

**UNITED STATES BANKRUPTCY COURT  
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</b>
	)	<b>Jointly Administered</b>
<b>Debtors.</b>	)	
	)	

**CERTIFICATE OF SERVICE OF NOTICE OF SALE OF  
MISCELLANEOUS ASSETS LOCATED IN HATTIESBURG, MS**

The undersigned, attorneys for Farmland Industries, Inc., et al., Debtors and Debtors in Possession, certify that the document attached hereto as the Notice of Sale of Miscellaneous Assets (the "Notice") was filed and served on those parties which do not receive electronic notice in these proceedings and on other parties hereafter identified, on October 30, 2002:

FARMLAND INDUSTRIES, INC., et al.

By:       /s/ Laurence M. Frazen        
Laurence M. Frazen  
Cynthia D. Parres  
Robert M. Thompson  
BRYAN CAVE LLP  
3500 One Kansas City Place  
1200 Main Street  
Kansas City, Missouri 64105  
Telephone: (816) 374-3200  
Telecopy: (816) 374-3300

Attorneys for Debtors and Debtors in Possession

**NOTICE OF SALE OF MISCELLANEOUS ASSETS**

**Inventory at the Hattiesburg, MS SFA Farm Supply Store**

**PLEASE TAKE NOTICE** that, pursuant to an ORDER APPROVING PROCEDURES FOR SALES OF MISCELLANEOUS ASSETS OF DEBTORS PURSUANT TO SECTION 363 OF THE BANKRUPTCY CODE, entered September 27, 2002 (the "Order"), SFA, Inc., hereby intends to sell inventory at the Hattiesburg, MS SFA Farm Supply Store (the "Assets"). In support thereof, the affidavit (the "Affidavit") of Timothy R. Daugherty, Vice President of Administration of Farmland Industries, Inc., is hereby submitted.

Once the approval of the Required Groups (as defined in the Order) is obtained, Debtors will be authorized to sell the Assets at the proposed price as set forth in the Affidavit free and clear of all liens and claims (with any such liens and claims attaching to the proceeds of the sale).

FARMLAND INDUSTRIES, INC., et al.

By:           /s/ Laurence M. Frazen            
Laurence M. Frazen  
Cynthia D. Parres  
Robert M. Thompson  
BRYAN CAVE LLP  
3500 One Kansas City Place  
1200 Main Street  
Kansas City, Missouri 64105  
Telephone: (816) 374-3200  
Telecopy: (816) 374-3300

Attorneys for Debtors and Debtors in Possession

The foregoing described sale is approved:

           Bank  
           Unsecured Creditors' Committee  
           Bondholders' Committee

## AFFIDAVIT OF TIMOTHY DAUGHERTY

STATE of MISSOURI)

) SS.

COUNTY of PLATTE)

The undersigned, Timothy Daugherty, being duly sworn upon oath, does hereby state that, to the best of his knowledge SFA, Inc., ("Seller") does intend to sell assets (the "Assets") as follows:

1. Description of assets sold, including the present location and ownership of the assets:

Inventory located in the Hattiesburg, MS Farm Supply Store consisting of the following classes:

- Nursery Stock
- Field Chemicals
- Clothing
- Small Packaged Chemicals
- Garden Seed
- Hardware
- Accessories
- Lubricants
- Twine
- Bulk Fertilizer
- Bag Fertilizer

2. Asset History

This store has been involved in inventory liquidation since July 1. Sales and promotions have led to the elimination of a substantial portion of the inventory. The remaining inventory contains the type of products that have slow turnover or are somewhat seasonal in nature. The store lease has been rejected but has continued operations on a month-to-month basis while inventory was liquidated. The expected returns from operating the store in a liquidation mode are less than the anticipated costs.

Original Purchase Price: \$196,272

Date of Original Purchase: Store Inventory -- varied

Depreciation Life: N/A

Depreciated Value: N/A

Net Book Value: \$196,272 (inventory carried at cost)

Age of Assets: Varied

### 3. Purchase Price

#### Amount of Purchase Price:

\$98,136 (50% of cost – amount may vary slightly because it will be based on an inventory conducted on the day of closing)

#### Methodology to determine purchase price:

##### Methodology – negotiation

The following types of firms were contacted during the negotiations:

- Wholesale supply company
- Salvage Company
- Regional Liquidator
- National Liquidator – was not interested in presenting a bid after receiving a copy of the inventory listing
- Cooperative Farm Supply dealers
- Independent Farm Supply dealers
- Several private individuals

The offers or ranges of value received were from 10-50% of cost.

The buyer presented an offer of 50% of cost and was chosen as the lead bidder.

### 4. Purchaser

Name of Purchaser: Dennis Pierce, Inc.

Any prior miscellaneous sales to Purchaser: No

The Purchaser has no connection with the Debtors, which would otherwise prohibit it from making an arms-length offer to purchase the Assets.

5. Once the approval of the Required Groups is obtained, Debtors will be authorized to sell the Assets at the proposed price pursuant to the Order (as defined in the Notice to which this Affidavit is attached).

6. A copy of the proposed Bill of Sale is attached hereto as Exhibit A.

/s/ Timothy R. Daugherty  
Timothy Daugherty

SUBSCRIBED AND SWORN to before me this 28<sup>th</sup> day of October 2002.

/s/ Edith L. Hensley  
Notary Public

[NOTARIAL STAMP]

EXHIBIT A  
Bill of Sale

**BILL OF SALE**

**KNOW ALL MEN BY THESE PRESENTS**, that SFA, Inc., an Arkansas corporation (“Seller”), for good and valuable consideration to it in hand paid (receipt of which is hereby acknowledged), does hereby by these presents, irrevocably sell, assign, transfer, and deliver unto Dennis Pierce, Inc., a Mississippi corporation (“Buyer”), its successors and assigns, all of Seller’s right, title and interest in and to all of the assets listed on Exhibit A attached hereto (the “Transferred Assets”) and by this reference made a part hereof, wherever such assets may be located and whether or not reflected on the balance sheet of Seller.

**TO HAVE AND TO HOLD**, unto Buyer, its successors and assigns, FOREVER.

**THE TRANSFERRED ASSETS ARE SOLD “AS IS” AND “WHERE IS” WITH ALL FAULTS. SELLER HEREBY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

This Bill of Sale is delivered in accordance with the Order Approving Procedures for Sales of Miscellaneous Assets of Debtors Pursuant to Section 363 of the Bankruptcy Code, entered by the US Bankruptcy Court for the Western District of Missouri on September 27, 2002 (the “Order”, capitalized terms used herein without definition shall have the meanings ascribed thereto in the Order). The delivery of this Bill of Sale to Buyer constitutes a certification by Seller that Seller has delivered a Notice of Sale in compliance with the Order, that the approval of the Required Groups has been obtained and title to the Transferred Assets is being transferred hereby free and clear of liens pursuant to the Order.

This instrument shall be binding upon, inure to the benefit of and be enforceable by Seller and Buyer and their respective successors and assigns.

**IN WITNESS WHEREOF**, the duly authorized officer of Seller has hereunder set his hand on the \_\_\_\_ day of \_\_\_\_\_, 2002.

\_\_\_\_\_

By \_\_\_\_\_  
Title: \_\_\_\_\_

## **DESCRIPTION OF TRANSFERRED ASSETS**

Inventory located in the Hattiesburg, MS SFA Farm Supply Store consisting of the following classes:

- Nursery Stock
- Field Chemicals
- Clothing
- Small Packaged Chemicals
- Garden Seed
- Hardware
- Accessories
- Lubricants
- Twine
- Bulk Fertilizer
- Bag Fertilizer