

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

In re:)	In Proceedings Under Chapter 11
)	
FARMLAND INDUSTRIES, INC., ET AL.,)	Case No. 02-50557-JWV
)	Joint Administration
Debtors.)	

**AFFIDAVIT OF STANLEY A. RIEMANN IN SUPPORT OF DEBTORS' MOTION TO
ASSUME FACILITY LEASE AGREEMENT AND PROVIDE NOTICE OF INTENT
TO EXERCISE OPTION UNDER THE LEASE TO PURCHASE THE FACILITY
AND REQUEST FOR EXPEDITED HEARING**

STATE OF MISSOURI)	
)	ss.
COUNTY OF PLATTE)	

Stanley A. Riemann, being duly sworn, deposes and says:

1. I am the Executive Vice President and President of Crop Production of Farmland Industries.

2. I am the senior executive in Farmland's Crop Production business unit and petroleum operations. The Crop Production unit produces over 3.5 million tons of ammonia annually, and 2.2 million tons of UAN.

3. I graduated from the University of Nebraska in 1974 with a Bachelor of Science Degree in Agronomy/Ag Economics. I have an MBA from Rockhurst College.

4. I have worked for Farmland since 1974, beginning in a regional office position and working through the years until assuming my present position in 1998. A copy of my resume with a complete job history is attached under Tab A.

5. I submit this affidavit in support of Debtors' motion for entry of an order, pursuant to section 365 of Title 11 of the United States Code (11 U.S.C. §§ 101, *et seq.*, the "Bankruptcy Code"), authorizing the Debtors to assume the Facility Lease Agreement and

authorizing Debtors to provide notice of intent to exercise option under the lease to purchase the facility and request for an expedited hearing (the “Motion”) with respect to the Enid Nitrogen Fertilizer Complex in Enid, Oklahoma. Unless otherwise stated, I have personal knowledge of the facts set forth in this affidavit. I have reviewed the Motion and am fully familiar with its contents.

6. Farmland is the Lessee under the F.I. Trust No. 14. (“Lessor”) are parties to a Facility Lease Agreement (the “Lease”), dated September 23, 1991, under which Farmland leases and operates two ammonia plants located in Enid, Oklahoma (the “Facility”). The two ammonia plants, together with a UAN plant and a Urea plant, form the Enid Nitrogen Fertilizer Complex (the “Complex”). The ammonia produced at the Facility is either sold as anhydrous ammonia or is used to manufacture UAN and Urea.

7. Farmland has operated the two ammonia plants since 1977.

8. The Facility has been and is currently an important part of Farmland’s manufacturing activities. It is one of the most efficient manufacturing plants in Farmland’s fertilizer operations.

9. The Facility on stream factor exceeds 98%.

10. The natural gas efficiency factor is 33 mmbtu per ton, making it Farmland’s most efficient Facility, and one of the most efficient in the United States.

11. The original cost of the Facility was \$72,759,000.

12. The Facility is the second largest plant in North America and provides Farmland’s operations with significant economies of scale.

13. The Facility's geographic location makes it one of the only plants in North America that can serve the corn and wheat market of the Midwest, or the industrial market on the Gulf Coast area.

14. The Facility has delivery flexibility because it has access to pipeline distribution as well as rail distribution.

15. The Facility provides the feed stock for adjacent UAN and Urea nitrogen manufacturing facilities owned by Farmland and located at the same location. Loss of the Facility would not only cause the loss of value in the Facility, but would also compromise Farmland's investment in the adjacent facilities.

16. A copy of a presentation I prepared to present to the Official Committees and the Bank Group concerning the Enid Facility is attached under Tab B.

17. The Lease provides Farmland the one-time option (the "Option") to elect to purchase the Facility at the expiration of the lease term, September 2003. The purchase price is the lesser of (a) the fair market value of the Facility and (b) \$25,465,300.00. Farmland and Lessor agreed in writing on May 23, 2002, that the purchase price in effect is \$25,465,300.00 (the "Option Price").

18. The Lease payments for the Facility are made in quarterly installments of \$2,178,000.00. Farmland is current in its post-petition obligations under the Lease. The cost to cure the pre-petition deficiency is \$1,621,400, plus interest at 9% on this amount from June 24, 2002 until paid in full.

19. I believe the Purchase Option Price is below the fair market value of the Facility.

20. I believe that by assuming the lease and exercising the purchase option, Farmland will obtain the Facility at a cost significantly below the fair market value.

21. I believe that maintaining contact of the two ammonia plants is vital to the sales process of Farmland's fertilizer assets that is underway.

22. Based upon my experience in the industry and my involvement with the sales process, I believe that any purchaser of the Enid production facilities will want to purchase the ammonia Facility.

23. Farmland has previously received an expression of interest in the Facility which also causes me to believe the value of the Facility is in excess of the option price.

For all of these reasons, in my business judgment, and based upon my experience in the industry and with Farmland, I believe it is in Farmland's best financial interest to assume the Facility Lease and to provide the notice of intent to exercise the Purchase Option.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 29 day of October, 2002, at Kansas City, Missouri.

/s/ Stanley A. Riemann
Executive Vice President and Vice President of
Crop Production for Farmland Industries, Inc.

Subscribed and sworn to before me this 29th day of October 2002.

/s/ Molly A. Forge
Notary Public

My Commission Expires:

January 5, 2003

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WESTERN DISTRICT OF MISSOURI**

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SUMMARY OF EXHIBIT[S]

The following exhibit in reference to the Affidavit of Stanley A. Riemann in Support of Debtors' Motion to Assume Facility Lease Agreement and Provide Notice of Intent to Exercise Option Under the Lease to Purchase the Facility and request for Expedited Hearing is available upon request.

Tab A: Resume of Stanley A. Riemann

Tab B: Presentation Regarding Enid Facility

Dated: October 29, 2002.

FARMLAND INDUSTRIES, INC., ET AL.

By: /s/ Cynthia Dillard Parres
Laurence M. Frazen MO #31309
Cynthia Dillard Parres MO #37826
Robert M. Thompson MO #38156
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