

Edgar Filing: CF Industries Holdings, Inc. - Form 425

CF Industries Holdings, Inc.  
Form 425  
November 09, 2009

Filed by Agrium Inc.

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Pursuant to Rule 425 under the Securities Act of 1933

Subject Company:

CF Industries Holdings, Inc.

Fundamentals of Growth  
Agrium:  
Revised Offer for CF  
November 9, 2009

Fundamentals of Growth

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Important Information

This  
presentation  
does  
not  
constitute  
an  
offer  
to  
exchange,  
or  
a  
solicitation

of  
an  
offer  
to  
exchange,  
common  
stock

of

CF Industries Holdings, Inc. ( CF ), nor is it a substitute for the Tender Offer Statement on Schedule TO or the Prospectus/Offer to Exchange included in the Registration Statement on Form F-4 (including the Letter of Transmittal and related documents) (collectively, as amended from time to time, the Exchange Offer Documents ) filed by Agrium Inc. ( Agrium ) with the U.S. Securities and Exchange Commission (the SEC ) on March 16, 2009, as amended. The Registration Statement on Form F-4 has not yet become effective. The offer to exchange is made only through the Exchange Offer Documents. **INVESTORS AND SECURITY HOLDERS OF AGRIMUM AND CF ARE URGED TO READ THE EXCHANGE OFFER DOCUMENTS AND OTHER RELEVANT MATERIALS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE OFFER TO EXCHANGE.**

Copies of any documents filed by Agrium with the SEC are available free of charge through the web site maintained by the SEC at [www.sec.gov](http://www.sec.gov), by calling the SEC at telephone number 800-SEC-0330 or by directing a request to the Agrium Investor Relations/Media Department, Agrium Inc, 13131 Lake Fraser Drive S.E., Calgary, Alberta, Canada T2J 7E8. Free copies of any such documents can also be obtained by calling Georgeson Inc. toll-free at (866) 318-0506. Agrium, North Acquisition Co., a wholly-owned subsidiary of Agrium, their respective directors and executive officers and certain other persons are deemed to be participants in any solicitation of proxies from CF s stockholders in respect of the proposed transaction with CF. Information regarding Agrium s directors and executive officers is available in its management proxy circular dated April 3, 2009 relating to the annual general meeting of its shareholders held on May 13, 2009. Other information regarding potential participants in such proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in any proxy statement filed in connection with the proposed transaction.

All information in this presentation concerning CF, including its business, operations and financial results, was obtained from public sources.

While Agrium has no knowledge that any such information is inaccurate or incomplete, Agrium has not had the opportunity to verify any of that information.

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Forward-Looking Statements  
Certain  
statements  
and  
other  
information  
included  
in  
this  
presentation  
constitute  
forward-looking  
information

within  
the  
meaning  
of  
applicable  
Canadian  
securities  
legislation  
or  
constitute

forward-looking  
statements  
(together,  
forward-looking  
statements ).

All  
statements  
in  
this

presentation, other than those relating to historical information or current condition, are forward-looking statements, including  
estimates,

forecasts  
and  
statements

as  
to  
management s  
expectations

with  
respect  
to,

among  
other  
things,  
business  
and

financial  
prospects,

financial multiples and accretion estimates, future trends, plans, strategies, objectives and expectations, including with respect  
operations following the proposed acquisition of CF. These forward-looking statements are subject to a number of risks and un  
of which are beyond our control, which could cause actual results to differ materially from such forward-looking statements.

Events or circumstances that could cause actual results to differ materially from those in the forward-looking statements, inclu  
limited to, CF s failure to accept Agrium s proposal and enter into a definitive agreement to effect the transaction, Agrium co  
issued

in  
connection  
with  
the  
proposed  
acquisition

may  
have  
a  
market  
value  
lower  
than  
expected,  
the  
businesses  
of  
Agrium

and  
CF,  
or  
any

other recent business acquisitions, may not be integrated successfully or such integration may be more difficult, time-consuming  
expected, the expected combination benefits and synergies and costs savings from the Agrium/CF transaction may not be fully

realized  
within  
the  
expected  
time  
frame,  
the  
possible  
delay

in  
the  
completion  
of  
the  
steps  
required

to  
be  
taken  
for  
the  
eventual  
combination  
of

the two companies, including the possibility that approvals or clearances required to be obtained from regulatory and other agencies  
will not be obtained in a timely manner or will be obtained on conditions that may require divestiture of assets expected to be a  
disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees and suppliers  
business

and  
economic  
conditions,  
interest

rates,  
exchange  
rates  
and  
tax  
rates,  
weather  
conditions,  
crop  
prices,  
the  
supply,  
demand  
and  
price  
level for our major products, gas prices and gas availability, operating rates and production costs, domestic fertilizer consumption, changes in government policy in key agriculture markets, including the application of price controls and tariffs on fertilizers and subsidies or changes in their amounts, changes in development plans, construction progress, political risks, including civil unrest, armed  
groups  
or  
conflict,  
governmental  
and  
regulatory  
requirements  
and  
actions  
by  
governmental  
authorities,  
including  
changes  
in  
government  
policy, changes in environmental, tax and other laws or regulations and the interpretation thereof and other risk factors detailed  
time in Agrium and CF's reports filed with the SEC.  
Agrium  
disclaims  
any  
intention  
or  
obligation  
to  
update  
or  
revise  
any  
forward-looking  
statements

in  
this  
presentation  
as  
a  
result  
of  
new  
information or future events, except as may be required under applicable U.S. federal securities laws or applicable Canadian securities  
legislation.  
These  
forward-looking  
statements  
are  
based  
on  
certain  
assumptions  
and  
analyses  
made  
by  
us  
in  
light  
of  
our  
experience  
and  
perception  
of  
historical  
trends,  
current  
conditions  
and  
expected  
future  
developments  
as  
well  
as  
other  
factors  
we  
believe  
are  
appropriate  
in  
the

circumstances. Expected future developments are based, in part, upon assumptions respecting our ability to successfully integrate the businesses of Agrium and CF, or any other recent acquisitions.

All of the forward-looking statements contained herein are qualified by these cautionary statements and by the assumptions that are inherent in such forward-looking statements. Although we believe these assumptions are reasonable, undue reliance should not be placed on these assumptions and such forward-looking statements. The key assumptions that have been made in connection with the forward-looking statements include, but are not limited to, CF's acceptance of Agrium's proposal and the entering into of a definitive agreement for the proposed transaction, closing the proposed transaction, the market value of Agrium common shares issued in connection with the acquisition, our ability to successfully integrate within expected time frames and costs, and realize the expected combination benefits and synergies

and  
costs  
savings  
from,  
the  
combination  
of  
the  
businesses  
of  
Agrium  
and  
CF,  
or  
any  
other  
recent  
business  
acquisitions,  
and  
our

ability to maintain relationships with customers, employees and suppliers during the course of the proposed transaction.

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Premiums Analysis	
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#### Fundamentals of Growth

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Agrium remains committed and will consider all options, including nominating a slate of directors to the CF board and litigation, if a resounding majority tender to our offer and CF refuses to act

#### Summary of Key Arguments

CF should support its stockholders receiving a premium vs. pursuing a transaction that is dilutive to value

Agrium's offer represents a 101% premium to CF's Jan 15 share price and a 71% premium to CF's Feb 24 share price

Fertilizer peers are up only 45% and 35% since Jan 15 and Feb 24, respectively

CF stockholders stand to lose substantial value if CF acquires Terra

CF stockholders have far greater upside potential with Agrium offer

CF disregarding stockholder interests

Clear stockholder mandate: CF told RiskMetrics they would engage, but haven't

Evolution of Terra offer has been repeatedly designed to circumvent a CF stockholder vote

CF board should exercise good corporate governance and allow its stockholders a voice on Agrium's offer

CF stockholders must send a clear message to the CF board and tender into this offer at this price

Agrium has made an unambiguous offer to preclude misinterpretation by CF

## Fundamentals of Growth

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### Evolution of Situation

Source: Bloomberg. Market trading data as of Nov 6. Daily trading values have been rebased to CF stock price on Jan 15 (date

(1)

Represents Agrium current proposal for CF over time: one Agrium share plus \$45 cash per CF share based on Agrium historical

(2)

Based on illustrative peer group of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara.

Performance of this peer group based on USD equivalent stock price movement since Jan 15.

(3)

CF unaffected price of \$68.33 based on illustrative peer group of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara. Peer group performance based on USD equivalent stock price movement since base dates. Percentage moves applied to CF's operating asset value per share on respective base dates, using net cash

at

Dec  
31,  
2008.  
Results  
then  
adjusted  
back  
for  
net  
cash  
at  
Sep  
30,  
including  
CF's  
toehold  
in  
Terra,  
valued  
at a \$29 estimated unaffected stock price for Terra per CF's Nov 4 Investor Presentation.

Our offer represents a  
101% premium to  
CF's Jan 15 price of  
\$47.23 and a 71%  
premium to the Feb 24  
price of \$55.58

Stockholders will  
have the opportunity  
to participate in the  
upside to the  
commodity cycle by  
electing to receive  
Agrium shares

Peers are up 45%  
since Jan 15 and 35%  
since Feb 24

Excess CF returns  
attributable to  
Agrium's offer for CF

Offer is at a 39%  
premium to  
unaffected

(3)  
40  
50

60  
70  
80  
90  
100  
\$110  
Jan 1  
Jan 31  
Mar 2  
Apr 1  
May 1  
May 31  
Jun 30  
Jul 30  
Aug 29  
Sep 28  
Oct 28  
Jan 15  
CF announces acquisition  
proposal for Terra  
Current  
Proposal(1):  
\$95.11  
CF: \$79.05  
67% since  
Jan 15  
Global  
Fertilizer  
Peers(2): 45%  
since Jan 15  
Feb 25  
Agrium announces  
acquisition proposal  
for CF

Fundamentals of Growth

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6.6x multiple of 2010E Owned

EBITDA

(1)

Multiples:

76% Agrium and 24% CF

Pro Forma Ownership:

\$45

in cash and 1

Agrium share per CF share (total consideration of \$95.11 as at Nov 6)

Aggregate

consideration  
of  
\$4.8  
billion  
(\$2.3  
billion  
cash  
and  
\$2.5  
billion  
in  
equity)

CF stockholders may elect mixed consideration, or cash or shares, subject to proration

Consideration:

Committed

debt  
facilities

from

Royal

Bank

of

Canada

and

The

Bank

of

Nova

Scotia

Financing:

CF terminates offer for Terra and waives its defences

Receipt of U.S. regulatory and other customary approvals

Negotiation of definitive merger agreement

\*

Absence of any material adverse changes to CF or its business

\*

Our ability to conduct limited confirmatory due diligence

\*

\* *These conditions are similar to conditions in CF's bid for Terra*

Key Conditions:

\$47.88 or 101% premium to CF's closing price on January 15, and \$39.53 or 71%  
premium to CF's closing price on February 24 (based on total consideration of \$95.11

as

at Nov 6)

An increase of \$23.11

or 32% over Agrium's initial offer of \$72.00

Premium:

Agrium to combine with CF in a cash and stock deal

Offer:

Summary of Revised Offer for CF

(1)

Represents

consensus

estimated

owned

EBITDA

(consolidated

EBITDA

adjusted

to

reflect

leakage

of

minority interest and addition of equity investment income). Assumes transaction expenses of \$100 million.

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CF Earnings Fundamentals vs.  
Share Price Performance

In 2007, earnings outlook for 2008 was strong, given the then-positive pricing outlook

Acquisitions are based on forward price expectations, not trailing prices

Source: CF filings and Bloomberg, market data as of Nov 6.

(1)

Proportional

EBITDA

based

on

consensus

owned  
 EBITDA  
 (consolidated  
 EBITDA  
 adjusted  
 to  
 reflect  
 leakage  
 of  
 minority  
 interest  
 and  
 addition  
 equity  
 investment  
 income).

(2)

Represents owned

EBITDA (consolidated EBITDA less minority interest plus equity investments). EBITDA attributable to minority interest part filings (\$55 million and \$117 million, for 2007A and 2008A respectively) adjusted for D&A, estimated as a portion of total D&A

(3)

CF unaffected price of \$68.33 based on illustrative peer group of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara. Peer group performance based on USD equivalent stock price movement since base dates. Percentage moves applied to CF's operating asset value per share on respective base dates, using net cash at Dec 31, 2008. Results then adjusted back for net cash at Sep 30, including CF's toehold in Terra, valued at a \$29 estimated unaffected stock price for Terra per CF's Nov 4 Investor Presentation.

0

500

1,000

\$1500

Jan 3, 2007:

\$26.46

2007A: \$622mm EBITDA (1)

CF Earnings Forecast (2008E):

May 29, 2007: \$42.42

2008A: \$1,127mm EBITDA (1)

2008 Avg

Share

Price: \$110.91

2009E: \$717mm EBITDA (2)

CF Earnings Forecast (2010E):

Nov 6: \$79.05 (Nominal)

Current Agrium Offer:

\$95.11

Nov 6: \$68.33

(Unaffected) (3)

0

60

120

\$180

Jun 17, 2008: \$169.62

2007

2008

2009

2007 Avg

Share

Price: \$57.94

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11

87%

68%

64%

55%

54%

14%

24%

26%

(15%)

112%

(14%)

-20%

0%

20%

40%

60%

80%

100%

120%

Potash Corp

K&S

Yara

Intrepid

Agrium

Israel

Chemical

Mosaic

Terra

Consensus

Terra

'Owned'

CF

Consensus

CF 'Owned'

(1)

Bloomberg consensus EBITDA, calendarized.

(2)

Peer average includes Terra consensus only.

(3)

CF

and

Terra

consensus

estimated

owned

EBITDA

(consolidated

EBITDA

adjusted

to

reflect

leakage

of

minority interest and addition of equity investment income).

CF Only Company Amongst Peers with

Lower EBITDA in 2010E vs. 2009E

C2009E

C2010E

EBITDA

Growth

per

Bloomberg

Consensus

(1)

Peer Average

(2)

: +60%

(3)

2010E outlook anticipates a healthy rebound for potash, retail and phosphate markets

Nitrogen volume improvement is expected to be muted and higher expected North

American gas prices will likely squeeze CF's margins in 2010E

EBITDA

C2009E

\$1,498

\$719

\$909

\$123

\$947

\$1,164

\$2,336

\$416

\$404

\$783

\$717

C2010E

\$3,175

\$1,343

\$1,531

\$203

\$1,465

\$1,799

\$2,663

\$516

\$509

\$674

\$612

(3)

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Nitrogen and phosphate prices have declined approximately 14% and 13%, respectively

(1)

, since the day before our offer (February 24)

CF is experiencing reduced Forward Pricing Program ( FPP ) sales (many such FPP sales booked in 2008) which, along with \$85 million in gas hedging gains, inflated CF's year-to-date results

CF's customers recognize the economic shift occurring in the market and are no longer willing to buy under CF's FPP

CF conference call: We continue to offer products through the FPP at prices that reflect our future expectation for nitrogen prices and margins, but we haven't found much recent customer interest in committing at those prices.

(2)

Recent Market Factors Impacting CF

Past and Future Commodity Prices

Significant rise in input costs

Potential CF

Nitrogen Margin

Compression

Flat-to-modestly increasing

revenue from commodity

price appreciation

(1)

Source: Green Markets. Nitrogen prices based on NOLA Urea. Phosphate prices based on Tampa Florida DAP.

(2)

S. Wilson, Q3 2009 Earnings Conference Call, Oct 27.

(3)

Henry Hub Natural Gas per Bloomberg. Nymex gas price forward strip.

(4)

Historical NOLA Urea per Green Markets. Forecast per Fertecon.

(5)

Historical Central Florida DAP per Green Markets. Forecast per Blue, Johnson & Associates.

June

Present

2010E

Natural Gas (US\$/MMBtu)

(3)

\$3.92

\$4.59

\$6.24

% change

17%

36%

Urea (\$/short ton)

(4)

\$240

\$262

\$318

% change

9%

21%  
DAP (\$/short ton)  
(5)  
\$249  
\$273  
\$274  
% change  
9%  
1%

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13  
82.50  
74.48  
116.01  
55.48  
33.90  
50.14  
11.36  
32.26  
79.05  
57.56  
96.25  
27.15  
50.35

33.80

11.98

50.11

95.11

Israel

Chemicals

Agrium

Yara

Mosaic

Intrepid

Potash Corp

K+S

CF

Jun 12 Closing Price

Current Stock Price

Current AGU Offer

Peer Average Price Increase: (9)%

% Change

5%

(0)%

(0)%

(9)%

(16)%

(17)%

(23)%

(4)%

Source: Bloomberg. Current market data as of Nov 6.

(1)

All stock prices in USD. Israel Chemicals based on Tel Aviv listing; Jun 12 and Current USD:ILS FX of 0.2536 and 0.2657, respectively. K+S based on Xetra listing; Jun 12 and Current USD:EUR f/x of 1.4016 and 1.4847, respectively.

Yara

based

on

ADR

(USD).

All

other

companies

based

on

NYSE

listings.

Chemical and Fertilizer Peer Price

Performance Since June 12

June

12

Closing

Price

vs.

Current  
Stock  
Price  
(1)

Fertilizer Peers  
share prices are down significantly since June 12; the  
reference date in RiskMetrics  
June report

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Estimating CF's Unaffected Stock Price

Following RiskMetrics  
approach

(1)

, 53% of results point to an  
unaffected price in the \$66 to \$70 range, using base reference dates  
from December 31, 2008 to February 24, 2009

Consistent with 9% decline of peers from June to current, applied to RiskMetrics  
June unaffected price assessment of \$74

Source: Bloomberg, company filings; Current market data as of Nov 6.

(1)

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CF unaffected price based on illustrative peer group of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara. Peer group performance based on USD equivalent stock price movement since base dates.

Percentage moves applied to CF's operating asset value per share on respective base dates, using net cash at

Dec

31,

2008.

Results

then

adjusted

back

for

net

cash

at

Sep

30,

including

CF's

toehold

in

Terra,

valued

at a \$29 estimated unaffected stock price for Terra per CF's Nov 4 Investor Presentation.

3%

5%

3%

8%

18%

28%

25%

13%

0

2

4

6

8

10

12

\$62.00 to

\$64.00

\$64.00 to

\$66.00

\$66.00 to

\$68.00

\$68.00 to

\$70.00

\$70.00 to

\$72.00

\$72.00 to

\$74.00

\$74.00 to

\$76.00

\$76.00 to

\$78.00

CF Unaffected Price - Base Date Range from Dec 31, 2008 to Feb 24, 2009

0%

5%

10%

15%

20%

25%

30%

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Agrium and Terra have historically traded  
at a premium to CF

Source: Capital IQ, IBES.

Note: Forward Consolidated EBITDA Multiple based on IBES median EBITDA forecasts where the Forward Multiple refers  
to the following calendar year forecast period.

(1)

Enterprise value calculated on a consolidated basis.

(2)

CF EBITDA estimates not available prior to Oct 20, 2005.

(3)

Forward  
consensus  
estimated

owned  
EBITDA  
(consolidated  
EBITDA  
adjusted  
to  
reflect  
leakage  
of  
minority  
interests  
and  
addition  
of  
equity  
investment  
income).

Ratio  
of

owned  
EBITDA  
to  
consolidated  
EBITDA  
per  
analyst  
research

reports, used as proxy for minority interests and addition of equity investment income, which is used to adjust consolidated EBITDA. Enterprise values exclude minority interests.

Estimated Average Forward

Owned  
EBITDA Multiples

(3)  
to 15-Jan-2009  
Average Forward Consensus  
EBITDA Multiples

(1)  
to 15-Jan-2009

4.2 x

5.6 x

5.4 x

CF

4.5 x

5.9 x

5.7 x

CF

TRA

AGU

4.5 x

5.4 x

Last 12 Months

6.4 x

6.9 x

Last 3 Years

6.3 x

6.8 x

Since CF IPO

(Aug-05)

(2)

Markets have historically ascribed a premium to Agrium given its operational diversity and competitive advantages

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CF's Own Analysis Highlights Risk of  
Diluting Stockholder Value

CF states that its current proposal for Terra represents a 40% premium to Terra's  
estimated  
unaffected  
stock  
price  
(1)

At  
a  
\$40.61

per  
share  
offer  
price,  
this  
implies  
a  
\$29  
unaffected  
stock  
price  
for  
Terra

A \$29 stock price implies an equity value of \$2.9 billion and enterprise value of \$2.4 billion for Terra on a standalone basis

Using CF's estimate of \$525 million consolidated 2010E EBITDA (based on median equity research analyst estimates), Terra would be trading at 4.5x EV / 2010E Consolidated EBITDA on a standalone, unaffected basis

This is consistent with Terra's 12 month average forward multiple to Jan 15

Remember that CF has consistently traded at a discount to Terra on an unaffected basis

Merger  
activity  
has  
inflated  
both  
CF's  
and  
Terra's  
trading  
price  
  
over  
time,

stock  
price  
will  
likely revert back to unaffected levels. If CF were successful in acquiring Terra, the value  
of  
the  
combined  
entity  
would  
be  
equal  
to  
the  
standalone  
value  
of  
CF  
and  
Terra  
plus synergies

CF's  
offer  
for  
Terra  
implies  
an  
enterprise  
value  
of  
\$3.5  
billion

\$1.1  
billion  
more  
than  
CF's  
estimate  
of Terra's  
standalone unaffected value

Giving full credit for estimated synergies of \$120 million (mid-point of CF's estimate \$105 million to \$135 million, without risk adjustment), represents \$0.5 billion, capitalized at Terra's forward trading multiple of 4.5x

Net  
of  
potential  
synergies,  
CF

has  
proposed  
to  
pay  
\$0.7  
billion  
more  
than  
CF's  
estimate  
of  
what  
Terra  
is  
worth  
in  
the  
public  
markets

more  
than  
\$11  
per  
share  
of  
CF  
stockholder value is  
being lost

(1)  
CF Nov 4 Investor Presentation. Stock prices as at Oct 30.

Fundamentals of Growth

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Sensitivity Analysis : Net Value Leakage Per Share  
@ Various Synergy Estimates and Valuation Multiples

Estimated Annual Synergies to be  
Capitalized (\$mm)

\$

11.54

\$

50

\$

105

\$

120

\$

135

4.2

x

\$

17.12

\$

13.23

\$

12.17

\$

11.11

4.4

x

16.98

12.96

11.86

10.76

4.5

x

16.85

12.68

11.54

10.40

5.0

x

16.44

11.82

10.56

9.30

#### CF's Own Analysis Highlights Risk of Reducing Stockholder Value

The premium CF is proposing to pay for Terra is significantly greater than the value of capitalized synergies, thereby diluting implied trading price

(1)

Per CF's estimate of Terra's unaffected share price per Nov 4 Investor Presentation.

(2)

Fully diluted shares calculated per treatment in CF's Nov 4 Investor Presentation. Reflects 98.8mm basic shares, 0.9mm unvested and phantom shares and conversion of preferred into 0.2mm common shares.

(3)

TRA net cash of \$557mm as at Q3 2009 is pro forma for \$600mm 2019 notes issuance and \$381mm repayment of 2017 notes including tender premiums (\$600mm debt, \$1,198mm of cash and \$41mm customer advances).

(4)

Consolidated 2010E EBITDA estimate per CF's Nov 4 Investor Presentation, based on median equity research analyst estimates.

(5)

Midpoint of CF synergy estimates of \$105mm to \$135mm per CF's Nov 4 Investor Presentation.

(6)

Estimated deal expenses of \$100mm combined for CF and Terra.

(7)

Based on 59.5mm pro forma shares (49.8mm CF diluted shares per CF Nov 4 Investor Presentation, plus shares issued to Terra

CF's offer

to acquire

Terra could

result in

\$9 to \$17

per share

of value

dilution

Source: Latest Terra public filings and CF's Nov 4 Investor Presentation, Market data as of Nov 6.

Illustrative Estimated Value Destruction

Standalone

Terra

Valuation

CF Estimation of TRA Unaffected Stock Price (1)

\$

29.00

Implied Terra Market Cap (100.9 mm shares) (2)

2,927

Net Debt (Cash) (3)

(557)

Terra Standalone Enterprise Value (A)

\$

2,370

Implied EV / 2010E Consolidated EBITDA (\$525mm) (4)

4.5

x

Value

of

CF's

Offer

for

Terra

Terra Offer Price (Based on At-Market CF)

\$

40.17

Implied Terra Equity Value (100.9 mm shares) (2)

4,055

Net Debt (Cash) (3)

(557)

Value of CF's Offer for Terra (B)

\$

3,498

Implied EV / 2010E Consolidated EBITDA (\$525mm) (4)

6.7

x

Implied

Enterprise  
Value  
Premium

(C

=

B

-

A)

\$

1,128

Estimated Annual Synergies (5)

\$

120

Capitalized Value of Synergies (@ 4.5x) (D)

\$

542

Estimated Deal Expenses (6) (E)

\$

100

Net

Value

Leakage

(C

-

D

+

E)

\$

686

Net Value Leakage Per Share (7)

\$

11.54

Fundamentals of Growth  
19  
CF Stockholders Benefit from Higher  
Base Received in Agrium Offer  
Agrium  
Offer  
at  
Illustrative  
35%  
Cyclical  
Upward  
Move  
CF Cyclical Move Required:  
Unaffected  
Price

(1)  
\$124

Source: Bloomberg; market data as of Nov 6

(1)  
CF unaffected price of \$68.33 based on illustrative peer group of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara. Peer group performance based on USD equivalent stock price movement since base dates. Percentage moves applied to CF's operating asset value per share on respective base dates, using net cash at Dec 31, 2008. Results then adjusted back for net cash at Sep 30, including CF's toehold in Terra, valued at a \$29 estimated unaffected stock price for Terra per CF's Nov 4 Investor Presentation.

An illustrative cyclical upward move of 35% from the current Agrium offer would achieve a future CF stock price of \$128 assuming 100% stock election (or reinvestment of cash into sector)

CF stockholders would have to realize an 88% cyclical upward move on CF's unaffected price

(1)  
to  
achieve  
equivalent future  
value  
\$  
95.11  
\$  
128.40  
Current Offer Price  
Implied Future  
Offer Value  
35 %  
Cyclical  
Move  
\$  
128.40  
\$  
68.33  
Cash-Adjusted CF  
Unaffected Price  
Future Offer Value  
@ 35% Cyclical Move  
88 %  
Required  
Cyclical  
Move

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Fundamentals of Growth

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Offer is at an Enterprise Value Premium  
to Precedent Transactions

Average

Undisturbed

Enterprise

Value

Premium

for

North

American

Transactions

Since

Sep

15,  
2008

>  
US\$1bn

Source: Company filings, company press releases and Capital IQ; market data as of Nov 6, 2009

Note: Includes deals where target is North American and implied equity and enterprise values are greater than US\$1bn. Excludes

High end of range shown for all collared transactions

Note: Enterprise values exclude minority interests and equity investments. Assumes cash from exercise of in-the-money options

(1)

On Jun 3, 2009, following EMC Corp's proposal to acquire Data Domain for \$30 per share in cash, Data Domain announced to accept the offer for \$30 per share in cash and stock (original offer was \$25 per share in cash and stock). Premium represents revised offer

(2)

Includes Perot Systems / Dell, Harvest Energy / KNOC, MPS Group / Adecco Group, Starent Networks / Cisco, Avocent Corp

Canadian

Hydro

/

TransAlta,

Data

Domain

/

EMC,

Addax

Petroleum

/

Sinopec,

Sun

Micro

Systems

/

Oracle,

Petro-Canada

/

Suncor

Energy,

CV

Therapeutics

/

Gilead,

CV

Therapeutics

/

Astellas,

Mentor

Corporation / J&J, Advanced Medical Optics / Abbott, and Centennial Communications / AT&T, ImClone / Eli Lilly.

(3)

Includes NRG / Exelon, Embarq / CenturyTel, Centex / Pulte, Metavante Technologies / Fidelity

National, Foundation / Alpha, and Black and Decker / Stanley Works.

(4)

CF enterprise value based on historical prices and capital structures, excluding minority interest and equity investments. Does not include transaction expenses.

When considering precedent transaction premiums, premiums to enterprise value are a more appropriate methodology than equity value, as high leverage distorts the equity premium being paid in the comparable transactions (vs. CF's net-cash position)

Fundamentals of Growth

22

Selected Precedent Chemical and  
Fertilizer

Transactions

Equity

Premiums

21%

10%

46%

18%

52%

30%

34%

9%  
14%  
24%  
21%  
17%  
53%  
34%  
39%  
71%  
101%  
31%  
25%  
17%  
17%  
0%  
20%  
40%  
60%  
80%  
100%  
120%  
2004  
(2 deals,  
15%)  
2005  
(1 deal,  
8%)  
2006  
(3 deals,  
23%)  
2007  
(4 deals,  
31%)  
2008  
(3 deals,  
23%)  
2009  
(0 deals,  
0%)  
2004  
(1 deal,  
25%)  
2005  
(1 deal,  
25%)  
2006  
(0 deals,  
0%)  
2007  
(1 deal,

25%)

2008

(1 deal,

25%)

2009

(0 deals,

0%)

1-Day Premium

1-Month Premium

1-Day Average

1-Month Average

Source: Thomson SDC. Closed transactions greater than US\$100 million involving U.S. or Canadian targets (greater than 50%

1-Mo. Avg.

22%

1-Day Avg.

25%

(# deals,

% total)

Chemicals

(13 deals)

Fertilizers

(4 deals

(1)

)

1-Day Avg.

34%

1-Mo. Avg.

31%

CF Jan 15

share price

\$47.23

\$95.11

Current Offer

(2)

CF Feb 24

share price

\$55.58

CF

unaffected

share price

\$68.33

(3)

(1)

Includes Anglo Potash/BHP Billiton Diamonds, UAP/Agrium, Royster-Clark/Agrium, and Nu Gro/United Industries.

(2)

Share price premium based on current bid of \$95.11 as of Nov 6, 2009.

(3)

CF unaffected price of \$68.33 based on illustrative peer group of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara. Peer group performance based on USD equivalent stock price movement since base dates. Percentage moves applied to CF's operating asset value per share on respective base dates, using net

cash  
at  
Dec  
31,  
2008.  
Results  
then  
adjusted  
back  
for  
net  
cash  
at  
Sep  
30,  
including  
CF s  
toehold  
in  
Terra,  
valued  
at a \$29 estimated unaffected stock price for Terra per CF s Nov 4 Investor Presentation.

Fundamentals of Growth

23

\$2,050

\$2,469

\$2,617

Jan-15 CF

Price

Feb-24 CF

Price

Unaffected

Price

\$34.85

\$43.20

\$50.45

Jan-15 CF

Price  
Feb-24 CF  
Price  
Unaffected  
Price  
\$47.23  
\$55.58  
\$68.33  
Jan-15 CF  
Price  
Feb-24 CF  
Price  
Unaffected  
Price

(1)  
Based on value of mixed consideration and Agrium share price of \$50.11 as of Nov 6.

(2)  
Based on CF cash and short-term investments of \$625 million less debt of \$4 million, or \$12.38 per CF share as of Dec 31, 2009, plus the current market value of CF s toehold in Terra of \$203 million assuming an unaffected Terra share price of \$29.00 per share.

(3)

CF enterprise value based on historical prices and capital structure, excludes minority interest. Does not include transaction expenses.

(4)

CF unaffected price of \$68.33 based on illustrative peer group of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara. Peer group performance based on USD equivalent stock price movement since base dates. Percentage moves applied to CF's operating asset value per share on respective base dates, using net cash

at

Dec

31,

2008.

Results

then

adjusted

back

for

net

cash

at

Sep

30,

including

CF's

toehold

in

Terra,

valued

at a \$29 estimated unaffected stock price for Terra per CF's Nov 4 Investor Presentation.

Premiums

(1)

\$95.11

Current

Offer

Cash-Adjusted Premiums

(1,2)

Significant Premium to CF Stockholders

Across Multiple Metrics

39%

71%

101%

(4)

(4)

(4)

EV Premiums

(3)

Premiums should be viewed on a cash-adjusted basis: you can't pay a premium for cash

\$77.23

(\$95.11, less

\$17.88 net  
cash per CF  
share)

53%

79%

122%

\$3,965

Current

Offer

52%

61%

93%

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Fundamentals of Growth

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CF's Disregard for Stockholder Interests

CF  
has  
ignored  
the  
clear  
mandate  
from  
its  
stockholders  
to

engage  
with  
Agrium

62% of CF stockholders tendered to Agrium's June offer

CF committed to engage but has failed to do so

All previous and all subsequent overtures by Agrium summarily rejected

CF is managing stockholder resources in a questionable manner

Using cash to buy stock of Terra above CF's own estimate of standalone value during contested takeover contest: exposes shareholders to immediate value dilution vs. Agrium deal

CF's offer is in excess of estimated synergies and a transfer of value from CF stockholders

Adding significant debt and risk, despite CF's previous protests of Agrium's use of leverage in acquiring CF

CF  
described  
pro  
forma  
Agrium/CF  
as  
a  
highly  
leveraged  
company  
noting  
its  
leverage  
would  
increase  
from  
1.4x  
to  
1.5x  
2009E  
EBITDA  
(1)

CF  
proposes  
to  
increase  
debt  
from  
~\$0

to  
1.7x  
2009E  
EBITDA  
(2)  
on  
a  
less-stable  
base  
of  
business

CF stockholders have been prevented from voting on Terra/CF vs. CF/Agrium

Restructured offer for Terra on Mar 8 to include non-voting preferred stock to circumvent CF stockholder vote

Notwithstanding CF's earlier criticism of Agrium's use of cash in its offer for CF, CF has restructured the form of consideration under its offer for Terra as predominantly cash, which once again circumvents a CF stockholder vote

CF has effectively ignored the judgment of its stockholders

Why would any stockholder want to hold stock of a company whose management does not listen to, nor respect the rights of its own stockholders?

(1)  
CF Roadshow presentation, Mar 9.

(2)  
Pro forma \$2.2 billion total debt per CF Nov 4 Investor Presentation, divided by pro forma consolidated 2009E EBITDA of \$1.3 billion (\$773 million CF plus \$419 million Terra plus \$120 million synergies).

Fundamentals of Growth

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Significant Turnover in CF's Stockholder  
Base by Long-Term Investors

Long-term CF stockholders have sent a clear message to CF about  
their perspectives on fundamental value

Since January 1, 2009, nearly all of CF's top 20 stockholders as at  
December 31, 2008 reduced their positions significantly

Excluding  
index  
and  
hedge

funds,  
and  
related  
party  
shareholders,  
CF s  
long  
term  
stockholders sold 74% of their holdings in CF

Similar trend apparent for top 50 stockholders

Selling activity at prices below Agrium s offer price does not support a  
standalone value for CF in the \$80s as CF has suggested

% Change in Position Since Dec 31

(66.3)%

(74.3)%

-

Excluding Index & Hedge Funds, & Related Party Shareholders

(69.2)%

(74.4)%

-

Excluding Index Funds & Related Party Shareholders

(52.0)%

(51.7)%

All Stockholders (Includes long-term & related party stockholders,  
index and hedge funds & other stockholders)

Top 50

Stockholders

Top 20

Stockholders

Source: 13-F filings per Thomson Financial as of Jun 30.

Fundamentals of Growth

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RMG prefers to see mechanisms that promote independence, accountability,  
responsiveness and competence

CF's Poor Track Record: Acting Against

RiskMetrics

Guidelines

(RiskMetrics

2009

U.S.

Proxy

Voting

Manual)

Accountability:

CF's  
structural  
defenses  
encourage  
the  
opportunity  
for  
Board  
entrenchment

Classified board

Poison pill

Directors may only be removed for cause

Prevent stockholders by acting written consent or to call special meetings

Supermajority  
vote  
requirement

to  
amend  
certain  
charter

/  
bylaw  
provisions  
Responsiveness:

Directors  
should  
be

responsive  
to  
stockholders,  
particularly

to  
tender  
offers

where  
a majority of votes are tendered

62% of CF stockholders tendered to Agrium's June offer, yet CF has continually refused to engage with Agrium

CF's  
Board  
is  
acting  
contrary

to  
RiskMetrics  
guidelines  
and  
in  
our  
view  
is  
not  
acting  
in  
its  
stockholders  
best  
interests to create stockholder value  
RMG supports strong boards that demonstrate a commitment to creating shareholder value

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CF/Agrium: Better Combination Across

All Criteria

9.2%

6.6%

Integration

Risk

(Synergies

%

of

Pro

Forma

2010E

EBITDA)

(1)  
113%  
43%

Integration Risk (Deal Size % of Current Enterprise Value)

Smaller business totally reliant on  
volatile commodities

Bigger, stronger and more stable  
company

Stability

2009E: 1.7x

2010E: 1.7x

2009E: 1.6x

2010E: 1.0x

Pro

Forma

Leverage

(Debt/EBITDA)

(3)

CF: 4.2x

Terra: 4.5x

Blended: 4.3x

Agrium: 5.4x

CF: 4.2x

Blended: 5.1x

Historical

Consensus

Forward

Trading

Multiple

(2)

\$1,310

\$2,289

Pro

Forma

2010E

EBITDA

(\$millions)

(1)

2

revenue streams:

Nitrogen and Phosphate

5

revenue streams:

Nitrogen, Phosphate, Potash,

Retail and Specialties

Diversity

Estimated Non-Investment

Grade

(4)

Investment Grade

(lower cost of capital)

Credit Rating

CF has

invested in 1 joint venture:

TOTAL OF \$25 MILLION

Agrium has

successfully completed 16

acquisitions:

9 acquisitions

TOTALING \$3.4 BILLION

in the last 5 years alone

Execution and Integration Risk

Terra/CF

CF/Agrium

(1)

Includes CF/Agrium synergies of ~\$150 million and Terra/CF synergies of \$120 million.

(2)

Blended multiple of consensus EBITDA weighted on current enterprise value basis as of Nov 6. 12 month historical forward m

(3)

Agrium

2009E

pro

forma

debt

of

\$3.0

billion

(\$1.8

billion

existing

debt

plus

\$1.2

billion

new

debt),

divided

by

pro

forma

consolidated

EBITDA

for

2009E

of

\$1.9

billion

(\$947

million

Agrium

plus  
\$783  
million  
CF  
plus  
~\$150  
million  
synergies)  
and  
2010E  
pro  
forma  
debt  
of  
\$2.3  
billion,  
divided  
by  
pro  
forma  
consolidated  
EBITDA  
for  
2010E  
of  
\$2.3  
billion  
(\$1.5  
billion  
Agrium  
plus  
\$674  
million

CF plus ~\$150 million synergies). Pro forma CF total debt of \$2.2 billion per CF Nov 4 Investor Presentation, divided by pro forma consolidated EBITDA for 2009E of \$1.3 billion (\$783 million CF plus \$416 million Terra and \$120 million synergies) and 2010E of \$1.3 billion (\$674 million CF plus \$516 million Terra and \$120 million synergies). Assumes no pay-down of CF pro forma debt.

(4)

Investment rating not yet public.

Fundamentals of Growth

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RiskMetrics Should Endorse Agrium's  
Offer

Agrium has made this best and final offer to provide clarity that this is a referendum on completing this deal at this price, not a referendum on engagement

Fully-financed

All Canadian regulatory issues satisfied, re-filed with FTC as required under HSR

We are prepared to immediately execute a binding merger agreement, subject to limited confirmatory due diligence (exactly the same as CF's offer for Terra)

At

the  
annual  
meeting,  
CF  
shareholders  
appeared  
to  
indicate  
that  
they  
trusted  
the  
CF  
board  
to  
do  
the  
right  
thing.  
We  
would  
hope

that, depending on the tender offer results, the CF board would continue to deserve such trust.  
(RiskMetrics, June 16, 2009)

In our April 12 analysis, we concluded that there were at least some question regarding the seriousness of the Agrium offer, and that the then-prevailing offer value was not sufficiently compelling, and as such the burden did not shift to the CF board to justify rejection of Agrium's offer. Two months later, we conclude that Agrium has adequately proven its bona fides as a serious bidder and that the deal value is within the range of reasonableness such that the burden now shifts to the CF board to justify

its  
just say no  
defense.  
(RiskMetrics, June 16, 2009)

CF  
has  
failed  
to  
justify  
its  
just  
say  
no  
defense

Target  
shareholders,  
as  
owners  
of  
the  
company,  
should  
be  
allowed  
to  
decide  
the  
company's fate  
CF stockholders must send a clear message to the CF board and tender into Agrium's offer  
Agrium  
remains  
committed  
and  
will  
consider  
all  
options  
including  
nominating  
a  
slate  
of  
directors  
to  
the  
CF  
board and litigation, if a resounding majority tender to our offer and CF refuses to act  
Given

the  
extraordinary  
nature  
of  
the  
CF  
board s  
end-run  
around  
its  
own  
shareholders,  
we  
remain  
concerned  
about  
the  
accountability of the CF board going forward.  
(RiskMetrics, June 16, 2009)

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Timeline of Events

Agrium confirms best and final offer absent engagement by CF (6/3)

Agrium extends exchange offer to June 22 (6/3)

May 30

Agrium increases offer to acquire CF (5/11)

\$40.00 in cash plus 1 Agrium share

CF Board rejects Agrium's revised offer (5/15)

May 10

CF extends exchange offer to June 26 (5/22)  
May 17

CF stockholders withhold ~20% of votes for CF directors (4/21)

CF extends exchange offer to June 12 (4/24)  
Apr 19

ISS RiskMetrics recommends stockholders do not withhold on CF  
directors (4/12)  
Apr 12

Agrium files exchange offer to acquire CF (3/16)

Disclosed 2.6% toe-hold position established in February  
Mar 15

CF files 14D-9 (3/23)

Agrium increases offer to acquire CF and launches withhold vote  
campaign (3/27)

\$35.00 in cash plus 1 Agrium share  
Mar 22

CF Board rejects Agrium's proposal (3/9)  
Mar 8

CF Board rejects Agrium's revised offer (3/29)

Agrium files amended exchange offer to acquire CF (3/30)  
Mar 29

Agrium announces proposal to acquire CF (2/25)

\$31.70 in cash plus 1 Agrium share

Fully-committed financing

CF files exchange offer to acquire Terra (2/23)

Extensive conditionality  
Feb 22

Terra Board rejects CF's offer (3/5)  
Mar 1

CF announces proposal to acquire Terra (1/15)

100% stock transaction, \$20.00/share

Transaction subject to CF stockholder vote under NYSE rules

Terra / CF

Jan 11

CF / Agrium

Week

(1)

CF unaffected price based on illustrative peer group of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara. Peer group performance based on USD equivalent stock price movement since Jan 15. This percentage move was applied to CF's operating asset value per share on Jan 15. Results then adjusted back for net cash.

CF restructures collar; claims value of revised offer increased to \$30.50; unaffected price

(1)

of CF shares would suggest otherwise (3/23)

Terra Board rejects CF's revised proposal (3/24)

CF amends proposal to acquire Terra (3/9)

Introduces collar, claims value of revised offer increased to \$27.50; unaffected price of CF shares would suggest otherwise

Restructured offer to include non-voting preferred stock: attempting to circumvent CF stockholder vote

Terra Board rejects CF's revised proposal (3/11)

CF launches proxy contest to elect three directors to Terra Board (3/12)

(1)

Fundamentals of Growth

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Timeline of Events (cont d)

Terra reiterates unattractiveness of CF proposal and revises meeting date to November 20 (9/8)

Sep 6

CF brings lawsuit to compel Terra to hold its annual meeting promptly (8/31)

CF announces that its offer for Terra has expired and is not being extended (8/31)

Terra announces 2009 Annual Shareholder Meeting to be held on

November 19, with record date of October 9 (8/31)

Aug 30

CF increases exchange ratio to 0.465 CF shares per Terra share, an increase from prior exchange ratio of 0.4539 (8/5)

CF also to issue five million contingent future shares to CF shareholders, which would convert into CF common stock if CF's stock price traded over \$115 for a specified period following close

CF would also buyback approximately \$1 billion of its shares following the transaction

CF extends revised exchange offer to August 21 (8/5)

Aug 2

Agrium extends exchange offer to September 22 (8/17)

CF extends exchange offer to August 31 (8/21)

Terra Board rejects CF's revised proposal (8/25)

Aug 16

Agrium extends exchange offer to August 19 (7/20)

Jul 19

CF extends exchange offer to August 7 (7/6)

Jul 5

Agrium notes that CF refuses to engage in discussions and that Agrium remains committed to acquiring CF (6/29)

Jun 28

CF reiterates it remains committed to acquiring Terra (6/16)

CF extends exchange offer to July 10 (6/19)

Jun 14

Agrium extends exchange offer to July 22 (6/23)

62% of CF stockholders tender their shares in support of Agrium's exchange offer (6/23)

CF files 14D-9 letter to its employees, stating that Agrium's offer substantially undervalues CF (6/23)

CF CEO says he is willing to consider deal with Agrium if a compelling offer

is

made

(6/26)

Jun 21

Terra / CF

CF

/

Agrium

Week

ISS RiskMetrics recommends that CF stockholders tender their shares into Agrium's offer (6/16)

Agrium confirms it will continue to press CF if it receives a compelling majority of shares tendered, but will walk away from transaction if it does not (6/16)

Fundamentals of Growth

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Timeline of Events (cont d)

Agrium announces best and final offer at an increased price of one Agrium share plus \$45 per CF share (11/5)

CF Board rejects Agrium's revised proposal (11/6)

CF revises offer for Terra to \$32.00 cash and 0.1034 CF shares per Terra share, including \$7.50 per share dividend declared by Terra (11/1)

Nov 1

Agrium announces the sale of half of its Carseland nitrogen facility to Terra for US\$250 million (10/19)

Sale contingent upon Agrium successfully closing its proposed acquisition of CF and Terra raising \$600 million for debt restructuring  
Oct 18

CF names three nominees to Terra's board (10/14)  
Oct 11

CF announces it had acquired 7% of Terra in open market and made revised proposal to Terra (9/28)

Terra Board rejects CF's revised proposal (10/1)  
Sep 27

Agrium extends exchange offer to October 22 (9/21)  
Sep 20  
Terra / CF  
CF / Agrium  
Week

Terra announces special \$7.50 per share cash dividend and tender offer for 7.0% senior notes due 2017 (9/24)

Terra sends letter to shareholders following announcement of its Q3 results urging them to reject CF's proposals (10/22)

## Fundamentals of Growth

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### Estimating CF's Unaffected Stock Price

Taken together, the three methodologies point to an unaffected stock price in the \$64 to \$70 range (53% of results)

(1)  
CF unaffected price based on illustrative peer group of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara. Peer group performance based on USD equivalent stock price movement since base dates. Percentage moves applied to CF's operating asset value per share on respective base dates, using net cash at Mar

31. Results then adjusted back for net cash at Mar 31.

(2)  
Using same peer group, percentage moves applied to CF's stock price respective base dates, with no adjustment for net cash.

(3)

Using same peer group, percentage moves applied to CF's operating asset value per share on respective base dates, using net cash at Dec 31. Results then adjusted back for net cash at Sep 30, including CF's toehold in Terra, valued at a \$29 estimated unaffected stock price for Terra per CF's Nov 4 Investor Presentation.

Source: Bloomberg, company filings; Current market data as of Nov 6.

0

2

4

6

8

10

12

14

\$56.00 to

\$58.00

\$58.00 to

\$60.00

\$60.00 to

\$62.00

\$62.00 to

\$64.00

\$64.00 to

\$66.00

\$66.00 to

\$68.00

\$68.00 to

\$70.00

\$70.00 to

\$72.00

\$72.00 to

\$74.00

\$74.00 to

\$76.00

\$76.00 to

\$78.00

CF Unaffected Price -

Base Date Range from Dec 31, 2008 to Feb 24, 2009

0%

5%

10%

15%

20%

25%

30%

AGU Methodology(1)

CF Methodology(2)

RMG Methodology(3)

5%

13%

25%

28%  
18%  
8%  
3%  
3%  
3%  
10%  
20%  
28%  
25%  
8%  
3%  
5%  
8%  
23%  
33%  
15%  
15%  
3%  
5%

Fundamentals of Growth

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CF's Consensus

EBITDA

CF does not own

100% of its consolidated EBITDA

CF's joint venture partner owns 34% minority interest in Canadian Fertilizer Limited

CF also has equity in earnings from its interest in unconsolidated affiliate KEYTRADE AG

Equity  
research  
analysts

differ  
in  
their  
approach  
to  
calculating  
CF s  
EBITDA

Certain  
equity  
research  
analysts  
quote  
consolidated  
EBITDA  
where  
others  
adjust  
for  
leakage  
of minority interest and addition of equity investment income

The following table reconciles EBITDA forecasts by analysts who formally cover CF to  
provide  
an  
estimated  
Bloomberg  
consensus  
view  
of  
owned  
EBITDA,  
including  
equity  
investment income

Note: Consensus also includes Dahlman Rose & Co.. Equity research analyst reports unavailable and not included in this analysis.

(1)  
Analyst reports EBITDA before deducting minority interest and excluding income from equity affiliates.

(2)  
Forecast equity earnings assumed to incorporate and primarily comprise minority interest adjustment.

(3)  
Analyst reports EBITDA after deducting minority interest but excluding income from equity affiliates.

(4)  
Minority interest not disclosed. Ratio of minority interest to EBITDA per Nov 19, 2008 report applied to current forecast EBITDA.

(5)  
Due to limited disclosure in Nov 6 report, equity investments referenced from Oct 2 report.

(6)  
Analyst reports 'Owned' EBITDA, i.e. after deducting minority interest and including income from equity affiliates.

(7)

Minority interest and equity earnings not disclosed. Values based on ratio of equity income to EBITDA per 2008A results applied to Sterne, Agee forecasts and calculated implied minority interest.

(US\$ millions)

Consensus

Broadpoint

(1,2)

BAS-ML

(3)

Goldman Sachs

(1,4)

UBS

(3,5)

BMO

(6)

Sterne, Agee

(1,7)

Adj. Average

02-Nov

27-Oct

01-Nov

06-Nov

27-Oct

27-Oct

Adjusted 2009E EBITDA Build-up

2009E EBITDA (per Analyst Report)

\$734

\$828

\$720

\$823

\$727

\$824

Less: Minority Interest Adjustment

-

(105)

(57)

n/a

n/a

(98)

Add: Equity Earnings Adjustment

(98)

-

-

2

n/a

3

Consensus 2009E 'Owned' EBITDA

\$636

\$723

\$663

\$825

\$727  
\$729  
\$717  
Adjusted 2010E EBITDA Build-up  
2010E EBITDA (per Analyst Report)  
\$674  
\$805  
\$724  
\$660  
\$485  
\$676  
Less: Minority Interest Adjustment  
-  
(115)  
(80)  
n/a  
n/a  
(84)  
Add: Equity Earnings Adjustment  
(80)  
-  
-  
6  
n/a  
2  
Consensus 2010E 'Owned' EBITDA  
\$594  
\$690  
\$644  
\$666  
\$485  
\$594  
\$612

Fundamentals of Growth

37

Offer is a Premium to Precedent Transactions

Precedent All Stock and Mixed Consideration Deals

Source: Company filings, Company press releases and Capital IQ

Note: Includes deals where target is North American and implied equity and enterprise values are greater than US\$1bn. Excludes leveraged and collared transactions. Assumes cash from exercise of in-the-money options is not used to repurchase shares.

(1)

Represents current offer price as of Nov 6. EV excludes minority interest. Premiums based off reference date of Feb 25, undiscounted market value of position in Terra at an estimated unaffected price of \$29 per CF's Nov 4 Investor Presentation.

(2)

Represents

current

offer

price

as  
of  
Nov  
6.  
EV  
excludes  
minority  
interest.  
All  
premiums  
based  
off  
reference  
date  
of  
Jan  
15  
and  
capital  
structure

at  
Dec  
31.  
CF  
cash  
includes  
market  
value  
of  
position  
in

Terra at an estimated unaffected price of \$29 per CF s Nov 4 Investor Presentation.

(3)

Represents current offer price as of Nov 6. EV excludes minority interest. Premiums based off an estimated unaffected stock p market value of position in Terra at an estimated unaffected price of \$29 per CF s Nov 4 Investor Presentation.

(4)

On Jun 3, 2009, following EMC Corp s proposal to acquire Data Domain for \$30 per share in cash, Data Domain announced that they had entered into a revised acquisition agreement to acquire Net App or \$30 per share in cash and stock (original offer was \$25 per share in cash and stock) . Premium represents revised offer.

(5)

Represents current offer price at revised deal terms (exchange ratio of 0.1034x and \$32 cash per share) as of Oct 30. EV excludes minority interest. Premiums based off reference date of Jan 15. TRA cash net of \$25mm estimated de

Transaction Value

Premium to

Undisturbed

Premium to

1 Day Prior

Premium to

1 Month Prior

Announce Date

Acquirer

Target

Equity

EV

Equity

EV

Equity

EV

Equity

EV

Equity

EV

25-Feb-09

Agrium

CF Industries (vs Feb 25 ref date) (1)

\$

4,790

\$

3,965

101%

93%

71%

61%

101%

94%

83%

74%

25-Feb-09

Agrium

CF Industries (vs Jan 15 ref date) (2)

4,790

3,965

101%

93%

101%

93%

71%

61%

88%

79%

25-Feb-09

Agrium

CF Industries (vs Unaffected Price) (3)

4,790

3,965

39%

52%

All Stock

3-Nov-09

Stanley Works

Black and Decker  
\$  
3,603  
\$  
4,473  
22%  
17%  
22%  
17%  
34%  
26%  
18%  
14%  
12-May-09  
Alpha Natural Resources  
Foundation Coal  
1,444  
1,966  
35%  
23%  
35%  
23%  
90%  
53%  
63%  
40%  
8-Apr-09  
Pulte  
Centex  
1,317  
3,122  
38%  
13%  
38%  
13%  
94%  
26%  
36%  
12%  
1-Apr-09  
Fidelity National  
Metavante Technologies  
3,183  
4,471  
23%  
15%  
23%  
15%  
48%  
29%

34%  
21%  
27-Oct-08  
CenturyTel  
Embarq  
5,824  
11,744  
36%  
15%  
36%  
15%  
(6)%  
(3)%  
13%  
6%  
20-Oct-08  
Exelon  
NRG  
7,341  
14,622  
39%  
15%  
39%  
15%  
(12)%  
(5)%  
26%  
11%  
Median  
35%  
15%  
35%  
15%  
41%  
26%  
30%  
13%  
Mean  
32%  
16%  
32%  
16%  
41%  
21%  
32%  
17%  
Mixed Consideration  
28-Sep-09  
Xerox  
Affiliated Computer Services

\$  
7,072  
\$  
8,280  
34%  
33%  
34%  
33%  
40%  
38%  
38%  
36%  
31-Aug-09  
Walt Disney  
Marvel  
3,981  
3,877  
29%  
30%  
29%  
30%  
26%  
27%  
29%  
30%  
31-Aug-09  
Baker Hughes  
BJ Services  
5,240  
5,530  
16%  
15%  
16%  
15%  
27%  
25%  
22%  
21%  
5-Aug-09  
Petrobank  
TriStar Oil and Gas  
C\$2,338  
C\$2,638  
28%  
24%  
28%  
24%  
44%  
37%  
33%

28%  
21-May-09  
NetApp  
Data Domain (4)  
1,974  
1,612  
67%  
91%  
67%  
91%  
114%  
173%  
82%  
116%  
20-Apr-09  
PepsiCo  
The Pepsi Bottling Group  
9,009  
13,603  
45%  
28%  
45%  
28%  
86%  
44%  
58%  
33%  
20-Apr-09  
PepsiCo  
PepsiAmericas  
3,593  
5,793  
43%  
29%  
43%  
29%  
80%  
46%  
55%  
35%  
9-Mar-09  
Merck  
Schering Plough  
42,023  
45,850  
45%  
39%  
34%  
30%  
20%

18%  
32%  
29%  
15-Jan-09  
CF Industries  
Terra Industries (5)  
4,046  
3,490  
147%  
128%  
147%  
128%  
128%  
109%  
142%  
123%  
26-Jan-09  
Pfizer  
Wyeth  
70,336  
65,151  
29%  
32%  
15%  
16%  
39%  
42%  
25%  
28%  
Median  
38%  
31%  
34%  
30%  
42%  
40%  
35%  
32%  
Mean  
48%  
45%  
46%  
43%  
60%  
56%  
52%  
48%  
Premium to 1  
Month VWAP

Fundamentals of Growth

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Source: Company filings, Company press releases and CapIQ

Note: Includes deals where target is North American and implied equity and enterprise values are greater than US\$1bn. Excludes transactions. Assumes cash from exercise of in-the-money options is not used to repurchase shares.

(1)

Represents current offer price as of Nov 6. EV excludes minority interest. Premiums based off reference date of Feb 25, undiscounted market value of position in Terra at an estimated unaffected price of \$29 per CF's Nov 4 Investor Presentation.

(2)

Represents  
current  
offer  
price  
as  
of

Nov

6.

EV

excludes

minority

interest.

All

premiums

based

off

reference

date

of

Jan

15

and

capital

structure

at

Dec

31.

CF

cash

includes

market

value

of

position

in

Terra at an estimated unaffected price of \$29 per CF's Nov 4 Investor Presentation.

(3)

Represents current offer price as of Nov 6. EV excludes minority interest. Premiums based off an estimated unaffected stock market value of position in Terra at an estimated unaffected price of \$29 per CF's Nov 4 Investor Presentation.

(4)

Target is Canadian. TransAlta initially proposed to acquire Canadian Hydro at \$4.55 per share on July 20. Revised terms to \$

(5)

Undisturbed

date

as

of

May

20,

one

day

prior

to

NetApp's

bid

for

Data

Domain.

(6)  
Target is Canadian. All premiums based off the unaffected date of Jun 5, except 1 day prior, which is based off of Jun 23.

(7)  
Target is Canadian.

(8)  
Undisturbed  
date  
is  
Jan  
26,  
one  
day  
prior  
to  
Astellas  
bid  
for  
CV  
Therapeutics.

(9)  
Excluded from mean and median due to very high leverage at target, which inflates observed equity premiums.

Offer is a Premium to Precedent Transactions

Precedent All Cash Deals

Transaction Value

Premium to

Undisturbed

Premium to

1 Day Prior

Premium to

1 Month Prior

Announce Date

Acquirer

Target

Equity

EV

Equity

EV

Equity

EV

Equity

EV

Equity

EV

25-Feb-09

Agrium

CF Industries (vs Feb 25 ref date) (1)

\$

4,790

\$  
3,965  
101%  
93%  
71%  
61%  
101%  
94%  
83%  
74%  
25-Feb-09  
Agrium  
CF Industries (vs Jan 15 ref date) (2)  
4,790  
3,965  
101%  
93%  
101%  
93%  
71%  
61%  
88%  
79%  
25-Feb-09  
Agrium  
CF Industries (vs Unaffected Price) (3)  
4,790  
3,965  
39%  
52%  
All Cash  
21-Sep-09  
Dell  
Perot Systems  
\$  
4,139  
\$  
3,760  
68%  
80%  
68%  
80%  
76%  
91%  
76%  
90%  
22-Oct-09  
KNOC  
Harvest Energy  
C\$1,836

C\$4,023  
37%  
14%  
37%  
14%  
44%  
16%  
42%  
15%  
20-Oct-09  
Adecco Group  
MPS Group  
\$  
1,399  
\$  
1,242  
24%  
28%  
24%  
28%  
24%  
28%  
27%  
31%  
13-Oct-09  
Cisco  
Starent Networks  
2,856  
2,395  
21%  
26%  
21%  
26%  
43%  
55%  
33%  
42%  
6-Oct-09  
Emerson  
Avocent Corporation  
1,174  
1,190  
22%  
21%  
22%  
21%  
45%  
44%  
25%  
24%

27-Jul-09

Agilent

Varian

1,608

1,413

33%

38%

33%

38%

30%

35%

37%

43%

23-Jul-09

Bristol-Myers Squibb

Medarex

2,577

2,065

90%

126%

90%

126%

93%

130%

92%

131%

20-Jul-09

Transalta

Canadian Hydro Developers (4)

C\$785

C\$1,637

44%

21%

44%

21%

41%

20%

48%

22%

1-Jun-09

EMC

Data Domain (5)

2,554

2,192

87%

118%

32%

39%

94%

130%

48%  
60%  
24-Jun-09  
Sinopec  
Addax Petroleum (6)  
C\$8,758  
C\$10,287  
47%  
37%  
16%  
13%  
56%  
42%  
49%  
38%  
20-Apr-09  
Oracle  
Sun Micro Systems  
7,369  
5,624  
42%  
63%  
42%  
63%  
17%  
24%  
32%  
46%  
23-Mar-09  
Suncor Energy  
Petro-Canada (7)  
C\$19,622  
C\$22,638  
33%  
28%  
33%  
28%  
52%  
42%  
42%  
34%  
12-Mar-09  
Gilead  
CV Therapeutics (8)  
1,421  
1,308  
76%  
48%  
25%  
11%

29%  
15%  
28%  
14%  
27-Jan-09  
Astellas  
CV Therapeutics  
1,011  
1,175  
41%  
33%  
41%  
33%  
79%  
61%  
50%  
40%  
12-Jan-09  
Abbott  
Advanced Medical Optics (9)  
1,418  
2,901  
149%  
41%  
149%  
41%  
274%  
55%  
215%  
49%  
1-Dec-08  
J&J  
Mentor Corporation  
1,079  
1,149  
92%  
82%  
92%  
82%  
83%  
75%  
103%  
90%  
10-Nov-08  
AT&T  
Centennial Communications  
970  
2,840  
121%  
23%

121%  
23%  
182%  
28%  
161%  
26%  
7-Oct-08  
Eli Lilly  
ImClone  
6,749  
6,173  
51%  
58%  
5%  
5%  
10%  
11%  
9%  
10%  
Median  
45%  
37%  
35%  
28%  
49%  
42%  
45%  
39%  
Mean  
60%  
49%  
50%  
38%  
71%  
50%  
62%  
45%  
Premium to 1  
Month VWAP

Fundamentals of Growth

39

Long-term CF stockholders have sold  
out...

Long-term CF stockholders have sold, sending a clear message about  
their perspectives on fundamental value to CF

Source: 13-F filings per Thomson Financial as of Jun 30.

Top 20 Stockholder Detail

Position as at

Investor

Style

Dec 31

Mar 31

Jun 30

% Chg Position

1

BARCLAYS BANK PLC

Index

3,266,198

2,831,879

2,883,860

(11.7)%

2

STATE STR CORPORATION

Index

3,239,344

2,319,261

2,058,487

(36.5)%

3

VANGUARD GROUP, INC.

Index

2,731,690

2,359,299

2,245,809

(17.8)%

4

D. E. SHAW & CO., L.P.

Hedge

1,911,397

587,168

103,410

(94.6)%

5

GREENLIGHT CAPITAL, INC.

Institutional

1,812,938

-

-

(100.0)%

6

GROWMARK (1)

Related Party

1,510,403

1,510,403

1,510,403

-

7

AMVESCAP PLC LONDON

Institutional

1,501,561

51,909

-

(100.0)%

8

CALAMOS ADVR LLC

Institutional

1,402,650

-

-

(100.0)%

9

AXA FINANCIAL, INC.

Institutional

1,045,483

849,705

758,178

(27.5)%

10

JANUS CAPITAL MANAGEMENT LLC

Institutional

987,721

215,701

147,501

(85.1)%

11

DEUTSCHE BK AKTIENGESELLSCHAFT

Institutional

838,812

703,701

274,250

(67.3)%

12

FEDERATED INVESTORS, INC.

Institutional

790,228

4

59,900

(92.4)%

13

BANK OF AMERICA CORPORATION

Institutional

756,296

293,655

290,575

(61.6)%

14

PENNANT CAPITAL MANAGEMENT

Hedge

674,279

998,079

550,809

(18.3)%

15

LAZARD CAPITAL MARKETS LLC

Institutional

662,784

-

-

(100.0)%

16

FIDELITY MANAGEMENT & RESEARCH

Institutional

637,935

779,777

363,917

(43.0)%

17

MELLON BANK NA

Institutional

630,677

426,524

-

(100.0)%

18

NWQ INVESTMENT MGMT CO, LLC

Institutional

622,838

754,999

249,707

(59.9)%

19

WELLINGTON MANAGEMENT CO, LLP

Institutional

592,024

527,130

460,223

(22.3)%

20

COLLEGE RETIRE EQUITIES

Institutional

583,512

491,711

701,098

20.2%

Top 20 Stockholders

26,198,770

15,700,905

12,658,127

(51.7)%

- Excluding Index Funds & Related Party

15,451,135

6,680,063

3,959,568

(74.4)%

- Excluding Index & Hedge Funds & Related Party

12,865,459

5,094,816

3,305,349

(74.3)%

Fundamentals of Growth

40

...And represent ~20% of Top 20

Source: 13-F filings per Thomson Financial as of Jun 30. Analysis excludes Agrium toe-hold position.

Significant new entrants in CF's stockholder base accumulated positions from long-term stockholders selling out

Position as at

Investor

Style

Dec 31

Mar 31

Jun 30

% Chg Position

1

BARCLAYS BANK PLC

Index

3,266,198

2,831,879

2,883,860

(11.7)%

2

VANGUARD GROUP, INC.

Index

2,731,690

2,359,299

2,245,809

(17.8)%

3

STATE STR CORPORATION

Index

3,239,344

2,319,261

2,058,487

(36.5)%

4

TPG AXON CAPITAL

Hedge Fund

-

2,625,000

1,831,704

100.0%

5

ETON PARK CAPITAL MGMT, L.L.C.

Hedge Fund

-

-

1,615,300

100.0%

6

GROWMARK

Related Party

1,510,403

1,510,403

1,510,403

-

7

MASON CAPITAL MANAGEMENT

Hedge Fund

-

479,200  
1,139,908  
100.0%

8  
CHESAPEAKE PTNR MGMT CO. INC.  
Hedge Fund

-

574,900  
961,095  
100.0%

9  
THIRD POINT, L.L.C.  
Hedge Fund

-

-

850,000  
100.0%  
10

OCH-ZIFF CAPITAL MGMT, L.P.  
Hedge Fund

-

-

808,330  
100.0%  
11

AXA FINANCIAL, INC.  
Institutional

1,045,483  
849,705  
758,178  
(27.5)%

12  
COLLEGE RETIRE EQUITIES  
Institutional

583,512  
491,711  
701,098  
20.2%

13  
JGD MANAGEMENT CORP.  
Hedge Fund

-

500,000  
628,635

100.0%

14

S & E PTNR L.P.

Hedge Fund

-

-

624,000

100.0%

15

NORTHERN TRUST CORP

Index

564,594

553,691

569,171

0.8%

16

PENNANT CAPITAL MANAGEMENT

Hedge Fund

674,279

998,079

550,809

(18.3)%

17

NOONDAY ASSET MANAGEMENT, L.P.

Hedge Fund

-

-

550,000

100.0%

18

AMERICAN CENT INVESTMENT MGMT.

Institutional

234,172

640,266

526,889

125.0%

19

PUTNAM INVESTMENT MGMT, L.L.C.

Institutional

346,313

449,521

507,827

46.6%

20

PAULSON & CO. INC.

Institutional

-

-

500,000

100.0%

Top 20 Stockholders

14,195,988

17,182,915

21,821,503

53.7%

- Excluding Index Funds & Related Party

2,883,759

7,608,382

12,553,773

335.3%

- Excluding Index & Hedge Funds & Related Party

2,209,480

2,431,203

2,993,992

35.5%

Top 20 Stockholder Detail