

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

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

ORDER (1) APPROVING BUYER PROTECTIONS (2) APPROVING BIDDING AND AUCTION PROCEDURES FOR SALE OF ASSETS (3) SCHEDULING A HEARING AND (4) APPROVING THE FORM AND MANNER OF NOTICE

This matter having come before the Court on the Motion for Order (1) Approving Buyer Protections (2) Approving Bidding and Auction Procedures for Sale of Assets (3) Scheduling a Hearing and (4) Approving the Form and Manner of Notice (the “Sale Procedures Motion”) submitted by Farmland Industries, Inc. (“Farmland” or “Seller”) and certain of its subsidiaries, debtors and debtors-in-possession (collectively, the “Debtors”) on February 18, 2003, seeking entry of an order (a) approving certain buyer protections, (b) approving certain proposed bidding and auction procedures (the “Auction and Bid Procedures”) for the sale of Debtors’ business operations involving the production, distribution and sale of nitrogen fertilizer products (the “Fertilizer Business”), in whole or in part by one or more sales, to one or more bidders, (c) scheduling a hearing on the sale of the Fertilizer Business (the “Sale Hearing”) and (d) approving the form and manner of notice in connection therewith. Unless otherwise defined herein, capitalized terms in this Order shall be given the same meaning accorded to such terms in the Sale Procedures Motion. The Court has considered the entire record in these proceedings to date, including the objections filed by PSC Industrial Outsourcing, Inc., Saint-Gobain Ceramics and Plastics, Inc., Savoi Refractaires and Alliance Process Partners LLC, d/b/a International Alliance Group (the “Mechanic’s and Artisan’s Lien Objections”), and Deutsche Bank Trust Company Americas’, as Agent for the DIP Lenders and Prepetition Lenders (the “DIP Lenders”), and the arguments presented by counsel for the various parties reflected in the record at the hearing.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Based on the foregoing, and after due deliberation and good sufficient factual and legal cause appearing therefor, the Court finds and concludes as follows:

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended General Order of the United States District Court for the Western District of Missouri. Venue in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for relief sought herein include 11 U.S.C. §§ 105(a), 363 and 365 and Rules 2002, 6004, 6006 and 9006 of the Federal Rules of Bankruptcy Procedures (the “Bankruptcy Rules”).

2. The Fertilizer Business is comprised of (i) certain assets associated with the anhydrous ammonia production and terminal facilities owned or leased by the Debtor in Kansas, Nebraska, Oklahoma, Minnesota, Iowa, Texas, Illinois and Louisiana (the “Domestic Fertilizer Assets”) and (ii) both (A) 100% of the Equity Interests in Seller’s wholly-owned subsidiary Farmland

(B.V.I.) Limited (“FBVI”), which, in turn, indirectly owns a 50% interest in Farmland MissChem Limited (“FMCL”) and (B) 50% of the Equity Interests in FMCL Limited Liability Company (“LLC”), which together with FMCL owns certain assets associated with an anhydrous ammonia production facility in The Republic of Trinidad and Tobago (such Equity Interests being referred to hereafter as the “Foreign Fertilizer Assets” and, together with the Domestic Fertilizer Assets, the “Combined Fertilizer Assets”).¹ Each such group of assets (i.e., the Domestic Fertilizer Assets, the Foreign Fertilizer Assets and the Combined Fertilizer Assets) is sometimes referred to herein as an “Asset Group”.

3. The Seller has proceeded diligently toward a successful sale of the Fertilizer Business on a going-concern basis. The Seller retained UBS Warburg LLC (“UBS Warburg”) as its financial advisor charged with the marketing of the Fertilizer Business. In connection with this marketing process, the Seller negotiated with several parties for the purchase of substantially all or portions of the Fertilizer Business.

4. The Debtors have entered into a purchase agreement (the “Domestic Purchase Agreement”) with Koch Nitrogen Company (the “Domestic Buyer”) for the sale of the Domestic Fertilizer Assets (including the assumption and assignment of certain executory contracts and unexpired leases) for an Estimated Purchase Price of \$117,331,184.00 (the “Domestic Purchase Price”). The Domestic Buyer has deposited earnest monies totaling \$4,725,000.00 (the “Domestic Buyer Deposit”) with the Earnest Money Escrow Agent for the benefit of the Debtors. A copy of the Domestic Purchase Agreement is attached to the Sale Motion (as defined below) as Exhibit A.

5. The Debtors have also entered into a purchase agreement (the “Foreign Purchase Agreement” and, together with the Domestic Purchase Agreement, the “Purchase Agreements”) with Koch Nitrogen Company (the “Foreign Buyer” and, together with the Domestic Buyer, the “Buyers”) for the sale of the Foreign Fertilizer Assets (including the assumption and assignment of certain executory contracts) for an Unadjusted Purchase Price of \$128,617,030.00 (the “Foreign Purchase Price” and, together with the Domestic Purchase Price, the “Purchase Price”).² The Foreign Buyer has deposited earnest monies totaling \$4,000,000.00 (the “Foreign Buyer Deposit” and, together with the Domestic Buyer Deposit, the “Buyer Deposits”) with the Earnest Money Escrow Agent for the benefit of the Debtors. Capitalized terms used herein and not otherwise defined have the meaning ascribed to such terms in the Purchase Agreements. A copy of the Foreign Purchase Agreement is attached to the Sale Motion (as defined below) as Exhibit B.

6. **If (i) Farmland and MCC enter into the Farmland/MCC Agreement and (ii) at least ten (10) days prior to the Competing Bid Deadline, Foreign Buyer and Seller enter into an Amendment to Foreign Purchase Agreement, Seller shall immediately serve a copy of the Farmland/MCC Agreement and the Amendment to Foreign Purchase Agreement on all Competing Bidders (as defined in the Auction and Bid Procedures), “Foreign Fertilizer Assets”**

¹ The Seller currently indirectly owns only a 50% Equity Interest in FMCL and directly owns a 50% Equity Interest in LLC (the “Farmland Foreign Interest”). Mississippi Chemical Corporation (“MCC”) owns, indirectly and directly, the remaining 50% Equity Interest in FMCL and LLC (the “MCC Foreign Interest”). The Seller believes that a sale of a 100% interest in FMCL and LLC may yield a greater return to the Seller than a sale of the Farmland Foreign Interest alone. Accordingly, the Seller seeks to enter into an agreement with MCC to purchase the MCC Foreign Interest immediately prior to the closing of the sale of the Foreign Fertilizer Assets and sell both the Farmland Foreign Interest and the MCC Foreign Interest to the Foreign Buyer (the “Farmland/MCC Agreement”). If (i) Farmland and MCC enter into the Farmland/MCC Agreement and (ii) at least ten (10) days prior to the Competing Bid Deadline, Foreign Buyer and Seller enter into a written amendment to the Foreign Purchase Agreement that provides for the Foreign Buyer to purchase the Farmland Foreign Interest and MCC Foreign Interest (an “Amendment to Foreign Purchase Agreement”), the Foreign Fertilizer Assets shall be deemed to consist of the 100% of the Equity Interests in FMCL and LLC.

² If (i) Farmland and MCC enter into the Farmland/MCC Agreement and (ii) at least ten (10) days prior to the Competing Bid Deadline, Foreign Buyer and Seller enter into the Amendment to Foreign Purchase Agreement, the Foreign Purchase Price will be increased accordingly.

shall mean 100% of the Equity Interests in FMCL and LLC, “Foreign Purchase Price” shall mean the Unadjusted Purchase Price set forth in the Amendment to Foreign Purchase Agreement, and only bids upon 100% of the Equity Interests in FMCL and LLC shall be Qualified Bids (as defined in the Auction and Bid Procedures) with respect to the Foreign Fertilizer Assets.

7. The Domestic Buyer shall be entitled, as provided in and subject to the terms and conditions set forth in the Domestic Purchase Agreement, to either (i) (a) a break-up fee in the amount of 3% of the Domestic Purchase Price (the “Domestic Break-Up Fee”) plus (b) reimbursement of all reasonable fees and expenses, including attorneys’ fees, consultants’ fees, accountants’ fees, financial advisory fees, filing fees (including those relating to the Domestic Purchase Agreement under the Hart-Scott-Rodino Antitrust Improvements Act and other applicable Legal Requirements), and other due diligence costs that have been paid or that may become payable by or on behalf of the Domestic Buyer in connection with the preparation and negotiation of the Domestic Purchase Agreement and otherwise in connection with the Domestic Buyer’s due diligence and transaction contemplated by the Domestic Purchase Agreement, up to a maximum amount of \$1,000,000 (the “Expense Reimbursement”) or (ii) a termination fee in the amount of \$1,500,000 (the “Domestic Termination Fee”).

8. The Foreign Buyer shall be entitled to, as provided in and subject to the terms and conditions set forth in the Foreign Purchase Agreement, either (a) a break-up fee in the amount of 3% of the Foreign Purchase Price (the “Foreign Break-Up Fee” and, together with the Domestic Break-Up Fee, the “Break-Up Fees”) or (b) a termination fee in the amount of \$1,000,000 (the “Foreign Termination Fee” and, together with the Domestic Termination Fee, the “Termination Fees”).

9. The Domestic Buyer shall be entitled to the (a) Domestic Break-Up Fee plus the Expense Reimbursement, or (b) Domestic Termination Fee, at the time and upon satisfaction of the conditions set forth in the Domestic Purchase Agreement.

10. The Foreign Buyer shall be entitled to the Foreign Break-Up Fee or the Foreign Termination Fee at the time and upon satisfaction of the conditions set forth in the Foreign Purchase Agreement.

11. The Debtors shall pay the Break-Up Fees, the Termination Fees and/or the Expense Reimbursement, as applicable, by wire transfer of immediately available funds to such account as the relevant Buyer may designate in writing.

12. On February 18, 2003, the Debtors filed their Motion for Order (1) Authorizing the Sale of Certain of the Debtors’ Assets, Free and Clear of Liens, Claims and Encumbrances, Subject to Higher or Better Offers and (2) Approving the Assumption and Assignment of Certain Executory Contracts in Connection with Such Sale and Establishing Cure Amounts With Respect to Such Contracts and Leases (the “Sale Motion”).

13. With respect to the Sale Procedures Motion and all matters addressed in this Order, due and proper notice has been given to all necessary parties.

14. The Debtors have good and sufficient business reasons for the relief requested in the Sale Procedures Motion and have exercised prudent and reasonable business judgment with respect thereto. It is vital for the preservation of value for the Fertilizer Business that the Sale Hearing occur on an expedited basis.

15. The Debtors have filed the Purchase Agreements, including the attached schedules (the “Schedules”), with the Court.

16. The Break-Up Fees, Termination Fees, and the Expense Reimbursement constitute a fair and reasonable exercises of the Debtors’ business judgment and are fair, reasonable and in the best interests of the Debtors’ estates, creditors and equity holders.

ORDER

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

17. Pursuant to 11 U.S.C. §§ 105(a), 363 and 365 and Bankruptcy Rules 2002, 6004, 6006 and 9006, the Sale Procedures Motion is granted, and the transactions contemplated therein are authorized and approved.

18. The Asset Groups sold pursuant to this Order shall be free and clear of any and

all liens, claims and encumbrances, including existing or asserted rights of first refusal or other contractual restrictions on transferability against the assets being transferred alleged by Mississippi Chemical Corporation (“MCC”), together with its affiliates, successors and assigns, or any other party, pursuant to 11 U.S.C. § 363(f).

19. To the extent that any objections to the Sale Procedures 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 hearing, all such objections are overruled.

20. The Break-Up Fees, the Termination Fees, and the Expense Reimbursement are approved, and the Seller is authorized and directed to comply with their terms. The sale of the Asset Groups shall be conducted pursuant to the Auction and Bid Procedures attached hereto as Exhibit A, and expressly made a part of this Order.

21. Within five business days after the entry of this Order and in no event later than March 7, 2003, the Seller shall serve via first-class mail (except with respect to those parties receiving electronic notice in Seller’s bankruptcy proceedings) a notice of the Auction and Bid Procedures, the Sale Motion and the Sale Hearing, substantially in the form annexed hereto as Exhibit B (the “Sale Notice”), on the following entities: (i) all parties that were contacted by the Seller or its advisors in connection with the marketing and sale process for the Fertilizer Business; (ii) all other prospective offerors and parties in interests upon written request to the Seller; (iii) all entities who receive electronic notice in the Seller’s bankruptcy proceedings; and (iv) all parties pursuant to Bankruptcy Rules 6004(a), 6004(c), 6006(c) and 9014. Service pursuant to Bankruptcy Rules 6004(a), 6004(c), 6006(c) and 9014 on those parties not receiving electronic notice shall be by first-class mail addressed to the business address of such persons appearing in the Seller’s records notwithstanding Bankruptcy Rule 9014. In addition, the Seller shall publish the Sale Notice (in summary form) in The Wall Street Journal (National Edition). Pursuant to Bankruptcy Rules 2002, service and publication of the Sale Notice described herein shall constitute good and sufficient notice of the Auction and Bid Procedures, the Auction, this Order, the Sale Motion and the Sale Hearing (and any proceedings to be held thereon or related thereto) on all known and unknown creditors and parties in interest, including all persons entitled to service pursuant to Bankruptcy Rules 6004(a), 6004(c), 6006(c) and 9014. The form of Notice of Sale is hereby approved.

22. Within five business days after the entry of this Order and in no event later than March 7, 2003, the Seller shall serve via first-class mail on the counterparties (the “Counterparties”) to those executory contracts and unexpired leases related to the Fertilizer Business (the “Contracts”) a notice, substantially in the form annexed hereto as Exhibit C (the “Contract Notice”), of (a) Seller’s intent to assume and assign certain of the Contracts to the Buyers (or to such other successful bidder(s) ultimately selected by the Seller pursuant to the Auction and Bid Procedures; (b) a list of the Contracts and the monetary defaults (if any) related to each such Contract that are required to be cured pursuant to Section 365 of the Bankruptcy Code (the “Cure Amounts”); and (c) the procedures for filing any objections to the assumption and assignment of the Contracts, including any objections to the proposed Cure Amounts. The form of Contract Notice is hereby approved.

23. Objections, if any, to the Sale Motion shall be in writing, shall conform to the Bankruptcy Rules and local rules and orders of the Court, shall set forth (i) the nature of the objector’s claims against or interests in the Seller’s estate, (ii) the basis for the objection, (iii) the specific grounds therefor, and (iv) all evidence in support of said objection, and shall be filed and served so as to be received on or before 4:30 p.m. Central Time on March 31, 2003, by (a) each Person who receives electronic notice in the Seller’s bankruptcy proceedings and (b) counsel for the Buyers. Any Person objecting to the Sale Motion that has not complied with the requirements of this paragraph shall not be heard at the Sale Hearing. If any Buyer or other Qualified Bidder objects to the Seller’s determination of a Competing Bid as a higher and better bid for any Asset Group, the sole and exclusive remedy of such Qualified Bidder shall be to bid under protest at the Auction and, upon compliance with this paragraph, have standing at the Sale Hearing to contest the Seller’s determination.

24. Except as set forth above, nothing otherwise contained in this Order shall be deemed to deprive any party of the right to object timely to the Sale Motion, all of which rights will be expressly reserved by this Order.

25. The Sale Hearing to consider the relief requested in the Sale Motion and to consider whether to approve the Final Accepted Offer(s) shall be held before the Court on April 1, 2003 at 2:30 p.m. Central Time, or at such other time as the Court may determine.

26. The Auction and Bid Procedures are solely for the benefit of the Seller and the Buyers, and nothing contained in this Order shall create any rights in any other person or bidder.

27. The Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of this Order.

28. The Mechanic's and Artisan's Lien Objections are overruled. Should the property upon which the objecting parties assert liens be sold (the "Liened Property"), the Debtors shall establish an escrow from the sale proceeds attributable to the Liened Property sufficient to satisfy all mechanic's and artisan's lien claims against the Liened Property, together with interest at the applicable rate, pending further order of the Court. In the event that the sale proceeds attributable to the Liened Property are insufficient to satisfy all of the mechanic's and artisan's lien claims, plus interest against the Liened Property, then all of the sale proceeds attributable to the Liened Property shall be escrowed, pending further order of the Court. The objection of the DIP Lenders is moot given the Debtors' stipulation that the relief requested in the Sale Motion is consistent with the DIP Credit Agreement and the Order approving same.

Dated: February 28, 2003

/s/ Jerry W. Venters
UNITED STATES BANKRUPTCY JUDGE

ORDER SUBMITTED BY:

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Cynthia Dillard Parres MO #37826
Robert M. Thompson MO #38156
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Attorneys for Debtors and Debtors in Possession

cc: Frazen to Serve Order

EXHIBIT A

(Auction and Bid Procedures)

EXHIBIT B

(Form of Sale Notice)

EXHIBIT C

(Form of Contract Notice)

Exhibit A

Auction and Bid Procedures

The following sets forth the proposed bidding and auction procedures (the “Auction and Bid Procedures”) pursuant to which Farmland Industries, Inc. (“Seller”) will solicit bids and seek authority to sell the business operations involving the production, distribution and sale of nitrogen fertilizer products (the “Fertilizer Business”). The Fertilizer Business is comprised of (i) certain assets associated with the anhydrous ammonia production and terminal facilities owned or leased by the Seller in Kansas, Nebraska, Oklahoma, Minnesota, Iowa, Texas, Illinois and Louisiana (the “Domestic Fertilizer Assets”) and (ii) both (A) 100% of the Equity Interests in Seller’s wholly-owned subsidiary Farmland (B.V.I.) Limited (“FBVI”), which, in turn, indirectly owns a 50% interest in Farmland MissChem Limited (“FMCL”) and (B) 50% of the Equity Interests in FMCL Limited Liability Company (“LLC”), which together with FMCL owns certain assets associated with an anhydrous ammonia production facility in The Republic of Trinidad and Tobago (such Equity Interests being referred to hereafter as the “Foreign Fertilizer Assets”) and, together with the Domestic Fertilizer Assets, the “Combined Fertilizer Assets”).¹ Each such group of assets (i.e., the Domestic Fertilizer Assets, the Foreign Fertilizer Assets and the Combined Fertilizer Assets) is sometimes referred to herein as an “Asset Group”.

The Seller has entered into a purchase agreement (the “Domestic Purchase Agreement”) with Koch Nitrogen Company (the “Domestic Buyer”) for the sale of the Domestic Fertilizer Assets (including the assumption and assignment of certain executory contracts and unexpired leases) for an Estimated Purchase Price of \$117,331,184 (the “Domestic Purchase Price”). The Domestic Buyer has deposited earnest monies totaling \$4,725,000 (the “Domestic Buyer Deposit”) with the Earnest Money Escrow Agent for the benefit of the Seller.

The Seller has also entered into a purchase agreement (the “Foreign Purchase Agreement”) and, together with the Domestic Purchase Agreement, the “Purchase Agreements”) with Koch Nitrogen Company (the “Foreign Buyer”) and, together with the Domestic Buyer, the “Buyers”) for the sale of the Foreign Fertilizer Assets (including the assumption and assignment of certain

¹ The Seller currently indirectly owns only a 50% Equity Interest in FMCL and directly owns a 50% Equity Interest in LLC (the “Farmland Foreign Interest”). Mississippi Chemical Corporation (“MCC”) owns, indirectly and directly, the remaining 50% Equity Interest in FMCL and LLC (the “MCC Foreign Interest”). The Seller believes that a sale of a 100% interest in FMCL and LLC would yield a greater return to the Seller than a sale of the Farmland Foreign Interest alone. Accordingly, the Seller seeks to enter into an agreement with MCC to purchase the MCC Foreign Interest immediately prior to the closing of the sale of the Foreign Fertilizer Assets and sell both the Farmland Foreign Interest and the MCC Foreign Interest to the Foreign Buyer (the “Farmland/MCC Agreement”). If (i) Farmland and MCC enter into the Farmland/MCC Agreement and (ii) at least ten (10) days prior to the Competing Bid Deadline, Foreign Buyer and Seller enter into a written amendment to the Foreign Purchase Agreement that provides for the Foreign Buyer to purchase the Farmland Foreign Interest and MCC Foreign Interest (an “Amendment to Foreign Purchase Agreement”), the Foreign Fertilizer Assets shall be deemed to consist of the 100% of the Equity Interests in FMCL and LLC.

executory contracts) for an Unadjusted Purchase Price of \$128,617,030 (the “Foreign Purchase Price”² and, together with the Domestic Purchase Price, the “Purchase Price”). The Foreign Buyer has deposited earnest monies totaling \$4,000,000 (the “Foreign Buyer Deposit” and, together with the Domestic Buyer Deposit, the “Buyer Deposits”) with the Earnest Money Escrow Agent for the benefit of the Seller. Capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms in the Purchase Agreements.

SUBMISSION OF BIDS

1. Bids will be received for each of the three Asset Groups: (a) the Domestic Fertilizer Assets or any portion thereof; (b) the Foreign Fertilizer Assets; and (c) the Combined Fertilizer Assets. Each bid must clearly identify whether it constitutes a bid for the Domestic Fertilizer Assets or any portion thereof, the Foreign Fertilizer Assets or the Combined Fertilizer Assets. **If (i) Farmland and MCC enter into the Farmland/MCC Agreement and (ii) at least ten (10) days prior to the Competing Bid Deadline, Foreign Buyer and Seller enter into the Amendment to Foreign Purchase Agreement, Seller shall immediately serve a copy of the Farmland/MCC Agreement and the Amendment to Foreign Purchase Agreement on all Competing Bidders (as hereinafter defined), “Foreign Fertilizer Assets” shall mean 100% of the Equity Interests in FMCL and LLC, “Foreign Purchase Price” shall mean the Unadjusted Purchase Price set forth in the Amendment to Foreign Purchase Agreement, and only bids upon 100% of the Equity Interests in FMCL and LLC shall be Qualified Bids (as hereinafter defined) with respect to the Foreign Fertilizer Assets.**

2. Upon written request to the Seller by any Person interested in submitting a bid for any Asset Group, or any portion of the Domestic Fertilizer Assets, the Seller shall, upon execution by such Person of a confidentiality agreement substantially in the form of the confidentiality agreement executed by the Buyers, and upon delivery of evidence establishing to the Seller’s reasonable satisfaction such Person’s financial capability and intent to timely consummate a transaction in terms of scope and value that is of interest to the Seller, provide such Person with access to relevant business and financial information that will enable such Person to evaluate the Fertilizer Business for the purpose of submitting a competing offer.

3. The Purchase Agreements and their attached Schedules (the “Schedules”) identify certain contracts and/or liabilities (including, without limitation, executory contracts, unexpired leases, and other obligations) related to the Fertilizer Business not previously rejected by the Seller pursuant to an order of the Bankruptcy Court (all such contracts and liabilities, the “Contracts”) that the Seller will assume and assign to the Buyers at closing (the “Buyer Assumed Contracts”). The Buyers shall have the right from time to time prior to the Competing Bid Deadline (as hereinafter defined) to add or delete from the appropriate Schedules any Buyer Assumed Contracts to be assumed and assigned to the Buyers pursuant to the Purchase Agreements.

4. Any Person (other than the Buyers) that would like to purchase any Asset Group, or any portion of the Domestic Fertilizer Assets, must submit a bid (a “Competing Bid”) prior to **5:00 p.m. on March 21, 2003** (the “Competing Bid Deadline”). Each Competing Bid must clearly identify whether it constitutes a bid for the Domestic Fertilizer Assets or any portion thereof, the Foreign Fertilizer Assets or the Combined Fertilizer Assets.

5. To be a qualified bid considered by the Seller (a “Qualified Bid”), a Competing Bid shall remain open and irrevocable until the earlier of (i) the closing of the relevant transaction(s) pursuant to the Final Accepted Offer(s) (as defined below) or (ii) June 30, 2003 and shall:

a) be made by a Person (i) demonstrating, to the Seller’s sole satisfaction (whenever reference herein is made to Seller’s sole and absolute discretion or sole satisfaction it shall mean in consultation

² If (i) Farmland and MCC enter into the Farmland/MCC Agreement and (ii) at least ten (10) days prior to the Competing Bid Deadline, Foreign Buyer and Seller enter into the Amendment to Foreign Purchase Agreement, the Foreign Purchase Price will be increased accordingly.

with the Creditors' Committee and the Lenders (as defined below)), evidence of committed financing and other ability to consummate the proposed transaction in a time period acceptable to the Seller and (ii) delivering, to the Seller's sole satisfaction, an offer that the Seller, in good faith and upon the advice of its independent financial advisors, believes is reasonably likely to lead to a Final Accepted Offer (as defined below) (a "Qualified Bidder");

- b) be submitted in a writing substantially similar to the applicable Purchase Agreement (identifying any proposed changes to such Purchase Agreement), signed by the Qualified Bidder, identifying (i) the bidder and the members of its investor group, as applicable, (ii) the consideration offered and the Asset Group to be purchased in such Competing Bid (the "Qualified Bidder Assets"), (iii) a list of the Contracts that the Seller will assume and assign to such Qualified Bidder at closing, (iv) financial information regarding the bidder and its ability to consummate the proposed transaction, and (v) all terms and conditions of the Competing Bid. If such Competing Bid includes non-cash consideration, the Qualified Bidder must also indicate such Qualified Bidder's opinion as to such consideration's cash equivalent amount and the methodology used in deriving such amount;
- c) (i) include copies of the Qualified Bidder's draft responses to Items 1, 2, and 3 of the Notification and Report Form relating to the approval of the Qualified Bidder's purchase of such Qualified Bidder Assets by the Federal Trade Commission and the Department of Justice in accordance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, if required to consummate the transaction (the "HSR Submissions"), (ii) represent that the Qualified Bidder is prepared to initiate immediately all actions necessary to obtain all other applicable regulatory approvals for the sale of such Qualified Bidder Assets, and (iii) provide its good faith estimate of the time within which such approvals will be obtained;
- d) be a higher or better offer for an Asset Group (considered individually or together with other bids, in the case of the Domestic Fertilizer Assets), and such offer shall not be considered a higher or better offer unless (i) at a minimum, (A) such Competing Bid (if such Competing Bid is an offer for the Combined Fertilizer Assets) provides for aggregate consideration (including cash and non-cash consideration) to the Seller's estate of at least 100.5% of the Purchase Price plus the Break-Up Fees and the Expense Reimbursement (each as defined below) (the "Combined Alternative Minimum Purchase Price"), (B) such Competing Bid (if such Competing Bid is an offer for the Domestic Fertilizer Assets or any portion thereof) provides for aggregate consideration (including cash and non-cash consideration) to the Seller's estate (together with the other bids, if any, on all of the remaining Domestic Fertilizer Assets) of at least 100.5% of the Domestic Purchase Price plus the Domestic Break-Up Fee and the Expense Reimbursement (each as defined below) (the "Domestic Alternative Minimum Purchase Price"), or (C) such Competing Bid (if such Competing Bid is an offer for the Foreign Fertilizer Assets) provides for aggregate consideration to the Seller's estate of at least 100.5% of the Foreign Purchase Price plus the Foreign Break-Up Fee (as defined below) (the "Foreign Alternative Minimum Purchase Price"), and (ii) it is not (A) subject to a condition based on the outcome of due diligence, or similar review, or corporate approval; (B) subject to procurement of financing or funding of such financing; (C) subject to conditions, representations or terms unacceptable to the Seller in its sole and absolute discretion or (D) subject to the bidder receiving any break-up fee, termination fee, expense reimbursement or similar type of buyer protection payment; provided, however, that Seller, in its sole and absolute discretion, may add additional requirements by announcement prior to the Auction (defined below);
- e) include an earnest money deposit of no less than the amount of the Buyer Deposits, as applicable,⁰ in cash or a letter of credit in a form acceptable to Seller in Seller's sole and absolute discretion, (the "Initial Deposit"). The Seller reserves the right to condition its acceptance of any offer of a Qualified Bidder other than the Buyers on the provision of an additional deposit of cash or a letter of credit in a form acceptable to the Seller in the Seller's sole and absolute discretion (the "Additional Deposit") (each Buyer Deposit, each Initial Deposit and each Additional Deposit is each sometimes referred to herein as a "Sale Deposit"); and
- f) be submitted on or before the Competing Bid Deadline by delivering the complete competing

offer(s) together with the Initial Deposit to Stanley A. Riemann, Farmland Industries, Inc., 12200 North Ambassador Drive, Kansas City, MO 64163. Potential bidders may obtain copies of the Purchase Agreements from James Pryde at Bryan Cave LLP, 3500 One Kansas City Place, 1200 Main Street, Kansas City, Missouri 64105, (816) 374-3200. Seller will distribute copies of the Purchase Agreements to the Creditors' Committee and the Lenders (defined below).

6. The Seller from time to time shall consult with the Creditors' Committee and the lenders (the "Lenders") party to that certain First Amended and Restated Debtor-in-Possession Credit Agreement and Adequate Protection Stipulation dated June 5, 2002, as amended, and that certain Credit Agreement dated as of February 7, 2002, by and among the Seller and certain of the other Debtors, as borrowers, the financial institutions party thereto, as lenders, CoBank ACB and Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., as co-syndication agents, Harris Trust & Savings Bank and U.S. Bank National Association, as co-documentation agents, and Deutsche Bank Trust Company Americas, as administrative agent with respect to the auction and bid process.

BID PROTECTION

7. The Domestic Buyer shall be entitled, as provided in and subject to the terms and conditions set forth in the Domestic Purchase Agreement, to either (i) (a) a break-up fee in the amount of 3% of the Domestic Purchase Price (the "Domestic Break-Up Fee") plus (b) reimbursement of all reasonable fees and expenses, including attorneys' fees, consultants' fees, accountants' fees, financial advisory fees, filing fees (including those relating to the Domestic Purchase Agreement under the Hart-Scott-Rodino Antitrust Improvements Act and other applicable Legal Requirements), and other due diligence costs that have been paid or that may become payable by or on behalf of the Domestic Buyer in connection with the preparation and negotiation of the Domestic Purchase Agreement and otherwise in connection with the Domestic Buyer's due diligence and transaction contemplated by the Domestic Purchase Agreement, up to a maximum amount of \$1,000,000 (the "Expense Reimbursement") or (ii) a termination fee in the amount of \$1,500,000 (the "Domestic Termination Fee").

8. The Foreign Buyer shall be entitled to, as provided in and subject to the terms and conditions set forth in the Foreign Purchase Agreement, either (a) a break-up fee in the amount of 3% of the Foreign Purchase Price (the "Foreign Break-Up Fee" and, together with the Domestic Break-Up Fee, the "Break-Up Fees") or (b) a termination fee in the amount of \$1,000,000 (the "Foreign Termination Fee" and, together with the Domestic Termination Fee, the "Termination Fees").

9. The Domestic Buyer shall be entitled to the (a) Domestic Break-Up Fee plus the Expense Reimbursement, or (b) Domestic Termination Fee, at the time and upon satisfaction of the conditions set forth in the Domestic Purchase Agreement.

10. The Foreign Buyer shall be entitled to the Foreign Break-Up Fee or the Foreign Termination Fee at the time and upon satisfaction of the conditions set forth in the Foreign Purchase Agreement.

11. The Seller shall pay the Break-Up Fees, the Termination Fees and/or the Expense Reimbursement, as applicable, by wire transfer of immediately available funds to such account as the relevant Buyer may designate in writing.

THE AUCTION

12. If Competing Bids have been received by the Competing Bid Deadline, commencing on **March 26, 2003, at 1:30 p.m. Central Time**, the Seller shall receive additional bids for each Asset Group at an Auction (as defined below). The Auction shall be organized and conducted by the Seller at the offices of Bryan Cave LLP, 1200 Main Street, Suite 3500, Kansas City, Missouri 64105 (or such other place selected by the Seller), on invitation to the Buyers and each Qualified Bidder (the "Auction"). At least two (2) Business Days prior to the Auction, the Seller shall deliver copies of all Competing Bids (including all documents described in Section 5 and the Seller's conversion of non-cash consideration into cash and the methodology used in deriving such amount) to the Buyers and each other Qualified Bidder. Bids will be received at the Auction for each Asset Group and each bid that is to be considered by Seller must clearly identify whether it constitutes a bid for the Domestic Fertilizer Assets or any portion thereof, the Foreign Fertilizer Assets or the Combined Fertilizer Assets. Subsequent overbids in excess of the Combined Alternative Minimum Purchase Price shall be in an amount of at least \$500,000 in excess of the prior bid. Subsequent overbids in excess of the Domestic Alternative Minimum Purchase Price shall be in an amount of at least \$500,000 in excess of the prior bid. Subsequent overbids in excess of the Foreign Alternative Minimum Purchase Price shall be in an amount of at least \$500,000 in excess of the prior bid. The Break-Up Fees and the Expense Reimbursement shall be taken into account in determining the highest or best bid in each round of bidding. No matching bids will be permitted. The only Persons who will be permitted to bid at the Auction are authorized representatives of the Buyers and each Qualified Bidder, in each case that are physically present at the Auction. Each bid submitted at the Auction must comply with the procedures set forth herein for Competing Bids and copies of each bid (including the Seller's conversion of non-cash consideration into cash and the methodology used in deriving such amount) must be provided to the Buyers and each other Qualified Bidder at the Auction. All bids shall be made in the physical presence of the Sellers, Buyers and all other Qualified Bidders. To facilitate a deliberate and orderly consideration of the Competing Bids, the Seller may adjourn the Auction at any time and from time to time and may conduct multiple rounds of bidding.

13. The Seller shall not be deemed to have accepted any offer unless and until such offer and bid and the Seller's acceptance thereof have been subsequently authorized by separate order of the Bankruptcy Court for the Western District of Missouri (the "Bankruptcy Court").

14. The Seller is authorized to conduct the Auction in accordance with such additional procedures and requirements as the Seller shall from time to time announce, consistent with these Auction and Bid Procedures.

15. At the Auction, after the conclusion of bidding, and following consultation with the Lenders and the Creditors' Committee, the Seller shall select the offer or offers that the Seller determines in its sole and absolute discretion to reflect the highest or best value for the Domestic Fertilizer Assets and the Foreign Fertilizer Assets or, if higher or better than the aggregate of the bids for the Domestic Fertilizer Assets and the Foreign Fertilizer Assets, the highest or best bid for the Combined Fertilizer Assets (such offer or offers, the "Final Accepted Offer(s)"), taking into account all relevant factors: including, but not limited to, the terms and conditions of the proposed purchase agreement(s); the scope of the proposed transaction(s); the form and market value of any non-cash consideration offered; the aggregate value offered for the assets that the maker(s) of the Final Accepted Offer(s) propose to purchase; the aggregate value assigned by the Seller or offered by others for the assets that the maker(s) of the Final Accepted Offer(s) do not propose to purchase and the Seller's ability to realize such value in a timely manner; the cost to the Seller's estate of any proposed contribution to post-petition payables outstanding at closing or to curing breaches of Contracts that the maker(s) of the Final Accepted Offer(s) propose to take by assignment; the amount of damages resulting from Contracts that are assumed or rejected; and the likelihood and timing of closing on such proposed transaction(s).

16. At the Auction, at the conclusion of bidding, the Seller shall notify any Person submitting a Final Accepted Offer (the "Successful Offeror(s)") that such Person's offer has been determined by the Seller to be a Final Accepted Offer. One Day prior to the Sale Hearing (defined

below), (a) the Successful Offeror(s), if other than the Buyers, shall deliver any unpaid portion of any Additional Deposit to the Seller and (b) the Successful Offeror(s) shall complete and sign all agreements and documents deemed by Seller as necessary to bind the Successful Offeror(s) to all of the terms and conditions contemplated by the Final Accepted Offer(s). After notification that a Qualified Bidder is a Successful Offeror, the Initial Deposit of such Successful Offeror shall be nonrefundable and any Additional Deposit of such Successful Offeror shall be nonrefundable when paid, except as otherwise set forth in such Successful Offeror's purchase agreement.

17. Each Sale Deposit, plus interest, received by the Seller shall be maintained in an interest-bearing account and be subject to the jurisdiction of the Bankruptcy Court.

18. The Sale Deposit(s) of the Successful Offeror(s) shall be applied by the Seller against the purchase price to be paid by the Successful Offeror(s) at the closing of the relevant transaction(s) approved by the Bankruptcy Court.

19. If for any reason a Person submitting a Final Accepted Offer fails to consummate the acquisition of the applicable Asset Group, the offeror of the next highest or best bid for such Asset Group (as determined by the Seller, after consultation with the Lenders and the Creditors' Committee) will automatically be deemed to have submitted a Final Accepted Offer, and the Seller is authorized to effect the sale of such Asset Group to such offeror as soon as is commercially reasonable without further order of the Bankruptcy Court. If such failure to consummate the purchase is the result of a breach by a Person submitting a Final Accepted Offer, any Sale Deposit(s) deposited by such Person with the Seller shall be forfeited to the Seller, except as otherwise set forth in the Purchase Agreements.

20. Upon the earlier of (i) the closing of the transaction(s) pursuant to the Final Accepted Offer(s), (ii) June 30, 2003 or (iii) as otherwise set forth in the Purchase Agreements, the Seller shall return to each unsuccessful Buyer(s) and each unsuccessful Qualified Bidder(s) the Sale Deposit(s), together with any interest paid thereon, submitted by such unsuccessful Buyer(s) or unsuccessful Qualified Bidder(s).

21. The Auction and Bid Procedures are solely for the benefit of the Seller and the Buyers, and nothing contained in the Sale Procedures Order shall create any rights in any other Person or bidder.

22. The Bankruptcy Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Sale Procedures Order.

NOTICE OF AUCTION AND BID PROCEDURES, SALE MOTION AND SALE HEARING

23. Within five (5) Business Days after the entry of the Sale Procedures Order, the Seller shall serve via first-class mail a notice of the Auction and Bid Procedures, the Sale Motion and the Sale Hearing (defined below), in such form as the Bankruptcy Court shall approve (the "Sale Notice"), on the following entities: (i) all Persons that were contacted by the Seller or its advisors in connection with the marketing and sale process for the Fertilizer Business; (ii) all other prospective offerors and parties-in-interest upon written request to the Seller; (iii) all Persons who receive electronic notice in the Seller's bankruptcy proceedings; and (iv) all Persons pursuant to Bankruptcy Rules 6004(a), 6004(c), 6006(c) and 9014. Service pursuant to Bankruptcy Rules 6004(a), 6004(c), 6006(c) and 9014 on those Persons not receiving electronic notice shall be by first-class mail addressed to the business address of such Persons appearing in the Seller's records notwithstanding Bankruptcy Rule 9014. In addition, the Seller shall publish the Sale Notice (in summary form) in The Wall Street Journal (National Edition). Pursuant to Bankruptcy Rule 2002, this service and publication of the Sale Notice shall constitute good and sufficient notice of the Auction and Bid Procedures, the Auction, the Sale Procedures Order, the Sale Motion and the Sale Hearing (and any proceedings to be held thereon) on all known and unknown creditors and parties-in-interest, including all Persons entitled to service pursuant to Bankruptcy Rules 6004(a), 6004(c), 6006(c) and 9014.

24. Objections, if any, to the Sale Motion shall be in writing, shall conform to the Bankruptcy Rules and local rules and orders of the Bankruptcy Court, shall set forth (i) the nature of the objector's claims against or interests in the Seller's estate, (ii) the basis for the objection, (iii) the

specific grounds therefor, and (iv) all evidence in support of said objection, and shall be filed and served so as to be received **on or before 4:30 p.m. Central Time on March 31, 2003** by (a) each Person who receives electronic notice in the Seller's bankruptcy proceedings and (b) counsel for the Buyers. Any Person objecting to the Sale Motion that has not complied with the requirements of this paragraph shall not be heard at the Sale Hearing. If any Buyer or other Qualified Bidder objects to the Seller's determination of a Competing Bid as a higher or better bid for any Asset Group, the sole and exclusive remedy of such Qualified Bidder shall be to bid under protest at the Auction and, upon compliance with this paragraph, have standing at the Sale Hearing to contest the Seller's determination.

25. Except as set forth above, nothing otherwise contained in the Sale Procedures Order shall be deemed to deprive any Person of the right to object timely to the Sale Motion, all of which rights will be expressly reserved by the Sale Procedures Order.

SALE HEARING

26. The Sale Hearing to consider the relief requested in the Sale Motion and to consider whether to approve the Final Accepted Offer(s) (the "Sale Hearing") shall be held before the Bankruptcy Court on **April 1, 2003 at 2:30 p.m. Central Time**, or at such other time as the Bankruptcy Court may determine.

27. The Seller may extend the deadlines set forth in the Sale Procedures Order, may recess or adjourn the Auction at any time or from time to time, and/or may seek adjournment of the Sale Hearing, and/or may adopt and/or implement such other or additional procedures or requirements consistent with these Auction and Bid Procedures that in its sole and absolute discretion serves to further an orderly auction and bid process, all without further notice. The Seller shall file with the Bankruptcy Court appropriate notices of adjournment with respect to any such extension or adjournment.

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MISSOURI
KANSAS CITY DIVISION**

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

**NOTICE OF HEARING, AUCTION AND BID PROCEDURES FOR
SALE OF THE FERTILIZER BUSINESS AND SALE MOTION**

NOTICE IS HEREBY GIVEN that upon the Debtors’ Motion for Order (1) Approving Buyer Protections (2) Approving Bidding and Auction Procedures for Sale of Assets (3) Scheduling a Hearing and (4) Approving the Form and Manner of Notice, the United States Bankruptcy Court for the Western District of Missouri, Kansas City Division (the “Court”) entered an order dated February 28, 2003 (the “Sale Procedures Order”) (1) approving certain bidding and auction procedures (the “Auction and Bid Procedures”) pursuant to which the Debtors will solicit bids and seek authority to sell the business operations involving the production, distribution and sale of the Debtors’ nitrogen fertilizer products (the “Fertilizer Business”); (2) approving certain buyer protections in connection with the sale of the Fertilizer Business; (3) scheduling a hearing to consider approval of the sale of the Fertilizer Business (the “Sale Hearing”).

The Sale Procedures Order further approves the form and manner of notice of the Debtors’ motion (the “Sale Motion”) for an order (a) authorizing and approving the sale of the Fertilizer Business, subject to higher and better offers, free and clear of any and all liens, claims, charges, encumbrances, mortgages, pledges, security interests, taxes (including transfer taxes pursuant to Section 1146(c) of the Bankruptcy Code) and other interests, including but not limited to existing or asserted rights of first refusal, contractual restrictions on transferability or other similar protective rights asserted by Mississippi Chemical Corporation (“MCC”), affiliates or subsidiaries of MCC, or any other party, and (b) approving the assumption and assignment of certain identified executory contracts and unexpired leases in connection with such sale pursuant to Fed. R. Bank. Proc. 2002 and 6006; and approves the form and manner of notice of the Auction and Bid Procedures and the Sale Hearing pursuant to Fed. R. Bankr. Proc. 2002, 6004, 6006 and 9014. Unless otherwise defined herein, capitalized terms shall have the meanings defined in the Sale Motion.

NOTICE IS FURTHER HEREBY GIVEN that a description of the Fertilizer Business assets to be sold can be found in the Sale Motion and Supplement to Debtors’ Sale Procedures Motion and Sale Motion (the “Supplement”). Copies of the Sale Procedures Order, the Sale Motion and the Supplement are on file with the Clerk of the Court and may be viewed on-line at

<http://www.bmccorp.net/farmland/courtdocs.htm> (docket #2707, 2560 and 2625, respectively) and special posting on the BMC website <http://www.bmccorp.net/farmland/.htm>, and <http://ecf.mowb.uscourts.gov> if you have PACER access.

NOTICE IS FURTHER HEREBY GIVEN that the Auction and Bid Procedures, including instructions for submission of Competing Bids, can be obtained from the websites listed above or by calling the telephone number listed below.

NOTICE IS FURTHER HEREBY GIVEN that the Sale Hearing to approve the highest and best bid for the Fertilizer Business has been scheduled before the Honorable Jerry W. Venters, United States Bankruptcy Judge, on **April 1, 2003, at 2:30 p.m. Central Time** at the United States Bankruptcy Court for the Western District of Missouri. Objections to the Sale Motion shall set forth the information requested by the Auction and Bid Procedures and shall be filed and served on or before **4:30 p.m. Central Time on March 31, 2003**, in accordance with the Auction and Bid Procedures.

NOTICE IS FURTHER HEREBY GIVEN that any inquiries regarding information contained in this Notice should be directed to Bankruptcy Management Corporation at (888) 909-0100.

Date: February 28, 2003
Kansas City, Missouri

BY ORDER OF THE COURT

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MISSOURI
KANSAS CITY DIVISION**

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

**NOTICE OF DEBTOR’S INTENT TO ASSUME AND ASSIGN CERTAIN EXECUTORY
CONTRACTS AND UNEXPIRED LEASES IN CONNECTION
WITH SALE OF FERTILIZER BUSINESS**

NOTICE IS HEREBY GIVEN that Farmland Industries, Inc., one of the above-captioned debtors and debtors in possession, (“Debtor”) has filed a motion, dated February 18, 2003 (the “Sale Motion”), requesting an order (i) authorizing the sale of Debtor’s Fertilizer Business¹ to Koch Nitrogen Company (“Buyer”), subject to higher and better offers, free and clear of any and all liens, claims, charges, encumbrances, mortgages, pledges, security interests and other interests, pursuant to §§ 105(a), 363(b) and (f), 365(a) and 1146(c) of the Bankruptcy Code; and (ii) approving the assumption and assignment of executory contracts and unexpired leases related to the Fertilizer Business in connection with such sale, pursuant to §§ 105(a) and 365 of the Bankruptcy Code. A hearing to consider approval of the proposed sale (the “Sale Hearing”) will be held on April 1, 2003 at 2:30 p.m. (Central Time), in the United States Bankruptcy Court for the Western District of Missouri.

PLEASE TAKE FURTHER NOTICE that pursuant to the Sale Motion, Debtor intends to assume and assign to Buyer or the Buyer’s designees (or to such other successful bidder(s) ultimately selected by the Debtor pursuant to the Auction and Bid Procedures), subject to a Closing of the sale of the Fertilizer Business, those executory contracts and unexpired leases related to the Fertilizer Business (the “Contracts”) listed on Exhibit A annexed hereto, pursuant to Sections 363 and 365 of the Bankruptcy Code. All executory contracts and unexpired leases related to the Fertilizer Business (not limited to those Contracts designated by Buyer to be assumed) are subject to assumption and assignment pursuant to the Sale Motion. Those Contracts to be assumed and assigned, as designated by Buyer, are identified accordingly on Exhibit A. If a successful bidder(s) other than Buyer is the successful bidder(s) for the Fertilizer Assets and such successful bidder(s) seeks to assume Contracts in addition to those designated by Buyer to be assumed and assigned, as indicated on Exhibit A, supplemental notice will be provided accordingly.

PLEASE TAKE FURTHER NOTICE that Debtor has indicated on Exhibit A annexed hereto the cure amounts that Debtor believes must be paid to cure all defaults under the Contracts to which you are a party as of February 16, 2003 (in each instance, the “Cure Amount”). Debtor believes that there are no non-monetary defaults (other than the filing of these chapter 11 cases) or monetary defaults which will not be cured by payment of the Cure Amount.

PLEASE TAKE FURTHER NOTICE that Debtor proposes that the Buyer’s obligation to pay the amounts arising under the Contracts after the Closing constitute adequate assurance of future performance of the assigned Contracts in accordance with Section 365(f)(2)(b) of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that any party seeking (i) to object to the Cure Amount

¹ Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Sale Motion.

as determined by Debtor or otherwise assert that any other amounts, defaults, conditions or pecuniary losses must be cured or satisfied under any of the assigned Contracts in order for such Contract to be assumed and/or assigned or (ii) to object to the assumption and assignment of any Contract on any other basis, must file a written objection (an "Assumption/Assignment Objection") setting forth the cure amount the objector asserts to be due, the specific types and dates of the alleged defaults, pecuniary losses and conditions to assumption and assignment and the support therefor, and the basis for the objection. Moreover, any party filing an Assumption/Assignment Objection with respect to any unliquidated damages claims or adjustments for percentage rent, real estate taxes, common area maintenance or similar adjustable charges (the "Unliquidated Charges") must provide in such Assumption/Assignment Objection a good faith estimate (if possible) of the amount of such Unliquidated Charges and a description of the factors used in calculating such charges (in all cases with appropriate documentation in support thereof). **All Assumption/Assignment Objections must be served so as to be received no later than 4:00 p.m. (Central Time) on March 31, 2003** (the "Assumption/Assignment Deadline") by (a) each Person who receives electronic notice in the Debtor's bankruptcy proceedings, and (b) counsel for the Buyer, Josef Athanas, Esq., Latham & Watkins, Sears Tower, Suite 5800, Chicago, Illinois 60606 (collectively, the "Notice Parties").

PLEASE TAKE FURTHER NOTICE that unless an Assumption/Assignment Objection is filed and served before the Assumption/Assignment Deadline, all parties shall (i) be forever barred from asserting any cure or other amounts with respect to the Contracts, and Debtor and Buyer shall be entitled to rely on the absence of any cure amount requiring payment; (ii) be deemed to have consented to the assumption and assignment; and (iii) be forever barred and estopped from asserting or claiming against the Debtor or the Buyer that any additional amounts are due or other defaults exist, that conditions to assumption and assignment must be satisfied under such Contracts or that there is any objection or defense to the assumption and assignment of such Contracts.

PLEASE TAKE FURTHER NOTICE that hearings with respect to the Assumption/Assignment Objection may be held (i) at the Sale Hearing or (ii) at such other date as the Court may designate upon motion by Debtor, provided that, if the subject Contracts are assumed and assigned, the Cure Amount asserted by the objecting party (or such lower amount as may be agreed to by the parties or fixed by the Court) shall be deposited by Debtor and held in a segregated account by the Debtor pending further order of the Court or mutual agreement of the parties.

PLEASE TAKE FURTHER NOTICE that a properly filed and served Assumption/Assignment Objection shall reserve such party's rights against Buyer for purposes of Assumption/Assignment Objection but shall not constitute an objection to the relief requested in the Sale Motion. Parties wishing to otherwise object to the relief requested in the Sale Motion must file and serve a separate objection, stating with particularity such party's grounds for objection, so as to be received by each of the Notice Parties listed above no later than **4:00 p.m. (Central Time) on March 31, 2003**.

PLEASE TAKE FURTHER NOTICE that Debtor's decision to assume and assign to the Buyer the Contracts is subject to court approval and consummation of the Closing of the Sale of the Fertilizer Business. Further, those Contracts to be assumed and assigned are subject to change. Accordingly, Debtor shall be deemed to have assumed and assigned each of the Contracts as of the date of and effective only on the Closing of the Sale of the Fertilizer Business and Buyer's decision to take assignment of the Contracts. Absent such Closing, each of the Contracts shall in all respects be subject to further administration under the Bankruptcy Code. The inclusion of any document on the list of Contracts shall not constitute or be deemed to be a determination or admission by Debtor or the Buyer that such document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code (all rights with respect thereto being expressly reserved).

PLEASE TAKE FURTHER NOTICE that any inquiries regarding information contained in

this Notice should be directed to Bankruptcy Management Corporation at
(888) 909-0100.

Date: February 28, 2003
Kansas City, Missouri

BY ORDER OF THE COURT