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NEWS

For immediate release

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Terra Industries and Kemira GrowHow Announce UK Joint Venture

London, Sioux City and Helsinki (Oct. 19, 2006)—Terra Industries Inc. (NYSE symbol: TRA) and Kemira GrowHow Oyj (OMX symbol: KGH1V) announce today that they have entered into a Memorandum of Understanding which sets out their agreement in principle to create a new joint venture to operate the fertilizer and associated process chemicals businesses of both companies in the United Kingdom.

The Memorandum of Understanding is a non-legally binding agreement and is subject, *inter alia*, to clearance from the UK competition authorities, negotiation of definitive documents and lender consent. It is not subject to the approval of shareholders in either Terra Industries Inc. or Kemira GrowHow Oyj.

The proposed joint venture is designed to secure a sustainable, long-term base for manufacturing fertilizer and process chemicals in the UK. Both businesses produce ammonium nitrate, which is the main nitrogen fertilizer consumed in the UK.

Terra Nitrogen (UK) Limited is the largest UK producer of ammonium nitrate and Kemira GrowHow UK Limited is the UK's largest producer of compound fertilizers. The proposed joint venture would therefore provide a complete fertilizer offering for agricultural customers. Both businesses are also leading producers of process chemicals and have well-established and highly-skilled workforces of approximately 400 per company.

The proposed joint venture is expected to be held 50/50 by Terra Industries and Kemira GrowHow and to own and operate the sites of Terra Nitrogen (UK) Limited's facilities on Teesside and Severnside and the site of Kemira GrowHow UK Limited at Ince.

Through the proposed joint venture, Terra Industries and Kemira GrowHow expect to create significant cost and operational synergies that would enhance their ability to service and compete in increasingly challenging markets.

Mike Bennett, President and CEO of Terra Industries, said: "Our markets are increasingly global and UK operators face growing competition from low-cost producing countries. In this environment, the joint venture will position our combined UK fertilizer and process chemicals operations to achieve long-term stability and success by reducing overheads and allowing us to optimize our product mix, among other synergies."

Heikki Sirvio, CEO of Kemira GrowHow, said: “We expect this joint venture to allow both our companies to continue to provide high quality products and services to our agricultural and industrial customers, while significantly expanding our opportunities. By securing a long-term manufacturing base in the UK, we are investing in the future.”

Terra Industries and Kemira GrowHow expect to submit a competition filing to the UK Office of Fair Trading by the end of October. Both Terra Nitrogen (UK) Limited and Kemira GrowHow UK Limited are committed to working with employees and their representatives, including signatory unions, through the coming months.

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About Terra Industries Inc.

Terra Industries Inc., with 2005 revenues of \$1.9 billion, is a leading international producer of nitrogen products. It employs about 1,200 people in North America and UK and is listed on the New York Stock Exchange. Terra Industries Inc. purchased Terra Nitrogen UK from ICI in 1997.

About Kemira GrowHow Oyj

Kemira GrowHow Oyj is one of the leading producers of fertilizer and feed phosphates in Europe. Kemira GrowHow develops and markets fertilizers and integrated solutions for crop cultivation, animal feed supplements and chemicals required in various industries. The company has approximately 2,700 employees worldwide and in 2005 net sales were 1221 million euros. Kemira GrowHow Oyj is listed on the Helsinki Stock Exchange.

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 and/or Kemira GrowHow Oyj’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. In respect of Terra Industries Inc., 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. Neither Terra Industries Inc. or Kemira GrowHow Oyj undertakes any obligation to publicly update or revise any forward-looking statement set out in this announcement, whether as a result of new information, future developments or otherwise.