BLACK DIAMOND
CAPITAL MANAGEMENT, L.L.C.

Hugo H. Gravenhorst
Vice President

October 27, 2003

Via Facsimile

Mr. Robert B. Terry
President and CEO
Farmland Industries, Inc.
1200 North Ambassador Drive
Kansas City, MO 64163

Dear Mr. Terry:

Black Diamond Capital Management, LLC ("BDCM") is pleased to confirm that it has entered into a commitment letter for senior debt financing with Pegasus Partners II, L.P. ("Pegasus"), on behalf of its affiliate Coffeyville Resources, LLC, relating to the purchase of certain assets currently owned by Farmland Industries, Inc.

As of the date hereof, Pegasus has provided Black Diamond with all fee, expense and other deposits required by the commitment letter.

Should you have any questions on this matter, please do not hesitate to contact the undersigned.

Sincerely,

One Conway Park • 100 Field Drive • Suite 100 • Lake Forest, IL 60045 • (847) 615-9000 • Fax (847) 615-9064
One Sound Shore Drive • Suite 200 • Greenwich, CT 06830 • (203) 552-0888 • Fax (203) 552-1012

PEGASUS

October 27, 2003

Farmland Industries, Inc.
12200 North Ambassador Drive
Kansas City, MO 64163-1244

Attn: Robert Terry, President

Dear Mr. Terry,

Reference is made to that certain Asset Sale and Purchase Agreement between Farmland Industries, Inc. and Coffeyville Resources, LLC, dated September 25, 2003 (as amended or otherwise modified, the "Agreement"). Terms defined in the Agreement and used herein have the same meanings as set forth in the Agreement.

This letter will confirm that, subject to the satisfaction of, and in accordance with, the terms and conditions set forth in the Agreement and the Commitment Letter, Pegasus Partners II, LP will invest the Minimum Equity Contribution required by the Summary Term Sheet provided in connection with the Commitment Letter to capitalize the Buyer in connection with the Buyer's acquisition of the Transferred Assets.

Sincerely,

PEGASUS PARTNERS II, LP
By Pegasus Investors II, L.P., its general partner
By Pegasus Investors II GP, LLC its general partner

By: _____
Rodney Cohen
Vice President

PEGASUS CAPITAL ADVISORS, L.P.
99 RIVER ROAD, COS COB, CONNECTICUT 06807-2514
203/869-4400 Fax 203/869-6940

EXECUTION COPY

COFFEYVILLE RESOURCES LLC

October 24, 2003

Farmland Industries, Inc.
12200 North Ambassador Drive
Kansas City, Missouri 64163

Gentlemen:

Reference is made to that certain Asset Sale and Purchase Agreement between Farmland Industries, Inc. ("Seller") and Coffeyville Resources, LLC ("Buyer") dated as of September 25, 2003 (as amended or otherwise modified, the "APA"). Capitalized terms defined in the APA and used herein shall have the meanings assigned in the APA.

As you are aware, Section 8 of the APA provides for certain events or actions to occur on or prior to the October 24, 2003 (the "Contingency Date"), which are conditions to the effectiveness of Buyer's obligations. This letter sets forth the status of the enumerated contingencies as of the Contingency Date, as follows:

1. BOC Agreement. Section 8.9 of the APA provides that Buyer shall have negotiated, to Buyer's satisfaction in its sole discretion, an amendment to the BOC Agreement. As Seller is aware, BOC has not agreed to a consensual amendment of the BOC Agreement. Buyer agrees, however, to assume the BOC Agreement pursuant to Section 2.5 of the APA, absent any amendment or modification entered into without Buyer's prior written consent (including any such modification resulting from a settlement of any disputed amounts which adversely affect Buyer's rights under the assumed BOC Agreement), subject to Bankruptcy Court approval of the assumption and assignment of the BOC Agreement. Seller agrees that in any litigation with BOC regarding cure claims, Buyer shall have the right to intervene and be heard.

2. Texaco License. Section 8.9 of the APA provides that Buyer shall have negotiated, to Buyer's satisfaction in its sole discretion, an amendment to the Texaco License. Attached hereto as Exhibit A is Amendment No. 2 to the Texaco License negotiated by Buyer, modifying the Texaco License to Buyer's satisfaction.

3. TKI Agreement. Section 8.9 of the APA provides that Buyer shall have negotiated, to Buyer's satisfaction in its sole discretion, an amendment to the TKI Agreement. Attached hereto as Exhibit B is the Assignment, Assumption and Modification Agreement negotiated by Buyer, modifying the TKI Agreement to Buyer's

4. Coffeyville Electric Contract. Section 8.9 of the APA provides that Buyer shall have negotiated, to Buyer's satisfaction in its sole discretion, an amendment to or replacement agreement for, the Coffeyville Electric Contract dated March 31, 1999 ("Existing Electric Contract"). Attached hereto as Exhibit C is the Memorandum of Agreement setting forth the terms and conditions of a replacement Coffeyville Electric Contract ("Replacement Electric Contract") as negotiated by Buyer, such Replacement Electric Contract to be entered into by Buyer and the City of Coffeyville on the Closing Date. In accordance with the Memorandum of Agreement, the City of Coffeyville will not assert against or receive from the Farmland Bankruptcy Estate rejection damages in connection with the Existing Electric Contract except with respect to those claims which arise under or in connection with Section 3.1(b) of the Existing Electric Contract relating to principal, interest and other recoverable amounts with respect to the City of Coffeyville 1999B revenue bonds. Buyer's sole obligation in connection with the rejection damages with respect to, and in any way relating to, such contract has been fixed by agreement between Buyer and Seller at $2,502,371.40, payable in 30 equal monthly payments of $83,412.38 with the first such payment to be made on the first business day of the first month following the month in which the Closing occurs. This agreement shall be memorialized in an amendment to the APA.

5. Collective Bargaining Agreements. Section 8.10 of the APA provides that new Collective Bargaining Agreements shall have been negotiated to the Buyer's satisfaction with each Union. As of the Contingency Date, Buyer has successfully negotiated, and each Union has agreed to enter into, new Collective Bargaining Agreements on the Closing Date.

6. Financing Commitments. Section 8.13 of the APA provides that Buyer shall have secured financing commitments, which shall be reasonably acceptable to Seller. Buyer has secured financing commitments on the terms and conditions set forth in the form attached hereto as Exhibit D, which commitments, terms and conditions are accepted in their entirety by Seller.

7. Environmental Insurance. Section 8.15 of the APA provides for Buyer to have obtained environmental insurance satisfactory to Buyer in its sole discretion on or prior to the Contingency Date. Buyer has obtained such environmental insurance.

8. Purchaser. It is the Buyer's current intention that the Transferred Assets will be purchased by and allocated among the following entities, which are affiliates of the Buyer: Coffeyville Resources Pipeline, LLC, Coffeyville Resources Nitrogen Fertilizers, LLC, Coffeyville Resources Refining & Marketing, LLC and Coffeyville Resources Crude Transportation, LLC.

9. Finalization of Subject Documentation. Each of the Exhibits or agreements referred to in Sections 1 through 6 above, including any definitive documentation contemplated therein, shall be referred to as the "Subject Documentation." Subject to (i) finalization and execution of the Subject Documentation, and where appropriate, approval by Farmland and (ii) the performance by Farmland of its

obligations under the APA and in connection with the agreements set forth above, the obligations under Sections 8.9, 8.10, 8.13 and 8.15 of the APA shall be deemed satisfied as of the Contingency Date. In the event the Subject Documentation is not finalized and executed (other than as a result of Buyer's failure to act in good faith) or Farmland does not perform its obligations under the APA, then Buyer's and Seller's rights under the APA shall be governed by Section 11 of the APA, and Buyer shall be entitled to either the return of the Deposit or the Break-Up Fee upon Termination, as set forth therein.

Very truly yours,

COFFEYVILLE RESOURCES, LLC

By: _____
Name: Philip L. Rinaldi
Title: Chief Executive Officer

Agreed and Acknowledged:

FARMLAND INDUSTRIES, INC.

By: Robert B. Terry
Name: Robert B. Terry
Title: President & CEO

Contingent upon written confirmation no later than the close of business Monday, October 27, 2003 (i) by BDCM, LLC to the undersigned of the effectiveness of the committment letter dated October 24, 2003 pursuant to its terms and conditions; and, (ii) by Pegasus Partners II that it is fully committed to make the Minimum Equity Contribution required by the Summary Term Sheet provided in connection with the committment letter referenced in (i).

RBT

Texaco Development Corporation

1111 Bagby Street
Houston, TX 77002

ChevronTexaco

October 24, 2003

Coffeyville Resources, LLC
c/o Pegasus Investors
99 River Road
Cos Cob, Connecticut 06807

Re: Texaco Gasification Process, Texaco Hydrogen Generation Process and Texaco Gasification Power Systems
License Agreement Effective May 30, 1997
Amendment No. Two

Gentlemen,

Reference is made to the license agreement referenced above ("License Agreement") effective as of May 30, 1997, between Texaco Development Corporation ("TDC") and Farmland Industries, Inc. ("Former Licensee"). Reference is also made to the Consent agreement dated December 11, 1997 wherein TDC consented to certain assignments by Former Licensee, the Amendment Agreement dated December 11, 1997 which amended the License Agreement, and the Consent to Assignment and Assignment of License Agreement dated October 24, 2003 wherein the License Agreement was assigned by the Former Licensee to Coffeyville Resources, LLC ("Licensee").

TDC and Licensee wish to amend the License Agreement as indicated below to reflect the new royalty payment schedule agreed to by the parties.

License Agreement

1. Section 7.1, first line, delete "or canceled and, hence, terminated under Paragraph 1(c) of Schedule II,".

2. Section 7.2, last sentence, delete in its entirety.

3. Schedule II of the License Agreement is hereby amended as follows:

i. Paragraph 1(a), is hereby amended to read in its entirety as follows:

1(a) The parties acknowledge and agree that the Former Licensee, Farmland, has paid to Texaco Development all royalties and fees due and owing to TDC through December 31, 2003. For royalties and fees due and owing to TDC after December 31, 2003, the parties further acknowledge and agree that the LICENSEE shall pay additional royalties and fees in the total sum of Five Million Five Hundred Thousand United States Dollars ($5,500,000 USD) according to the payment schedule listed below:

(i) An initial payment of Five Hundred Thousand United States Dollars (USD $500,000) shall be paid to TDC on or before June 1, 2004;

(ii) A second payment of One Million Five Hundred Thousand United States Dollars (USD $1,500,000) shall be paid to TDC on or before June 1, 2005;

(iii) A third payment of One Million Five Hundred Thousand United States Dollars (USD $1,500,000) shall be paid to TDC on or before June 1, 2006; and

(iv) A fourth and final payment of Two Million United States Dollars (USD $2,000,000) shall be paid to TDC on or before June 1, 2007.

ii. Paragraph 1(c) is hereby deleted in its entirety.

iii. Paragraph 1(e) is hereby deleted in its entirety.

iv. Paragraph 1(f), last sentence, delete "Paragraph 2(b)" and insert in lieu "Paragraph 2".

v. Paragraph 2 is hereby amended to read in its entirety as follows:

2. Royalties shall be paid with respect to all Gasification operations conducted by Licensee in accordance with the following royalty schedule:

For the next 114,000 MSCF of Daily Average Output, i.e., over 86,000 and up to and including 200,000 MSCF of Daily Average Output total lump-sum royalties, at the rate of One Hundred Forty Dollars ($140.00) per MSCF of Daily Average Output; and

For all over 200,000 MSCF of Daily Average Output lump-sum royalties at the rate of One Hundred Twelve Dollars ($112.00) per MSCF of Daily Average Output;

all in accordance with the payment provisions of this Schedule II.

v.i. Paragraph 4(a) is hereby amended by deleting the last sentence.

All other terms and conditions of the License Agreement shall remain in full force and effect.

The obligations under this Letter Agreement are conditioned upon the following: (i) Licensee becoming the "Successful Bidder" as such term is defined pursuant to the Order Approving Bid Procedures entered by the Bankruptcy Court ("Bankruptcy Court") in Former Licensee's Bankruptcy Chapter 11 Case No. 02-50357-JWV, (ii) closing of the transaction pursuant to that certain Asset Sale and Purchase Agreement dated September 25, 2003 between Former Licensee as "Seller" and Licensee as "Buyer" (the "APA") on or before March 31, 2004, (iii) the entry of an appropriate order by the Bankruptcy Court approving the sale of the "Transferred Assets", as such term is defined under the APA, and (iv) the entry of a final and non-appealable order by the Bankruptcy Court approving the compromise and settlement agreement between TDC and Former Licensee pursuant to the letter agreement dated October 17, 2003.

If you are agreeable to the foregoing conditions, please indicate your acceptance and agreement by having a duly authorized representative of Licensee execute both duplicate originals of the Letter Agreement and returning both signed copies to us for completion by TDC.

Very truly yours,

TEXACO DEVELOPMENT CORPORATION

By _____
Vice President

ACCEPTED AND AGREED TO:

COFFEYVILLE RESOURCES, LLC

By: _____

Print Name: Philip C. Rinaldi

Title: CEO

Date: 10/24/03

CONSENT OF ASSIGNMENT AND ASSIGNMENT OF THGP TECHNICAL SERVICES AGREEMENT

This CONSENT OF ASSIGNMENT AND ASSIGNMENT ("Consent and Assignment Agreement") is made as of October 24th 2003, by and among Texaco Development Services LLC, a Delaware Limited Liability Company ("TDS"), Farmland Industries, Inc., a Kansas cooperative corporation ("Farmland"), and Coffeyville Resources, LLC, a Delaware Limited Liability Company ("Coffeyville").

WHEREAS, Texaco Development Corporation ("TDC") and Texaco Syngas Inc. ("TSI") were parties to the THGP Technical Services Agreement ("Service Agreement") effective December 11, 1997, wherein TDC provided technical services to TSI relating to the operation of the Hydrogen Production Facility in Coffeyville, Kansas; and

WHEREAS, TDC, TSI and Farmland were parties to an Assignment and Amendment of Agreement dated December 06, 2000, wherein the Service Agreement was amended, TSI assigned its rights and obligations under the Service Agreement to Farmland, and TDC waived notice by Farmland of the assignment; and

WHEREAS, TDC assigned its rights and obligations under the Service Agreement to TDS, effective January 1, 2003; and

WHEREAS, Paragraph 6.1 of the Service Agreement provides that Farmland shall not assign any rights and privileges or be relieved of its obligations thereunder without the prior written consent of TDS; and

WHEREAS, Farmland desires to obtain the consent of TDS to assign all rights, title, obligations, and interest held by Farmland under the Service Agreement, TDS is willing to consent to this assignment, and Coffeyville is willing to accept such assignment all subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, and for other good and value consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Acknowledgements, Confirmations, and Agreements. TDS acknowledges, confirms, and agrees that as of the date hereof: (i) it has the right, power, and authority to enter into this Consent and Assignment Agreement; (ii) the Service Agreement is in full force and effect and enforceable in accordance with its terms; (iii) TDS is not in default in the observance or performance of any condition or agreement to be observed or performed by TDS thereunder; and (iv) the Service Agreement has been assigned only as indicated herein.

2. Consent. TDS, pursuant to Paragraph 6.1, of the Service Agreement, hereby consents and agrees to the assignment of all of Farmland's right, title, and interest in and to the Service Agreement to Coffeyville.

3. Assignment. Farmland hereby assigns, transfers and delivers to Coffeyville all of its rights and interest in and to the Service Agreement to have and to hold unto Coffeyville, its successors and assigns.

4. Acceptance. With respect to said Service Agreement, Coffeyville accepts this Assignment and all rights and benefits accruing to it, and further accepts and expressly assumes all of Farmland's obligations under the Service Agreement. All other terms shall remain the same.

5. The obligations under this Consent and Assignment Agreement are conditioned upon the following: (i) Coffeyville becoming the "Successful Bidder" as such term is defined pursuant to the Order Approving Bid Procedures entered by the Bankruptcy Court ("Bankruptcy Court") in Farmland's Bankruptcy Chapter 11 Case No. 02-50557-JWV, (ii) closing of the transaction pursuant to that certain Asset Sale and Purchase Agreement dated September 25, 2003 between Farmland as "Seller" and Coffeyville as "Buyer" (the "APA") on or before March 31, 2004, (iii) the entry of an appropriate order by the Bankruptcy Court approving the sale of the "Transferred Assets", as such term is defined under the APA, and (iv) the entry of a final and non-appealable order by the Bankruptcy Court approving the compromise and settlement agreement between TDC and Farmland pursuant to the letter agreement dated October 17, 2003.

IN WITNESS WHEREOF, TDS, Farmland, and Coffeyville have caused this Consent and Assignment Agreement to be duly executed as of this 24th day of October 2003.

TEXACO DEVELOPMENT SERVICES LLC

By: W E P
Name: W E Preston
Title: Vice President

FARMLAND INDUSTRIES, INC.

By: _____
Name: _____
Title: _____

2. Consent. TDS, pursuant to Paragraph 6.1, of the Service Agreement, hereby consents and agrees to the assignment of all of Farmland's right, title, and interest in and to the Service Agreement to Coffeyville.

3. Assignment. Farmland hereby assigns, transfers and delivers to Coffeyville all of its rights and interest in and to the Service Agreement to have and to hold unto Coffeyville, its successors and assigns.

4. Acceptance. With respect to said Service Agreement, Coffeyville accepts this Assignment and all rights and benefits accruing to it, and further accepts and expressly assumes all of Farmland's obligations under the Service Agreement. All other terms shall remain the same.

5. The obligations under this Consent and Assignment Agreement are conditioned upon the following: (i) Coffeyville becoming the "Successful Bidder" as such term is defined pursuant to the Order Approving Bid Procedures entered by the Bankruptcy Court ("Bankruptcy Court") in Farmland's Bankruptcy Chapter 11 Case No. 02-50557-JWV, (ii) closing of the transaction pursuant to that certain Asset Sale and Purchase Agreement dated September 25, 2003 between Farmland as "Seller" and Coffeyville as "Buyer" (the "APA") on or before March 31, 2004, (iii) the entry of an appropriate order by the Bankruptcy Court approving the sale of the "Transferred Assets", as such term is defined under the APA, and (iv) the entry of a final and non-appealable order by the Bankruptcy Court approving the compromise and settlement agreement between TDC and Farmland pursuant to the letter agreement dated October 17, 2003.

IN WITNESS WHEREOF, TDS, Farmland, and Coffeyville have caused this Consent and Assignment Agreement to be duly executed as of this 24 day of October 2003.

TEXACO DEVELOPMENT SERVICES LLC

By:_____
Name:_____
Title:_____

FARMLAND INDUSTRIES, INC.

By: Robert B. Terry
Name: Robert B. Terry
Title: President and C.E.O.

COFFEYVILLE RESOURCES, LLC

By: _____

Name: Ph. T. A. LaRiviere

Title: COO

CONSENT OF ASSIGNMENT AND ASSIGNMENT OF LICENSE AGREEMENT

This CONSENT OF ASSIGNMENT AND ASSIGNMENT ("Consent and Assignment Agreement") is made as of October 24th, 2003, by and among Texaco Development Corporation ("TDC"), a Delaware Corporation., Farmland Industries, Inc., a Kansas cooperative corporation ("Farmland"), and Coffeyville Resources, LLC, a Delaware Limited Liability Company ("Coffeyville").

WHEREAS, TDC and Farmland are parties to the License Agreement effective May 30, 1997, wherein TDC granted Farmland the right to practice Texaco Gasification Process, Texaco Hydrogen Generation Process, and Texaco Gasification Power Systems, as amended by Amendment Agreement dated December 11, 1997, as assigned pursuant to the Consent agreement dated December 11, 1997, and as may be further amended from time to time ("License Agreement").

WHEREAS, Paragraph 9.1 of the License Agreement provides that Licensee (Farmland) shall not assign any rights and privileges or be relieved of its obligations thereunder without the prior written consent of TDC, which consent shall not be unreasonably withheld.

WHEREAS, Farmland desires to obtain the consent of TDC to assign all rights, title, obligations, and interest held by Farmland under the License Agreement, TDC is willing to consent to this assignment, and Coffeyville is willing to accept such assignment subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, and for other good and value consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Acknowledgements, Confirmations, and Agreements. TDC acknowledges, confirms, and agrees that as of the date hereof: (i) it has the right, power, and authority to enter into this Consent and Assignment Agreement; (ii) the License Agreement is in full force and effect and enforceable in accordance with its terms; (iii) TDC is not in default in the observance or performance of any condition or agreement to be observed or performed by TDC thereunder; and (iv) TDC has received and consented to only one previous notice of assignment of the License Agreement which was executed on December 11, 1997.

2. Consent. TDC, pursuant to Paragraph 9.1, of the License Agreement, hereby consents and agrees to the assignment of all of Farmland's right, title, and interest in and to the License Agreement to Coffeyville.

3. Assignment. Farmland hereby assigns, transfers and delivers to Coffeyville all of its rights and interest in and to the License Agreement to have and to hold unto Coffeyville, its successors and assigns.

4. Acceptance. With respect to said License Agreement, Coffeyville accepts this Assignment and all rights and benefits accruing to it, and further accepts and expressly assumes all of Farmland's obligations under the License Agreement. All other terms shall remain the same, except that the term "LICENSEE" as used in the License Agreement, shall refer to Coffeyville.

5. The obligations under this Consent And Assignment Agreement are conditioned upon the following: (i) Coffeyville becoming the "Successful Bidder" as such term is defined pursuant to the Order Approving Bid Procedures entered by the Bankruptcy Court ("Bankruptcy Court") in Farmland's Bankruptcy Chapter 11 Case No. 02-50557-JWV, (ii) closing of the transaction pursuant to that certain Asset Sale and Purchase Agreement dated September 25, 2003 between Farmland as "Seller" and Coffeyville as "Buyer" (the "APA") on or before March 31, 2004, (iii) the entry of an appropriate order by the Bankruptcy Court approving the sale of the "Transferred Assets", as such term is defined under the APA, and (iv) the entry of a final and non-appealable order by the Bankruptcy Court approving the compromise and settlement agreement between TDC and Farmland pursuant to the letter agreement dated October 17, 2003.

IN WITNESS WHEREOF, TDC, Farmland, and Coffeyville have caused this Consent and Assignment Agreement to be duly executed as of this 24 day of October 2003.

TEXACO DEVELOPMENT CORPORATION

By:_____
Name:_____
Title:_____

FARMLAND INDUSTRIES, INC.

By: Robert B. Terry
Name: Robert B. Terry
Title: President and C.E.O.

COFFEYVILLE RESOURCES, LLC

By:_____
Name:_____
Title:_____

4. Acceptance. With respect to said License Agreement Coffeyville accepts this Assignment and all rights and benefits accruing to it, and further accepts and expressly assumes all of Farmland's obligations under the License Agreement. All other terms shall remain the same, except that the term "LICENSEE" as used in the License Agreement, shall refer to Coffeyville.

5. The obligations under this Consent And Assignment Agreement are conditioned upon the following: (i) Coffeyville becoming the "Successful Bidder" as such term is defined pursuant to the Order Approving Bid Procedures entered by the Bankruptcy Court ("Bankruptcy Court") in Farmland's Bankruptcy Chapter 11 Case No. 02-50557-JWV, (ii) closing of the transaction pursuant to that certain Asset Sale and Purchase Agreement dated September 25, 2003 between Farmland as "Seller" and Coffeyville as "Buyer" (the "APA") on or before March 31, 2004, (iii) the entry of an appropriate order by the Bankruptcy Court approving the sale of the "Transferred Assets", as such term is defined under the APA, and (iv) the entry of a final and non-appealable order by the Bankruptcy Court approving the compromise and settlement agreement between TDC and Farmland pursuant to the letter agreement dated October 17, 2003.

IN WITNESS WHEREOF, TDC, Farmland, and Coffeyville have caused this Consent and Assignment Agreement to be duly executed as of this 24th day of October 2003.

TEXACO DEVELOPMENT CORPORATION

By: _____
Name: _____
Title: _____

FARMLAND INDUSTRIES, INC.

By: _____
Name: _____
Title: _____

COFFEYVILLE RESOURCES, LLC

By: _____
Name: Philip L. Rinaldi
Title: CEO

ASSIGNMENT, ASSUMPTION
AND
MODIFICATION AGREEMENT

This Assignment, Assumption and Modification Agreement (the "Agreement") is made and entered into effective as of October 24, 2003, by and among FARMLAND INDUSTRIES, INC., a Kansas cooperative association ("Farmland"), TESSENDERLO KERLEY, INC., a Delaware corporation ("TKI"), and COFFEYVILLE RESOURCES, LLC, a Delaware limited liability company ("CRLLC").

RECITALS

A. Farmland owns and operates a petroleum refinery (the "Refinery") and a coke gasification facility (the "Coke Gasification Facility") located in Coffeyville, Kansas. Farmland is currently in possession of its assets as a debtor in possession pursuant to Title 11, U.S. Code, in the Chapter 11 administratively consolidated cases of Farmland Industries, Inc. and its filing subsidiaries, Case No. 02-50557-JWV (the "Bankruptcy Cases"), presently pending in the United States Bankruptcy Court for the Western District of Missouri (Kansas City) (the "Court"). Upon proper approval and authorization from the Court, Farmland may sell and assign assets outside of the ordinary course of business.

B. CRLLC and Farmland are parties to that certain Asset Sale and Purchase Agreement dated as of September 25, 2003 (the "Purchase Agreement") under the terms of which Farmland has agreed to sell to CRLLC, and CRLLC has agreed to purchase from Farmland, certain of the assets and liabilities used in the operation of the Refinery and the Coke Gasification Facility (collectively, the "Transferred Assets").

C. TKI and Farmland are parties to (1) a Sulfur Processing Agreement dated as of October 2, 1996, as amended by a First Amendment to Sulfur Processing Agreement dated as of November 13, 1998 (collectively, the "Phase I Agreement"), (2) a Ground Lease dated as of October 2, 1996, as amended by a First Amendment to Ground Lease dated as of November 13, 1998 (collectively, the "Ground Lease"), (3) a Phase II Sulfur Processing Agreement dated as of November 13, 1998 (the "Phase II Agreement"), and (4) those other agreements listed on Exhibit A attached to this Agreement (the "Other Agreements"). The Phase I Agreement, Ground Lease, Phase II Agreement and Other Agreements, as modified by this Agreement, may be referred to in this Agreement individually as a "TKI-Farmland Agreement" and collectively as the "TKI-Farmland Agreements."

D. In conjunction with the acquisition by CRLLC of the Transferred Assets from Farmland pursuant to the Purchase Agreement, at the Closing Farmland desires to assign to CRLLC, and CRLLC desires to accept and assume, all of the rights, privileges, duties and obligations of Farmland under each TKI-Farmland Agreement. TKI desires to consent to such assignment and assumption, and, in consideration of CRLLC's agreement to accept and assume the TKI-Farmland Agreements as described herein, TKI desires to agree to certain modifications to certain of the TKI-Farmland Agreements, all on the terms and conditions set forth herein.

AGREEMENTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Farmland, CRLLC and TKI hereby agree as follows:

1. Conditions; Closing.

(a) In General. The transactions described in this Agreement shall occur simultaneously with the Closing (as that term is defined in the Purchase Agreement) of the transactions described in the Purchase Agreement and are contingent upon the occurrence of each of the following events:

(i) Court approval of the sale to CRLLC pursuant to the Purchase Agreement;

(ii) the entry of the final Sale Order to be issued by the Court (within the time frame established by the Court) approving the sale of the Transferred Assets by Farmland to CRLLC free and clear of all liens, claims and encumbrances and the assumption and assignment of the TKI-Farmland Agreements (the "Sale Order"), to the satisfaction of TKI, consistent with the terms of this Agreement;

(iii) "adequate assurance" within the meaning of section 365(f)(2) of the Bankruptcy Code, that CRLLC will be capable of continuing to provide utilities and services to TKI in accordance with the Phase I Agreement and the Phase II Agreement, including those utilities currently provided pursuant to the Electric Service Agreement dated March 31, 1999 between Farmland and the City of Coffeyville, Kansas (the "City"); provided, however, that the contingency set forth in this Section 1(a)(iii) shall be deemed satisfied as soon as CRLLC has secured financing commitments reasonably acceptable to Farmland in accordance with Section 8.13 of the Purchase Agreement;

(iv) the payment by Farmland of the Cure Amount (as defined below) and all Post-Petition Obligations (as defined below) as provided in this Agreement; and

(v) the Closing of the transactions described in the Purchase Agreement.

(b) Failure of Condition. Upon the failure of any one of the above conditions for any reason, then this Agreement shall automatically terminate, and the parties shall have no further obligation to carry out or perform the transactions described in this Agreement.

2. Payment of Amounts Due Under TKI-Farmland Agreements. On the Closing Date (as that term is defined in the Purchase Agreement), Farmland shall deliver to TKI:

(a) cash in the amount of $1,127,795.58 as and for the pre-petition cure amounts due from Farmland to TKI under the TKI-Farmland Agreements (the "Cure Amount"); and

(b) cash in an amount equal to the post-petition amount due from Farmland to TKI under the terms of the TKI-Farmland Agreements through and including the Closing Date (the "Post-Petition Obligations").

3. Assignment and Assumption.

(a) Assumption and Assignment by Farmland. Effective as of the Closing Date, Farmland hereby assumes and assigns to CRLLC each and every right, privilege, duty and obligation of Farmland under each TKI-Farmland Agreement, except as otherwise provided in this Agreement.

(b) Assumption by CRLLC of Post-Closing Obligations and Liabilities.

(i) Assumption by CRLLC. Effective as of the Closing Date, notwithstanding anything to the contrary in the Purchase Agreement or the Sale Order, CRLLC hereby assumes responsibility for and agrees to perform each and every duty, liability, undertaking and obligation of Farmland (including, without limitation, indemnity obligations imposed on Farmland under Sections 6.03 and 6.04 of the Phase I Agreement, Sections 6.03 and 6.04 of the Phase II Agreement and Section 6.03 of the Ground Lease) to TKI under each TKI-Farmland Agreement (each a "Farmland Obligation" and collectively, the "Farmland Obligations") to the extent such Farmland Obligations arise on or after the Closing Date, subject to Section 3(c) below.

(ii) Farmland Continuing Obligations. Farmland hereby acknowledges that it is and shall remain responsible for each and every Farmland Obligation arising before the Closing Date, to the extent any such Farmland Obligation is not assumed by CRLLC. In that regard, Farmland acknowledges and agrees that TKI (1) will, in accordance with the proof of claim filed by TKI in the Bankruptcy Cases, be entitled to assert its pre-petition claim that Farmland improperly shipped contaminated product in a railcar owned by TKI and as a result TKI has incurred damages in the amount of at least $34,995.79, plus any additional damages which may arise from that incident, and (2) may assert one or more contingent, unliquidated claims (in unknown amounts to be determined in the future) as additional cure amounts for the obligations of Farmland described in the first sentence of this Section 3(b)(ii). TKI represents that it is not presently aware of the existence of any claims described in the preceding clause (2).

(c) Assumption by CRLLC of Certain Indemnity Obligations. Effective as of the Closing Date, notwithstanding anything to the contrary in the Purchase Agreement or the Sale Order, CRLLC hereby assumes and shall be liable for (in addition to the obligations assumed by CRLLC pursuant to Section 3(b) above), the performance of the indemnity obligations imposed on Farmland under Section 6.03(w) and Section 6.03(x) of the Ground Lease, regardless of whether the act, omission or condition giving rise to such indemnity obligation occurred or existed prior or subsequent to the Closing Date; provided, however, that solely for purposes of this Section 3(c), the term "Hazardous Substances" as used in Section 6.03 of the Ground Lease shall be deemed to refer only to hydrocarbons.

4. Acknowledgements.

(a) Sale of Transferred Assets Subject to Property Rights. Farmland and CRLLC hereby acknowledge and agree that, notwithstanding anything to the contrary in the Purchase Agreement or the Sale Order, the sale of the Transferred Assets by Farmland to CRLLC shall not be made free and clear of the TKI-Farmland Agreements and shall be subject to all covenants, easements, restrictions, rights of way, reservations, declarations and other rights of TKI, whether such rights are memorialized in a TKI-Farmland Agreement or otherwise.

(b) Financing Documents. CRLLC hereby acknowledges, consents, agrees and confirms that, in accordance with Section 12.1 of the Phase I Agreement, Section 12.1 of the Phase II Agreement and Section 7.01 of the Ground Lease, (i) TKI previously subleased the Leased Property to Montgomery County, Kansas (the "Issuer") pursuant to a Site Lease dated as of December 15, 1997 between TKI and Issuer (the "Site Lease"), (ii) TKI, as agent for the Issuer, constructed the Facilities on the Leased Property in accordance with a Lease-Purchase Agreement dated December 17, 1997 between TKI and Issuer (the "Lease-Purchase Agreement"), (iii) the Issuer assigned its interest as landlord under the Lease-Purchase Agreement to Tessenderlo USA, Inc. (the "Bondholder") pursuant to an Assignment of Lease and Security Agreement dated December 18, 1997, (iv) the Bondholder currently leases the Leased Property and the Facilities to TKI pursuant to the Lease-Purchase Agreement, and (v) TKI previously collaterally assigned its leasehold interest under the Lease-Purchase Agreement to the City pursuant to a Collateral Assignment of Lease dated as of May 21, 1997 (the "Collateral Assignment"). CRLLC acknowledges and consents to the foregoing transactions and agrees and confirms that its assumption of and performance under the TKI-Farmland Agreements is and shall be subject to the terms and conditions of the Site Lease, the Lease-Purchase Agreement and the Collateral Assignment and the rights and privileges of each of the parties thereto and their respective successors and assigns.

(c) TKI Equipment and Assets. Farmland and CRLLC acknowledge and agree that the Transferred Assets do not and shall not include any equipment, assets or other property owned by TKI that are located or stored on or at the Leased Property, the Refinery or the Coke Gasification Facility, except to the extent that CRLLC succeeds to rights of Farmland to such equipment, assets or property.

5. Modifications to TKI-Farmland Agreements. Effective as of the Closing Date, CRLLC and TKI hereby modify certain of the TKI-Farmland Agreements as follows:

(a) Fixed Costs. The second full paragraph of Exhibit 1.19 attached to the Phase I Agreement is amended in its entirety to read as follows:

"A" shall be $117,430.44.

Notwithstanding the first clause of this Section 5, TKI and CRLLC agree that this modification shall take effect on January 1, 2004.

(b) SRU Capacity. The phrase "120 LTPD" in the third sentence of Section 2.1 of the Phase I Agreement is hereby replaced with the phrase "60 LTPD."

Except as modified pursuant to this Section 5, each and every term and provision of each and every TKI-Farmland Agreement shall be and remain in full force and effect and shall be binding upon TKI and CRLLC from and after the Closing Date.

6. Continuing Cooperation. Farmland, CRLLC and TKI hereby covenant and agree with each another, and their respective successors and assigns, that they each will, at any time and from time to time and without any further consideration, at the request of any other party hereto (or its successors or assigns), execute and deliver all such further assignments, transfers or other instruments, supplementary, confirmatory or otherwise, as may be reasonably required for purposes of, or in connection with, carrying out or implementing the transactions described in this Agreement.

7. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Kansas.

8. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

9. Until the effective date of a plan of reorganization by Farmland, the bankruptcy court for the Western District of Missouri shall retain exclusive jurisdiction over this Agreement and any disputes arising out of or in any way related to this Agreement, including the interpretation hereof. Thereafter, the federal district court for the Western District of Missouri shall have exclusive jurisdiction over any disputes arising under or related to this Agreement. In the event litigation occurs as a result of this Agreement, the losing party shall pay the prevailing part(y)ies' reasonable attorneys' fees and expenses incurred in or as a result of said litigation.

Remainder of this page left blank intentionally.
Signatures follow on next page.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

FARMLAND INDUSTRIES, INC.,
a Kansas cooperative association

By: _____
Name: Stan Rigney
Title: Vice President

TESSENDERLO KERLEY, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

COFFEYVILLE RESOURCES, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

FARMLAND INDUSTRIES, INC.,
a Kansas cooperative association

By:_____
Name:_____
Title:_____

TESSENDERLO KERLEY, INC.,
a Delaware corporation

By: Jordan K. Burns
Name: JORDAN K. BURNS
Title: Chief Executive Officer 10/24/03 2:00PM MST.

By: Larry Tryon
Name: LARRY TRYON
Title: CFO

COFFEYVILLE RESOURCES, LLC,
a Delaware limited liability company

By:_____
Name:_____
Title:_____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

FARMLAND INDUSTRIES, INC.,
a Kansas cooperative association

By:_____
Name:_____
Title:_____

TESSENDERLO KERLEY, INC.,
a Delaware corporation

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

COFFEYVILLE RESOURCES, LLC,
a Delaware limited liability company

By: [signature]
Name: Philip L Rinaldi
Title: CEO

** TOTAL PAGE.08 **

EXHIBIT A

Other Agreements

1. Memorandum of Ground Lease, dated October 2, 1996 and recorded with the Register of Deeds, Montgomery County, Kansas, on February 3, 1997.

2. Side Letter, dated March 17, 1997.

3. Grant of Right of Way, dated April 3, 1997 and recorded with the Register of Deeds, Montgomery County, Kansas, on May 13, 1997.

4. Assignment of Contract, dated October 2, 1996.

1472002.R/53078.189

EXECUTION COPY

EXHIBIT C

Execution Copy

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement ("MOA"), entered into this 23rd day of October, 2003, by and between the City of Coffeyville, Kansas ("City") and Coffeyville Resources LLC ("LLC"); each of City and LLC, together with their respective successors and permitted assigns, individually being referred to as a "Party" and collectively as the "Parties".

WHEREAS, the City and Farmland Industries, Inc. ("Farmland") entered into that certain Electric Service Agreement dated March 31, 1999 (the "Existing Electric Service Agreement") for the provision of retail electric service to Farmland's fertilizer production facility located in Coffeyville, Kansas (the "Facility");

WHEREAS, Farmland is currently in possession of its assets as a Debtor in Possession pursuant to Title 11, U.S. Code, Chapter 11 (the "Bankruptcy") and may sell and assign assets outside of the ordinary course of business;

WHEREAS, in accordance with that certain Asset Sale and Purchase Agreement dated as of September 25, 2003 between Farmland and LLC, and approved by the Bankruptcy Court (as amended or otherwise modified, the "APA"), LLC desires to purchase from Farmland and Farmland desires to sell to LLC the Facility, the refinery complex located in Coffeyville (the "Refinery"; the Refinery and the Facility, collectively, the "Facilities"), together with certain assets used in the operation of the Facilities;

WHEREAS, LLC will not purchase the Facilities from Farmland if the LLC is required to assume the Existing Electric Service Agreement and unless the City agrees to enter into a new electric service agreement (the "New Electric Service Agreement") for the provision of retail electric services to the Facilities which will replace and supersede on the Effective Date (as defined below) the Existing Electric Service Agreement;

NOW, THEREFORE, that in the event the LLC is the successful purchaser of the Facilities, pursuant to the terms of the APA and Farmland rejects the Existing Electric Service Agreement in the Bankruptcy, the Parties agree that the New Electric Service Agreement will set forth the detailed mutual agreement of the Parties relative to the provision of electric service to the Facilities, which shall be based upon and in accordance with the following terms and conditions:

1. Defined Terms. Capitalized terms used herein but not defined herein have the respective meanings ascribed thereto in the Existing Electric Service Agreement.

2. Rejection Damages. In consideration for entering into the New Electric Service Agreement, the City agrees on and as of the Effective Date not to assert or receive rejection

damages from the Farmland Bankruptcy estate in connection with the Existing Electric Service Contract, except with respect to those claims which arise under, or in connection with, Section 3.1(b) of the Existing Electric Service Agreement relating to principal, interest and other recoverable amounts with respect to the 1999B Bonds referred to below; provided, however, that this MOA shall not (a) affect any rights of the City against Farmland, to which Safeco may be subrogated, which may accrue to Safeco Insurance Company of America ("Safeco") upon any payment made to or on behalf of the City under the Utility Revenue Guarantee Bond (No. 598582) issued by Safeco ("Safeco Bond"), (b) compromise the rights of the Indenture Trustee under the 1999B Bonds, as defined below, to demand payment in accordance with the Farmland Documents, and (c) affect any right of the City to assert an administrative claim against Farmland resulting from Farmland's failure to make any payment under the Existing Electric Service Agreement prior to the Effective Date.

3. Terms of New Electric Service Agreement. The terms and conditions of the New Electric Service Agreement shall be substantially similar, but not identical, to the terms and conditions of the Existing Electric Service Agreement with respect to the services to be provided and the rights and obligations of the Parties; provided, however, that:

(a) The New Electric Service Agreement shall contain no references to (i) the Safeco Bond, and (ii) the Utility Revenue Bonds issued by the City in connection with the Existing Electric Service Agreement (the "1999B Bonds"); nor make any provision for charges or rates recovering any costs, fees and expenses related to the 1999B Bonds;

(b) The New Electric Service Agreement shall provide for a new Payment Security Instrument to be issued in favor of the City in an amount equal to two (2) months of estimated electric billing, which shall be deemed to provide adequate security for the monthly energy charge and the monthly minimum Transmission Wheeling Charges;

(c) The City will agree that from the Effective Date, LLC will only be required to pay the Transmission Wheeling Charges capped on the basis of 400,000,000 kwh per annum for a period of ten (10) years, notwithstanding the amount of power and energy actually consumed; provided, however, to the extent the actual, annual consumption exceeds 500,000,000 kwh, the then-applicable Transmission Wheeling Charges shall apply thereto; and

(d) The Parties will incorporate such other changes in the New Electric Agreement as are necessary to reflect the foregoing and any other agreements between the Parties.

4. Additional Agreements. The City agrees that after the Effective Date and upon timely installation of the necessary metering equipment for the account of LLC, in an amount estimated to be $15,000, the City will apply its "Large Power Rate" tariff with respect to certain ancillary facilities of the Facilities, including the "east tank farm," the "warehouse/administration building" and the "transport dock."

5. Effective Date. The Effective Date of the New Electric Service Agreement shall be the Closing Date (as defined under the APA), when LLC acquires the Facilities from Farmland. In the event that LLC does not acquire the Facilities in accordance with the provisions of the APA, including, but not limited to, the rejection of that Existing Electric Service Agreement, this MOA shall be null and void and neither Party shall have any obligation or liabilities to the other.

6. Negotiation of New Electric Service Agreement; Etc.

(a) Prior to the Closing Date, the Parties agree to negotiate in good faith and enter into the New Electric Service Agreement and revised tariff arrangements containing the terms and principles set forth in this MOA.

(b) The City acknowledges that LLC has agreed pursuant to the APA that the "Contingency" with respect to the Electric Service Agreement has been deemed satisfied in reliance upon the execution and delivery of this MOA.

7. Governing Law. This MOA shall be construed and governed by and in accordance with the laws of the State of Kansas without regard to its principles of conflict of law.

8. Counterparts. This MOA may be executed in counterparts, each of which shall be deemed to be an original and shall be binding upon the parties, their successors and assigns.

IN WITNESS WHEREOF, the Parties have caused this MOA to be executed by their duly authorized officers.

CITY OF COFFEYVILLE, KANSAS

By: _____
Name:
Title:

COFFEYVILLE RESOURCES LLC

By: _____
Name:
Title:

5. Effective Date. The Effective Date of the New Electric Service Agreement shall be the Closing Date (as defined under the APA), when LLC acquires the Facilities from Farmland. In the event that LLC does not acquire the Facilities in accordance with the provisions of the APA, including, but not limited to, the rejection of that Existing Electric Service Agreement, this MOA shall be null and void and neither Party shall have any obligation or liabilities to the other.

6. Negotiation of New Electric Service Agreement; Etc.

(a) Prior to the Closing Date, the Parties agree to negotiate in good faith and enter into the New Electric Service Agreement and revised tariff arrangements containing the terms and principles set forth in this MOA.

(b) The City acknowledges that LLC has agreed pursuant to the APA that the "Contingency" with respect to the Electric Service Agreement has been deemed satisfied in reliance upon the execution and delivery of this MOA.

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8. Counterparts. This MOA may be executed in counterparts, each of which shall be deemed to be an original and shall be binding upon the parties, their successors and assigns.

IN WITNESS WHEREOF, the Parties have caused this MOA to be executed by their duly authorized officers.

CITY OF COFFEYVILLE, KANSAS

By: _____
Name:
Title:

COFFEYVILLE RESOURCES LLC

By: _____
Name: Eric Gribetz
Title: Vice President

EXECUTION COPY

EXHIBIT D

BLACK DIAMOND

October 24, 2003

Pegasus Partners II, L.P.
99 River Road
Cos Cob, CT 06807-2514

Re: Purchase of Assets From Farmland Industries, Inc.

Ladies and Gentlemen:

Black Diamond Capital Management, L.L.C. ("BDCM") is very pleased to be working with you and your colleagues at Pegasus Partners II, L.P. ("Pegasus") concerning the proposed acquisition (the "Transaction"), from Farmland Industries, Inc. ("Farmland"), by three or more separate entities (the "Borrowers") to be formed by Pegasus, of certain assets of Farmland including (i) a petroleum refinery located in Coffeyville, Kansas, (ii) a petroleum refinery located in Phillipsburg, Kansas, (iii) a petroleum pipeline system relating to its refining operations, (iv) a fertilizer production facility located in Coffeyville, Kansas and (v) all other assets to be purchased pursuant to the ASPA (the assets described in any or all of the preceding clauses i, ii, iii, iv and v, collectively, the "Assets") pursuant to the terms of the Asset Sale and Purchase Agreement dated as of September 25, 2003 ("ASPA") between Farmland Industries, Inc. and your affiliate, Coffeyville Resources, LLC. It is our understanding that you are seeking up to $102.5 million of senior financing (the "Financing") as a portion of the funds necessary to purchase the Assets as well as for working capital and general corporate purposes.

We anticipate that the Financing is structured such that the Borrowers are domestic companies that will directly own substantially all of the assets used in their businesses and do not have any subsidiaries.

Based upon our understanding of the Financing as described above and the information that you have provided to us, BDCM is pleased to offer its commitment to provide the Financing described in this commitment letter ("Commitment Letter") and attached summary term sheet ("Summary Term Sheet"), subject to terms and conditions contained herein and in the Summary Term Sheet.

Furthermore, this Commitment Letter and the Summary Term Sheet are not intended to be all-inclusive and any terms and conditions that are not specifically addressed herein or in the Summary Term Sheet and which are not materially inconsistent with the terms and conditions set forth in the Summary Term Sheet may be added by BDCM in the future. BDCM's commitment hereunder is subject to the execution and delivery of final legal documentation acceptable to BDCM and its counsel. Moreover, by signing this Commitment Letter, both parties acknowledge that this Commitment Letter and the Summary Term Sheet supercede any and all discussions and understandings, written or oral, between or among BDCM and any other person as to the subject matter hereof.

BDCM will act as sole administrative agent for the Financing and BDCM will seek to arrange for a portion of the Financing to be syndicated to other financial or otherwise qualified

qualified institutions (together with BDCM, the "Lenders") on the terms and conditions more fully described herein.

Notwithstanding anything to the contrary herein or otherwise, in connection with the syndication of the Financing, BDCM shall have the right to award one or more roles or titles to one or more of its affiliates or other Lenders, in each case as determined by BDCM in its sole discretion and reasonably acceptable to Pegasus. You agree that, except as contemplated by the immediately preceding sentence, no other agents, co-agents or arrangers will be appointed, no other titles will be awarded and no compensation (other than that expressly contemplated by the Term Sheet and the Fee Letter related hereto (the "Fee Letter")) will be paid in connection with the Financing unless you and BDCM shall so agree.

You agree that BDCM may syndicate all or part of the Financing to one or more other Lenders that will (i) be selected by BDCM in its sole discretion and reasonably acceptable to Pegasus and (ii) become party to such definitive credit documentation pursuant to a syndication to be managed by BDCM. It is not a condition precedent to the closing of the Financing that other Lenders shall have committed to provide a portion of the Financing. All aspects of the syndication, including, without limitation, decisions as to timing, titles, allocations and division of fees, shall be determined by BDCM in its sole discretion. You agree to actively assist BDCM in such syndication, including by using your commercially reasonable efforts to help ensure that the syndication efforts benefit materially from your existing lending relationships with lenders that customarily participate in credit facilities similar to the Financing and to provide BDCM, promptly upon request, with all information reasonably deemed necessary by BDCM to complete successfully the syndication, including, but not limited to, (a) an information package for delivery to potential syndicate members and participants and (b) projections and all information prepared by you or your affiliates or advisors relating to the transactions described herein. You also agree to make available senior officers and representatives of the Borrowers to attend and make presentations regarding the business and prospects of the Borrowers at a meeting or meetings of Lenders or prospective Lenders. You and your affiliates shall each agree to refrain from entering into any other debt financings relating to the Borrowers and/or the Assets during the syndication process (but in any event no later than 180 days after the closing date of the Financing) unless otherwise agreed to by BDCM. You further agree to make your officers and representatives, and to cause officers and representatives of your subsidiaries to be available to participate in information meetings for potential syndicate members at such times and places as BDCM may reasonably request.

You represent, warrant and covenant that (i) no written information which has been or is hereafter furnished by you or on your behalf in connection with the transactions contemplated hereby and (ii) no other information given at information meetings for potential syndicate members and supplied or approved by you (such written information and other information being referred to herein collectively as the "Information") taken as a whole contained (or, in the case of Information furnished after the date hereof, will contain), as of the time it was (or hereafter is) furnished, any material misstatement of fact or omitted (or will omit) as of such time to state any material fact necessary to make the statements therein taken as a whole not misleading, in the light of the circumstances under which they were (or hereafter are) made; provided that, with respect to Information consisting of statements, estimates and projections regarding the future performance of Borrower and its subsidiaries (collectively, the "Projections"), no representation, warranty or covenant is made other than that the Projections

have been (and, in the case of Projections furnished after the date hereof, will be) prepared in good faith based on assumptions believed to be reasonable. You agree to supplement the Information and the Projections from time to time until the date of the initial borrowing under the Financing, as appropriate, so that the representations and warranties in the preceding sentence remain correct. You understand that, in syndicating the Financing, BDCM will use and rely on the Information and the Projections without independent verification thereof.

BDCM's commitment hereunder is subject to (a) there not occurring or becoming known to BDCM any Material Adverse Change (as defined in the ASPA, without regard to any amendment, supplement, or other modification thereto), (b) the representations, warranties and covenants set forth in the immediately preceding paragraph being true and correct, (c) the representations and warranties of the Seller (as defined in the ASPA, without regard to any amendment, modification or waiver thereto) set forth in the ASPA (without regard to any amendment, modification or waiver thereto) being true and correct, (d) BDCM's reasonable satisfaction that prior to and during the syndication of the Financing (but in any event no later than 180 days after the closing of the Financing) you and your affiliates have refrained from entering into other debt financings relating to the Borrowers and/or the Assets unless otherwise agreed by BDCM and (e) the other conditions set forth or referred to herein or in the Term Sheet.

To induce us to issue this letter and to proceed with the documentation of the proposed financing, you hereby agree that all of our and our affiliates' fees and expenses (including the reasonable fees and expenses of counsel) arising in connection with this letter and in connection with the Transaction and other transactions described herein (including in connection with our due diligence and syndication efforts) shall be for your account (and that you shall from time to time upon request from BDCM reimburse BDCM and its affiliates for all such fees and expenses paid by them), whether or not the Financing is made available or definitive credit documents are executed. You further agree to indemnify and hold harmless BDCM (which, for the purposes of this paragraph, shall include (i) all affiliates of BDCM and (ii) any agent or co-agent designated by BDCM with respect to the Financing), each Lender (including in any event BDCM) and their respective affiliates and each director, officer, employee, representative and agent thereof (each, an "Indemnified Person") from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or asserted against or involve BDCM or Lender or any other such Indemnified Person as a result of or arising out of or in any way related to or resulting from the Transactions or this letter and, upon demand, to pay and reimburse BDCM, each Lender and each other Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including any inquiry or investigation) or claim (whether or not BDCM or Lender or any other such person is a party to any action or proceeding out of which any such expenses arise); provided, however, that you shall not have to indemnify any Indemnified Person against any loss, claim, damage, expense or liability to the extent same resulted from the gross negligence or willful misconduct of the respective Indemnified Person (as determined by a court of competent jurisdiction in a final and non-appealable judgment). This letter and the Term Sheet (collectively, the "Commitment Letter") is issued for your benefit only and no other person or entity may rely thereon. Neither BDCM nor any other Indemnified Person shall be responsible or liable to you or any other person for (x) any determination made by it pursuant to this letter in the absence of gross negligence or willful misconduct on the part of such person (as determined by a court of

competent jurisdiction in a final and non-appealable judgment) or (y) any consequential damages which may be alleged as a result of this letter or the financing contemplated hereby.

We reserve the right to employ the services of our affiliates in providing services contemplated by this letter and to allocate, in whole or in part, to such affiliates certain fees payable to us in such manner as we and our affiliates may agree in our sole discretion. You also agree that we may at any time and from time to time assign all or any portion of our commitments hereunder to one or more of our affiliates. You further acknowledge that we may share with any of our affiliates, and such affiliates may share with us, any information related to the Transaction, Farmland, the Assets, the Borrowers, the equity investors in the Borrowers (the "Equity Investors") (and your and their respective subsidiaries and affiliates), or any of the matters contemplated hereby in providing services in connection with this transaction. Each of us agrees to treat, and cause any of our respective affiliates to treat, all non-public information provided to any of us by the Borrowers and their respective subsidiaries as confidential information and, in connection therewith, use methods similar to those we take to protect confidential information (it being understood and agreed that we may provide potential Lenders and their respective affiliates with non-public information provided by or on behalf of Farmland and/or the Borrowers in connection with the syndication of the Financing) in accordance with our customary practices.

You agree that this Commitment Letter and the Fee Letter are for your confidential use only and that neither its existence nor the terms hereof will be disclosed by you to any person other than your officers, directors, employees, accountants, attorneys and other advisors, as well as Farmland Industries, Inc. with respect to this Commitment Letter, and then only on a "need to know" basis in connection with the transactions contemplated hereby and on a confidential basis. Notwithstanding the foregoing, following your acceptance of the provisions hereof and your return of an executed counterpart of this Commitment Letter and the related Fee Letter to us as provided below, (i) you may make public disclosure of the existence and amount of the commitments hereunder and of the identity of BDCM, (ii) you may file a copy of this Commitment Letter in any public record in which it is required by law to be filed and (iii) you may make such other public disclosure of the terms and conditions hereof as, and to the extent, you are required by law, in the opinion of your counsel, to make. Except as otherwise required by law or unless BDCM has otherwise consented, you are not authorized prior to your acceptance of this letter as provided below to show or circulate this letter to any other person or entity (other than your legal or financial advisors in connection with your evaluation hereof). If this letter is not accepted by you as provided below, please immediately return this letter (and any copies hereof) to the undersigned.

Notwithstanding anything to the contrary set forth herein or in any other agreement to which the parties hereto are parties or by which they are bound, the obligations of confidentiality contained herein and therein, as they relate to the applicable transactions, shall not apply to the federal tax structure or federal tax treatment of the applicable transactions, and each party hereto (and any employee, representative, or agent of any party hereto) may disclose to any and all persons, without limitation of any kind, the federal tax structure and federal tax treatment of the applicable transactions. The preceding sentence is intended to cause the applicable transactions to be treated as not having been offered under conditions of confidentiality for purposes of Section 1.6011-4(b)(3) (or any successor provision) of the Treasury Regulations promulgated under Section 6011 of the Internal Revenue Code of 1986, as

amended, and shall be construed in a manner consistent with such purpose. In addition, each party hereto acknowledges that it has no proprietary or exclusive rights to the federal tax structure of the applicable transactions or any federal tax matter or federal tax idea related to the applicable transactions.

This Commitment Letter and the Fee Letter (and your rights and obligations hereunder and thereunder) shall not be assignable by you to any person or entity without the prior written consent of BDCM (other than to the Borrower upon the closing of the Financing) (and any purported assignment without such consent shall be null and void). This Commitment Letter and the Fee Letter may not be amended or waived except by an instrument in writing signed by you and us. Each of this Commitment Letter and the Fee Letter may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Commitment Letter or the Fee Letter by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof or thereof, as the case may be. This Commitment Letter and the Fee Letter shall be governed by, and construed in accordance with, the laws of the State of New York. This Commitment Letter and the Fee Letter sets forth the entire agreement between the parties as to the matters set forth herein and supersedes all prior communications, written or oral, with respect to the matters herein.

EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, ACTION, SUIT OR PROCEEDING ARISING OUT OF OR CONTEMPLATED BY THIS COMMITMENT LETTER OR THE FEE LETTER. YOU HEREBY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL AND NEW YORK STATE COURTS LOCATED IN THE COUNTY OF NEW YORK IN CONNECTION WITH ANY DISPUTE RELATED TO THIS COMMITMENT LETTER, THE FEE LETTER OR ANY MATTERS CONTEMPLATED HEREBY OR THEREBY.

Our willingness, and commitments, with respect to the Financing as set forth above will terminate on January 31, 2004 (or such later date in accordance with the provisions of this Commitment Letter and the Fee Letter), unless on or prior to such date the Transaction has been consummated and a definitive credit agreement evidencing the Financing, satisfactory in form and substance to us (the "Credit Agreement") shall have been entered into and the initial borrowings shall have occurred thereunder.

Upon the closing of the Financing, Pegasus will be relieved of all liabilities under the Commitment Letter or indemnifications and expense reimbursements, which obligations will be assumed by the Borrowers.

This Commitment Letter shall be of no force and effect unless and until (a) this Commitment Letter and the Fee Letter are executed and delivered to BDCM on or before 5:00 p.m. central time on October 27, 2003, and (b) such delivery is accompanied by payment of the Commitment Fee and any other fees or deposits due and payable to BDCM as provided herein or in the Fee Letter. Once effective, BDCM's commitment to provide financing in accordance with the terms of this Commitment Letter shall cease if the Transaction does not close, or the Financing is not funded for any reason, on or before January 31, 2004 (or such later date in accordance with provisions of this Commitment Letter and the Fee Letter) and neither BDCM nor any of its affiliates shall have any liability to any person in connection with its refusal to fund the Financing or any portion thereof after such date.

Sincerely,

BLACK DIAMOND CAPITAL MANAGEMENT, LLC

By_____
Title PRESIDENT & MANAGING PARTNER

ACCEPTED AND AGREED

PEGASUS PARTNERS II, L.P.
BY: PEGASUS INVESTORS II, L.P., its General Partner
BY: PEGASUS INVESTORS II GP, LLC, its General Partner

By_____
Title VP
Date_____