

FERTECON POTASH REPORT

17 March 2009

© 2009 FERTECON Limited. Unauthorised transmission or reproduction prohibited

HEADLINES

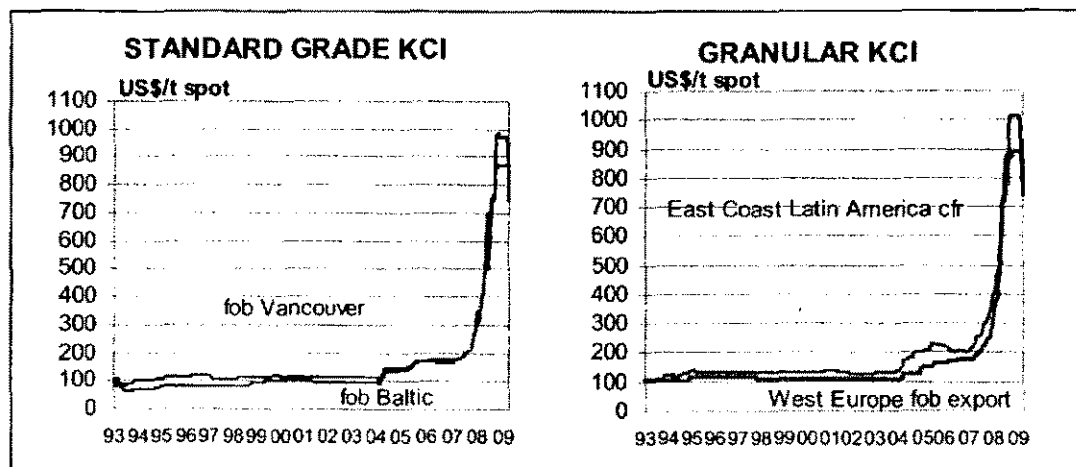
- ☐ PotashCorp to curtail output by a further 1.5 million t at three of its mines.
- ☐ North American production and disappearance at low levels in February.
- ☐ K+S Germany sells granular MOP into Brazil.
- ☐ K+S Germany expects lower earnings in 2009 from decrease in sales.
- ☐ Agrium commences exchange offer to acquire CF Industries

KEY PRICES

- ☐ Vancouver standard spot \$780-965 fob, granular \$820-1,005 fob
- ☐ FSU Baltic standard spot \$ 720-765 fob, granular \$730-745 fob
- ☐ E.C.L. America standard \$740-755 cfr, granular \$750-765 cfr.

OUTLOOK

Demand shows little sign of imminent improvement, thus market will remain essentially weak.



FAX: +44 1892 701711 • PHONE: +44 1892 701 710 • EMAIL: info@fertecon.com **FERTECON**

combination and urge CF stockholders to send a message to the CF Board by tendering their shares into the Agrium Offer. We would be prepared to increase our offer to reflect additional value that the CF Board and management can demonstrate arising from the combination of our two companies."

The Offer is not subject to a financing condition. Agrium has sufficient cash resources and committed financing underwritten by Royal Bank of Canada and The Bank of Nova Scotia to fund the cash portion of the Offer. The Offer is subject to certain conditions described in the offer to exchange.

NOTICE OF INTENTION TO TERMINATE POTASH FINAL JUDGMENT

PLEASE TAKE NOTICE that Exxon Mobil Corp., as successor in interest to one of the original defendants in the Final Judgment entered in United States v. Standard Oil Company (New Jersey) and Potash Company of America ("PCA") 235 F.Supp. 196 (D.N.J. 1966) (the "Final Judgment"), intends to petition the United States District Court for the District of New Jersey to enter an Order terminating the Final Judgment.

On October 23, 1964, the United States filed a complaint alleging that the Standard Oil Company of New Jersey's proposed acquisition of the Potash Company of America would violate Section 7 of the Clayton Act. After a trial on the merits, the United States District Court for the District of New Jersey entered the Final Judgment which permanently enjoined Standard Oil Company of New Jersey from acquiring PCA. If the Final Judgment is terminated, Exxon Mobil would no longer be barred from purchasing any successor to PCA, but Exxon Mobil would be required to comply with the notification and waiting period requirements under the Hart-Scott-Rodino Act.

Before determining whether it should join a motion to terminate the Final Judgment, the Antitrust Division of the U.S. Department of Justice invites interested persons to provide the Division with any information or comments relevant to the proposed termination. Interested persons may submit information or comments to Maribeth Petrizzi, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, Suite 3000, 1401 H Street, NW, Washington, DC 20530.

CROP PRICES / AGRICULTURE

WORLD: The USDA released its latest WASDE report last week. Generally the forecasts suggest a more positive outlook for corn and soybeans, with higher forecast average prices than last month, but a weaker situation for wheat.

US wheat ending stocks forecasts for 2008/9 are 57 million bushels higher this month with world stocks 5.9 million t higher at a 6-year high of 155.9 million t. Global production is forecast at 684.4 million t, a record. Consumption forecasts have been reduced due to lower feed use in Russia and lower food use in the US. The projected season average US farm price is \$6.70- 6.90/bushel.

Corn use in the US is forecast to be 100 million bushels higher due to higher ethanol use. US production forecasts are unchanged at 12.1 million t compared to 13.0 million t last season. World use forecasts are lower at 777.5 million t. Forecast of stocks are now higher, at 16.62 million t. World production is now forecast at 787.1 million t compared to 793.0 million t last season. The US farm price is projected to range \$3.90-\$4.30, up 15-25 cents on last month's forecast.

Soybean ending stocks in the US are forecast lower this month at 185 million t due to higher exports due to higher demand in China and lower supplies from Argentina. US consumption is down. The US season average price is slightly higher at \$8.85-\$9.85/bushel. Global soybean production forecast are down by 0.9 million t to 223.3 million t, mostly due to lower production in Argentina.

Rice supply forecasts are unchanged for the US. US ending stocks are projected at 30.2 million cwt. Global production forecasts are increased to 441 million t, an increase of 2% on last year, mostly due to higher production in India. Global ending stocks are forecast higher at 86.1 million t, again mostly due to India.

CHINA: The China National Grain and Oils Information Centre expects output of major grains in 2009 to be lower than in 2008, the first decline to be forecast in six years. Wheat output is forecast to decrease this year by 1.3% to 111 million t, despite a slight rise in planting acreage, due to an earlier drought in major winter wheat producing areas. The centre also expects corn output in 2009 to be 163 million t, down by 1.5%, while rice output is forecast almost unchanged at 193 million t. Soybean

FAX: +44 1892 701711 • PHONE: +44 1892 701 710 • EMAIL: info@fertecon.com **FERTECON**

FERTECON POTASH REPORT

31 March 2009

© 2009 FERTECON Limited. Unauthorised transmission or reproduction prohibited

HEADLINES

- ☐ Canpotex concludes 2 standard MOP cargoes for April/May shipment to Indonesia/Malaysia at \$735 cfr.
- ☐ PotashCorp sells standard MOP into Colombia at \$750 cfr.
- ☐ ICL Fertilizers' potash output falls 2% in 2008 due to lower production in Europe.
- ☐ MagIndustries' potash subsidiary signs gas agreement with ENI for Kouilou project in Republic of Congo
- ☐ CF Industries Board of Directors rejects revised Agrium offer as grossly inadequate.
- ☐ USDA issues Prospective Plantings report

KEY PRICES

- ☐ Vancouver standard spot \$705-715 fob, granular \$720-820 fob
- ☐ FSU Baltic standard spot \$ 720-765 fob, granular \$730-745 fob
- ☐ E.C.L. America standard \$740-755 cfr, granular \$750-765 cfr.

OUTLOOK

Remains fairly weak for demand but some firmer direction for pricing

Error! Not a valid embedded object.Error! Not a valid embedded object.

FAX: +44 1892 701711 • PHONE: +44 1892 701 710 • EMAIL: info@fertecon.com **FERTECON**

In 2008, the Group realized a sales volume of 4.03 million t of potash, a decrease of 29% from 2007 and accounting for about a 55% share of the potash market in China. Sales volume of nitrogen fertilizers rose by 29.4% year on year to 6 million t, making this segment the largest contributor to the Group by sales volume. Sales volume of phosphate fertilizers and compound fertilizers reached 2.94 million t and 2.53 million t, up 36% and 30% year-on-year, respectively.

In 2009, the Group will face increasing challenges posed by the financial crisis as it exerts a greater impact on the global economy. On the other hand, China's economy will continue to grow at a steady and relatively fast pace. The Chinese government will persist in beefing up efforts in promoting the development of agriculture. In recent years, public expenditure on the "three rural issues" (agriculture, the rural areas and farmers) has been continuously increased, resulting in phenomenal growth of agricultural production. At the same time, the population of China is still increasing along with food consumption, leading to increasing demand for fertilizers. These developments create a fertile environment for the growth of the fertilizer industry and the Group.

NORTH AMERICA: Agrium Inc announced 27 March an increase in its exchange offer to acquire all of the outstanding shares of **CF Industries Holdings, Inc.** It said CF stockholders would now receive \$35.00 in cash, an increase of \$3.30, or 10.4%, in the cash consideration, as well as one common share of Agrium for each CF share. Based on Agrium's closing stock price the day before the increased offer, the new offer represents a premium of 35% to CF's closing price on 24 February 2009, the day before Agrium announced its initial proposal, and 48% to the 30-day volume weighted average price through that date.

CF had earlier rejected Agrium's initial offer, and on 29 March announced that its board of directors has recommended that CF Industries stockholders reject Agrium's revised offer. Following a review of Agrium's offer with management and its legal and financial advisors, the CF Industries board of directors concluded that Agrium's offer is grossly inadequate, substantially undervalues CF Industries and is not in the best interests of CF Industries and its stockholders.

"Our board and management team are committed to providing superior value to our stockholders. We strongly believe that continuing to pursue our long-term strategy, including our proposed business combination with Terra Industries, is the best way to do so," said Stephen R. Wilson, chairman, president and chief executive officer of CF Industries. "We are confident that both our stockholders and Terra's stockholders support our proposed business combination. We believe the Terra stockholders will show their support by voting for our proposed slate of directors at Terra's Annual Meeting, which is required to be held by May 15th under the Terra by-laws."

NOTICE OF INTENTION TO TERMINATE POTASH FINAL JUDGMENT

PLEASE TAKE NOTICE that Exxon Mobil Corp., as successor in interest to one of the original defendants in the Final Judgment entered in *United States v. Standard Oil Company (New Jersey) and Potash Company of America ("PCA")* 235 F.Supp. 196 (D.N.J. 1966) (the "Final Judgment"), intends to petition the United States District Court for the District of New Jersey to enter an Order terminating the Final Judgment.

On October 23, 1964, the United States filed a complaint alleging that the Standard Oil Company of New Jersey's proposed acquisition of the Potash Company of America would violate Section 7 of the Clayton Act. After a trial on the merits, the United States District Court for the District of New Jersey entered the Final Judgment which permanently enjoined Standard Oil Company of New Jersey from acquiring PCA. If the Final Judgment is terminated, Exxon Mobil would no longer be barred from purchasing any successor to PCA, but Exxon Mobil would be required to comply with the notification and waiting period requirements under the Hart-Scott-Rodino Act.

Before determining whether it should join a motion to terminate the Final Judgment, the Antitrust Division of the U.S. Department of Justice invites interested persons to provide the Division with any information or comments relevant to the proposed termination. Interested persons may submit information or comments to Maribeth Petrizzi, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, Suite 3000, 1401 H Street, NW, Washington, DC 20530.