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## NEWS

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For immediate release

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### **Terra initiates common stock dividend**

Sioux City, Iowa (May 8, 2008)—Terra Industries Inc. (NYSE: TRA) announced today that its Board of Directors has declared a dividend of \$.10 per common share payable on June 13, 2008 to holders of record as of May 28, 2008.

Said Terra President and CEO Michael Bennett, “We are pleased with the Company's strong financial position and that our view of Terra's core cash generation through future cycles enables us to institute a common stock dividend.”

#### **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](http://www.terrainindustries.com).*