FERTILIZER SITUATION AND OUTLOOK

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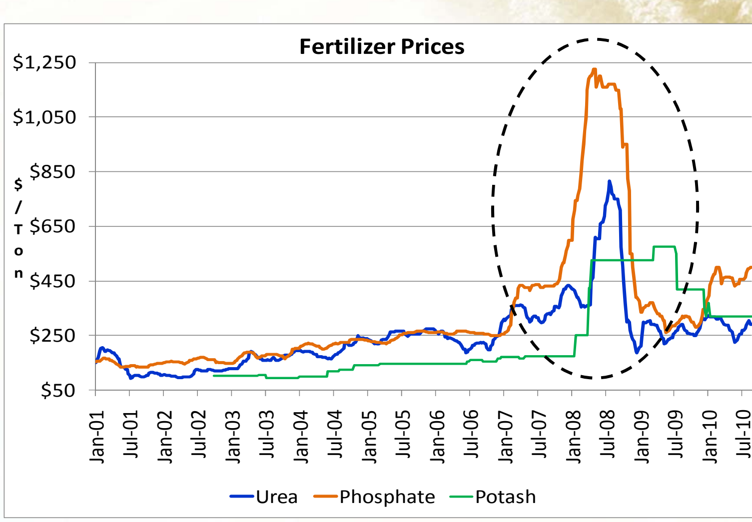
PLAN FOR THE UNEXPECTED

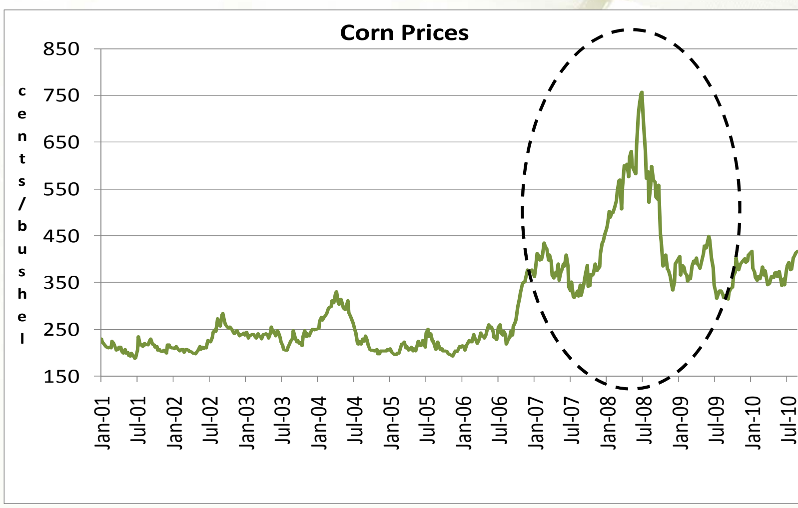
INDUSTRY EVOLUTION

- From 1990 to 2006, fertilizer markets were calm…relatively little volatility
- Fertilizer supply chain ran full – price risk is not a major consideration
- Annual price increases from 2000 to 2007
- In 2005, natural gas prices become unstable
- Demand for coarse grain began to rise with the emergence of renewable fuels
- Projections about rapid middle class growth drive increased demand for resources…
- Industry responds by carrying higher inventories and price risk, missing the fact that there is a limit to the price a farmer can pay
- Domestic and worldwide transportation tightens
- Industry volatility dramatically increases

FERTILIZER PRICES FOLLOW



GRAIN PRICES RESPOND



MAJOR RE-ADJUSTMENT RESULTS

- Residual high-priced inventory from 2009 is liquidated
- Applications start to recover in 2010
- Price risk and balance sheet management
- Real demand projections
- Foreign exchange rate consideration
- Fertilizer producers consolidate
- Urea production capacity is increased
- Fertilizer producers want to be fluid – Farmers need the best TCO
- Transportation efficiencies are sought – grain transportation becomes the model
- Fertilizer pricing becoming more closely correlated with grain pricing
- “Found” natural gas with lower pricing makes U.S. nitrogen producers competitive

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GLOBAL AGRICULTURAL SITUATION

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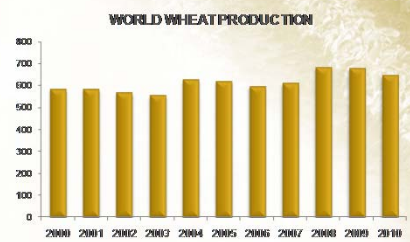
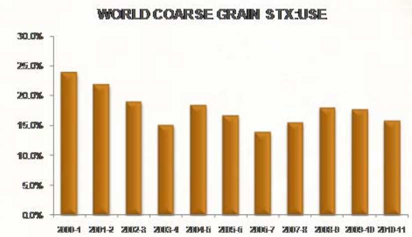
WORLD PRODUCTION TRENDS

WHEAT AND COARSE GRAIN

- Global wheat production taking a hit this year
- Severe deterioration of wheat crops in the FSU
- Late planting and frost worries in Canada
- Good wheat crop in the U.S. but serious corn yield concerns
- Coarse grain STX:USE negative variance year over year





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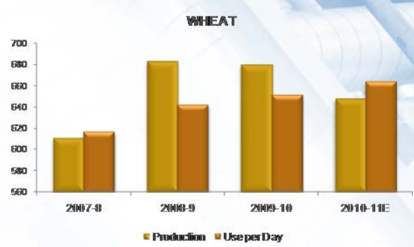
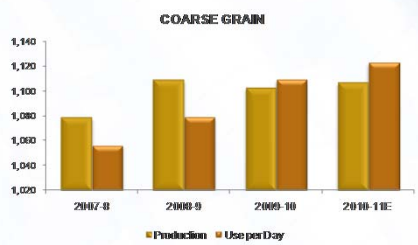
PRODUCTION VS CONSUMPTION

WHEAT AND COARSE GRAIN

- Greater consumption than production of coarse grains and wheat
- FSU weather still not favorable, creating risk to planting
- Big Black Sea defaults ran shorts to the market – reliability
- Reduction of carry outs
- Increased flat price markets lead to food price inflation





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GLOBAL FERTILIZER

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NPK WORLD CONSUMPTION

- World demand is on the rebound – 2010-11 back to pre-crisis levels
- Nitrogen leaching over the 2010 growing season in the US
- Posture is very cautious in the supply chain driving fertilizer inventories to low levels
- Farmers are reinvesting in phosphorus and potash
- Key drivers will be U.S. corn demand and acreage increases

Metric tons	N	P	K	Total
2007-8	101.2	38.4	28.9	168.5
2008-9	99.32	34.2	23.2	156.7
2009-10E	102.4	37.2	22.9	162.5
Change	3.1%	8.8%	-1.2%	3.7%
2010-11F	104.4	38.9	27.1	170.4
Change	1.9%	4.5%	18.4%	4.8%
2014-15F	112.1	44	32.2	188.3
Avg annual change	1.8%	3.1%	4.3%	2.5%

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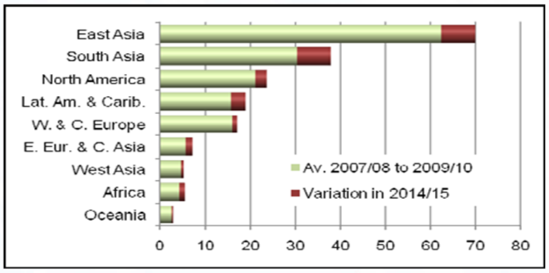
MID-TERM NUTRIENT DEMAND
BY REGION

- Asia and the Americas will provide the bulk of the increased demand
- Southern Africa agricultural is focusing on fertilizer use
- Uncertainties remain with reference to the economic recovery
- Biofuels ex: E-15 question in the U.S. will have an effect



Source: Heffer, IFA June 2010

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GLOBAL NITROGEN CAPACITY

- Increases in capacity have moderated but are still big
- Increasing in China, West Asia and North America
- Nitrogen demand is inelastic
- Set for a potentially large surplus in 2014
- Corn, corn and more corn

Metric tons	2010	2011	2012	2013	2014
Supply					
Capacity	158.7	163.8	170.2	176.1	184.2
Total supply	134.7	139.6	144.3	150.3	158.5
Demand					
Fertilizer demand	103.9	106.1	108.0	109.9	111.7
Non-fertilzer demand	23.0	24.2	25.1	25.8	26.6
Distribution losses	3.2	3.3	3.3	3.4	3.5
Total demand	130.1	133.6	136.4	139.1	141.8
Balance	4.6	6.0	7.9	11.2	16.7
STX:USE	3.5%	4.5%	5.8%	8.1%	11.8%

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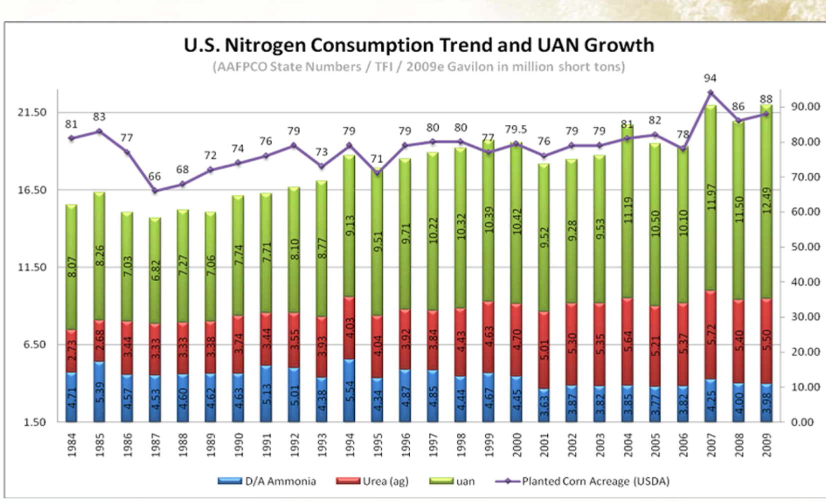
NITROGEN USE AND CORN ACRES

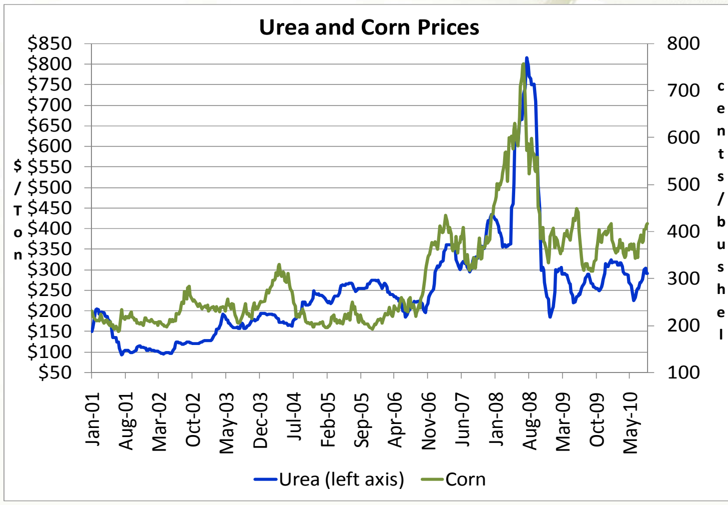


GLOBAL UREA CAPACITY

- 20 million metric tons of forecasted new capacity
- Big increases in carry out
- Operating costs are key
- Fluid, efficient supply chain is needed
- Selling power – most efficient supply chain wins

Metric tons	2010	2011	2012	2013	2014
Supply					
Capacity	179.1	188.3	198.5	206.9	222.1
Total supply	155.6	162.9	169.9	179.1	193.4
Demand					
Fertilizer demand	133.7	139.5	143.6	148.8	152.6
Non-fertilzer demand	17.5	18.9	19.9	20.9	21.9
Total demand	151.2	158.4	163.5	169.7	174.5
Balance	4.4	4.5	6.4	9.4	18.9
STX:USE	2.9%	2.8%	3.9%	5.5%	10.8%

U.S. CORN AND UREA PRICE…HEDGE?



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GLOBAL PHOSPHORIC ACID

- No shortage of phosphate rock in the mid-term short term (?)
- Forecast a balance S&D for acid
- There are numerous new MAP, DAP and TSP units planned
- Phosphate price will remain well supported

Metric tons	2010	2011	2012	2013	2014
Supply					
Capacity	47.8	51	52.5	53.8	55.5
Total supply	39.6	41.5	43.3	45.3	47.1
Demand					
Fertilizer demand	31.30	32.80	34.20	35.50	36.60
Non-fertilzer demand	5.5	5.6	5.6	6	6.2
Distribution losses	0.7	0.8	0.8	0.8	0.9
Total demand	37.50	39.20	40.60	42.30	43.70
Balance	2.10	2.30	2.70	3.00	3.40
STX:USE	5.6%	5.9%	6.7%	7.1%	7.8%

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GLOBAL POTASH

- Recovery of potash demand in 2010
- There is interest in new capacity but the market has stayed disciplined
- Mining companies looking to participate (BHP-POT)
- Surplus is well managed by the major players
- Farmers will flex their potash needs with price

Metric tons	2010	2011	2012	2013	2014
Supply					
Capacity	42.9	43.8	47.9	52.1	54.7
Total supply	38.0	39.2	41.4	42.9	45.8
Demand					
Fertilizer demand	26.6	28.5	29.8	30.9	31.9
Non-fertilzer demand	2.4	2.6	2.7	2.8	2.9
Distribution losses	0.9	0.9	1.0	1.0	1.0
Total demand	29.9	32.0	33.5	34.7	35.8
Balance	8.1	7.2	7.9	8.2	10.0
STX:USE	27.1%	22.5%	23.6%	23.6%	27.9%

FACTORS TO CONSIDER

VARIABLES WE CAN'T IGNORE

- Transportation efficiencies
- Global economy and politics
- Fertilizer subsidy programs
- Environmental concerns
- World wide yield improvement
- Global income per capita
- Energy **(E10-E15?????)**
- Foreign exchange impact

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TRANSPORTATION

- Transportation can be 30+ percent of the COGS
- World wide system emptied over the first half of 2010
- Grain and fertilizer movement will be brisk in the U.S. starting in October 2010
- NA fertilizer industry has not fully embraced the unit movement programs

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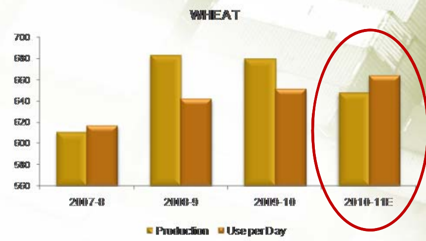
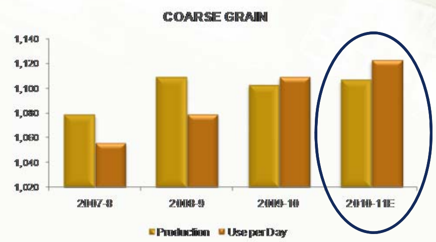
STRONG GLOBAL DEMAND

WHEAT AND COARSE GRAIN

- Global wheat crop is not ideal
- Cereal and wheat crops are not keeping up with consumption
- Recent wheat price spike is creating a fight for acreage
- Animal margins have significantly improved year over year
- Ethanol margins are improving and we are breaking production records weekly





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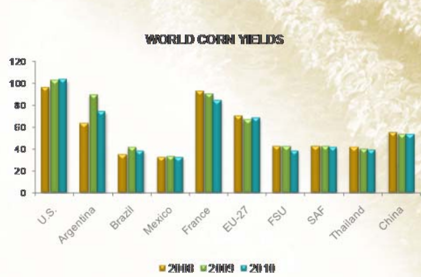
EXPANDING MIDDLE CLASS

- Middle class is expanding to an estimated two billion more people by 2030
- Got to feed these people
- Spending power will be as big as the change in spending patterns
- Nutrient use and advanced seed technology is needed to help the ground produce



Quintals/Hectare	2008	2009	2010
U.S.	97	103	104
Argentina	64	90	75
Brazil	36	42	39
Mexico	33	34	33
France	93	91	85
EU-27	71	67	69
FSU	43	43	39
SAF	43	43	42
Thailand	42	41	40
China	56	54	54
World Total	51	53	52

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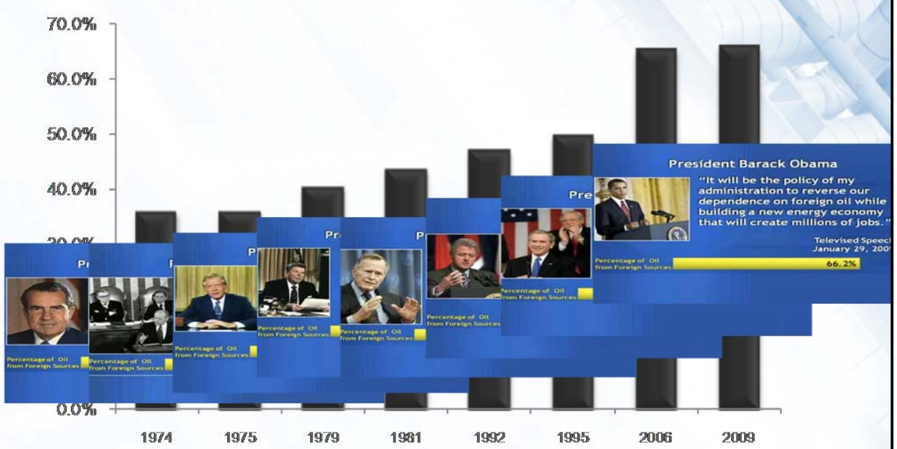
RELIANCE ON FOREIGN OIL



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QUESTIONS?

Thank you

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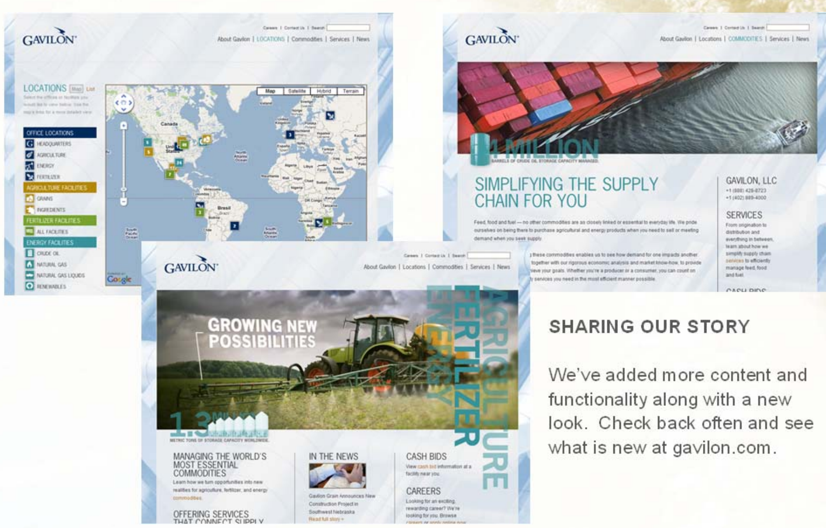

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