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NEWS

For immediate release

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Terra to extend and expand its share repurchase program

Sioux City, Iowa (May 8, 2008)—Terra Industries Inc. (NYSE: TRA) announced today that its Board of Directors has approved the extension and expansion of its share repurchase program. The repurchase program gives Terra a flexible means to provide value to stockholders.

The current share repurchase program, scheduled to expire on June 30, 2008, was instituted on April 25, 2006, and allowed for the repurchase of up to 10 percent (or approximately 9.5 million shares) of Terra's outstanding common stock. As of March 31, 2008, Terra had repurchased 6.7 million shares at an average price of approximately \$16.00 per share.

The new program, adopted by Terra's Board of Directors on May 6, 2008, allows for the repurchase of an additional 10 million shares and extends the program through June 30, 2010. It carries over the balance of 2.7 million unpurchased shares, for a total authorization of approximately 12.7 million shares, representing 14 percent of Terra's current outstanding shares.

The stock buyback program will be conducted on the open market, in private transactions or otherwise at such times prior to June 30, 2010, and at such prices, as determined appropriate by Terra and according to applicable legal and regulatory requirements. Purchases may be commenced or suspended at any time without notice.

About Terra

Terra Industries Inc., with 2007 revenues of \$2.4 billion, is a leading international producer of nitrogen products.

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:

- 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 2007 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.terrainindustries.com.