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TERRA INDUSTRIES INC  
Form 425  
March 23, 2009

Filed by CF Industries Holdings, Inc.

(Commission File No. 333-157462)

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:

Terra Industries Inc.

On March 23, 2009, CF Industries Holdings, Inc. distributed the following letter to its employees:

**CF Industries, Inc.**

4 Parkway North, Suite 400  
Deerfield, Illinois 60015-2590

847-405-2400

[www.cfindustries.com](http://www.cfindustries.com)

March 23, 2009

All Employees

CF Industries, Inc.

Dear Fellow Employees:

Today we announced that our board of directors has recommended that CF Industries stockholders reject Agrium's offer to acquire their CF Industries shares. Following a careful review of all aspects of the Agrium offer by our management team and its legal and financial advisors, our

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board 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.

The terms of Agrium's exchange offer provide for the same cash and stock consideration that was rejected previously by the CF Industries board of directors on March 9, 2009. The announcement today is our formal response to Agrium's exchange offer made on March 16th, and the company has filed this response on Schedule 14D-9 with the U.S. Securities and Exchange Commission.

Today, we also announced that we are reaffirming our intent to continue to pursue a business combination with Terra Industries. We believe that a combination with Terra will create superior value for CF Industries stockholders and provide a significantly better growth platform than a combination with Agrium. We intend to reach a friendly agreement with Terra.

The press releases and letters can be accessed on our website or on [www.transactioninfo.com/cfindustries](http://www.transactioninfo.com/cfindustries).

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If you receive calls from members of the press or investment community, please refer them to Chuck Nekvasil at 847-405-2515 and CNekvasil@cfindustries.com.

As always, thank you for your continued hard work and dedication to CF Industries.

Sincerely,

Steve Wilson

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Additional Information

This communication relates to the offer (the Offer ) by CF Industries Holdings, Inc. ( CF Industries ) through its direct wholly-owned subsidiary, Composite Acquisition Corporation ( Composite Acquisition ), to exchange each issued and outstanding share of common stock (the Terra common stock ) of Terra Industries Inc. ( Terra ) for 0.4235 shares of CF Industries common stock. This communication is for informational purposes only and does not constitute an offer to exchange, or a solicitation of an offer to exchange, Terra common stock, nor is it a substitute for the Tender Offer Statement on Schedule TO or the preliminary Prospectus/Offer to Exchange included in the Registration Statement on Form S-4 (including the Letter of Transmittal and related documents and as amended from time to time, the Exchange Offer Documents ) filed by CF Industries and Composite Acquisition with the Securities and Exchange Commission (the SEC ) on February 23, 2009. The Registration Statement has not yet become effective. The Offer is made only through the Exchange Offer Documents. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THESE DOCUMENTS AND OTHER RELEVANT MATERIALS AS THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

This communication is neither an offer to purchase nor the solicitation of an offer to sell any securities. On March 23, 2009, CF Industries filed a Solicitation/Recommendation Statement on Schedule 14D-9 with the SEC with respect to the exchange offer commenced by Agrium Inc. INVESTORS AND SECURITY HOLDERS OF CF INDUSTRIES ARE URGED TO READ THE SOLICITATION/RECOMMENDATION STATEMENT AND OTHER RELEVANT MATERIALS AS THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

In connection with the solicitation of proxies for the 2009 annual meeting of stockholders of Terra, CF Industries and its wholly-owned subsidiary CF Composite, Inc. ( CF Composite ) filed a revised preliminary proxy statement with the SEC on March 23, 2009 and intend to file a definitive proxy statement. When completed, the definitive proxy statement of CF Industries and CF Composite and accompanying proxy card will be mailed to stockholders of Terra. INVESTORS AND SECURITY HOLDERS OF TERRA ARE URGED TO READ THE PROXY STATEMENT AND OTHER RELEVANT MATERIALS CAREFULLY IN THEIR ENTIRETY AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

Investors and security holders will be able to obtain free copies of any documents filed by CF Industries with the SEC through the web site maintained by the SEC at [www.sec.gov](http://www.sec.gov). Free copies of any such documents can also be obtained by calling Innisfree M&A Incorporated toll-free at (877) 456-3507.

CF Industries, CF Composite, their respective directors and executive officers and the individuals nominated by CF Composite for election to Terra's board of directors are participants in the solicitation of proxies from Terra stockholders for Terra's 2009 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 revised preliminary proxy statement filed by CF Industries with the SEC on March 23, 2009. CF Industries and its directors and executive officers will be participants in any solicitation of proxies from Terra stockholders or CF Industries stockholders in respect of the proposed transaction with Terra. Information regarding CF Industries' directors and executive officers is available in its proxy statement for its 2009 annual meeting of stockholders, which was filed with the SEC on March 16, 2009, and a description of their direct and indirect interests in such solicitation, by security holdings or otherwise, will be contained in the proxy statement/prospectus filed in connection with the proposed transaction with Terra.