

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

CF Industries Holdings, Inc.
Form 425
June 03, 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.

Fundamentals of Growth
Agrium:
Growing Across the
Value Chain
June 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, 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,
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
limited to, CF s failure to accept Agrium s proposal and enter into a definitive agreement to effect the transaction, Agrium s
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

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* 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

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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

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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

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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

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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%

*3-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.

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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 \$40 in cash plus one share (\$89.22) offer for CF is a 50% 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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Significant Turnover in CF's Stockholder
Base by Long-Term Investors

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

During Q1 2009, 14 of CF's top 15 stockholders (excluding Agrium) as at December 31, 2008 reduced their positions significantly

Excluding index funds and hedge funds, CF's long term stockholders sold 81% of their holdings in CF

Similar trend apparent for top 25 and top 50 stockholders

GROWMARK

(major
CF
customer,
CEO
sits
on
the
CF
Board)
has
sold
1.5mm
shares
(1)

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

% Change in Position Since Dec 31

(58.0)%

(64.5)%

(81.3)%

-

Excluding Index & Hedge Funds

(55.0)%

(59.1)%

(73.4)%

-

Excluding Index Funds

(44.0)%

(45.0)%

(51.5)%

All Stockholders (Including long-term stockholders,
index and hedge funds, and other stockholders)

Top 50

Stockholders

Top 25

Stockholders

Top 15

Stockholders

Source: 13-F filings per Thomson Financial; available data as of May 29

(1)

Per the Form 144 GROWMARK filed on May 14, 2009.

Fundamentals of Growth

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Estimated CF Unaffected Stock Price of
Approximately \$65.00

(1)

Based on peer group of Mosaic, Potash Corp, Intrepid Potash, Israel Chemicals, K+S, and Yara as
at May 29.

(2)

CF net cash on Balance Sheet as of Dec 31 was \$12.38 per fully diluted share. CF's net cash on
Balance Sheet as of Mar 31 was \$16.64 per fully diluted share.

CF had \$12.38 per share in net cash on
hand at December 31, and a further \$4.79
invested in working capital versus average
levels

For simplicity our illustrative analysis
assumes the market gave credit for most
of the working capital and could therefore
predict
the
\$16.64
of
net
cash
(2)

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

The peer group price increase of 59%
since January 15th is representative of an
increase in the market's perception of the
value of fertilizer operating assets

Gives full credit to peer group
increase, which is partially
attributable to speculation over
sector consolidation

Growing CF's operating asset value per
share by 59% and adding back net cash
per share results in an implied unaffected
CF stock price of \$65.15

CF Unaffected Stock Price

\$

30.59

\$

48.51

\$

16.64

\$

16.64

CF Stock Price on Jan 15,

1-Day Prior to Terra Offer

Implied Unaffected CF Stock

Price: Operating Asset Value

Grown at Peer Group Price

Performance

CF Net Cash Per Fully Diluted Share

Implied Operating Asset Value Per Share

\$ 47.23

\$ 65.15

38 %

59 %

Peer Group
Price Increase
Since Jan 15(1)
Implied Unaffected
CF Stock Price
Performance

Fundamentals of Growth

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50% Premium to Cash-Adjusted CF

Unaffected Stock Price

(1)

Based on Agrium current proposal of one Agrium share plus \$40 per CF share in cash based on Agrium closing price on May 29.

\$

48.51

\$

72.58

\$

16.64

\$

16.64

Unaffected CF Stock Price

Agrium Offer

Implied Operating Asset Value Per Share

CF Net Cash Per Fully Diluted Share

\$ 65.15

50 %

Implied Cash-

Adjusted

Premium Today

37 %

Implied Stock

Price Premium

\$ 89.22

1

Fundamentals of Growth

21

6.1x

vs.

4.8x

2010E

EBITDA

(1)

using

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

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

Agrium's
current
trading
multiple
(1)

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

Agrium / CF

Compelling Valuation

CF / Terra

Agrium's revised offer provides a 27% greater EBITDA multiple for CF than CF is offering for Terra

(1)

6.1x

4.8x

\$89.22

\$29.57

Current Offer

Current Unaffected Offer

(2)

(3)

(1)

Bloomberg consensus 2010 EBITDA estimates; Agrium's EV/EBITDA multiple is 4.8x. Multiples calculated on an adjusted owned basis to reflect leakage of minority interest and addition of equity investment income.

(2) \$40.00 cash, one Agrium share using Agrium's closing price on May 29.

(3) 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.

Fundamentals of Growth

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Conclusion

We are determined to acquire CF

We have raised our offer twice, to a current cash-adjusted premium of 50%

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

Current offer is best and final price absent engagement by CF and demonstration of additional value

CF stockholders must send an unambiguous message to
CF Board by tendering their shares into our offer

Fundamentals of Growth
The Future is
Promising

Fundamentals of Growth

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76% Agrium and 24% CF

Pro Forma Ownership:

\$40.00

in cash and 1

Agrium share (total consideration of \$89.22 as at May 29)

Aggregate consideration of \$2.0

billion cash and 50.2

million shares

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:

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:

61% to CF closing price on February 24 and 50% to cash-adjusted premium to CF's unaffected stock price

(1)

(based on mixed consideration and \$49.22

Agrium share price on May 29)

An increase of \$17.22 or 24% 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)

See previous slides for methodology used for estimating CF's unaffected stock price.

Fundamentals of Growth

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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

26

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

27

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

29
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

30
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

Benchmark Prices: Potash

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

Fundamentals of Growth

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(1)

Based on value of mixed consideration and Agrium share price of \$49.22 as of May 29.

(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 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.

Premiums

(1)

\$89.22

Current

offer

Cash Adjusted Premiums

(1,2)

(3)

(3)

\$72.58

(\$89.22, less

\$16.64 net

cash per CF

share)

Significant Premium to CF Stockholders

50%

86%

137%

37%

61%

89%

\$47.23

\$55.58

\$65.15

Jan-15 CF Price

Feb-24 CF Price

Unaffected Price

\$30.59

\$38.94

\$48.51

Jan-15 CF Price

Feb-24 CF Price

Unaffected Price

Fundamentals of Growth

32
0
300
600
900
1200
1500
0
200
400
600
800
1,000
1,200

\$1,400
CF 'Owned' EBITDA
Urea (\$ / short ton)
DAP (\$ / short ton)
Natural Gas (US¢/MMBtu)
(5)

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

Industry forecasts show nutrient pricing flat-to-down over next couple years

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

Current Nutrient Pricing Above
Historical Averages

(1)
Average 1998-2007.

(2)
NOLA Urea per Green Markets.

(3)
Central Florida DAP per Green Markets.

(4)
Henry Hub Natural Gas per Bloomberg.

(5)
Owned
EBITDA (consolidated EBITDA less minority interest plus equity investment income) per
CF filings.

10yr
Average

(1)
Feb 24
Current

Urea
(2)

\$181
\$305

\$240
DAP

(3)
\$193
\$315

\$250
Natural Gas

(4)
¢498
¢420

¢392

Fundamentals of Growth

33

Expected
operating
margins
for
nitrogen
and
phosphate
facilities
similar
to

CF's are lower than peak 2008 levels

Moderate Margins Anticipated for CF's

Facilities

Illustrative

Annual

Operating

Profit

(1,2)

(1)

Nitrogen gross margin estimates based on NOLA Urea proxy plant gate margins (at 80% rate), per Blue, Johnson Associates, Inc.

(2)

Phosphate gross margin estimates based on U.S. Central Florida DAP proxy plant gate margins (at 80% rate), per Blue, Johnson Associates, Inc.

-\$100

\$100

\$300

\$500

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

Proxy Phosphate Plant

Proxy Nitrogen Plant

00-07 Avg.

2008

Current

Nitrogen

(1)

\$25

\$242

\$104

Phosphate

(2)

\$49

\$511

\$140

Fundamentals of Growth

34

Agrium Proposal at a Significant
Premium to Historical CF Trading Values

35

45

55

65

75

85

\$95

Jan 15

Jan 25

Feb 4

Feb 14

Feb 24

Mar 6

Mar 16

Mar 26

Apr 5

Apr 15

Apr 25

May 5

May 15

May 25

Feb 25

Agrium announces
acquisition proposal for CF
(\$31.70 + 1 share)
with election mechanic

Jan 15

CF announces acquisition
proposal for Terra
CF distances from peer group because of Agrium offer

Mar 27

Agrium increases proposal
for CF
(\$35.00 + 1 share)
with election mechanic

May 11

Agrium increases proposal for CF
(\$40.00 + 1 share)
with election mechanic

Current

Proposal(1):

\$89.22

CF: \$77.64,

64%

Global

Fertilizer

Peers(2): 59%

Mar 23

CF modifies proposal for Terra

Mar 9

CF modifies proposal for Terra

Mar 5

Terra board rejects CF offer

May 15

CF rejects Agrium's
revised offer

Source: Bloomberg. Daily trading values have been rebased to CF stock price on Jan 15, 2009 (date of CF proposal for Terra)

(1) Dotted line represents Agrium current proposal for CF over time: one Agrium share plus \$40 cash per CF share based on A

(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. Market trading data as of May 29.

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