



Terra Industries Inc.
600 Fourth Street
P.O. Box 6000
Sioux City, IA 51102-6000
Telephone: (712) 277-1340
Telefax: (712) 277-7383
www.terrainindustries.com

NEWS

For immediate release

Contact: Joe Ewing
(712) 277-7305
jewing@terrainindustries.com

Terra Environmental Technologies signs TerraCair™ distribution agreement with Brenntag North America

Sioux City, Iowa (December 22, 2008)—Terra Industries Inc. (NYSE symbol: TRA) (Terra) announced today that Terra Environmental Technologies Inc. (TET), a wholly owned Terra subsidiary, has signed an exclusive distribution agreement with Brenntag North America (Brenntag). Under terms of the agreement, Brenntag will be the exclusive national distributor of TET's diesel exhaust fluid (DEF) TerraCair™ for the on- and off-road diesel motor application market in the U.S. and Canada, and TET will be the exclusive supplier of DEF to Brenntag. TerraCair is an ultra pure, nitrogen-based urea solution that helps clean the air by reducing harmful emissions from the exhaust stream of diesel engines.

The agreement marks a significant first step toward establishing TET as a leading producer and supplier in the emerging North American DEF market. This market is driven by U.S. legislation set to take effect in 2010 that will require new light- and heavy-duty diesel trucks to meet more stringent emissions requirements. The affected diesel engines accomplish this through the use of selective catalytic reduction (SCR) systems in conjunction with DEF. In addition to improving air quality, the technology has the potential to increase fuel economy by three to five percent.

TET will supply TerraCair to U.S. and Canadian customers from a number of plant locations directly and through Brenntag's distribution channels.

Said Terra President and CEO Michael Bennett, "We're pleased to have accomplished with Brenntag this important first step in establishing the North American DEF infrastructure. Each company brings significant strengths to the table. TET will ensure product quality and supply, and has the resources and expertise to be a leader in the DEF market. Brenntag has a substantial distribution infrastructure, high quality standards, excellent customer service and experience distributing DEF. We look forward to a long and productive working relationship.

"The agreement is also consistent with Terra's strategic objective of growing the TET business," Bennett continued. "Green technology will play an important role in the U.S. economy of the future, and this agreement marks good progress toward positioning TET as a leading producer and supplier to green markets."

About TET

Terra Industries Inc., with 2007 revenues of \$2.4 billion, is a leading international producer of nitrogen products. Terra Industries Inc. formed TET in 2003 to provide products and services to customers using nitrogen products to reduce NOx emissions from various sources, including power plants and in other environmental processes such as water treatment plants. TET was incorporated in December 2007.

About Brenntag

Brenntag North America, headquartered in Reading, Pennsylvania, is a part of the Brenntag Group, the global leader in the growth market for the distribution of industrial and specialty chemicals.

Forward-looking statement

Certain statements in this new release may constitute “forward-looking” statements within the meaning of the Private 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.

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:

- 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),
- product mix,
- the seasonality of demand patterns,
- weather conditions,
- environmental and other government regulation, and
- agricultural regulations.

Additional information as to these factors can be found in Terra’s 2007 Annual Report/10-K, in the section 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.

###

Note: Terra Industries’ news announcements are also available on its Web site, www.terrainindustries.com.