the (i) the Dupont Settlement and (ii) the Nepera Settlement (the “Contingent Fee Application”).

BACKGROUND

1. On May 31, 2002 (the “Petition Date”), the Debtor (along with certain affiliates) commenced its reorganization case by filing a Voluntary Petition for relief under Chapter 11 of the Bankruptcy Code. Pursuant to this Court’s Order entered May 31, 2002, these Chapter 11 cases are being jointly administered for procedural purposes only.

2. The Debtor is continuing in possession of its properties and is operating and managing its business, as a debtor in possession, pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

THE VITAMIN LITIGATION

3. Prior to the Petition Date, Farmland and certain predecessors in interest purchased various vitamin products and amino acids (collectively, “Vitamin Products”) from the producers of those products (collectively, the “Vitamin Producers”). As a result of these purchases, Farmland and other purchasers of Vitamin Products possess certain claims and causes of action against approximately thirty-seven Vitamin Producers (the “Vitamin Defendants”). Based on current calculations, Farmland purchased approximately \$123.5 million of Vitamin Products from the Vitamin Defendants, and Farmland has an estimated single damages claim of approximately \$42 million.

4. Farmland and numerous other purchasers of Vitamin Products have commenced actions in federal and state court against the Vitamin Defendants alleging that they fixed prices of Vitamin Products in violation of the federal antitrust laws. Prior to the Petition Date, Farmland and others commenced individual actions against certain of the Vitamin Defendants. The federal litigation pending or that may be brought against the Vitamin Defendants has been transferred and consolidated for pretrial litigation before The Honorable Thomas Hogan in the United States District Court for the District of Columbia in the case styled “In re Vitamin Antitrust Litigation” (together with any similar or related federal court actions, the “Federal Vitamin Litigation”). Farmland also commenced, just prior to the Petition Date, an individual action against certain of the Vitamin Defendants in Minnesota state court, asserting claims related to indirect vitamin purchases (together with any similar or related state court actions, the “State Vitamin Litigation”). The Federal Vitamin Litigation and the State Vitamin Litigation are collectively referred to herein as the “Vitamin Litigation.”

APPLICATIONS TO EMPLOY AND RETENTION ORDERS

5. In May/June 1999, Farmland retained and employed Dickstein and Schmiedeskamp to represent Farmland's interests in the Vitamin Litigation pursuant to an engagement letter dated May 25, 1999 (the "Retention Agreement"), and a co-counsel agreement between Schmiedeskamp and Dickstein dated June 9, 1999 (the "Co-Counsel Agreement"). The terms and conditions of the agreement between Dickstein and Schmiedeskamp to represent jointly certain plaintiffs in the Vitamin Litigation, including Farmland, are set forth in the Co-Counsel Agreement.

6. Farmland is among approximately 154 plaintiff clients represented by Dickstein as lead counsel in the Vitamin Litigation (the "Dickstein Client Group"). Schmiedeskamp represents and serves as co-counsel for approximately 42 of the plaintiff clients included in the Dickstein Client Group in connection with the Vitamin Litigation.

7. Farmland also retained and employed Lindquist prior to the Petition Date to serve as co-counsel with Dickstein and Schmiedeskamp in connection with the commencement and prosecution of the State Vitamin Litigation. The terms and conditions of the agreement among Dickstein, Schmiedeskamp and Lindquist to represent jointly certain plaintiffs in the State Vitamin Litigation, including Farmland, are set forth in an affiliation agreement dated April 10, 2002 (the "Affiliation Agreement"). Lindquist represents and serves as co-counsel for approximately 50 of the plaintiff clients included in the Dickstein Client Group in connection with the Vitamin Litigation.

8. On or about June 12, 2002, Farmland filed an application in this bankruptcy case for authority to employ Dickstein, Schmiedeskamp and Lindquist as special litigation co-counsel in connection with the Vitamin Litigation (the "Employment Application").

9. On June 21, 2002, this Court entered in this bankruptcy case its Order Authorizing Debtor and Debtor in Possession to Continue to Employ Dickstein Shapiro Morin & Oshinsky

LLP, Schmiedeskamp, Robertson, Neu & Mitchell, and Lindquist & Vennum P.L.L.P. as Special Litigation Counsel in Connection with the Vitamin Litigation (the “Retention Order”). Pursuant to the Retention Order, Dickstein, Schmiedeskamp and Lindquist are authorized to continue to represent the Debtor in the Vitamin Litigation on the existing fifteen percent (15%) contingency fee basis (net of expenses) as described in the Employment Application.

10. The Retention Order provides, in relevant part, as follows:¹

Dickstein, Schmiedeskamp and Lindquist shall be compensated for their professional services in accordance with their contingent fee agreement with the Debtor as set forth in the Application, and Dickstein, Schmiedeskamp and Lindquist shall only be required to file an application for allowance and payment of contingent professional fees in connection with the Vitamin Litigation that, with respect to and at the time of each and any recovery from one or more defendant(s): (i) briefly summarizes the nature of the professional services rendered to the Debtor in connection with the Vitamin Litigation; (ii) identifies the total dollar amount of the Debtor’s recovery; and (iii) calculates Dickstein’s, Schmiedeskamp’s and Lindquist’s aggregate fifteen percent (15%) contingent professional fee, net of Debtor’s pro rata share of expenses as the result of the Debtor’s recovery (collectively, the “Contingent Fee Application”), notwithstanding the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules of this Court, and any additional procedures that may be established by the Court in these cases.

See Retention Order at ¶ 5.

**ORDER APPROVING BASF SETTLEMENT AND
GRANTING AUTHORITY TO SETTLE AND COMPROMISE
REMAINING VITAMIN LITIGATION CLAIMS WITHOUT
ADDITIONAL HEARING OR NOTICE WITH OPPORTUNITY TO OBJECT**

11. On June 21, 2002, this Court entered its Order Approving Current Settlements with BASF Corporation and BASF A.G. and Granting Authority to Settle and Compromise Remaining Vitamin Antitrust Claims Without Additional Hearing Upon Notice With Opportunity to Object (the “Settlement Order”), therein approving, inter alia, the settlement of the Debtor’s antitrust claims against BASF Corporation and BASF A.G. (the “BASF Settlement”).

¹ As set forth in the Retention Order, the capitalized terms not otherwise defined therein have the meanings given to them in the Employment Application.

12. With respect to the Debtor's remaining claims in connection with the Vitamin Litigation, the Settlement Order further provides, in relevant part, as follows:

[T]he Debtor is authorized to enter into binding and final settlement agreements with respect to its remaining claims against the Vitamin Defendants, provided that the Debtor gives written notice of the terms of the settlements, which may be by fax or email, to counsel for (1) Official Committee of Unsecured Creditors, (2) Official Committee of Bondholders, and (3) the Lender Group and provided that no written objection to the proposed settlement is received by the Debtors' counsel within ten (10) days of receipt of the notice.

Settlement Order at 2, ¶ 4.

THE BASF FEE ORDER

13. On or about July 29, 2002, upon consideration of the contingent fee application filed by Dickstein for itself and on behalf of Schmiedeskamp and Lindquist, this Court entered its Order Authorizing Allowance and Payment of Contingent Professional Fees Related to BASF Settlement in Connection with the Vitamin Litigation to Special Litigation Co-Counsel Dickstein Shapiro Morin & Oshinsky LLP, Schmiedeskamp, Robertson, Neu & Mitchell, and Lindquist & Vennum P.L.L.P. (the "BASF Fee Order"). Pursuant to the BASF Fee Order, the Court approved the contingency fee earned by Dickstein, Schmiedeskamp and Lindquist in connection with the BASF Settlement in the amount of \$2,646,875.43.²

THE DUPONT SETTLEMENT

14. Subsequent to the entry of the Settlement Order, Dickstein negotiated and obtained, on behalf of the Dickstein Client Group, a favorable settlement with Vitamin Defendant

² The actual amount of the contingency fee payable to Dickstein, Schmiedeskamp and Lindquist in connection with the BASF settlement, and as set forth in the corresponding contingent fee application filed in connection therewith, is \$2,640,913.90. Due to a clerical error, the BASF Fee Order submitted to and entered by the Court incorrectly set forth the amount of the contingent fee as \$2,646,875.43, an amount that includes the contingent fee in the amount of \$5,961.53 payable to Dickstein, Schmiedeskamp and Lindquist in connection with the Nepera Settlement, as discussed infra. As set forth below, Dickstein has continued to retain these funds in the amount of \$5,961.53 in its IOLTA trust account pending this Court's approval of the payment of such contingency fee to Dickstein, Schmiedeskamp and Lindquist pursuant to the terms of the Retention Order.

E. I. du Pont de Nemours and Company (“DuPont”). Dickstein has received confirmation from the Debtor’s general bankruptcy counsel that the Debtor has provided written notice by e-mail of the DuPont settlement, in accordance with the terms of the Settlement Order, to counsel for the Official Committee of Unsecured Creditors, the Official Committee of Bondholders, and the Lender Group, and that the Debtor received no written objection to the DuPont Settlement. Therefore, pursuant to the Settlement Order, the Debtor is authorized, without further or additional notice or hearing, to settle and compromise its claims against DuPont. The Debtor has requested that Dickstein include the Debtor in the settlement with DuPont.

15. In accordance with the terms of the Retention Order and the Settlement Order, the following table sets forth the total dollar amount of the Debtor’s pro rata share of the recoveries in connection with the DuPont Settlement, identifies the Debtor’s pro rata share of expenses, and calculates the approved (15%) contingent professional fee payable to Dickstein, Schmiedeskamp and Lindquist:

VITAMIN LITIGATION SETTLEMENT STATEMENT – DUPONT

Debtor’s Pro Rata Share of Gross Recoveries	\$1,677,600.00
Less Debtor’s Pro Rata Share of Expenses	(\$0)
Debtor’s Net Recoveries	\$1,677,600.00
Less 15% Contingency Fee	(\$251,640.00)
Total Settlement Proceeds Payable to Debtor	\$1,425,960.00

16. Pursuant to the terms of the Retention Order and the Settlement Order, Dickstein has (i) delivered to the Debtor funds in the amount of \$1,425,960.00 in payment of the DuPont settlement proceeds payable to the Debtor; and (ii) deposited and retained funds in the amount of \$251,640.00, representing the fifteen percent (15%) contingency fee payable to Dickstein, Schmiedeskamp and Lindquist in connection with the DuPont settlement, in Dickstein’s IOLTA

trust account pending this Court's approval of the payment of such contingency fee to Dickstein, Schmiedeskamp and Lindquist pursuant to the terms of the Retention Order.³

NEPERA SETTLEMENT

17. Prior to the Petition Date, Dickstein negotiated and obtained, on behalf of the Dickstein Client Group, a favorable settlement with Vitamin Defendant Nepera Inc. ("Nepera"). The Nepera settlement was fully executed on behalf of all members of the Dickstein Client Group as of May 30, 2002, one day prior to the Petition Date. Because the Nepera settlement was entered into by the Debtor prior to the Petition Date, the Debtor was not required to seek bankruptcy court approval of the Nepera settlement under section 9019 of the Bankruptcy Code. However, as of May 31, 2002, the date the Debtor's bankruptcy case was commenced, Dickstein had not yet distributed the Debtor's pro rata share of the Nepera settlement recoveries, or released and disbursed the fifteen percent (15%) contingency fee in connection with the Nepera settlement from its IOLTA trust to Dickstein, Schmiedeskamp and Lindquist.

18. Subsequent to the Petition Date, Dickstein delivered to the Debtor (and to each of the other members of the Dickstein Client Group) their pro rata share of the Nepera settlement recoveries. Dickstein has retained in its IOLTA trust account the fifteen percent (15%) contingency fee payable to Dickstein, Schmiedeskamp and Lindquist in connection with the Debtors' pro rata share of the Nepera settlement pending this Court's approval of the payment of such contingency fee to Dickstein, Schmiedeskamp and Lindquist pursuant to the terms of the Retention Order.

³ In addition to delivering to the Debtors their pro rata share of the DuPont settlement proceeds, Dickstein also contemporaneously delivered to the Debtors their pro rata share of the escrow fund established in order to secure certain contingent rebate obligations among the clients in accordance with the confidential Memorandum of Understanding executed by all members of the Dickstein Client Group. Thus, in addition to the funds in the amount of \$1,425,960.00 in payment of the DuPont settlement proceeds, Dickstein also delivered to the Debtors funds in the amount of \$555,880.28, representing the Debtors' escrow deposit, plus interest, for a total payment to the Debtors in the amount of \$1,981,840.28.

19. The following table sets forth the total dollar amount of the Debtor's pro rata share of the recoveries in connection with the Nepera settlement, identifies the Debtor's pro rata share of expenses, and calculates the approved (15%) contingent professional fee payable to Dickstein, Schmiedeskamp and Lindquist:

VITAMIN LITIGATION SETTLEMENT STATEMENT – NEPERA

Debtor's Pro Rata Share of Gross Recoveries	\$39,743.54
Less Debtor's Pro Rata Share of Expenses	(\$0)
Debtor's Net Recoveries	\$39,743.54
Less 15% Contingency Fee	(\$5,961.53)
Total Settlement Proceeds Payable to Debtor	\$33,782.01

20. Dickstein has delivered to the Debtor funds in the amount of \$33,782.01 in payment of the Nepera settlement proceeds payable to the Debtor; and, pursuant to the terms of the Retention Order, (ii) deposited and retained funds in the amount of \$5,961.53, representing the fifteen percent (15%) contingency fee payable to Dickstein, Schmiedeskamp and Lindquist in connection with the Nepera settlement, in Dickstein's IOLTA trust account pending this Court's approval of the payment of such contingency fee to Dickstein, Schmiedeskamp and Lindquist pursuant to the terms of the Retention Order.

WHEREFORE, based on the foregoing, Dickstein, Schmiedeskamp and Lindquist respectfully request the entry of an order (i) approving the contingency fee earned by Dickstein, Schmiedeskamp and Lindquist in connection with the Dupont settlement in the amount of \$251,640.00, (ii) approving the contingency fee earned by Dickstein, Schmiedeskamp and Lindquist in connection with the Nepera settlement in the amount of \$5,961.53, (iii) authorizing Dickstein to release and disburse such contingency fees from Dickstein's IOLTA trust account to Dickstein, Schmiedeskamp and Lindquist to pay the contingency fees due and payable to each

respective co-counsel pursuant to the Retention Order; and (iv) granting Dickstein, Schmiedeskamp and Lindquist such other or further relief as the Court deems just and appropriate under the circumstances.

VERIFICATION

I, Kenneth L. Adams, Esq., am a partner of the law firm Dickstein Shapiro Morin & Oshinsky LLP. The facts set forth in the foregoing Contingent Fee Application are personally known to me and, if called as a witness, I could and would testify thereto.

I verify under penalty of perjury that the foregoing is true and correct.

Executed on this 18th day of October, 2002.

/s/ Kenneth L. Adams
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Dated: October 30, 2002

Respectfully submitted,

FARMLAND INDUSTRIES, INC.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the above-referenced Verified Application of Special Litigation Co-Counsel Dickstein Shapiro Morin & Oshinsky, LLP, Schmeideskamp, Robertson, Neu & Mitchell, and Lindquist & Vennum, P.L.L.P for Allowance and Payment of Contingent Professional Fees Related to (I) the DuPont Settlement and (II) The Nepera Settlement in Connection with the Vitamin Litigation was served on those parties which do not receive electronic notice in these proceedings, via U.S. Mail, postage prepaid, on October 30, 2002.

/s/ Michelle M. Masoner