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TERRA INDUSTRIES INC  
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Filed by CF Industries Holdings, Inc.

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Pursuant to Rule 425 under the Securities

Act of 1933

Subject Company:

Terra Industries Inc.

(Commission File No. 001-08520)

On January 28, 2009, CF Industries Holdings, Inc. issued the following press release:

**NEWS**

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**CF INDUSTRIES REMAINS COMMITTED TO COMBINATION WITH TERRA INDUSTRIES**

DEERFIELD, IL, January 28, 2009 CF Industries Holdings, Inc. (NYSE: CF) today announced that it remains committed to its proposal to create a leader in the global fertilizer industry through an acquisition of all outstanding common shares of Terra Industries Inc. (NYSE: TRA). Under CF Industries' proposal, each common share of Terra would be entitled to receive 0.4235 shares of CF Industries. At the time of the announcement on January 15, 2009, the proposal represented a premium of 34% based on the 30-day volume weighted average prices for the shares of the two companies, and a 29% premium based on the 10-day volume weighted average.

We are confident that our proposal is a full and fair offer and continue to believe that a combination of the two companies would provide significant benefits to both CF Industries and Terra shareholders, employees and customers, said Stephen R. Wilson, chairman, president and chief executive officer of CF Industries. With annual cost synergies expected to exceed \$100 million and the combined talent and scale to compete better globally, we believe the combination is in the best interests of all CF Industries and Terra constituents. Our offer, which is not subject to any financing condition, has been very positively received by the market.

While it remains CF Industries' strong preference to enter into a negotiated transaction with Terra, the company is committed to a combination and will consider its options.

**Information for Investors, Employees, Customers and the Agribusiness Community is available at [www.transactioninfo.com/cfindustries](http://www.transactioninfo.com/cfindustries) or [www.cfindustries.com](http://www.cfindustries.com).**

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

### Additional Information

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. This press release relates to a business combination transaction with Terra Industries Inc. ( "Terra" ) proposed by CF Industries Holdings, Inc. ( "CF" ), which may become the subject of a registration statement filed with the Securities and Exchange Commission (the "SEC" ). This material is not a substitute for the prospectus/proxy statement CF would file with the SEC regarding the proposed transaction if such a negotiated transaction with Terra is reached or for any other document which CF may file with the SEC and send to CF or Terra stockholders in connection with the proposed transaction. **INVESTORS AND SECURITY HOLDERS OF CF AND TERRA ARE URGED TO READ ANY SUCH DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** Such documents would be available free of charge through the web site maintained by the SEC at [www.sec.gov](http://www.sec.gov) or by directing a request to the CF Public and Investor Relations Department, CF Industries Holdings, Inc., 4 Parkway North, Suite 400, Deerfield, IL 60015.

CF and its directors and executive officers and other persons may be deemed to be participants in any solicitation of proxies from CF's and Terra's stockholders in respect of the proposed transaction with Terra. Information regarding CF's directors and executive officers is available in its proxy statement for its 2008 annual meeting of stockholders, which was filed with the SEC on April 4, 2008. 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 communication concerning Terra, including its business, operations and financial results was obtained from public sources. While CF has no knowledge that any such information is inaccurate or incomplete, CF has not had the opportunity to verify any of that information.



Safe Harbor Statement

Certain statements contained in this press release may constitute forward-looking statements within the meaning of the federal securities laws. 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: Terra's failure to accept CF's proposal and enter into definitive agreements to effect the transaction; our ability to obtain shareholder, antitrust, regulatory and other approvals on the proposed terms and schedule; uncertainty of the expected financial performance of CF following completion of the proposed transaction; CF's ability to achieve the cost-savings and synergies contemplated by the proposed transaction within the expected time frame; CF's ability to promptly and effectively integrate the businesses of Terra and CF; 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; changes in global fertilizer supply and demand and its impact on markets and selling prices; the nature of our products as global commodities; intense global competition in the consolidating markets in which we operate; conditions in the U.S. agricultural industry; weather conditions; our inability to accurately predict seasonal demand for our products; 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; the significant risks and hazards against which we may not be fully insured; reliance on third party transportation providers; unanticipated adverse consequences related to the expansion of our business; our inability to expand our business, including the significant resources that could be required; potential liabilities and expenditures related to environmental and health and safety laws and regulations; our inability to obtain or maintain required permits and governmental approvals; 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; and the other risks and uncertainties included from time to time in our filings with the SEC. We undertake no obligation to update or revise any forward-looking statements.

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