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NEWS

For immediate release

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Terra announces supply agreement with Progress Energy

Sioux City, Iowa (April 28, 2006)—Terra Industries Inc. (NYSE: TRA) announced today that it has entered into an agreement to supply ammonia and urea to Progress Energy. The agreement will be in effect through December 2010. The products Terra will provide will help Progress Energy meet clean air objectives at several of its North Carolina power generation facilities. Terra will manufacture the product at its Courtright, Ont.; Woodward, Okla.; and Yazoo City, Miss. manufacturing facilities.

Said Terra President and CEO Michael L. Bennett, “We’re pleased with this opportunity to build a long-term relationship with a leader in the energy industry. This agreement illustrates Terra’s continuing success at building Terra Environmental Technologies (TET), a division we established in 2003, and that generated 2005 sales of \$29.4 million. The Progress Energy agreement also demonstrates Terra’s unique ability to offer environmental solutions based on our dedication to this market, our basic manufacturing capabilities and our expertise at product handling and logistics.”

Forward-Looking statements

This news release may contain forward-looking statements, which involve inherent risks and uncertainties. Statements that are not historical facts, including statements about Terra Industries Inc.’s beliefs, plans or expectations, are forward-looking statements. These statements are based on current plans, estimates and expectations. Actual results may differ materially from those projected in such forward-looking statements and therefore you should not place undue reliance on them. A non-exclusive list of the important factors that could cause actual results to differ materially from those in such forward-looking statements is set forth in Terra Industries Inc.’s most recent report on Form 10-K and Terra Industries Inc.’s other documents on file with the Securities and Exchange Commission. Terra Industries Inc. undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

About Progress Energy

Progress Energy (NYSE: PGN), headquartered in Raleigh, NC, is a Fortune 250 diversified energy company with more than 24,000 megawatts of generation capacity and \$9 billion in annual revenues.

About Terra

Terra Industries Inc., with 2005 revenues of \$1.9 billion is a leading international producer of nitrogen products.

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