

**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.)	

**MOTION FOR ORDER AUTHORIZING ASSUMPTION AND ASSIGNMENT
OF CERTAIN UNEXPIRED LEASES TO ALMYRA FARMERS ASSOCIATION**

COME NOW Farmland Industries, Inc. et al., Debtors and Debtors in Possession (“Debtors”), and submit their Motion for Order Authorizing Assumption and Assignment of Certain Unexpired Leases to Almyra Farmers Association (the “Motion”). In support of this Motion, the Debtors respectfully represent as follows:

Jurisdiction and Venue

1. On May 31, 2002, the Debtors filed voluntary petitions under Chapter 11 for reorganization relief under the United States Bankruptcy Code, 11 U.S.C. §§ 101 – 1330, as amended (the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to Bankruptcy Code §§ 1107(a) and 1108.
2. No trustee or examiner has been appointed. Two committees have been established.
3. This Court has jurisdiction pursuant to 28 U.S.C. § 1334 and 157 and the Amended General Order of the United States District Court for the Western District of Missouri, as amended. Venue of this Chapter 11 bankruptcy case and Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

4. Debtor 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 other Debtor facilities and other non-debtor consolidated subsidiaries (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.

5. Debtors currently lease a 2000 Chevrolet K1500 Silverado (the “Truck”) and two 1999 Tyler Fertilizer Applicators (the “Applicators”) from Farm Credit Leasing. The Truck and the Applicators were in service at the SFA facilities in Stuttgart and DeWitt, Arkansas (the “Facilities”). The Facilities were sold in April 2002 to Almyra Farmers Association (“Almyra”). The Truck and the Applicators are no longer used by Farmland as a result of the sale of the Facilities and the associated operations. Almyra asserts that the Truck and the Applicators were part of what Almyra purchased from SFA in April 2002. Almyra has been using the Truck and the Applicators since April 2002, and wishes to acquire the leases for the Truck and the Applicators in connection with its ongoing business operations.

Assumption and Assignment of Unexpired Leases

6. Pursuant to 11 U.S.C. § 363, and subject to this Court’s approval, the Debtors hereby request authority to assume and assign the following unexpired leases (the “Leases”), only to the extent that they apply to the particular Schedules described below, to Almyra:

- (1) Schedule A, No. 001-6068797 (“Schedule 1”), as attached to the Lease Agreement, between Farmland and Farm Credit Leasing.

- (2) Schedule A, No. 001-6062160 (“Schedule 2”), as attached to the Lease Agreement, between Farmland and Farm Credit Leasing.

Copies of Schedule 1, Schedule 2 and the Leases are available upon request.

7. Section 365(a) authorizes the Debtors, subject to the Court’s approval, to assume the Leases, limited to the identified Schedules. To the extent any default exists under the Leases, Section 365 authorizes the Debtors to assume the Leases if it, *inter alia*, (i) cures such defaults, (ii) compensates the other party for any actual pecuniary loss to such party resulting from such defaults, and (iii) provides adequate assurance of future performance under the Leases. Section 365(b)(1)(A). In addition, Section 365(f)(2)(B) requires that a purchaser provide adequate assurance of future performance of the Leases whether or not there has been a prior default.

8. The Leases require cure to be paid pursuant to Section 365(b)(1) in the amount of \$6,608.86 (\$948.40 for Schedule 1 for post petition rent and \$5,660.46 for Schedule 2 for post petition rent). Almyra will pay the Debtors \$2,845.20 for Schedule 1 rent and \$16,981.38 for Schedule 2 rent. Consequently the assumption and assignment to Almyra will result in net recovery by Farmland of \$13,217.72.

9. The Debtors propose and request that with respect to adequate assurance of future performance under the assumed Leases, the only such assurance required under Section 365(f)(2) is Almyra’s promise to perform its respective obligations under the Leases to be assumed.

10. The Debtors propose and request that, upon payment of the above cure amount due under the Leases, Almyra be deemed the assignee of the assumed Leases, only to the extent it applies to the identified Schedules, and that the Debtors be relieved from all liability

under the Leases, only to the extent it applies to the identified Schedules, after the assignment thereof, in accordance with Section 365(k).

WHEREFORE, the Debtors request an Order authorizing the Debtors to assume and assign the above referenced Leases, only to the extent it applies to the identified Schedules, consistent with its terms and conditions and for such other and further relief as the Court deems just and proper.

Respectfully submitted,

FARMLAND INDUSTRIES, INC., ET AL.

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Attorneys for Debtors and Debtors in Possession

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the above referenced Motion For Order Authorizing Assumption and Assignment of Unexpired Leases to Almyra Farmers Association was served on those parties listed below and those parties which do not receive electronic notice in these proceedings, via U.S. Mail, postage prepaid, on October 16, 2002.

Farm Credit Leasing
1600 Colonnade
5500 Wayzata Boulevard
Minneapolis, Minnesota 55416-1252

Almyra Farmers Association
Post Office Box 208
200 North Maple
Almyra, Arkansas 72003-0208

 /s/ Cynthia Dillard Parres

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SUMMARY OF EXHIBITS

The following exhibits in reference to the Motion For Order Authorizing Assumption and Assignment of Unexpired Leases to Almyra Farmers Association are available upon request:

- Exhibit A Schedule A, No. 001- 6068797, as attached to the Lease Agreement, between Farmland and Farm Credit Leasing.

- Exhibit B Schedule A, No. 001-6062160, as attached to the Lease Agreement, between Farmland and Farm Credit Leasing.

Respectfully submitted,

FARMLAND INDUSTRIES, INC., ET AL.

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