

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

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

**DEBTORS' MOTION FOR ORDER APPROVING SETTLEMENT AGREEMENT AND
RELEASE BETWEEN DEBTORS AND MISSISSIPPI CHEMICAL CORPORATION**

COME NOW the above-captioned Debtors and Debtors-in-Possession (collectively, the "Debtors"), by and through their attorneys, for Debtors' Motion for Order Approving Settlement Agreement between Debtors and Mississippi Chemical Corporation (the "Motion"), respectfully state as follows:

1. On May 31, 2002 (the "Petition Date"), the Debtors filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code. No trustee or examiner has been appointed. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

2. Farmland Industries, Inc. ("Farmland"), a Kansas corporation headquartered in Kansas City, Missouri, is organized and operated as a cooperative system of agricultural and food related businesses. Farmland, in conjunction with the other debtor subsidiaries and others, as well as through joint venture relationships, (a) manufactures and markets fertilizer, (b) operates a petroleum refinery, (c) operates an integrated food and food processing business, (d) engages in the wholesale and retail farm supply business and (e) engages in the transportation brokerage business.

3. On February 18, 2003, the Debtors filed Motions seeking, among other things, approval for auction and bid procedures and authority to sell their Fertilizer Business free

and clear of liens, claims and interests. The Fertilizer Business includes Debtors' interests in Farmland MissChem Limited and FMCL Limited Liability Company located in the Republic of Trinidad and Tobago (hereinafter collectively, the "FMCL JV"). Farmland has entered into an agreement with a third party to sell its direct and indirect interest in the FMCL JV pursuant to Section 363 of the Bankruptcy Code.

4. Mississippi Chemical Corporation ("MCC") and Farmland entered into a letter agreement dated December 20, 2002, as amended (the "Joint Marketing Agreement"), to jointly market their respective direct and indirect interests in the FMCL JV.

5. MCC and Farmland are parties to that certain Shareholders Agreement for Joint Venture Corporation, dated October 18, 1996, and effective November 10, 1998, MCC and Farmland entered into that certain Amended and Restated Shareholders Agreement, pursuant to which MCC and Farmland were each given the right of first refusal in the event either of them opted to sell its direct and indirect interest in the FMCL JV.

6. MCC has notified Farmland of its decision to withdraw from the Joint Marketing Agreement, and Farmland has disputed MCC's right to withdraw from the Joint Marketing Agreement.

7. Farmland and MCC have entered into a Settlement Agreement and Release, dated February 25, 2003, resolving MCC's objections to Farmland's proposed sale of its interest in the FMCL JV, and mutually releasing Farmland's and MCC's claims against each other in connection with the Joint Marketing Agreement, subject to Court approval. For the full and complete terms of the settlement, parties in interest are referred to the Settlement Agreement and Release, a copy of which is attached hereto as Exhibit A. The terms of the settlement were

announced to the Court at the February 25, 2003 hearing and the Settlement Agreement and Release was entered into the record.

Relief Requested

8. By this Motion, and pursuant to Rules 6004 and 9019 of the Federal Rules of Bankruptcy Procedure, and §§ 363 and 105(a) of the Bankruptcy Code, the Debtors request that the Court enter an Order authorizing Debtors' execution and performance of the Settlement Agreement and Release. The Settlement Agreement and Release is in the best interests of the Debtors, their bankruptcy estates and all parties in interest.

9. It is anticipated that the Lenders, the Official Committee of Unsecured Creditors and Official Committee of Bondholders will be in support of this motion.

Objections to this Motion shall be filed by 5:00 p.m. Central Time on March 20, 2003. In accordance with the Court's instructions at the February 25, 2003 hearing, if no objections to the Settlement Agreement and Release are filed with the Court within said time, Debtors shall submit a form of order approving this Motion, which may be entered without further notice or hearing.

WHEREFORE, the Debtors respectfully request that this Court enter an order approving the Settlement Amendment and Release between Debtors and Mississippi Chemical Corporation, and granting such other and further relief as the Court deems just and proper.

Dated: February 28, 2003

Respectfully submitted,

FARMLAND INDUSTRIES, INC., ET AL.

By: /s/ Laurence M. Frazen

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SUMMARY OF EXHIBIT

The following exhibit in reference to the Debtors' Motion for Order Approving Settlement Agreement between Debtors and Mississippi Chemical Corporation is available upon request:

Exhibit A: Settlement Agreement and Release between Debtors and Mississippi Chemical Corporation

Respectfully submitted,

FARMLAND INDUSTRIES, INC., ET AL.

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