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TERRA INDUSTRIES INC
Form 425
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Filed by CF Industries Holdings, Inc.

(Commission File No. 001-32597)

Pursuant to Rule 425 under the Securities Act of 1933

Subject Company:

Terra Industries Inc.

(Commission File No. 001-08520)

On April 5, 2010, CF Industries Holdings, Inc. issued the following press release:

CF INDUSTRIES SUCCESSFULLY COMPLETES INITIAL EXCHANGE OFFER FOR TERRA INDUSTRIES

85.6% of Terra Shares Tendered into CF Industries Exchange Offer

CF Industries Commenced Subsequent Offering Period

DEERFIELD, IL, April 5, 2010 CF Industries Holdings, Inc. (NYSE: CF) announced today the successful completion of its initial exchange offer for all of the outstanding shares of Terra Industries Inc. (NYSE: TRA) common stock.

The exchange offer and withdrawal rights expired at 12:00 midnight, New York City time, on April 2, 2010. The depositary for the exchange offer has advised that, as of the expiration time, 85,757,343 shares of Terra common stock (including shares subject to guarantees of delivery) were validly tendered and not withdrawn, representing approximately 85.6%, of the outstanding shares of Terra common stock. All shares that were validly tendered and not properly withdrawn during the initial offering period have been accepted for payment.

With CF Industries' 85.6% ownership of Terra, today effectively marks the first day that CF Industries and Terra are a combined company.

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Today begins an exciting chapter in the history of CF Industries, said Stephen R. Wilson, chairman, president and chief executive of CF Industries. We are pleased to join with Terra Industries to form the premier nitrogen fertilizer manufacturing company in North America. The combination transforms both companies, creating a larger strategic platform, presenting substantial opportunities to increase efficiency and lower costs, and expanding access to the capital markets.

I am particularly pleased to announce that Mike Bennett has agreed to serve as a consultant to CF Industries as we integrate our two great companies, continued Mr. Wilson. Mike will play an important role on our integration steering committee and the combined company will benefit from the insight and passion that he brings to the role.

Mike Bennett, Terra's immediate past president and CEO, has agreed to serve as a consultant to CF Industries through the end of 2010 to assist with the integration of the two companies. CF Industries and Terra have formed an integration team with members from both companies whose charter is to integrate business practices, processes, systems and cultures. The co-leads of the integration project management office are Lynn White, vice president, Corporate Development, CF Industries, and Joe Ewing, who was most recently vice president, Investor Relations and Human Resources, Terra Industries.

CF Industries also announced that it has commenced a subsequent offering period for all remaining shares of Terra common stock to permit stockholders who have not yet tendered their shares the opportunity to do so. The subsequent offering period will expire at 5:00 p.m., New York City time, on Friday, April 9, 2010, unless extended. Any shares validly tendered during the subsequent offering period will be immediately accepted for payment, and tendering stockholders will promptly thereafter be paid \$37.15 in cash and 0.0953 of a share of CF Industries common stock, less any required withholding taxes and

without interest, which is the same amount per share that was offered and paid in the initial offering period.

The procedures for tendering shares during the subsequent offering period are the same as during the initial offering period, except that shares tendered during the subsequent offering period may not be tendered by the guaranteed delivery procedure and may not be withdrawn.

Following the expiration of the subsequent offering period, if CF Industries owns at least 90% of the outstanding shares of Terra common stock, CF Industries intends to complete the acquisition of Terra through the short-form merger procedure under Maryland law, without a vote or meeting of Terra's stockholders. In the merger, each outstanding share of Terra common stock not tendered and purchased in the initial offering period or the subsequent offering period will be converted into the right to receive the same consideration provided in the exchange offer. As a result of the merger, which CF Industries expects to close as soon as practicable, Terra's common stock will cease to be traded on the New York Stock Exchange.

Morgan Stanley and Rothschild are acting as financial advisors and Skadden, Arps, Slate, Meagher & Flom LLP is acting as legal counsel to CF Industries.

Credit Suisse Securities (USA) LLC is serving as Terra's financial advisor, and Cravath, Swaine & Moore LLP and Wachtell, Lipton, Rosen & Katz are serving as legal counsel to Terra.

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About CF Industries

CF Industries Holdings, Inc., headquartered in Deerfield, Illinois, is the holding company for the operations of CF Industries, Inc. CF Industries, Inc. is a major producer and distributor of nitrogen and phosphate fertilizer products. CF Industries operates world-scale nitrogen fertilizer plants in Donaldsonville, Louisiana and Medicine Hat, Alberta, Canada; conducts phosphate mining and manufacturing operations in Central Florida; and distributes fertilizer products through a system of terminals, warehouses, and associated transportation equipment located primarily in the Midwestern United States. The company also owns a 50 percent interest in KEYTRADE AG, a global fertilizer trading organization headquartered near Zurich, Switzerland. Additional information on CF Industries is found on the company's website at www.cfindustries.com.

Additional Information

This press release relates to the offer (the "Offer") by Composite Merger Corporation ("Composite"), an indirect wholly-owned subsidiary of CF Industries Holdings, Inc. ("CF Industries"), to exchange each issued and outstanding share of common stock of Terra Industries Inc. ("Terra") for \$37.15 in cash and 0.0953 shares of CF Industries' common stock. This press release is for informational purposes only and does not constitute an offer to exchange, or a solicitation of an offer to exchange, shares of Terra common stock, nor is it a substitute for the Tender Offer Statement on Schedule TO or the Prospectus/Offer to Exchange (collectively with a Letter of Transmittal and related documents and as amended from time to time, the "Exchange Offer Documents") filed by CF Industries and Composite with the Securities and Exchange Commission (the "SEC"). The Offer is made only through the Exchange Offer Documents.

Security holders and investors may obtain any of the foregoing documents for free by visiting EDGAR on the SEC website at www.sec.gov or by calling Innisfree M&A Incorporated toll-free at (877) 456-3507. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THESE DOCUMENTS AND OTHER RELEVANT MATERIALS AS THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

Forward-Looking Statements

Certain statements contained in this press release may constitute forward-looking statements. All statements in this press release, other than those relating to historical information or current condition, are forward-looking statements. 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 statements. Risks and uncertainties relating to the proposed transaction include: uncertainty of the expected financial performance of CF Holdings following completion of the proposed transaction; CF Holdings' ability to incur a substantial amount of indebtedness in connection with the proposed transaction, to comply with the covenants in such indebtedness and to make payments under such indebtedness when due; CF Holdings' ability to consummate an equity offering following the closing of the proposed transaction; CF Holdings' ability to achieve the cost-savings and synergies contemplated by the proposed transaction within the expected time frame; CF Holdings' ability to promptly and effectively integrate the businesses of Terra and CF Holdings; and disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees or suppliers. Additional risks and uncertainties include: the relatively expensive and volatile cost of North American natural gas; the cyclical nature of our business and the agricultural sector; the global commodity nature of our fertilizer products, the impact of global supply and demand on our selling prices, and the intense global competition in the consolidating markets in which we operate; conditions in the U.S. agricultural industry; risks involving derivatives; weather conditions; our inability to predict seasonal demand for our products accurately; the concentration of our sales with certain large customers; the impact of changing market conditions on our Forward Pricing Program; the reliance of our operations on a limited number of key facilities and the significant risks and hazards against which we may not be fully insured; reliance on third party transportation providers; risks associated with joint ventures; risks associated with expansion of our business, including unanticipated adverse consequences and the significant resources that could be required; future regulatory restrictions and requirements related to greenhouse gas emissions, climate change or other environmental requirements; potential liabilities and expenditures related to environmental and health and safety laws and regulations; our potential inability to obtain or maintain required permits and governmental approvals or to meet financial assurance requirements; acts of terrorism; difficulties in securing the supply and delivery of raw materials we use and increases in their costs; losses on our investments in securities; loss of key members of management and professional staff; the international credit crisis and global recession; and the other risks and uncertainties included from time to time in our filings with the SEC. Except as required by law, we undertake no obligation to update or revise any forward-looking statements.

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