

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

CF Industries Holdings, Inc.  
Form 425  
May 14, 2009

Filed by Agrium Inc.

(Commission File No. 333-157966)

Pursuant to Rule 425 under the Securities Act of 1933

Subject Company:

CF Industries Holdings, Inc.

\* \* \*

Mr. Mike Wilson, President and Chief Executive Officer of Agrium Inc. presented at the BMO Capital Markets Agriculture, Protein & Fertilizer Conference in New York on May 14, 2009 at 3:30 p.m. ET. A copy of the slides for such presentation follows.

\* \* \*

Fundamentals of Growth  
Agrium:  
Growing Across the  
Value Chain  
May 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,

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.

Fundamentals of Growth

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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 to operations following the proposed acquisition of CF. These forward-looking statements are subject to a number of risks and uncertainties, many 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, including but not limited to, CF's failure to accept Agrium's proposal and enter into a definitive agreement to effect the transaction, Agrium's securities 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.

Fundamentals of Growth

4

\* 2008 actual results include UAP contributions from date of acquisition (May 5, 2008)

Distribution  
& Storage

Growers

Agrium Retail:

\$5.5-billion sales\*

Advanced

Technologies:

Leader in Specialty

Fertilizers

\$350-million sales

Growers

Turf,

Home,  
Garden  
Agrium  
Wholesale:  
\$4.7-billion sales  
Nitrogen, Potash,  
Phosphate & Sulphate  
Distribution  
& Storage  
Industrial  
Customers  
Retail Customers  
Purchase for Resale  
Potash expansion  
CMF distribution  
MOPCO investment  
Royster, ConAgra,  
ADM retail, and  
UAP  
Hanfeng, Pursell,  
NuGro, ESN  
CF Acquisition  
Agrium's Growth Across the Value Chain

Fundamentals of Growth

5

Invested approximately \$3.4B in past 5 years and achieved synergies greater than announced

Agrium has completed 9 acquisitions in 4 years and other growth initiatives across the value chain

Strong Record of Growth & Successful

Integration of Acquisitions

(1) 2008 Combined results include full year revenue for AGU and UAP by segment

0

3,000

6,000

9,000

12,000  
15,000  
18,000  
AGU  
CF  
AGU with  
Royster  
CF  
AGU  
CF  
AGU with  
UAP  
CF  
AGU with  
UAP and  
CF  
CF  
2005  
2006  
2007  
Wholesale  
AAT  
Retail  
2008  
Combined  
2008  
(1)  
(1)  
Expanded base business

Fundamentals of Growth

6

25%

29%

17%

26%

Retail

Potash

Phosphate

Nitrogen

3%

Advanced

Technologies

2008 EBITDA by Business Unit & Product

2%



PFR and Other  
1%

Fundamentals of Growth

7

Largest North American  
Agricultural Retailer

UAP acquisition boosts net sales to over \$5-billion

Well balanced portfolio of seed, fertilizer, crop protection products, and  
application services

\$560-million 2008 EBITDA

Over 800 North American retail centers

40%

Crop Nutrients

Crop

Protection

Seed

5%

2008 Agrium Retail Gross Profit\*

44%

\*Includes UAP contributions from May 2008

Other

Application

3%

8%

Fundamentals of Growth  
8

Addition of  
approximately 380  
locations nearly  
doubles Agrium's  
retail business

Increases  
geographic  
presence in key  
U.S. plains area as  
well as Texas and  
Florida

Further geographic,  
crop and product  
diversity

Decreases exposure  
to regional weather  
patterns

Agrium Retail Locations

UAP Retail Locations

States with significant expansion to Agrium's retail footprint

wheat and potatoes

fruits and

vegetables

corn

soybeans

cotton

wheat

UAP Acquisition Expands Diversity & Scale

Fundamentals of Growth

9

Anticipate annual synergies of approximately  
\$115-million, phased realization:

~ \$80-million in 2009

~ \$115-million in 2010 and beyond

Synergies achieved through

Benefit from UAP's expertise on crop protection procurement

Procurement of crop nutrients and combining seed business

Significantly expand private label crop protection lines at  
Agrium

Reduction in SG&A expenses

\*Based on expected UAP 2008 calendar year EBITDA

Significant UAP Synergies

Fundamentals of Growth

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1) Last 12 month EBITDA from UAP as of February 24, 2008 as disclosed in UAP's public disclosure documents

2) Compounded Annual Growth Rate was accomplished without an increase in the number of retail centers between 1999 and 2005

\* 2001 excludes negative impact of the Argentine currency devaluation,

\* 2002 excludes an estimate of one-time benefit of Argentine currency devaluation of US\$15-million

Retail EBITDA

(US\$ millions)

\$0

\$100

\$200

\$300



\$400

\$500

\$600

1999

2000

2001\*

2002\*

2003

2004

2005

2006

2007

2008

Base business

2007

Royster

Synergies

Combined

(1)

UAP

base business

Future expected

UAP synergies

Agrium's Retail Transformation

Fundamentals of Growth

11

Leader  
in  
environmentally  
friendly  
specialty  
products,

broad  
mix  
of  
products  
marketed  
to:  
Turf,  
Ornamental,  
Greenhouse,  
High  
Value  
Specialty  
Crops,  
Lawn  
and  
Garden

High and stable margins on controlled release products

ESN®  
is  
Agrium's  
patented  
controlled-release  
product  
for  
major crops, capacity expansion to 160,000 tonnes

Equity position (19.6%) in Hanfeng (HF.TO), a leading  
producer  
of  
value-added  
fertilizer  
in  
China,  
provides  
Agrium  
with:  
1.  
geographic & product diversity  
2.  
window into China  
3.  
opportunity to participate in future joint ventures in China  
Advanced Technologies

Fundamentals of Growth

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Wholesale Advantages

Potash (K)

Nitrogen (N)

Phosphate (P)

Purchase for

Resale (PFR)

-

2.1 mmt low cost production capacity

-

Diverse global/NA customer base

-

Over 5.0 mmt production capacity

-

Natural gas and in-market advantages

-

Diversified global production assets

-

Over 1.0 mmt production capacity

-

Two integrated facilities with in-market  
and cost advantages

-

Optimizes our extensive distribution  
and marketing capabilities

-

CMF acquisition enhances annual  
PFR volumes by 2.5 mmt

Fundamentals of Growth

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Potash Capacity of 2.1 mmt

Market Advantages

Market internationally through Canpotex

Strong margins

Cost Advantages

Low-cost production

Potash Facility

Potash Markets

% Sales\*

NA sales            54%

International      46%

\*2-Year Average Sales Volumes

Internationally Competitive Potash

Fundamentals of Growth

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Agrium Wholesale Production and  
Distribution

Potash

Production

Phosphate Mine

Phosphate

Production

Nitrogen Production

Granulation

Production

Storage

Magellan Pipeline



South America

Africa/Middle East

North America

\* Profertil S.A. is 50 percent owned by Agrium Inc. and 50 percent owned by

Repsol

YPF, S.A. in Argentina

\*\* 26 percent interest in MISR Oil Processing Company, S.A.E. (MOPCO) in Egypt.

\*\*\* 70 percent equity position in Common Market Fertilizers S.A. (CMF) in Europe.

Damietta

Egypt

(MOPCO)\*\*

Bahia Blanca,

Argentina

(Profertil S.A.) \*

San Nicolas

Import Terminal

(Profertil S.A.)\*

Agrium

Europe

Common Market Fertilizers S.A.

(CMF)\*\*\*

Fundamentals of Growth

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Agrium and CF Production and Distribution

Potash

Production

Phosphate Mine

Phosphate

Production

Nitrogen Production

Granulation

Production

Storage

Magellan Pipeline

Phosphate Mine

Phosphate  
Production  
Nitrogen Production  
Storage  
Valero Pipeline  
South America  
Africa/Middle East  
North America  
Damietta  
Egypt  
(MOPCO)\*\*  
Bahia Blanca,  
Argentina  
(Profertil S.A.) \*  
San Nicolas  
Import Terminal  
(Profertil S.A.)\*  
Agrium  
CF  
Europe  
Common Market Fertilizers S.A.  
(CMF)\*\*\*

\* Profertil S.A. is 50 percent owned by Agrium Inc. and 50 percent owned by Repsol YPF, S.A. in Argentina

\*\* 26 percent interest in MISR Oil Processing Company, S.A.E. (MOPCO) in Egypt.

\*\*\* 70 percent equity position in Common Market Fertilizers S.A. (CMF) in Europe.

Fundamentals of Growth  
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Our Offer For CF Industries

Fundamentals of Growth

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Our Offer for CF

We are determined to acquire CF, creating significant value for both CF and Agrium stockholders

Our \$85.20 offer for CF is a 55% premium to their unaffected stock price, adjusting for net cash, well above precedent transactions since credit crisis

Cash or stock election provides opportunity to receive 24% ownership in Agrium's broader, more balanced portfolio of products and reinvest significant cash portion

Our bid provides far superior value for CF stockholders compared with any alternative articulated by CF, including remaining independent or paying a premium for Terra

Fundamentals of Growth

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Estimated CF Unaffected Stock Price of  
Approximately \$61

CF Share Price Less Net Cash Per Share

1

CF Net Cash on Balance Sheet as of 31-Dec-2008 was \$12.38 per fully diluted share. CF's Net Cash on Balance Sheet as of 31-Dec-2008 was \$12.38 per fully diluted share.

The  
implied  
Cash  
generation  
over

the  
quarter  
of  
\$4.26  
is  
embedded  
in  
the  
operating  
asset  
value  
growth

Cash  
generation  
potential  
is  
embedded  
in stock price appreciation.

2  
Based on peer group of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara.

CF had \$12.38 per share in net  
cash on January 15th

This cash is worth no more  
today than it was in January

The peer group price increase  
of 39% since January 15th is  
affected by M&A activity,  
influencing the market's  
perception of the value of  
fertilizer operating assets

Growing CF's operating asset  
value per share by 39% and  
adding back net cash per  
share results in an implied CF  
unaffected share price of  
\$60.88

\$  
0  
\$  
10  
\$  
20  
\$  
30  
\$



40

\$

50

\$

60

\$

70

CF Share Price on 15-Jan,

1-Day Prior to Terra Offer

CF Implied Current Unaffected Price:

Operating Asset Value Grown at Peer Group

Price Performance

Implied Operating Asset Value Per Share

CF Net Cash Per Fully Diluted Share

\$ 47.23

\$ 60.88

29 %

39 %

Peer Group Price

Increase

Since

15-Jan

Implied Unaffected CF

Price Performance

\$16.64 of Net

Cash

Today<sup>1</sup>

2

Fundamentals of Growth

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55% Premium to Cash-Adjusted CF

Unaffected Stock Price

1

Based on mixed consideration of Agrium's offer as of 8-May-2008.

\$

0

\$

10

\$

20

\$

30

\$

40

\$

50

\$

60

\$

70

\$

80

\$

90

Unaffected CF Stock

Agrium Offer

Implied Operating Asset Value Per Share

CF Net Cash Per Fully Diluted Share

\$ 60.88

\$ 85.20

40 %

55 %

Implied Cash-

Adjusted

Premium Today

Implied Stock

Price Premium

1

Fundamentals of Growth

20

5.3x vs. 3.9x 2010E EBITDA

(1)

using CF's

unaffected share price adjusted to exclude the effects of Agrium's offer

Agrium has traded on average 53% higher EV/LTM EBITDA than CF since its IPO (8.7x compared to 5.7x)

(2)

due to Agrium's superior diversification across products, businesses and

regions

Agrium's revised offer implies a higher transaction multiple for CF than Agrium's current trading multiple

(1)

(1)

Bloomberg consensus 2010 EBITDA estimates; Agrium's EV/EBITDA multiple is 5.1X

(2)

Capital IQ

(3)

\$40.00 cash, one Agrium share using the closing price of \$45.20 on May 8, 2009

(4)

CF actual share price at Jan 15 of \$47.23 less net cash of \$12.38 per CF share, grown at 39% to May 8, consistent with Global Fertilizer Peers (Yara, Mosaic, Potash, Intrepid, ICL and K+S; ICL and K+S converted to US\$ at daily exchange rates) over same period, plus original net cash of \$12.38 per CF share

Valuation should be considered in context of expected performance

Trailing EBITDA multiples irrelevant given short-lived spike in commodity prices in 2008

Precedent transactions need to be analyzed in context of the market environment

Agrium / CF vs. CF / Terra

\$85.20

\$27.63

3.9x

5.3x

Current Offer

Current Unaffected Offer

Agrium / CF

Compelling Valuation

CF / Terra

(4)

(3)

Agrium's revised offer provides a 36% greater EBITDA multiple for CF than CF is offering for Terra

(1)

Fundamentals of Growth

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Conclusion

We are determined to acquire CF

We have raised our offer twice, to a premium of 55%

Our bid provides far superior value for CF  
stockholders compared with any alternative  
articulated by CF

Assertions that we are not serious are not credible

Current arb

spread reflects concern that CF's Board  
will continue standoff and not engage

CF stockholders need to deliver a strong message to  
CF's Board that they want CF to engage and  
negotiate with Agrium

Fundamentals of Growth  
The Future is  
Promising



Fundamentals of Growth

23

76% Agrium and 24% CF

Pro Forma Ownership:

\$40.00

in cash and 1

Agrium share

Aggregate

consideration

of

\$2.0

billion

cash

and  
50.2  
million  
shares

CF shareholders 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:

Negotiation of definitive merger agreement

CF offer for Terra terminated

Receipt of regulatory and other customary approvals

Absence of any material adverse changes to CF or its business

Our ability to conduct limited confirmatory due diligence

Key Conditions:

53% to CF closing price on February 24 and 55% to cash-adjusted premium

to

CF's

Unaffected

Stock

Price<sup>1</sup>

(based

on

mixed

consideration

and

\$45.20

Agrium share price on May 8)

Cash component increase of \$8.30, or 26% over Agrium's initial cash

component

Premium:

Agrium to combine with CF in a cash and stock deal

Offer:

Summary of Revised Offer for CF

See

previous

slides

for

methodology

used

for

estimating

CF's

unaffected

stock

price

1

Fundamentals of Growth

24

Creates a Global Nitrogen Leader

6.7

6.4

3.4

3.4

3.4

3.0

2.3

0.0

1.0

2.0

3.0

4.0

5.0

6.0

7.0

8.0

Yara

Combined

Agrium/CF

PCS

Terra

Agrium

CF

Koch

Global Nitrogen Nutrient Capacity

Source: British Sulphur and IFDC

Fundamentals of Growth

25

0

50

100

150

200

250

300

W. Canada

NOLA (US Gulf)

Ukraine

W. Europe

Natural Gas

Other Cash Costs

Freight to Port

Ocean Freight

Attractive Economics for

North American Producers

Source: Fertecon, British Sulphur, Agrium

Lower gas prices in NA and higher prices elsewhere, combined with firm nitrogen demand, result in strong NA nitrogen margins

NOLA Granular Price = **\$265/MT**

\$7/

MMBtu\*

\$6 /

MMBtu

\$4/

MMBtu

\$3/

MMBtu

\* There have been press reports that Ukraine gas price may be reduced by 20% in the future, which would put their gas costs slightly below W. Europe but delivered cost of product would remain over \$200/mt

Fundamentals of Growth

26

0

100

200

300

400

500

600

700

800

900

1,000

May-

05



Sep-

05

Jan-

06

May-

06

Sep-

06

Jan-

07

May-

07

Sep-

07

Jan-

08

May-

08

Sep-

08

Jan-

09

May-

09

Black Sea

NOLA

Pacific Northwest

Benchmark Prices: Urea

Source: Blue, Johnson & Associates, The Market, Green Markets

Fundamentals of Growth

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Phosphate Advantages

4,307

2,370

1,673

953

775

720

376

0

500

1,000

1,500

2,000

2,500

3,000

3,500

4,000

4,500

5,000

Mosaic

PCS

Combined

Agrium/CF

CF

J.R. Simplot

Co.

Agrium

Mississippi

Phos Corp.

North American Phosphate Nutrient Capacity

Source: IFDC Worldwide Phosphoric Acid Capacity Listing by Plant, June 2008

Fundamentals of Growth

28  
0  
100  
200  
300  
400  
500  
600  
700  
800  
900  
1,000  
1,100  
1,200

1,300

1,400

May-

05

Sep-

05

Jan-

06

May-

06

Sep-

06

Jan-

07

May-

07

Sep-

07

Jan-

08

May-

08

Sep-

08

Jan-

09

May-

09

Central Florida

PNW

Benchmark Prices: Phosphate

Source: Blue, Johnson & Associates, Green Markets

Fundamentals of Growth

29  
0  
100  
200  
300  
400  
500  
600  
700  
800  
900  
1,000  
May-  
05

Sep-  
05

Jan-  
06

May-  
06

Sep-  
06

Jan-  
07

May-  
07

Sep-  
07

Jan-  
08

May-  
08

Sep-  
08

Jan-  
09

May-  
09

Sask

Midwest

Vancouver

Benchmark Prices: Potash

Source: Green Markets, Blue, Johnson & Associates, Agrium

Fundamentals of Growth

30

(1)

Based on value of mixed consideration and Agrium share price of \$45.20 as of May 8

(2)

Based on CF cash and short-term investments of \$839 million less debt of \$3.9 million, or \$16.64 per CF share as of Mar 31, 2009

(3)

CF actual share price at Jan 15 of \$47.23 less net cash of \$12.38 per CF share, grown at 39% to

May

8,

consistent

with

Global



Fertilizer

Peers

(Yara,

Mosaic,

Potash,

Intrepid,

ICL

and

K+S;

ICL and K+S converted to US\$ at daily exchange rates) over same period, plus net cash of

\$12.38 per CF share

Premiums

(1)

\$85.20

Current

offer

Cash Adjusted Premiums

(1,2)

(3)

(3)

\$68.56

(\$85.20, less

\$16.64 net

cash per CF

share)

Significant Premium to CF Stockholders

55%

76%

102%

40%

53%

68%

\$33.95

\$38.94

\$44.23

30-Day VWAP

2/24 CF Price

Unaffected Price

\$50.60

\$55.58

\$60.88

30-Day VWAP

2/24 CF Price

Unaffected Price

Fundamentals of Growth

31

0

200

400

600

800

1,000

1,200

\$1,400

0

200

400

600

800

1,000  
1,200  
\$1,400  
CF EBITDA  
DAP  
Urea

CF's reliance on short-lived peak 2008 nitrogen and phosphate prices for current and future valuations is unrealistic and irrelevant

Current nitrogen and phosphate prices are NOT at the bottom of the cycle

A return to cyclical commodity lows as seen pre-2004 would yield substantially lower EBITDA for CF

(4)  
Current Nutrient Pricing Above  
Historical Averages  
(1)  
Average  
1998  
-2007  
(2)  
Green Markets, NOLA Urea  
(3)  
Green Markets, Central Florida DAP  
(4)  
CF annual EBITDA per CF's filings  
Current 10yr Average  
(1)  
Nitrogen  
(2)  
Price  
\$264  
\$200  
Phosphate  
(3)  
Price  
\$336  
\$210

Fundamentals of Growth

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Anticipate annual synergies of approximately \$150 million from  
Agrium/CF combination, phased in over three years

Consolidation of the sales, marketing and distribution systems by

utilizing Agrium's and CF's combined broad distribution network to  
reduce logistic costs

reduce total product miles shipped and optimize railcar lease costs

leverage underutilized distribution facilities

Sales, Marketing and  
Distribution

Description

Source

Realization of cost savings associated with

enhanced economies of scale in purchase/procurement of products and services

optimization of plant turnarounds and operating costs

reduction of duplication in product inventory and associated carrying costs

catalyst and spare parts inventory pooling

enhanced efficiencies in future capital expenditures

Procurement of Plant

Materials, Equipment

and Logistics Services

Eliminating corporate functions and overhead reductions (e.g. headquarter consolidation) and utilizing SG&A excess capacity

SG&A Costs

Significant Synergies from

Combination of Agrium and CF

Fundamentals of Growth

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Source: Bloomberg. Daily trading values have been rebased to CF stock price on 15-Jan-09 (date of CF proposal for Terra)

1

AGU Current Proposal for CF: one AGU share plus \$40 in cash based on AGU closing price on May 8, 2009.

2

Global Fertilizer peer group performance based on USD equivalent stock price movement since Jan 15, 2009 of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara.

Market trading data as of May 8, 2009.

AGU Proposal at a Significant Premium  
to Historical CF Trading Values