

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF MISSOURI**

<b>In Re:</b>	)	<b>In Proceedings Under Chapter 11</b>
	)	
<b>FARMLAND INDUSTRIES, INC., et al.</b>	)	<b>Case No. 02-50557-JWV</b>
<b>et al.</b>	)	<b>Jointly Administered</b>
	)	
<b>Debtors.</b>	)	

**ORDER AUTHORIZING THE SALE OF CERTAIN ASSETS OF  
DEBTORS TO HELM FERTILIZER CORP. OR ONE OF ITS AFFILIATES, PURSUANT  
TO THE MOTION OF THE DEBTORS' TO AUTHORIZE THE SALE OF CERTAIN OF  
THE DEBTORS' ASSETS, CURRENTLY LOCATED IN NORTH LITTLE ROCK,  
ARKANSAS, APPROVE SALE TERMS AND PROCEDURES, AND TO AUTHORIZE  
THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND  
UNEXPIRED LEASES**

THIS MATTER having been heard on the Motion of Farmland Industries, Inc. (the "Debtor") to Authorize The Sale of Certain of the Debtors' Assets, Currently Located in North Little Rock, Arkansas, Approve Sale Terms and Procedures, and To Authorize Assumption and Assignment of Executory Contracts and Unexpired Leases, filed on January 18, 2003 (the "Motion"); due and adequate notice of the Motion, and the sale provided for therein (the "Sale"), having been given to all parties entitled thereto; the Court having previously entered an Order dated February 10, 2003, approving the Sale Terms and Procedures; the Sale having been subjected to the rights of third parties to present higher and better offers to the Debtor; and the Court having jurisdiction over both the subject matter of and the parties to the Motion and finding that this matter is a core proceeding and the Court being fully advised in the premises,

THE COURT HEREBY FINDS that:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Fed. R. Bankr. Proc. 7052, made applicable to this proceeding pursuant to Fed. R. Bankr. Proc. 9014.

B. 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.

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

D. Notice of the Motion, the Auction, and the Hearing has been given in accordance with sections 102(1) and 363 of the Bankruptcy Code, Fed. R. Bankr. Proc. 2002, 6004, 9006, 9007, and 9008, the local rules of this Court, the Sale Procedures Order, and the Agreement. The foregoing notice constitutes good and sufficient notice of the Motion, the Auction, and the Hearing, and no other or further notice of the Motion, the Auction, the Hearing or the entry of this Order need be given.

E. A reasonable opportunity has been afforded any interested party to make a higher or better offer for the Transferred Assets or to object and be heard regarding the Motion.

F. Exigent circumstances and sound business reasons exist for Seller's sale of the Transferred Assets pursuant to the Agreement. Entry into the Agreement and consummation of the transactions contemplated thereby constitute the exercise by the Debtors of sound business judgment and such acts are in the best interests of the Debtors, their estates and their creditors.

G. HelmFertilizer Corp., a Florida corporation ("Helm") made the highest and best offers received for the Transferred Assets. A copy of the Purchase and Sale Agreement, by and between Farmland Industries, Inc., as Seller, and Helm (the "Agreement") is available upon

request.

H. The sale consideration to be realized by Debtors' estates pursuant to the Agreement is fair and reasonable.

I. The Agreement and the transactions contemplated by the Agreement were negotiated and have been and are undertaken by Seller and Helm at arm's length, without collusion and in good faith within the meaning of section 363(m) of the Bankruptcy Code. The Auction conducted in accordance with the Sales Procedures Order on February 24, 2003, was conducted in good faith within the meaning of section 363(m) of the Bankruptcy Code. As a result of the foregoing, Seller and Helm are entitled to the protections of section 363(m) of the Bankruptcy Code with respect to all aspects of the Agreement.

J. The Purchase Price under the Agreement, Two Million Seven Hundred Seventy Five Thousand Dollars (\$2,775,000.00), is fair and reasonable and is sufficient value for the Transferred Assets. A sale of the Transferred Assets other than one free and clear of liens, claims, and encumbrances including, but not limited to, any existing right(s) of first refusal or similar protective right alleged by any party against the Debtor(s) or the Transferred Assets, would impact materially and adversely on Debtors' bankruptcy estates, will yield substantially less value for the Debtors' estates, with less certainty than the available alternatives and thus the alternative would be of substantially less benefit to the estates of the Debtors. In reaching this determination, the Court has taken into account the consideration to be realized directly by the Debtors. Therefore, the sale contemplated by the Agreement is in the best interests of the Debtors and their estates, creditors and other parties in interest.

K. In the absence of a stay pending appeal, the Seller 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).

L. The sale of the Transferred Assets outside of a plan of reorganization pursuant to the Agreement neither impermissibly restructures the rights of the Debtors' creditors nor impermissibly dictates the terms of a liquidating plan of reorganization for the Debtors.

M. 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.

For all of the foregoing reasons and after due deliberation, the Court ORDERS, ADJUDGES, AND DECREES THAT:

1. All objections and responses, if any, concerning the Sale Motion have either been withdrawn or are overruled and denied.

2. The Motion, the Agreement, and the transactions contemplated thereby are hereby approved.

3. Pursuant to section 363(b) of the Bankruptcy Code, the Seller is authorized to sell the Transferred Assets to the Helm or one of its affiliates (hereinafter, the "Buyer") upon the terms and subject to the conditions set forth in the Agreement.

4. Pursuant to section 365 of the Bankruptcy Code, the Seller is hereby authorized and directed to assign to the Buyer the Assumed Contracts. Seller shall cure all defaults in any Assumed Contracts prior to or at the Closing. The Buyer has provided adequate assurance of future performance of the Assumed Contracts. The Buyer shall have no liability for any amounts due under the Assumed Contracts that were due or incurred prior to the Closing and the parties to such Assumed Contracts are hereby enjoined from asserting any claims against the Buyer for any amounts alleged to be due or incurred under any of the Assumed Contracts prior to the Closing. Pursuant to 11 U.S.C. § 365(k), upon payment of the cure amounts due under any Assumed Contracts and the assignment of the Assumed Contracts to Buyer, the Debtors are relieved of any further obligations under the Assumed Contracts.

5. The Seller is hereby authorized and directed to take all actions and execute all

documents and instruments that the Trustee or Buyer deem necessary or appropriate to implement and effectuate the transactions contemplated by the Agreement.

6. 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, 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 pursuant to the provisions of the Debtor in Possession Credit Agreement and Adequate Protection Stipulation dated June 5, 2002 and the liens granted in favor of the lenders thereunder will attach to the sale proceeds.

7. Subject to the payment by Buyer to Seller of the consideration provided for in the Agreement, effective as of the Closing, (a) the sale of the Transferred Assets by Seller 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 Seller and the Debtors in and to the Transferred Assets, free and clear of all liens pursuant to section 363(f) of the Bankruptcy Code, 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, subject to cure payments.

8. 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 the laws of the State of Missouri. The transfers of the Transferred Assets by the Seller 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.

9. 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.

10. 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.

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

12. 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 2.4 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.

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

14. 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 Seller and/or Buyer, as the case may be, and any party other than Seller that is party to, among other things, any Assumed Contracts concerning, *inter alia*, Seller's assumption and assignment thereof to Buyer under the Agreement; 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.

15. 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.

16. This Order shall inure to the benefit of Buyer, Seller, 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.

17. 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 Seller's sale and transfer of the Transferred Assets to Buyer.

18. 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.

19. The Seller 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 Seller 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 Seller 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 Seller 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.

20. Pursuant to Fed. R. Bankr. Proc. 6004(g) and 6006(d), 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 Seller 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.

21. The Agreement and any related agreements may be modified, amended or supplemented by agreement of the Debtors 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.

22. 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.

23. 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.

24. All amounts, if any, to be paid by Seller pursuant to the Agreement constitute administrative expenses under sections 503(b) and 507(a)(1) of the Bankruptcy Code and are immediately payable if and when such obligations arise under the Agreement.

Dated: February 27, 2003

/s/ Jerry W. Venters  
**UNITED STATES BANKRUPTCY JUDGE**

ORDER SUBMITTED BY:

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