



Terra Industries Inc.

NEWS

FOR IMMEDIATE RELEASE

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Terra Environmental Technologies to Provide Diesel Exhaust Fluid to Ford Motor Company

SIoux CITY, IOWA (December 15, 2009)—Terra Industries Inc. (NYSE: TRA) (“Terra”) announces that Terra Environmental Technologies Inc. (“TET”), a wholly-owned Terra subsidiary, has signed an agreement to supply diesel exhaust fluid (“DEF”)¹ to Ford Motor Company (NYSE: F) (“Ford”).

Ford will use TET’s DEF product for its initial fills as their SCR-equipped diesel vehicles come off the factory line. It will also offer the product to Ford dealerships in multiple packaging options under the Motorcraft® brand.

Said Terra President and CEO Michael Bennett, “We’re pleased with the opportunity to do business with Ford, a company that values quality as much as we do. In fact, quality is a key factor driving Terra Environmental Technologies’ emergence as the North American leader in DEF markets. TET is able to guarantee rigorous supply chain oversight, from our manufacturing facilities to the tank of the vehicle.”

TET has the flexibility to ensure quality and supply by sourcing DEF from a number of Terra’s six North American nitrogen products manufacturing facilities.

As the leading North American DEF producer, TET has developed a complete supply chain solution that includes manufacturing and distributing the product, recommending DEF compatible dispensing equipment, offering financing options and providing field services and employee training. TET has exclusive supply agreements with Daimler and Hino, and preferred supply agreements with Volvo and Mack Trucks North America.

About TET

Terra established its environmental business in 2003 to provide products and services to customers using nitrogen products to reduce NOx emissions from various sources, including power plants and diesel engines, and in other environmental processes such as water treatment. TET was incorporated in 2007, and as a wholly owned Terra subsidiary, has access to the full range of Terra resources.

About Ford Motor Company

Ford Motor Company, a global automotive industry leader based in Dearborn, Mich., manufactures or distributes automobiles across six continents. With about 200,000 employees and about 90 plants worldwide, the company’s automotive brands include Ford, Lincoln, Mercury and Volvo. The company provides financial services through Ford Motor Credit Company. For more information regarding Ford’s products, please visit www.ford.com.

1. Under the Clean Air Act, all diesel vehicles produced in the U.S. beginning January 1, 2010, are required to meet more stringent emissions standards. Most manufacturers are accomplishing this by using selective catalytic reduction (“SCR”) technology. DEF is a liquid urea solution that, when used in conjunction with SCR, converts harmful emissions to pure water and nitrogen. TET’s DEF product is an ultrapure solution whose quality is certified by the American Petroleum Institute.

About Terra

Terra Industries Inc., with 2008 revenues of \$2.9 billion, is a leading North American producer and marketer of nitrogen products.

Forward-Looking Statements

Certain statements in this communication may constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. As a result, these statements speak only as of the date they were made and Terra undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. Words such as “expects,” “intends,” “plans,” “projects,” “believes,” “estimates,” and similar expressions are used to identify these forward-looking statements. These include, among others, statements relating to:

- changes in financial markets,
- general economic conditions within the agricultural industry,
- competitive factors and price changes (principally, sales prices of nitrogen and methanol products and natural gas costs),
- changes in product mix,
- changes in the seasonality of demand patterns,
- changes in weather conditions,
- changes in environmental and other government regulation, and
- changes in agricultural regulations.

Additional information as to these factors can be found in Terra’s 2008 Annual Report/10-K, in the sections entitled “Business,” “Legal Proceedings,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in the Notes to the consolidated financial statements.

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Note: Terra Industries’ news announcements are also available on its Web site, www.terraindustries.com. The Terra Environmental Technologies Web site can be found at www.tet-terra.com.