

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

CF Industries Holdings, Inc.  
Form 425  
December 14, 2009  
Filed by Agrium Inc.

(Commission File No. 333-157966)

Pursuant to Rule 425 under the Securities

Act of 1933 and deemed filed pursuant to

Rule 14a-12 of the Securities Exchange Act

of 1934

Subject Company:

CF Industries Holdings, Inc.

\*\*\*

The following letter was sent by Agrium Inc. to CF Industries Holdings, Inc. Board of Directors:

\*\*\*

**Agrium Inc.**

13131 Lake Fraser Drive S. E.

Calgary, Alberta, Canada T2W 7E8

Telephone (403) 225-7000

Direct (403) 225-7547

Facsimile (403) 225-7600

**Michael M. Wilson**

President & Chief Executive Officer  
December 14, 2009

Board of Directors

CF Industries Holdings, Inc.

4 Parkway North

Suite 400

Deerfield, Illinois 60015-2590

Dear Messrs. Wilson, Arzbaecher, Creek, Davisson, Furbacher, Harvey, Johnson and Schmitt:

We are enclosing a slide presentation that demonstrates the compelling nature of our offer to acquire CF Industries Holdings, Inc.

We believe this presentation and our offer warrant careful consideration by you in light of your duties to your stockholders.

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Agrium would very much appreciate the opportunity to meet with you to discuss our offer and we await your response.

Sincerely,

Michael M. Wilson

President and Chief Executive Officer

Agrium Inc.

Encl.+

Fundamentals of Growth  
Agrium:  
CF Board Materials  
December 14, 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  
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  
AGRIUM  
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 Georganon Inc. toll-free at (866) 318-0506.

Agrium,  
North  
Acquisition  
Co.

( North ),  
a

wholly-owned  
subsidiary  
of

Agrium,  
their  
respective  
directors  
and  
executive  
officers

and  
individuals nominated by Agrium for election to CF's board of directors are deemed to be participants in the solicitation of proxies from CF stockholders for CF's 2010 annual meeting of stockholders. Information regarding such participants and a description of their direct and indirect interests in such solicitation, by securities holdings or otherwise, is contained in the Schedule 14A filed with the SEC on December 4, 2009.

Agrium,  
North,

their  
respective  
directors  
and  
executive  
officers  
and  
certain  
other  
persons  
are  
also  
deemed  
to  
be  
participants  
in  
any solicitation of proxies from CF's stockholders in respect of the proposed transaction with CF. Information regarding Agri  
directors  
and  
executive  
officers  
is  
available  
in  
its  
management  
proxy  
circular  
dated  
March  
23,  
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

3

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, the failure to elect Agrium's nominees as directors of CF at its 2010 annual stockholder meeting, Agrium common shares 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 or costly than expected, the combination benefits and synergies and costs savings from the Agrium/CF transaction may not be fully realized or not realized as 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 and bodies will  
in a timely manner or will be obtained on conditions that may require divestiture of assets expected to be acquired, disruption of  
transaction making it more difficult to maintain relationships with customers, employees and suppliers, general business and economic  
conditions, interest rates, exchange rates and tax rates, weather conditions, crop prices, the supply, demand and price level for  
products,  
gas  
prices  
and  
gas  
availability,  
operating  
rates  
and  
production  
costs,  
domestic  
fertilizer  
consumption  
and  
any  
changes  
in  
government  
policy in key agriculture markets, including the application of price controls and tariffs on fertilizers and the availability of such  
their amounts, changes in development plans, construction progress, political risks, including civil unrest, actions by armed groups  
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 from time to time in  
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

Compelling

Rationale for Combination

We believe a combination of Agrium and CF would make a great company

Our offer to CF stockholders is compelling

Significant

premium,

attractive

multiple

at

7.8x

2010E  
owned  
EBITDA  
(1)  
,  
flexible  
cash  
/  
stock mix

Further upside through ownership of Agrium shares

CF has not presented any alternatives to the Agrium offer which provide superior value to CF stockholders today or in the future

In comparison, CF's offer for Terra is likely to result in value impairment of ~\$880 million, or \$14.75 per CF share  
(2)

CF should not ignore its stockholders

Through multiple letters to the CF Board and calls to CF management and its advisors, we have sought engagement

CF  
has  
ignored  
our  
efforts  
to  
discuss  
restructuring  
options  
that  
could  
allow  
our  
two  
great  
companies to merge and create value for our stockholders

The  
CF  
Board  
has  
an  
obligation  
to  
act

in  
its  
stockholders  
best  
interests  
and  
should respond to Agrium: We are ready to commence discussions as  
soon as possible

(1)  
Represents  
consensus  
estimated  
owned  
EBITDA  
(consolidated  
EBITDA  
adjusted  
to  
reflect  
leakage  
of  
minority  
interest and addition of equity investment income).

(2)  
See page 12



Fundamentals of Growth

5

(1)

6.9 x

6.4 x

5.9 x

5.6 x

Agrium

Consolidated

Terra

Consolidated

CF 'Owned'

CF Consolidated

CF stockholders want to receive a

premium, not pay one

Both CF/Agrium and Terra/CF  
transaction multiples are at significant  
premiums to historic trading levels

Agrium's offer for CF is relatively higher, as  
CF has historically traded at a discount to  
both Terra and Agrium

Agrium's offer of \$107.88 per CF share  
represents a premium of

20% to CF's current trading price of \$89.99

37% to CF's unaffected price of ~\$78.50

43% to CF's expected share price of  
~\$75.25, pro forma a combination with  
Terra

(2)

Implied Transaction Multiples:

EV

/

2010E

Owned

EBITDA

Source: Bloomberg; market data as of Dec 11

(1)

CF estimated unaffected price of ~\$78.50, see page 11

(2)

CF share price pro forma a transaction with Terra of ~\$75.25, see page 12

(3)

CF/Agrium implied offer of \$107.88. 50.3mm F.D. shares outstanding, \$748mm net cash (\$5mm notes payable, \$123mm customer

equivalents,

\$46mm

cash

proceeds

from

options,

\$227mm

position

in

Terra

valued

at

CF's

estimation

of

Terra's

unaffected  
price

of  
\$32.50),  
and  
2010E

Owned  
EBITDA

of  
\$604mm  
(consolidated

EBITDA adjusted to reflect leakage of minority interests and addition of equity investment income)

(4)  
Terra/CF implied offer of \$46.05, 100.7mm F.D. shares outstanding, \$457mm net cash (\$600mm senior notes, \$0.5mm preferred

expenses,  
and

\$1,198mm  
cash

&  
equivalents)

and  
2010E

Owned  
EBITDA

of  
\$523mm  
(consolidated

EBITDA  
adjusted

to  
reflect  
leakage

of  
minority  
interests

and  
addition

of  
equity  
investment

income)  
(5)

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

Average Forward EBITDA Multiples:

Last 3 years to Jan 15

Agrium has traded at a multiple 1.3x greater than CF

7.8 x

8.0 x

CF/Agrium Offer

Terra/CF Offer

(3)

(4)

(5)

Agrium s

Offer

for

CF

is

Compelling

CF s

Board

Needs to Justify Not Engaging

with Agrium

Fundamentals of Growth

6

No Credible Scenario for CF Stockholders to  
Realize Superior Value to Agrium's Offer

Agrium

Offer

at

Illustrative

35%

Sector

Upward

Move

CF Sector Move Required:

Unaffected

Price

(1)  
~\$146  
Source: Bloomberg; market data as of Dec 11  
(1)  
CF estimated unaffected price of ~\$78.50 calculated using Terra's unaffected multiple (5.14x, implied by CF's estimated  
Terra  
unaffected  
\$32.50  
stock  
price)  
applied  
to  
CF's  
2010E  
owned  
EBITDA  
(consolidated  
EBITDA  
adjusted to reflect leakage of minority interests and addition of equity investment income). See page 11  
(2)  
See page 12

An illustrative upward sector  
move of 35% from the current  
Agrium offer would achieve a  
future CF stock price of ~\$146  
assuming 100% stock  
election (or reinvestment of  
cash into sector)

CF stockholders would have  
to realize an 86% sector  
upward move on CF's  
unaffected price  
(1)  
and a 94%  
sector upward move on CF's  
share price pro forma a  
combination  
with  
Terra  
(2)  
to  
achieve  
equivalent future  
value  
\$  
107.88  
\$

145.64  
Current Offer Price  
Implied Future  
Offer Value  
35 %  
Sector  
Move  
\$  
78.50  
\$  
145.64  
\$  
145.64  
\$  
75.25  
CF Unaffected  
Price (1)  
Future Offer  
Value  
@ 35% Sector  
Move  
Pro Forma CF  
Share Price (2)  
Future Offer  
Value  
@ 35% Sector  
Move  
Required Sector  
Move  
94 %  
86 %  
Required Sector  
Move

Fundamentals of Growth

7

CF's Offer for Terra is Likely to Impair

Stockholder Value

(1)

Per CF's estimate of Terra's unaffected share price of \$32.50 per Dec 7 presentation to Terra Board

(2)

5.14x

implied

Terra

EV/2010E

Owned

EBITDA based on CF's estimate of Terra's unaffected share price of \$32.50

per Dec 7 presentation to Terra Board



An acquisition of Terra is likely to impair the value of CF stock by \$14.75 per share (~\$880 million)

The value of the combined entity would be equal to the standalone value of CF and Terra plus synergies

CF's \$32.50 estimate of Terra's unaffected stock price implies a Terra standalone enterprise value on an owned basis of \$2.7 billion  
(1)

Implied 5.14x 2010E Owned EBITDA

CF's current proposal for Terra is notionally worth \$46.05 (\$36.75 cash and 0.1034 CF shares per Terra share at CF's current market price of \$89.99)

Implies an enterprise value for Terra of \$4.2 billion

\$1.5 billion over estimated standalone unaffected value

Giving full credit for estimated synergies of \$120 million represents value of \$617 million  
(synergies capitalized at 5.14x)  
(2)  
)

Enterprise value premium of \$1.5 billion less capitalized synergies of \$617 million implies ~\$880 million of value impairment  
If the CF Board continues down its current path it is likely to impair stockholder value

Fundamentals of Growth

8

CF's Board Needs to Justify why CF/Agrium Is  
Not a Superior Combination Across All Criteria

9.2%

6.7%

Integration

Risk

(Synergies

%

of

Pro

Forma

2010E

EBITDA)

(1)  
112%  
42%  
Integration Risk (Deal Size % of Current Enterprise Value)  
Smaller business totally reliant on  
volatile commodities  
Bigger, stronger and more stable  
company  
Stability  
2009E: 1.9x  
2010E: 1.9x  
2009E: 1.7x  
2010E: 1.0x  
Pro  
Forma  
Leverage  
(Debt/EBITDA)

(3)  
CF: 5.6x  
Terra: 6.4x  
Blended: 6.0x  
Agrium: 6.9x  
CF: 5.6x  
Blended: 6.6x  
Historical  
Consensus  
Forward  
Trading  
Multiple

(2)  
\$1,311  
\$2,247  
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)  
Historical forward multiples for last 3 years ending Jan 15. Blended multiple of consensus EBITDA weighted on current enter

(3)  
Agrium  
2009E

pro  
forma  
debt  
of  
\$3.0  
billion (\$1.8 billion existing debt as of Sep 30 plus \$1.2 billion new debt), divided by pro forma consolidated 2009E EBITDA  
\$769

million  
CF  
plus  
~\$150  
million  
synergies)

and  
2010E  
pro  
forma  
debt  
of  
\$2.3  
billion,  
divided  
by

pro  
forma  
consolidated  
EBITDA  
for 2010E of \$2.2 billion (\$1.4 billion Agrium plus \$666 million  
CF plus ~\$150 million synergies). Pro forma CF total debt of \$2.5 billion per increased CF acquisition debt facility in  
Dec 7 Investor Presentation, divided by pro forma consolidated EBITDA for 2009E of \$1.3 billion (\$769 million CF  
plus  
\$418  
million  
Terra  
and  
\$120  
million  
synergies)  
and  
2010E  
of  
\$1.3  
billion  
(\$666  
million  
CF  
plus  
\$525  
million  
Terra and \$120 million synergies). Assumes no pay-down of CF pro forma debt  
(4)  
Investment rating not yet public  
:  
:  
:  
:

Fundamentals of Growth

9

The CF Board has an Obligation to Act in  
its Stockholders  
Best Interests

Equity

research

analysts

recognize

value-destructive

effect

of

CF s

offer

We think that CF has officially waded waist-deep into value-destructive territory with this bid. On a stand-alone basis, the per share value of the offer is roughly twice our \$23 fair value estimate for Terra. If we include a rough per share value for CF's \$105 million-\$135 million in targeted synergies of \$10.50-\$13.50, then the border between creating and eroding value for CF shareholders would fall at about \$36.50 per Terra share, based on our estimates. The latest bid is still about 26% higher than this stretch target.

Ben Johnson, Morningstar.ca, Dec 7

CF stockholders want to receive a premium, not pay one

60% of CF stockholders (excluding Agrium's shares) supported this deal with Agrium

Our offer has increased a further 14% since we increased the cash consideration

CF has consistently restructured its offer to avoid giving its own stockholders a voice

Given the extraordinary nature of the CF board's "end-run" around its own shareholders and

restructuring of its offer

we remain concerned about the accountability of the CF board going forward

CF shareholders will have no recourse to prevent an undesired Terra deal from being consummated

we have heard many complaints from CF shareholders about the potential for disenfranchisement

Chris Young, RiskMetrics Group, Nov 16

Give CF stockholders a voice: Waive

The  
Pill  
and  
Delaware  
Section  
203

If  
the  
CF  
Board  
believes  
they're  
acting  
in  
stockholders  
interests  
and  
have  
full  
support  
of  
their stockholders, why not remove the pill and 203 and give their stockholders a voice?

The CF Board has an obligation to engage:  
We stand ready to execute a merger agreement



Fundamentals of Growth  
10  
Appendix

Fundamentals of Growth

11

CF Unaffected Stock Price of ~\$78.50 Based on

Estimated Terra Unaffected Price of \$32.50

Source: Balance sheet data per latest company filings; estimates per analyst research; market data per Bloomberg as of Dec 11

Note:

All

multiples

on

an

Owned

EBITDA

basis.

Assumes

2010E

Owned  
EBITDA  
(consolidated  
EBITDA  
less  
minority  
interest  
plus  
equity  
investments)  
estimate  
for  
CF  
of  
\$604mm  
(1)  
CF s  
estimated  
unaffected  
price  
of  
\$32.50  
per  
CF  
Dec  
7  
presentation  
to  
Terra  
Board  
implies  
an  
estimated  
Terra  
standalone  
multiple  
of  
5.14x  
2010E  
Owned  
EBITDA.  
99.8mm  
shares  
outstanding,  
\$557mm  
net  
cash  
(\$600mm  
senior  
notes,

\$41mm  
customer  
advances,  
\$0.5mm  
preferred  
stock,  
\$1,198mm  
cash  
&  
equivalents),  
and  
2010E

Owned  
EBITDA  
of  
\$523mm  
(consolidated  
EBITDA  
adjusted  
to  
reflect  
leakage  
of  
minority  
interests  
and  
addition  
of  
equity  
investment  
income).

5.14x  
CF s  
2010E  
owned  
EBITDA  
implies  
\$3,104mm  
enterprise  
value

(2)  
CF net cash balance consists of \$5mm notes payable, \$123mm customer advances, and \$703mm cash & equivalents

(3)  
Cash  
proceeds  
from  
options  
based  
on  
the

exercise  
of  
in  
the  
money  
options

(4)  
CF s toehold in Terra valued at an estimated unaffected price of \$32.50 per CF Dec 7 Presentation

(5)  
CF implied share price of \$78.46 calculated based on 50.2mm diluted shares outstanding

Illustrative  
CF

Unaffected  
Stock  
Price  
Based  
on

Terra  
Implied  
Unaffected  
EV

/  
2010E  
EBITDA

of  
5.14x

(1)  
\$3,104  
\$575  
\$33  
\$3,939  
\$227

Implied Unaffected CF

Enterprise Value (1)

(5.14x 2010E EBITDA of \$604mm)

Net Cash (2)

Cash Proceeds from

Options (3)

Toe Hold

in TRA (4)

Implied CF

Equity Value

Implied CF Stock Price:

\$78.46 (5)

Fundamentals of Growth

12

Acquiring

Terra Likely to Result in Net

Value Impairment of ~\$15 Per CF Share

(1)

CF's estimate of Terra's unaffected share price per Dec 7 Investor Presentation

(2)

Basic shares outstanding of 99.8mm

(3)

TRA net cash of \$557mm as at Q3 2009 is pro forma for \$600mm 2019 notes issuance and \$381mm repayment of 2017 notes (\$41mm customer advances), and \$0.5mm of preferred shares

(4)

Estimated Owned

2010E EBITDA as at Dec 11

(5)  
Fully diluted shares outstanding of 100.7mm reflects 99.8mm basic shares and 0.9mm unvested and phantom shares

(6)  
Estimated deal expenses of \$100mm combined for CF and Terra

(7)  
Midpoint of CF synergy estimates of \$105mm to \$135mm per CF s Nov 4 Investor Presentation

(8)  
5.14x implied

Terra  
EV/2010E

Owned  
EBITDA

based  
on

CF s  
estimate

of  
Terra s

unaffected  
share price

of \$32.50 per Dec 7 presentation to Terra Board

(9)  
59.5mm pro forma shares outstanding (49.8mm CF diluted shares, plus 9.7mm shares issued to Terra including 0.9mm unvested)

Source: Latest public filings, Market data as of Dec 11

(US\$ millions, unless otherwise noted)

Standalone Terra Valuation

CF Estimation of Terra Unaffected Stock Price (US\$)

(1)  
\$32.50

Implied Terra Market Cap (99.8 mm shares)

\$3,244

Net Debt (Cash)

(3)  
(556)

Terra Standalone Enterprise Value (A)

\$2,688

Implied EV / 2010E 'Owned' EBITDA (\$523mm)

5.14  
x

Value of CF's Offer for Terra

Terra Offer Price (Based on At-Market CF, US\$)

\$46.05

Implied Terra Equity Value (100.7 mm shares)

(5)  
\$4,639

Net Debt (Cash)

(3)  
(556)

Estimated Deal Expenses

(6)

100  
Value of CF's Offer for Terra (B)  
\$4,182  
Implied EV / 2010E 'Owned' EBITDA (\$523mm)  
8.00  
x  
Implied  
Enterprise  
Value  
Premium  
(C  
=  
B  
-  
A)  
\$1,494  
Estimated Annual Synergies  
(7)  
\$  
120  
Capitalized Value of Synergies (@ 5.14x)  
(D)  
\$  
617  
Implied Net Value Leakage (C -  
D)  
\$877  
Implied Net Value Leakage Per Share (US\$)  
(9)  
\$14.75  
Current CF Stock Price  
\$89.99  
Implied Pro Forma CF Stock Price  
\$75.24  
(4)  
(2)  
(8)  
(4)