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Media Release

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Farmland Announces Bid for Fertilizer Assets

Agreements signed with Koch Nitrogen

KANSAS CITY, Mo. (Feb. 18, 2003) --- Farmland Industries, based here, and Koch Nitrogen Company, of Wichita, Kan., have signed agreements for Koch Nitrogen to purchase nitrogen fertilizer assets from Farmland.

One agreement includes selected Farmland domestic fertilizer assets, and the other, Farmland's share of Farmland MissChem Limited (FMCL), which owns an ammonia plant in the Republic of Trinidad and Tobago.

The total value of the proposed sale of the U.S. assets and the FMCL shares is approximately \$270 million, including adjusted cash proceeds of \$104.4 million for the domestic assets and \$86.5 million for the FMCL interest. The remaining \$79.1 million is total liabilities being assumed by Koch Nitrogen from the two businesses. The agreements are subject to court approval as "stalking horse" bids and then an auction process.

The agreements include adjustments for working capital, debt and assumed liabilities. The domestic agreement includes Farmland plants operating in the United States along with substantially all domestic storage facilities. The second agreement includes Farmland's 50 percent ownership in FMCL. Farmland owns FMCL jointly with Mississippi Chemical Corp.

With annual sales of approximately \$1 billion, Farmland's domestic fertilizer manufacturing portfolio is among the largest in the nation. The nitrogen plant in Trinidad, built in 1997, uses that country's lower-cost natural gas to provide a hedge against the rising North American natural gas market.

"Despite the continued industry downturn, the domestic assets are currently enjoying positive results. The financial performance of the FMCL assets is excellent," said Stan Riemann, Farmland executive vice president and president, Crop Production.

"We're pleased with the high level of interest in these assets. Our employees spent decades building a great system. Their hard work made the fertilizer business a key source of earnings for Farmland for many years. While no longer a core business for Farmland, the sale of these valuable assets is pivotal to our successful reorganization," Riemann said.

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“While the fertilizer markets face uncertain times, we are excited about the potential addition of these assets to our existing business. They serve an important customer base in the U.S. Midwest and fit with Koch Nitrogen's vision and capabilities," said Jeff Walker, president of Koch Nitrogen. “If successful at the auction, we plan to make many improvements to the business including capital investments in the U.S. assets to position them for a changing domestic market.”

Farmland's next step will be to file the agreements with the Bankruptcy Court. At a court hearing, Farmland will ask U.S. District Court Judge Jerry Venters to approve bid and auction procedures for the assets, set a time to qualify other potential bidders and set a date for the auction. In preparation for that auction, Farmland and its advisor, UBS Warburg, will begin providing information to other potential participants. Farmland anticipates completing the sale later this spring.

Farmland Industries, Inc., Kansas City, Mo., (www.farmland.com) is a diversified agricultural cooperative with interests in food, fertilizer, petroleum, grain and animal feed businesses.

Koch Nitrogen Company and its affiliates produce, distribute and globally market nitrogen fertilizers, including anhydrous ammonia, urea and UAN. Koch Nitrogen is a subsidiary of privately held Koch Industries, Inc. (www.kochind.com), which owns a diverse group of companies engaged in trading, investment and operations around the world.

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