

CF Industries Holdings, Inc.
Form 424B3
April 02, 2010

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-165224

Offer to Exchange

Each Outstanding Share of Common Stock

of

TERRA INDUSTRIES INC.

for

\$37.15 in Cash and

0.0953 Shares of Common Stock of CF Industries Holdings, Inc.
(together with the associated preferred stock purchase rights)

by

COMPOSITE MERGER CORPORATION,

an indirect wholly-owned subsidiary of

CF INDUSTRIES HOLDINGS, INC.

Composite Merger Corporation ("Composite"), a Maryland corporation and an indirect wholly-owned subsidiary of CF Industries Holdings, Inc. ("CF Holdings"), a Delaware corporation, is offering, upon the terms and subject to the conditions set forth in this prospectus/offer to exchange and in the accompanying letter of transmittal, to exchange each of the issued and outstanding shares of common stock, without par value (the "Terra common stock"), of Terra Industries Inc., a Maryland corporation ("Terra"), for (i) \$37.15 in cash, less any applicable withholding taxes and without interest, and (ii) 0.0953 shares of the common stock, par value \$0.01 per share, of CF Holdings (together with the associated preferred stock purchase rights) (the "CF Holdings common stock"). In addition, you will receive cash in lieu of any fractional shares of CF Holdings common stock to which you may otherwise be entitled.

The offer is being made pursuant to an Agreement and Plan of Merger, dated as of March 12, 2010, by and among CF Holdings, Composite and Terra. Pursuant to the merger agreement, after the offer is completed, subject to the approval of Terra's stockholders if required by applicable law, Composite will merge with and into Terra (the "second-step merger"). The Terra board of directors determined that the offer, the second-step merger and the other transactions contemplated by the merger agreement are advisable to, and in the best interests of, Terra and its stockholders and approved the merger agreement, the offer, the second-step merger and the other transactions contemplated by the merger agreement. **The Terra board of directors recommends that Terra stockholders accept the offer by tendering their Terra common stock into the offer.**

Composite's obligation to accept for exchange, and to exchange, shares of Terra common stock for shares of CF Holdings common stock is subject to the conditions described in the section of this prospectus/offer to exchange entitled "The Exchange Offer Conditions of the Offer" beginning on page 74.

This prospectus/offer to exchange amends and supersedes information included in the prospectus/offer to exchange filed with the Securities and Exchange Commission on March 5, 2010.

THE OFFER AND THE WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON APRIL 2, 2010, OR THE "EXPIRATION DATE," UNLESS EXTENDED. SHARES TENDERED PURSUANT TO THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION OF THE OFFER TO EXCHANGE, BUT NOT DURING ANY

SUBSEQUENT OFFERING PERIOD.

CF Holdings common stock trades on the New York Stock Exchange ("NYSE") under the symbol "CF." Terra common stock trades on the NYSE under the symbol "TRA."

FOR A DISCUSSION OF RISKS AND OTHER FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE OFFER, PLEASE CAREFULLY READ THE SECTION OF THIS PROSPECTUS/OFFER TO EXCHANGE ENTITLED "RISK FACTORS" BEGINNING ON PAGE 20.

Neither CF Holdings nor Composite has authorized any person to provide any information or to make any representation in connection with the offer other than the information contained or incorporated by reference in this prospectus/offer to exchange, and if any person provides any of this information or makes any representation of this kind, that information or representation must not be relied upon as having been authorized by CF Holdings or Composite.

CF HOLDINGS IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND A PROXY TO CF HOLDINGS.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus/offer to exchange. Any representation to the contrary is a criminal offense.

The dealer managers for the offer are:

Morgan Stanley & Co. Incorporated
Toll Free: 888-840-4015

Rothschild Inc.
Toll Free: 800-753-5151

The date of this prospectus/offer to exchange is April 2, 2010

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THIS PROSPECTUS/OFFER TO EXCHANGE INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT CF HOLDINGS AND TERRA FROM DOCUMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, OR THE "SEC," THAT HAVE NOT BEEN INCLUDED IN OR DELIVERED WITH THIS PROSPECTUS/OFFER TO EXCHANGE.

THIS INFORMATION IS AVAILABLE AT THE INTERNET WEB SITE THE SEC MAINTAINS AT WWW.SEC.GOV, AS WELL AS FROM OTHER SOURCES. PLEASE SEE THE SECTION OF THIS PROSPECTUS/OFFER TO EXCHANGE ENTITLED "WHERE YOU CAN FIND MORE INFORMATION." YOU ALSO MAY REQUEST COPIES OF THESE DOCUMENTS FROM CF HOLDINGS, WITHOUT CHARGE, UPON WRITTEN OR ORAL REQUEST TO CF HOLDINGS' INFORMATION AGENT AT ITS ADDRESS OR TELEPHONE NUMBER SET FORTH ON THE BACK COVER OF THIS PROSPECTUS/OFFER TO EXCHANGE. IN ORDER TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS, YOU MUST MAKE YOUR REQUEST NO LATER THAN FIVE BUSINESS DAYS PRIOR TO THE EXPIRATION DATE OF THE OFFER.

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QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

Below are some of the questions that you as a holder of shares of Terra Industries Inc., or "Terra," common stock may have regarding the exchange offer and answers to those questions. The answers to these questions do not contain all information relevant to your decision whether to tender your shares of Terra common stock, and CF Industries Holdings, Inc., or "CF Holdings," and Composite Merger Corporation, or "Composite," and together "we," "us" or "our," urge you to read carefully the remainder of this prospectus/offer to exchange and the letter of transmittal.

Who is offering to buy my shares of Terra common stock?

The offer is made by Composite Merger Corporation, a Maryland corporation and indirect wholly-owned subsidiary of CF Industries Holdings, Inc., a Delaware corporation. CF Holdings is one of the largest manufacturers and distributors of nitrogen and phosphate fertilizer products in North America. Our operations are organized into two business segments: the nitrogen segment and the phosphate segment. Our principal products in the nitrogen segment are ammonia, urea and urea ammonium nitrate solution. Our principal products in the phosphate segment are diammonium phosphate, monoammonium phosphate and potash.

Does Terra's board of directors support your offer?

Yes. On March 12, 2010, CF Holdings and Composite entered into an Agreement and Plan of Merger, or the "merger agreement," with Terra to acquire all of the outstanding shares of Terra common stock. Pursuant to the merger agreement, after the offer is completed, subject to the approval of Terra's stockholders if required by applicable law, Composite will merge with and into Terra (the "second-step merger"). As a result of the offer and the second-step merger, Terra will become an indirect, wholly-owned subsidiary of CF Holdings.

The Terra board of directors by unanimous vote of those directors voting with one absent director separately indicating agreement determined that the offer, the second-step merger and the other transactions contemplated by the merger agreement are advisable to, and in the best interests of, Terra and its stockholders and by unanimous vote of those directors voting with one absent director separately indicating agreement approved the merger agreement, the offer, the second-step merger and the other transactions contemplated by the merger agreement.

The Terra board of directors by unanimous vote of those directors voting with one absent director separately indicating agreement recommends that Terra stockholders accept the offer by tendering their Terra common stock into the offer. Information about the recommendation of Terra's board of directors is more fully described in Terra's Solicitation/Recommendation Statement on Schedule 14D-9, which is being mailed to Terra stockholders together with this prospectus/offer to exchange and is incorporated herein by reference.

What will I receive for my shares of Terra common stock?

In exchange for each share of Terra common stock you validly tender and do not withdraw before the expiration date, you will receive (i) \$37.15 in cash, less any applicable withholding taxes and without interest, and (ii) 0.0953 shares of CF Holdings common stock (together with the associated preferred stock purchase rights). In addition, you will receive cash in lieu of any fractional shares of CF Holdings common stock to which you may otherwise be entitled.

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Solely for purposes of illustration, the following table sets forth the implied value of each share of Terra common stock in the offer at different, assumed market prices of CF Holdings common stock:

Assumed Market Price of CF Holdings Common Stock	Assumed Value of 0.0953 Shares of CF Holdings Common Stock	Cash Consideration per Share of Terra Common Stock	Implied Value per Share of Terra Common Stock in the Offer
\$ 90.00	\$ 8.577	\$ 37.15	\$ 45.73
\$ 95.00	\$ 9.054	\$ 37.15	\$ 46.20
\$ 100.00	\$ 9.530	\$ 37.15	\$ 46.68
\$ 105.00	\$ 10.007	\$ 37.15	\$ 47.16
\$ 110.00	\$ 10.483	\$ 37.15	\$ 47.63

The market prices of CF Holdings common stock used in the above table are for purposes of illustration only. The price of CF Holdings common stock fluctuates and may be higher or lower than in these examples at the time shares of Terra common stock are exchanged pursuant to this offer. Each \$5.00 increase or decrease in the market value of CF Holdings common stock corresponds to an increase or decrease, respectively, of \$0.48 to the implied value per share of Terra common stock in the offer. On March 18, 2010, the last trading date prior to the printing of this prospectus/offer to exchange, the closing price of a share of CF Holdings common stock was \$93.12. Stockholders are encouraged to obtain current market quotations for shares of Terra and CF Holdings common stock prior to making any decision with respect to the offer.

Please also see the section of this prospectus/offer to exchange entitled "Risk Factors."

Will I have to pay any fee or commission to exchange shares of Terra common stock?

If you are the record owner of your shares and you tender your shares in the offer, you will not have to pay any brokerage fees, commissions or similar expenses. If you own your shares through a broker, dealer, commercial bank, trust company or other nominee and your broker, dealer, commercial bank, trust company or other nominee tenders your shares on your behalf, your broker or such other nominee may charge a fee for doing so. You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

What are the benefits of a combination of CF Holdings and Terra?

CF Holdings believes that the combination of CF Holdings' and Terra's businesses will create significant value for both CF Holdings' and Terra's current stockholders. We believe the combination of CF Holdings and Terra is a compelling combination with a number of strategic benefits, including the following:

Global Leader in Nitrogen Fertilizers The combined company will be a leading global producer of nitrogen fertilizers, as measured by capacity, among publicly traded companies. The combined company will be a stronger, more competitive player in the global nitrogen fertilizer industry.

Synergies We expect the transaction to generate \$105 - \$135 million in annual cost synergies by combining overlapping corporate functions and optimizing transportation and distribution

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systems, and through greater economies of scale in procurement and purchasing. The details of the expected annual cost synergies are as follows:

	(\$ in millions)	
SG&A	\$	55 65
Logistics and railcar leases		25 30
Purchases/procurement		10 15
Distribution facilities optimization		5 10
Other		10 15
Total	\$	105 135

We expect the combined company to realize these synergies within two years after the closing of the offer and the second-step merger. We also expect the combined company to benefit from a one-time \$30 million-to-\$60 million release of cash due to inventory reduction.

Enhanced Capital Markets Presence The combined company would have had 2009 revenues of \$4.2 billion and will be the largest publicly traded nitrogen fertilizer company in the United States. The combined company will have increased trading liquidity on the NYSE and improved access to the capital markets. We believe these factors will provide the combined company with an enhanced capital markets presence and greater long-term financial stability and access to financial resources than either CF Holdings or Terra would have alone.

Attractive Diversification The combined company and its stockholders will benefit from increased diversification in plant and distribution facility locations, product mix, and end use customer segments and increased exposure to the global market. CF Holdings provides access to an extensive in-market distribution network, one of the largest integrated ammonium phosphate complexes in the U.S. (with approximately 13 years of fully-permitted recoverable phosphate reserves remaining at current operating rates), an ammonia/urea complex under development in Peru, and the ability to import or export products efficiently through our 50% interest in KEYTRADE AG, or "Keytrade," a global fertilizer trading company headquartered near Zurich, Switzerland. Terra provides participation in an ammonia complex in Trinidad, a joint venture in the U.K. and a greater number of production facilities in North America. Additionally, Terra provides a position in ammonium nitrate and an increased position in serving industrial/environmental customers.

Complementary Businesses CF Holdings' and Terra's complementary footprints will give the combined company increased geographic reach in the U.S. In addition, CF Holdings' and Terra's complementary businesses and locations will allow the combined company to improve efficiency in manufacturing and distribution and enhance customer service.

Value for All Stockholders The cash consideration included as part of the offer consideration provides Terra stockholders an opportunity to achieve liquidity and certainty of value. The stock consideration included as part of the offer will allow stockholders of both Terra and CF Holdings to participate in the growth and long-term value creation potential of the combined company, including the significant expected synergies. The nominal price to be paid in the offer (based on CF Holdings' closing stock price on March 11, 2010) represents a 40.6% premium over the closing price of Terra common stock on February 12, 2010, the last trading day prior to the announcement of Terra entering into an agreement and plan of merger with Yara International ASA, which we refer to as the "Yara/Terra merger agreement," and a 13.4% premium over the closing price of Terra common stock on March 1, 2010, the last trading date prior to the public announcement of the offer. We expect the transaction, giving effect to the realization of synergies, to be accretive to CF Holdings stockholders in the second year following the closing of the offer and the second-step merger.

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Will U.S. taxpayers be taxed on the CF Holdings common stock and cash received in the offer or the second-step merger?

The exchange of Terra common stock pursuant to the offer or the second-step merger will be a taxable transaction for U.S. federal income tax purposes. Accordingly, a U.S. holder of Terra common stock who receives CF Holdings common stock and cash in exchange for such stockholder's shares of Terra common stock will generally recognize taxable gain or loss in an amount equal to the difference, if any, between the fair market value of the CF Holdings common stock and cash received and such stockholder's adjusted tax basis in the shares of Terra common stock exchanged therefor.

For more information, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Material Federal Income Tax Consequences to U.S. Holders."

CF Holdings and Composite urge you to contact your own tax advisor to determine the particular tax consequences to you of exchanging Terra common stock pursuant to the offer and/or the second-step merger.

What are the conditions of the offer?

The offer is conditioned upon, among other things, the following:

Minimum Tender Condition Terra stockholders shall have validly tendered (other than by guaranteed delivery where actual delivery has not occurred) and not properly withdrawn prior to the expiration of the offer at least that number of shares of Terra common stock that constitutes a majority of the then-outstanding shares of Terra common stock on a fully-diluted basis.

Canadian Regulatory Condition Any waiting period (including any extensions thereof) applicable to the offer and the second-step merger under the Canadian Competition Act or any no-close period (including any extensions thereof) applicable to the offer and the second-step merger under the Canada Transportation Act shall have expired or been terminated.

Registration Statement Condition The registration statement of which this prospectus/offer to exchange is a part shall have been declared effective by the SEC under the Securities Act of 1933, or the "Securities Act," no stop order suspending the effectiveness of the registration statement shall have been issued by the SEC and no proceedings for that purpose shall have been initiated or threatened by the SEC.

NYSE Listing Condition The shares of CF Holdings common stock to be issued pursuant to the offer and the second-step merger shall have been approved for listing on the NYSE (subject to official notice of issuance).

The merger agreement also contains other customary closing conditions to the offer and the second-step merger. Please see the sections of this prospectus/offer to exchange entitled "The Exchange Offer Conditions of the Offer" and "The Merger Agreement Conditions to the Second-Step Merger."

How long will it take to complete your proposed transaction?

We expect to complete the transaction in April 2010.

If we acquire at least 90% of the outstanding shares of Terra common stock in the offer or otherwise, we intend to consummate the second-step merger shortly after completion of the offer as a "short-form" merger pursuant to Section 3-106 of the Maryland General Corporation Law, without a vote of Terra stockholders. Under Section 3-106 of the Maryland General Corporation Law, if Composite owns less than all of the outstanding stock of Terra as of immediately prior to the short-form merger, Composite must have given at least 30 days prior notice of the short-form merger

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to each of Terra's stockholders who otherwise would have been entitled to vote on the merger. **A Notice of Merger pursuant to Section 3-106 of the Maryland General Corporation Law was included in the prospectus/offer to exchange filed with the SEC on March 5, 2010. Pursuant to the rules of the SEC for third-party tender offers, Terra mailed such prospectus/offer to exchange and Notice of Merger to its stockholders on March 11, 2010. Accordingly, the 30 day notice period to stockholders required by Section 3-106 of the Maryland General Corporation Law will expire on April 10, 2010.**

In the event we do not acquire at least 90% of the outstanding shares of Terra common stock in the offer or otherwise, Terra stockholders will be required to approve the second-step merger. In such event, Terra will call and hold a meeting of Terra stockholders as promptly as reasonably practicable for the purpose of obtaining approval of the second-step merger by Terra stockholders. Any solicitation of proxies from Terra stockholders to approve the second-step merger will be made only pursuant to separate proxy materials complying with the requirements of the rules and regulations of the SEC. If a meeting of Terra stockholders is held to approve the second-step merger, CF Holdings has agreed pursuant to the merger agreement to vote all shares of Terra common stock owned by it or any of its subsidiaries (including shares acquired by Composite in the offer or otherwise) in favor of the second-step merger.

Is CF Holdings' financial condition relevant to my decision to tender shares of Terra common stock in the offer?

Yes. CF Holdings' financial condition is relevant to your decision to tender your shares of Terra common stock because part of the consideration you will receive if your shares of Terra common stock are exchanged in the offer will consist of shares of CF Holdings common stock. You should therefore consider CF Holdings' financial condition before you decide to become one of CF Holdings' stockholders through the offer. You also should consider the possible effect that CF Holdings' acquisition of Terra, including the related financing, will have on CF Holdings' financial condition. This prospectus/offer to exchange contains financial information regarding CF Holdings and Terra, as well as pro forma financial information (which does not reflect any of our expected synergies) for the proposed combination of CF Holdings and Terra, all of which we encourage you to review.

Does CF Holdings have the financial resources to complete the offer and the second-step merger?

The offer is not subject to a financing condition.

We estimate that the total amount of cash required to complete the transactions contemplated by the offer and the second-step merger, including payment of any fees, expenses and other related amounts incurred in connection with the offer and the second-step merger and the refinancing of Terra's outstanding indebtedness, will be approximately \$4.8 billion.

CF Holdings has entered into a commitment letter, pursuant to which Morgan Stanley Senior Funding, Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. committed to provide, subject to certain conditions, financing for CF Holdings' acquisition of Terra. The commitment letter provides for a senior secured term loan facility of up to \$2.0 billion, a senior secured revolving credit facility of up to \$300.0 million and a senior secured bridge facility of up to \$1.75 billion. For additional details on the proposed financing, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Source and Amount of Funds."

CF Holdings anticipates that, following the completion of the offer, it will effect a public offering of shares of CF Holdings common stock in an amount equal to approximately \$1.0 billion and an offering of approximately \$1.6 billion of senior notes. There can be no assurance that CF Holdings will be able to consummate the planned offerings on terms acceptable to us or at all or that, if such offerings are consummated, they will be for the amounts contemplated. For additional details, see the

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section of this prospectus/offer to exchange entitled "The Exchange Offer-Source and Amount of Funds."

What percentage of CF Holdings common stock will former holders of Terra common stock own after the offer?

CF Holdings estimates that if all shares of Terra common stock are exchanged pursuant to the offer and the second-step merger, former Terra stockholders would own, in the aggregate, approximately 16% of the outstanding shares of CF Holdings common stock. If the proposed post-closing public offering of shares of CF Holdings common stock is completed, it is estimated that CF Holdings will issue approximately 10.3 million shares of CF Holdings common stock and former Terra stockholders would own, in the aggregate, approximately 14% of the outstanding shares of CF Holdings common stock. For a detailed discussion of the assumptions on which this estimate is based, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Ownership of CF Holdings After the Offer."

When does your offer expire? Can the offer be extended and, if so, under what circumstances?

The offer is scheduled to expire at 12:00 midnight, New York City time, on April 2, 2010, which is the initial expiration date, unless further extended by Composite. When we make reference to "the expiration of the offer" anywhere in this prospectus/offer to exchange, this is the time to which we are referring, including, when applicable, any extension period that may apply. For more information, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Extension, Termination and Amendment."

Pursuant to the terms of the merger agreement, under certain circumstances, Composite must extend the offer from time to time until the termination of the merger agreement in accordance with its terms. For instance, the offer must be extended, subject to certain exceptions, if any of the conditions specified in "The Exchange Offer Conditions of the Offer" are not satisfied prior to the scheduled expiration date of the offer.

In addition, under certain circumstances, Composite may extend the offer at any time or from time until the termination of the merger agreement. Composite may also elect to provide a "subsequent offering period" for the offer. A subsequent offering period would not be an extension of the offer. Rather, a subsequent offering period would be an additional period of time, beginning after Composite has accepted for exchange all shares tendered during the offer, during which stockholders who did not tender their shares in the offer may tender their shares and receive the same consideration provided in the offer. We do not currently intend to include a subsequent offering period, although we reserve the right to do so.

Any decision to extend the offer will be made public by an announcement regarding such extension as described under "The Exchange Offer Extension, Termination and Amendment."

How do I tender my shares?

To tender shares into the offer, you must deliver the certificates representing your shares, together with a completed letter of transmittal and any other documents required by the letter of transmittal, to BNY Mellon Shareowner Services, the exchange agent for the offer, not later than the time the offer expires. The letter of transmittal is enclosed with this prospectus/offer to exchange. If your shares are held in street name (i.e., through a broker, dealer, commercial bank, trust company or other nominee), your shares can be tendered by your nominee by book-entry transfer through The Depository Trust Company.

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If you previously tendered your shares into the offer, together with a completed BLUE letter of transmittal, you do not need to complete and submit the enclosed GREY letter of transmittal.

If you are unable to deliver any required document or instrument to the exchange agent by the expiration of the offer, you may have a limited amount of additional time by having a broker, a bank or other fiduciary that is an eligible guarantor institution guarantee that the missing items will be received by the exchange agent by using the enclosed notice of guaranteed delivery. For the tender to be valid, however, the exchange agent must receive the missing items within three NYSE trading days after the date of execution of such notice of guaranteed delivery. If you cannot deliver all necessary documents to the exchange agent in time, you may be able to complete and deliver to the exchange agent, in lieu of the missing documents, the enclosed notice of guaranteed delivery, provided you are able to comply fully with its terms. In all cases, an exchange of tendered shares will be made only after timely receipt by the exchange agent of certificates for such shares (or a confirmation of a book-entry transfer of such shares) and a properly completed and duly executed letter of transmittal and any other required documents for such shares.

For a complete discussion on the procedures for tendering your shares, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Procedure for Tendering."

Until what time can I withdraw tendered shares?

You may withdraw previously tendered shares at any time prior to the expiration of the offer and, unless Composite has accepted the shares for exchange pursuant to the offer, you may also withdraw any tendered shares at any time after May 4, 2010. Shares of Terra common stock tendered during the subsequent offering period, if any, may not be withdrawn. For a complete discussion on the procedures for withdrawing your shares, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Withdrawal Rights."

How do I withdraw previously tendered shares?

To withdraw previously tendered shares, you must deliver a written or facsimile notice of withdrawal with the required information to the exchange agent while you still have the right to withdraw. If you tendered shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct the broker, dealer, commercial bank, trust company or other nominee to arrange for the withdrawal of your shares. For a complete discussion on the procedures for withdrawing your shares, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Withdrawal Rights."

When and how will I receive the offer consideration in exchange for my tendered shares?

Composite will exchange all validly tendered and not properly withdrawn shares promptly after the expiration date of the offer, subject to the terms thereof and the satisfaction or waiver of the conditions to the offer, as set forth in the section of this prospectus/offer to exchange entitled "The Exchange Offer Conditions of the Offer." We will deliver the consideration for your validly tendered and not properly withdrawn shares of Terra common stock by depositing the cash and stock consideration therefor with the exchange agent, which will act as your agent for the purpose of receiving the offer consideration from us and transmitting such consideration to you. In all cases, an exchange of tendered shares of Terra common stock will be made only after timely receipt by the exchange agent of certificates for such shares (or a confirmation of a book-entry transfer of such shares as described in the section of this prospectus/offer to exchange entitled "The Exchange Offer Procedure for Tendering") and a properly completed and duly executed letter of transmittal and any other required documents for such shares.

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Are dissenters' rights available in either the offer or the second-step merger?

No dissenters' or appraisal rights are available in connection with the offer. No dissenters' or appraisal rights are available in connection with the second-step merger, unless a vote of Terra's stockholders on the second-step merger is required under Maryland law and shares of Terra common stock are not listed on the NYSE or another national securities exchange on the record date for the determination of stockholders entitled to vote on the second-step merger. Please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Appraisal/Dissenters' Rights."

What is the market value of my shares of Terra common stock as of a recent date?

On February 12, 2010, the last trading day prior to the public announcement of the Yara/Terra merger agreement, the closing price of a share of Terra common stock was \$33.25. On March 1, 2010, the last trading day prior to the public announcement of our offer, the closing price of a share of Terra common stock was \$41.20. On March 18, 2010, the last trading day prior to the printing of this prospectus/offer to exchange, the closing price of a share of Terra common stock was \$45.88. Terra stockholders are encouraged to obtain a recent quotation for shares of Terra and CF Holdings common stock before deciding whether or not to tender your shares.

Where can I find more information on CF Holdings and Terra?

You can find more information about CF Holdings and Terra from various sources described in the section of this prospectus/offer to exchange entitled "Where You Can Find More Information."

Whom can I talk to if I have questions about the offer?

You can call the information agent or the dealer managers for the offer.

The information agent for the offer is:

501 Madison Avenue, 20th Floor
New York, New York 10022
Stockholders May Call Toll Free: 877-456-3507
Banks and Brokers May Call Collect: 212-750-5833

The dealer managers for the offer are:

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036
Toll Free: 888-840-4015

Rothschild Inc.
1251 Avenue of the Americas
New York, New York 10020
Toll Free: 800-753-5151

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SUMMARY OF THE OFFER

This summary highlights selected information from this prospectus/offer to exchange and may not contain all of the information that is important to you. To obtain a better understanding of the offer to holders of shares of Terra common stock, you should read this entire prospectus/offer to exchange carefully, as well as those additional documents to which we refer you. You may obtain the information incorporated by reference into this prospectus/offer to exchange by following the instructions in the section of this prospectus/offer to exchange entitled "Where You Can Find More Information."

The Companies (See page 25)

CF Holdings

CF Holdings is a Delaware corporation with principal executive offices at 4 Parkway North, Suite 400, Deerfield, Illinois 60015. The telephone number of CF Holdings' executive offices is (847) 405-2400 and our Internet website address is www.cfindustries.com. CF Holdings is one of the largest manufacturers and distributors of nitrogen and phosphate fertilizer products in North America. Our operations are organized into two business segments: the nitrogen segment and the phosphate segment. Our principal products in the nitrogen segment are ammonia, urea and urea ammonium nitrate solution. Our principal products in the phosphate segment are diammonium phosphate, monoammonium phosphate and potash.

Composite

Composite was incorporated as a Maryland corporation on February 9, 2009. Composite's principal executive offices are located at 4 Parkway North, Suite 400, Deerfield, Illinois 60015, and its telephone number is (847) 405-2400. Composite is an indirect wholly-owned subsidiary of CF Holdings that was formed for the sole purpose of acquiring the outstanding shares of Terra common stock and consummating a subsequent merger of Composite with and into Terra. Composite has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the offer and the second-step merger.

Terra

Terra is a Maryland corporation with principal executive offices at Terra Centre, 600 Fourth Street, P.O. Box 6000, Sioux City, Iowa 51102. The telephone number of Terra's executive offices is (712) 277-1340 and Terra's Internet website address is www.terraindustries.com. Terra is one of the largest North American producers of anhydrous ammonia (or ammonia), the basic building block of nitrogen fertilizers. Terra converts a significant portion of the ammonia it produces into urea ammonium nitrate solutions, ammonium nitrate and urea. Terra also converts ammonia to nitric acid and dinitrogen tetroxide for use in industrial applications.

The Offer (See page 60)

Composite is offering to exchange each outstanding share of Terra common stock that is validly tendered and not properly withdrawn prior to the expiration date for (i) \$37.15 in cash, less any applicable withholding taxes and without interest, and (ii) 0.0953 shares of CF Holdings common stock (together with the associated preferred stock purchase rights), upon the terms and subject to the conditions contained in this prospectus/offer to exchange and the accompanying letter of transmittal. CF Holdings will not issue certificates representing fractional shares of CF Holdings common stock pursuant to the offer. Instead, each tendering stockholder who would otherwise be entitled to a fractional share of CF Holdings common stock will receive cash in an amount equal to the product obtained by multiplying (i) the fractional share interest to which such holder would otherwise be entitled by (ii) the average closing sales price, rounded to four decimal points, of shares of CF Holding

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common stock on the NYSE for the period of the 10 consecutive trading days ending on the second full trading day prior to the expiration date.

Reasons for the Offer (See page 47)

CF Holdings believes that the combination of CF Holdings' and Terra's businesses will create significant value for both CF Holdings' and Terra's current stockholders. We believe the combination of CF Holdings and Terra is a compelling combination with a number of strategic benefits, including the following:

Global Leader in Nitrogen Fertilizers The combined company will be a leading global producer of nitrogen fertilizers, as measured by capacity, among publicly traded companies. The combined company will be a stronger, more competitive player in the global nitrogen fertilizer industry.

Synergies We expect the transaction to generate \$105 - \$135 million in annual cost synergies by combining overlapping corporate functions and optimizing transportation and distribution systems, and through greater economies of scale in procurement and purchasing. The details of the expected annual cost synergies are as follows:

	(\$ in millions)	
SG&A	\$	55 65
Logistics and railcar leases		25 30
Purchases/procurement		10 15
Distribution facilities optimization		5 10
Other		10 15
Total	\$	105 135

We expect the combined company to realize these synergies within two years after the closing of the offer and the second-step merger. We also expect the combined company to benefit from a one-time \$30 million-to-\$60 million release of cash due to inventory reduction.

Enhanced Capital Markets Presence The combined company would have had 2009 revenues of \$4.2 billion and will be the largest publicly traded nitrogen fertilizer company in the United States. The combined company will have increased trading liquidity on the NYSE and improved access to the capital markets. We believe these factors will provide the combined company with an enhanced capital markets presence and greater long-term financial stability and access to financial resources than either CF Holdings or Terra would have alone.

Attractive Diversification The combined company and its stockholders will benefit from increased diversification in plant and distribution facility locations, product mix, and end use customer segments and increased exposure to the global market. CF Holdings provides access to an extensive in-market distribution network, one of the largest integrated ammonium phosphate complexes in the U.S. (with approximately 13 years of fully-permitted recoverable phosphate reserves remaining at current operating rates), an ammonia/urea complex under development in Peru, and the ability to import or export products efficiently through our 50% interest in Keytrade. Terra provides participation in an ammonia complex in Trinidad, a joint venture in the U.K. and a greater number of production facilities in North America. Additionally, Terra provides a position in ammonium nitrate and an increased position in serving industrial/environmental customers.

Complementary Businesses CF Holdings' and Terra's complementary footprints will give the combined company increased geographic reach in the U.S. In addition, CF Holdings' and Terra's complementary businesses and locations will allow the combined company to improve efficiency in manufacturing and distribution and enhance customer service.

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Value for All Stockholders The cash consideration included as part of the offer consideration provides Terra stockholders an opportunity to achieve liquidity and certainty of value. The stock consideration included as part of the offer will allow stockholders of both Terra and CF Holdings to participate in the growth and long-term value creation potential of the combined company, including the significant expected synergies. The nominal price to be paid in the offer (based on CF Holdings' closing stock price on March 11, 2010) represents a 40.6% premium over the closing price of Terra common stock on February 12, 2010, the last trading day prior to the announcement of the Yara/Terra merger agreement and a 13.4% premium over the closing price of Terra common stock on March 1, 2010, the last trading date prior to the public announcement of the offer. We expect the transaction, giving effect to the realization of synergies, to be accretive to CF Holdings stockholders in the second year following the closing of the offer and the second-step merger.

Financing of the Offer; Source and Amount of Funds (See page 76)

The offer is not subject to a financing condition.

We estimate that the total amount of cash required to complete the transactions contemplated by the offer and the second-step merger, including payment of any fees, expenses and other related amounts incurred in connection with the offer and the second-step merger and the refinancing of Terra's outstanding indebtedness, will be approximately \$4.8 billion.

CF Holdings has entered into a commitment letter, pursuant to which Morgan Stanley Senior Funding, Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. committed to provide, subject to certain conditions, financing for CF Holdings' acquisition of Terra. The commitment letter provides for a senior secured term loan facility of up to \$2.0 billion, a senior secured revolving credit facility of up to \$300.0 million and a senior secured bridge facility of up to \$1.75 billion. For additional details on the proposed financing, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Source and Amount of Funds."

CF Holdings anticipates that, following the completion of the offer, it will effect a public offering of shares of CF Holdings common stock in an amount equal to approximately \$1.0 billion and an offering of approximately \$1.6 billion of senior notes. There can be no assurance that CF Holdings will be able to consummate the planned offerings on terms acceptable to us or at all or that, if such offerings are consummated, they will be for the amounts contemplated.

Ownership of the Combined Company After the Offer (See page 69)

Based on certain assumptions regarding the number of Terra shares to be exchanged, CF Holdings estimates that, if all shares of Terra common stock are exchanged pursuant to the offer and the second-step merger, former Terra stockholders would own, in the aggregate, approximately 16% of the outstanding shares of CF Holdings common stock. If the proposed post-closing public offering of shares of CF Holdings common stock is completed, it is estimated that CF Holdings will issue approximately 10.3 million shares of CF Holdings common stock and former Terra stockholders would own, in the aggregate, approximately 14% of the outstanding shares of CF Holdings common stock. For a detailed discussion of the assumptions on which this estimate is based, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Ownership of CF Holdings After the Offer."

Comparative Market Prices and Dividend Information (See page 19)

CF Holdings common stock is listed on the NYSE under the symbol "CF." Terra common stock is listed on the NYSE under the symbol "TRA." The following table sets forth the closing prices of CF Holdings and Terra as reported on March 1, 2010, the last trading day prior to the public announcement of our offer and on March 18, 2010, the last trading day prior to the printing of this

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prospectus/offer to exchange. The table also shows the implied value of one share of Terra common stock in the offer, which was calculated by (i) multiplying the closing price for one share of CF Holdings common stock by the exchange ratio of 0.0953 and (ii) adding the cash consideration per share of \$37.15, less any applicable withholding taxes and without interest.

	CF Holdings Common Stock Closing Price	Terra Common Stock Closing Price	Implied Value of Terra Common Stock
March 1, 2010	\$ 107.54	\$ 41.20	\$ 47.40
March 18, 2010	\$ 93.12	\$ 45.88	\$ 46.02

The nominal price to be paid in the offer (based on CF Holdings' closing stock price on March 11, 2010) represents a 40.6% premium over the closing price of Terra common stock on February 12, 2010, the last trading day prior to the announcement of the Yara/Terra merger agreement and a 13.4% premium over \$41.20, the closing price of Terra common stock on March 1, 2010, the last trading day prior to the public announcement of our offer.

The value of the offer will change as the market prices of CF Holdings common stock and Terra common stock fluctuate during the offer period and thereafter, and may therefore be different from the prices set forth above at the expiration of the offer period and at the time you receive your shares of CF Holdings common stock. Please see the section of this prospectus/offer to exchange entitled "Risk Factors." Stockholders are encouraged to obtain current market quotations for shares of Terra and CF Holdings common stock prior to making any decision with respect to the offer.

Interest of Executive Officers and Directors of CF Holdings in the Offer (See page 85)

Except as set forth in this prospectus/offer to exchange, neither we nor, after due inquiry and to the best of our knowledge and belief, any of our directors, executive officers or other affiliates has any contract, arrangement, understanding or relationship with any other person with respect to any securities of Terra. We do not believe that the offer and the second-step merger will be deemed to be a change in control impacting grants under any of our long-term incentive or stock option plans or a change in control under any change in control agreement between CF Holdings and any of its employees.

Interest of Executive Officers and Directors of Terra in the Offer (See page 84)

In considering the recommendation of the Terra board of directors regarding the offer and the second-step merger, Terra stockholders should be aware that the directors and officers of Terra have interests in the offer and the second-step merger that may differ from those of other stockholders of Terra. The Terra board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement, the offer and the second-step merger and recommending that Terra stockholders accept the offer by tendering their Terra common stock into the offer and, if required by applicable law, approving the second-step merger.

As a result of these interests, Terra directors and officers may have reasons for tendering their shares of Terra common stock and, if necessary, voting to approve the second-step merger that are not the same as your interests. Terra stockholders should consider whether these interests may have influenced these directors and officers to support or recommend the offer and the second-step merger.

Information on the interests of executive officers and directors of Terra in the offer and the second-step merger is more fully described in Terra's Solicitation/Recommendation Statement on Schedule 14D-9, which is being mailed to Terra stockholders together with this prospectus/offer to exchange and is incorporated herein by reference.

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Appraisal/Dissenters' Rights (See page 72)

No dissenters' or appraisal rights are available in connection with the offer. No dissenters' or appraisal rights are available in connection with the second-step merger, unless a vote of Terra's stockholders on the second-step merger is required under Maryland law and shares of Terra common stock are not listed on the NYSE or another national securities exchange on the record date for the determination of stockholders entitled to vote on the second-step merger.

Material Federal Income Tax Consequences to U.S. Holders (See page 70)

The exchange of Terra common stock pursuant to the offer or the second-step merger will be a taxable transaction for U.S. federal income tax purposes. Accordingly, a U.S. holder of Terra common stock who receives CF Holdings common stock and cash in exchange for such stockholder's shares of Terra common stock will generally recognize taxable gain or loss in an amount equal to the difference, if any, between the fair market value of the CF Holdings common stock and cash received and such stockholder's adjusted tax basis in the shares of Terra common stock exchanged therefor.

For more information, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Material Federal Income Tax Consequences to U.S. Holders."

THIS PROSPECTUS/OFFER TO EXCHANGE CONTAINS A GENERAL DESCRIPTION OF THE MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE OFFER AND THE SECOND-STEP MERGER TO U.S. RESIDENT TAXPAYERS. THIS DESCRIPTION DOES NOT ADDRESS ANY NON-U.S. TAX CONSEQUENCES, NOR DOES IT PERTAIN TO STATE, LOCAL OR OTHER TAX CONSEQUENCES. CONSEQUENTLY, CF HOLDINGS AND COMPOSITE URGE YOU TO CONTACT YOUR OWN TAX ADVISOR TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO YOU OF EXCHANGING TERRA COMMON STOCK PURSUANT TO THE OFFER AND/OR THE SECOND-STEP MERGER.

Accounting Treatment (See page 87)

CF Holdings will account for the acquisition of shares of Terra common stock under the acquisition method of accounting for business combinations. In determining the acquirer for accounting purposes, CF Holdings considered the factors required under FASB Accounting Standards Codification (ASC), Business Combinations, which is referred to as ASC 805, and determined that CF Holdings will be considered the acquirer for accounting purposes.

Regulatory Approval and Status (See page 81)

Antitrust Compliance

The offer is subject to review by the Federal Trade Commission (which we refer to in this prospectus/offer to exchange as the "FTC") and the Antitrust Division of the U.S. Department of Justice (the "Antitrust Division"). Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the "HSR Act," the offer may not be completed until certain information has been provided to the FTC and the Antitrust Division and a required waiting period has expired or has been terminated. The HSR Act notifications made in connection with CF Holdings' prior exchange offer for Terra remain applicable to the offer. On August 5, 2009, the extended waiting period under the HSR Act expired without any enforcement action and on August 12, 2009, the FTC provided us with written notice that it had closed its investigation. CF Holdings has fulfilled its obligations under the HSR Act and may consummate the offer without any additional filing under the HSR Act provided that the offer closes on or before August 5, 2010.

At any time before or after the offer is completed, either the Antitrust Division or the FTC could take action under the antitrust laws in opposition to the offer, including seeking to enjoin the offer or

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seeking divestiture of substantial assets of CF Holdings or Terra or their subsidiaries. Private parties and/or state attorneys general also may seek to take legal action under the antitrust laws under some circumstances. CF Holdings can give no assurance that a challenge to the offer on antitrust grounds will not be made, or, if such a challenge is made, that CF Holdings will prevail.

The offer is also subject to review pursuant to the Canadian Competition Act. Under the Canadian Competition Act, the offer may not be completed until certain information has been provided to the Canadian Commissioner of Competition, or the "Competition Commissioner," and a required waiting period has expired or been terminated, provided there is no order in effect prohibiting completion at the relevant time. In connection with CF Holdings prior exchange offer for Terra, CF Holdings provided such information to the Competition Commissioner and the required waiting period under the Canadian Competition Act expired on March 24, 2009. On June 19, 2009, the Competition Commissioner issued a no-action letter stating she did not intend to challenge the proposed transaction. Under the Canadian Competition Act, the transaction may be completed within one year of the date that CF Holdings provided the required information to the Competition Commissioner in connection with its prior exchange offer to Terra's stockholders (March 10, 2009). This one-year period expired on March 9, 2010 and in order to ensure compliance with the Competition Act, CF Holdings submitted its notification and a request for early termination of the mandatory waiting period concerning the offer on March 2, 2010.

The waiting period under the Canadian Competition Act is 30 calendar days after the day on which CF Holdings submits the prescribed information, provided that, before the expiry of this period, the Competition Commissioner has not issued a request for additional information (a "Supplementary Information Request"). In the event that the Competition Commissioner issues a Supplementary Information Request, the transaction cannot be completed until 30 calendar days after CF Holdings complies with such Supplementary Information Request, provided that there is no order in effect prohibiting completion at the relevant time. A transaction may be completed before the end of the applicable waiting period if the Competition Commissioner notifies the parties that she does not, at such time, intend to challenge the transaction. On March 30, 2010, CF Holdings received a standard, unqualified, "no action" letter from the Canadian Competition Bureau confirming that the Commissioner of Competition does not intend to challenge CF Holdings' acquisition of Terra. Accordingly, the waiting period applicable to the transaction under the Canadian Competition Act has been terminated.

At any time before a "merger" (as such term is defined under the Canadian Competition Act) is completed, even where the applicable waiting period has expired or been terminated, the Competition Commissioner may apply to the Competition Tribunal for an interim order forbidding any person named in the application from doing any act or thing where it appears to the Competition Tribunal that such act or thing may constitute or be directed toward the completion or implementation of a proposed merger. The Competition Tribunal may issue such an interim order where the Competition Commissioner requires more time to complete her inquiry and the Tribunal finds that, in the absence of an interim order, a party to the proposed merger or another person is likely to take an action that would substantially impair the ability of the Competition Tribunal to remedy the effect of the proposed merger on competition because that action would be difficult to reverse.

Other Regulatory Approvals

The offer may be subject to notification under the Canada Transportation Act. Under the Canada Transportation Act, if the offer is subject to notification, it cannot be completed until certain information has been provided to the Canadian Minister of Transport, or the "Transport Minister," and either the Transport Minister notifies the parties that he is of the opinion that the offer does not raise issues with respect to the public interest or the transaction is approved by the Governor in Council. Under the Canada Transportation Act, if the Transport Minister is of the opinion that a proposed

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transaction does not raise issues with respect to the public interest as it relates to national transportation, he shall give notice to the parties within 42 days of receiving the required information. If the Transport Minister is of the opinion that a proposed transaction raises issues with respect to the public interest as it relates to national transportation, he can initiate a review of the transaction.

In order to ensure compliance with the Canada Transportation Act, in connection with CF Holdings' prior exchange offer for Terra, CF Holdings provided the required information to the Transport Minister. The Transport Minister notified CF Holdings on April 7, 2009 that the proposed transaction did not raise public interest issues as it relates to national transportation. In order to ensure continued compliance with the Canada Transportation Act, CF Holdings submitted an updated notification to the Transport Minister on March 2, 2010. On March 24, 2010, the Transport Minister notified CF Holdings that the proposed transaction does not raise public interest issues as it relates to national transportation.

Listing of CF Holdings Common Stock to be Issued Pursuant to the Offer and the Second-Step Merger (See page 73)

CF Holdings submitted the necessary applications to cause the shares of its common stock to be issued in the offer and the second-step merger to be approved for listing on the NYSE. CF Holdings received approval of this listing on March 26, 2010.

Conditions of the Offer (See page 74)

The offer is conditioned upon, among other things, the following:

Minimum Tender Condition Terra stockholders shall have validly tendered (other than by guaranteed delivery where actual delivery has not occurred) and not properly withdrawn prior to the expiration of the offer at least that number of shares of Terra common stock that constitutes a majority of the then-outstanding shares of Terra common stock on a fully-diluted basis.

Canadian Regulatory Condition Any waiting period (including any extensions thereof) applicable to the offer and the second-step merger under the Canadian Competition Act or any no-close period (including any extensions thereof) applicable to the offer and the second-step merger under the Canada Transportation Act shall have expired or been terminated.

Registration Statement Condition The registration statement of which this prospectus/offer to exchange is a part shall have been declared effective by the SEC under the Securities Act, no stop order suspending the effectiveness of the registration statement shall have been issued by the SEC and no proceedings for that purpose shall have been initiated or threatened by the SEC.

NYSE Listing Condition The shares of CF Holdings common stock to be issued pursuant to the offer and the second-step merger shall have been approved for listing on the NYSE (subject to official notice of issuance).

Further, Composite is not required to accept for payment any validly tendered shares of Terra common stock pursuant to the offer if any of the following conditions or events exists:

any law or court order prohibits the completion of the offer or the second-step merger;

Terra having breached any representation or warranty in the merger agreement in a manner that generally has or is reasonably expected to result in, individually or in the aggregate, a material adverse effect on Terra;

Terra not having complied with its covenants and obligations in the merger agreement in all material respects;

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Terra not having converted all of its outstanding shares of Series A Preferred Stock or if any shares of Series A Preferred Stock are outstanding; or

the merger agreement having been terminated in accordance with its terms (the "Termination Condition").

Comparison of Stockholders' Rights (See page 90)

You will receive CF Holdings common stock as part of the offer consideration if you tender your shares of Terra common stock in the offer. As CF Holdings is incorporated under Delaware law and Terra is incorporated under Maryland law, there are a number of differences between the rights of a stockholder of Terra and the rights of a stockholder of CF Holdings.

Expiration Date of the Offer (See page 62)

The offer is scheduled to expire at 12:00 midnight, New York City time, on April 2, 2010, which is the initial expiration date, unless further extended by CF Holdings or Composite.

Extension, Termination and Amendment (See page 62)

The merger agreement sets forth certain limitations on Composite's right to extend the expiration date of the offer, amend the terms of the offer, terminate the offer and waive certain conditions to the offer. Under the terms of the merger agreement, Composite is also required to extend the expiration date of the offer in certain circumstances. Subject to the terms of the merger agreement, Composite reserves the right at any time or from time to time until the expiration of the offer:

to extend the period of time during which the offer is open;

to delay acceptance for exchange of, or exchange of, any shares of Terra common stock in order to comply in whole or in part with applicable law;

to amend or terminate (to the extent permitted by the merger agreement) the offer without accepting for exchange, or exchanging, any shares of Terra common stock, if any of the individually subheaded conditions referred to in the section of this prospectus/offer to exchange entitled "The Exchange Offer Conditions of the Offer" have not been satisfied or if any event specified in the section of this prospectus/offer to exchange captioned "The Exchange Offer Conditions of the Offer Other Conditions" has occurred; and

to waive any conditions to the offer or otherwise amend the offer (to the extent permitted by the merger agreement);

in each case, by giving oral or written notice of such delay, termination, waiver or amendment to the exchange agent and by making public announcement thereof.

No Solicitation of Takeover Proposals (See page 55).

Pursuant to the merger agreement, Terra has agreed, subject to limited exceptions, that neither Terra nor any of its subsidiaries nor any of their respective representatives will initiate or knowingly encourage the making of any Takeover Proposal (as defined below) or otherwise participate in any discussions regarding, or furnish any information with respect to, or otherwise knowingly take any other action to facilitate any Takeover Proposal.

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However, at any time prior to the consummation of the offer, under certain limited circumstances, the Terra board of directors may: (i) effect a Change in Company Recommendation (as defined below); and (ii) in response to a Superior Proposal (as defined below), cause Terra to terminate the merger

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agreement and concurrently with such termination, upon payment of the Termination Fee and the Reimbursement Fee, enter into a definitive agreement with respect to such Superior Proposal.

Notwithstanding the foregoing, Terra will not be entitled to exercise its right to effect a Change in Company Recommendation or its right to terminate the merger agreement unless: (i) the Terra board of directors has first provided prior written notice to CF Holdings advising CF Holdings that the Terra board of directors intends to effect a Change in Company Recommendation (describing the events, facts and circumstances giving rise to such proposed action) or terminate the merger agreement in response to a Superior Proposal; and (ii) CF Holdings does not make, within 5 business days after receipt of such notice, a proposal that would cause such events, facts and circumstances to no longer form the basis for the Terra board of directors to effect a Change in Company Recommendation or be at least as favorable to the stockholders of Terra as such Superior Proposal, as the case may be.

Termination of the Merger Agreement (See page 57).

The merger agreement provides that it may be terminated at any time prior to the effective time of the second-step merger under a number of different scenarios, including:

by mutual written consent of CF Holdings and Terra;

by either CF Holdings or Terra, if:

the offer is not consummated by July 31, 2010;

any law or court order prohibits the completion of the offer or the second-step merger; or

the offer has expired or been terminated without any shares of Terra common stock being purchased as a result of the failure to satisfy the Minimum Condition;

by CF Holdings prior to the acceptance for payment of any shares of Terra common stock by Composite pursuant to the offer:

if Terra is in uncured breach of any of its representations, warranties or covenants contained in the merger agreement and such breach or failure to perform would result in the existence of any event or condition set forth in paragraph (b) or (c) of the section of this prospectus/offer to exchange entitled "The Exchange Offer Conditions of the Offer Other Conditions";

if the Terra board of directors fails to recommend that Terra's stockholders accept the offer and tender their shares of Terra common stock to Composite in the offer or effects a Change in Company Recommendation; or

if Terra or any of its subsidiaries or its or their respective representatives materially breached any of their non-solicitation obligations;

by Terra prior to the acceptance for payment of any shares of Terra common stock by Composite pursuant to the offer:

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if CF Holdings or Composite is in uncured breach of any of its representations, warranties or covenants contained in the proposed merger agreement, which breach or failure to perform would result in the existence of any event or condition set forth in the paragraph following subparagraph (iv)(a) of the section of this prospectus/offer to exchange entitled "The Merger Agreement Termination"; or

to enter into a definitive agreement with respect to a Superior Proposal.

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Termination Fees (See page 58).

The merger agreement provides that (i) upon the termination of the merger agreement under specified circumstances, Terra will owe CF Holdings a cash termination fee of \$123 million and/or reimbursement for CF Holdings' payment of the \$123 million termination fee in connection with the Yara/Terra merger agreement and (ii) upon termination of the merger agreement under certain other specified circumstances, CF Holdings will owe Terra a cash termination fee of \$123 million.

Procedure for Tendering Shares (See page 65)

The procedure for tendering shares of Terra common stock varies depending on whether you possess physical certificates or a nominee holds your certificates for you and on whether or not you hold your securities in book-entry form. In addition to the procedures outlined in this prospectus/offer to exchange, CF Holdings and Composite urge you to read the accompanying transmittal materials, including the letter of transmittal.

Withdrawal Rights (See page 68)

You can withdraw tendered shares at any time until the offer has expired and, unless Composite has accepted the shares for exchange pursuant to the offer, you may also withdraw any tendered shares at any time after May 4, 2010. If Composite elects to provide a subsequent offering period, it will accept shares tendered during that period immediately and you will not be able to withdraw shares tendered in the offer during any subsequent offering period.

Exchange of Shares of Terra Common Stock; Delivery of Shares of CF Holdings Common Stock and Cash (See page 64)

Upon the terms and subject to the conditions of the offer (including, if the offer is extended or amended, the terms and conditions of any such extension or amendment), Composite will accept for exchange, and will exchange for cash and shares of CF Holdings common stock and, as applicable, cash in lieu of fractional shares, all shares of Terra common stock validly tendered and not properly withdrawn promptly after the expiration date. If Composite elects to provide a subsequent offering period following the expiration of the offer, shares tendered during such subsequent offering period will be accepted for exchange immediately upon tender and will be promptly exchanged for the offer consideration.

Risk Factors (See page 20)

The offer and the second-step merger are, and if the offer and the second-step merger are consummated, the combined company will be, subject to a number of risks which you should carefully consider prior to participating in the exchange offer.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR CF HOLDINGS**

The following table sets forth the selected historical consolidated financial data for CF Holdings. The data as of and for the fiscal years ended December 31, 2009, 2008, 2007, 2006 and 2005 have been derived from CF Holdings' consolidated financial statements and reflect the retrospective adoption of the provisions of ASC Topic 810 that pertain to the standard formerly known as Statement of Financial Accounting Standards No. 160 *Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51* and the provisions of ASC Topic 260 that pertain to the standard formerly known as FASB Staff Position (FSP) No. EITF 03-6-1 *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, which is reflected in the Annual Report on Form 10-K filed by CF Holdings with the SEC on February 25, 2010. You should not take historical results as necessarily indicative of the results that may be expected for any future period.

You should read this selected consolidated financial and operating data in conjunction with CF Holdings' Annual Report on Form 10-K for the fiscal year ended December 31, 2009. Please see the section of this prospectus/offer to exchange entitled "Where You Can Find More Information."

	Year ended December 31,				
	2009	2008	2007	2006	2005
	(in millions, except per share amounts)				
Statement of Operations Data:					
Net sales	\$ 2,608.4	\$ 3,921.1	\$ 2,756.7	\$ 2,032.9	\$ 1,967.9
Cost of sales	1,769.0	2,698.4	2,086.7	1,885.7	1,758.7
Gross margin	839.4	1,222.7	670.0	147.2	209.2
Selling, general and administrative	62.9	68.0	65.2	54.5	57.0
Other operating net	96.7	4.5	3.2	21.4	14.1
Operating earnings	679.8	1,150.2	601.6	71.3	138.1
Interest expense (income) net	(3.0)	(24.5)	(22.7)	(9.6)	(0.6)
Loss on extinguishment of debt					28.3
Other non-operating net	(12.8)	(0.7)	(1.6)	(0.9)	0.1
Earnings before income taxes, equity in earnings (loss) of unconsolidated affiliates and cumulative effect of a change in accounting principle	695.6	1,175.4	625.9	81.8	110.3
Income tax provision(1)	246.0	378.1	199.5	19.7	128.7
Equity in earnings (loss) of unconsolidated affiliates net of taxes	(1.1)	4.2	0.9		
Cumulative effect of a change in accounting principle net of taxes(2)					(2.8)
Net earnings (loss)	448.5	801.5	427.3	62.1	(21.2)
Less: Net earnings attributable to the noncontrolling interest	82.9	116.9	54.6	28.8	17.8
Net earnings (loss) attributable to common stockholders	\$ 365.6	\$ 684.6	\$ 372.7	\$ 33.3	\$ (39.0)
Cash dividends declared per common share	\$ 0.40	\$ 0.40	\$ 0.08	\$ 0.08	\$ 0.02
Ratio of earnings to fixed charges	105.3x	171.9x	104.1x	13.9x	7.5x

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August 17, 2005
through
December 31, 2005
(in millions,
except per share amounts)

Post-Initial Public Offering (IPO) Information**Net Loss and Loss Per Share:**

Loss before cumulative effect of a change in accounting principle	\$	(106.5)
Cumulative effect of a change in accounting principle net of taxes		(2.8)
Post-IPO net loss	\$	(109.3)
Less: Post-IPO net earnings attributable to the noncontrolling interest		3.0
Post-IPO net loss attributable to common stockholders	\$	(112.3)
Basic and diluted weighted average common shares outstanding		55.0
Basic and diluted net loss per share:		
Post-IPO net loss attributable to common stockholders(3)	\$	(2.04)

Year ended December 31,
Actual Actual Actual Actual Pro forma(4)
2009 2008 2007 2006 2005
(in millions, except per share amounts)

Share and per share data:

Net earnings (loss) attributable to common stockholders:(3)					
Basic	\$ 7.54	\$ 12.35	\$ 6.70	\$ 0.60	\$ (0.71)
Diluted	\$ 7.42	\$ 12.13	\$ 6.56	\$ 0.60	\$ (0.71)
Weighted average common shares outstanding:					
Basic	48.5	55.4	55.7	55.0	55.0
Diluted	49.2	56.4	56.8	55.1	55.0

Year ended December 31,
2009 2008 2007 2006 2005
(in millions)

Other Financial Data:

Depreciation, depletion and amortization	\$ 101.0	\$ 100.8	\$ 84.5	\$ 94.6	\$ 97.5
Capital expenditures	235.7	141.8	105.1	59.6	72.2

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	December 31,				
	2009	2008	2007	2006	2005
	(in millions)				
Balance Sheet Data:					
Cash and cash equivalents	\$ 697.1	\$ 625.0	\$ 366.5	\$ 25.4	\$ 37.4
Short-term investments(5)	185.0		494.5	300.2	179.3
Total assets	2,494.9	2,387.6	2,012.5	1,290.4	1,228.1
Customer advances	159.5	347.8	305.8	102.7	131.6
Total debt	4.7	4.1	4.9	4.2	4.2
Stockholders' equity	1,728.9	1,338.1	1,187.0	767.0	755.9
Book value per share(6)	\$ 35.65	\$ 24.15	\$ 21.31	\$ 13.95	\$ 13.74

- (1) In 2005, the income tax provision includes a non-cash charge of \$99.9 million to establish a valuation allowance against net operating loss carryforwards generated when we operated as a cooperative.
- (2) The cumulative effect of a change in accounting principle in 2005 represents the adoption of an accounting standard related to conditional asset retirement obligations.
- (3) 2005 amounts represent pro forma basic and diluted net earnings (loss) per share as if the weighted-average number of shares issued in the initial public offering were outstanding as of the beginning of the year.
- (4) 2005 Post-IPO and full year net loss per share attributable to common shareholders is net of a cumulative effect of a change in accounting principle of \$0.05 per basic and diluted common share.
- (5) In 2007, short-term investments consisted primarily of available-for-sale auction rate securities. In 2008, these investments became illiquid as traditional market trading mechanisms for auction rate securities ceased and auctions for these securities failed. As a result, at December 31, 2009 and 2008, our remaining investments in auction rate securities are classified as a noncurrent asset on our consolidated balance sheet, as we will not be able to access these funds until traditional market trading mechanisms resume, a buyer is found outside the auction process and/or the securities are redeemed by the issuer. At December 31, 2009, short-term investments consisted of available-for-sale U.S. Treasury Bills.
- (6) Book value per share is equal to stockholders' equity divided by basic weighted average common shares outstanding.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR TERRA**

The following table sets forth the selected historical annual consolidated financial data for Terra. The data as of and for the fiscal years ended December 31, 2009, 2008, 2007, 2006 and 2005 have been derived from Terra's consolidated financial statements. Certain prior year amounts were reclassified in Terra's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 to conform to the December 31, 2009 presentation as it relates to the retrospective adoption of accounting guidance related to noncontrolling interest. You should not take historical results as necessarily indicative of the results that may be expected for any future period.

You should read this selected consolidated financial and operating data in conjunction with Terra's Annual Report on Form 10-K for the fiscal year ended December 31, 2009. Please see the section of this prospectus/offer to exchange entitled "Where You Can Find More Information."

	Year ended December 31,				
	2009(2)	2008(3)	2007(4)	2006	2005(5)
	(in millions, except per share amounts)				
Statement of Operations Data:(1)					
Total revenues	\$ 1,581.4	\$ 2,891.5	\$ 2,342.9	\$ 1,819.7	\$ 1,930.8
Gross profit	386.2	863.2	527.5	118.5	154.7
Amounts attributable to Terra Industries Inc.:					
Income from continuing operations	151.5	632.8	220.8	4.7	31.6
Income (loss) from discontinued operations	1.1	8.3	(18.9)	(0.5)	(9.5)
Net income attributable to Terra Industries Inc.	152.6	641.0	201.9	4.2	22.1
Preferred share dividends	(0.1)	(3.9)	(5.1)	(5.1)	(5.1)
Cash dividends declared per common share	\$ 7.90	\$ 0.30	\$	\$	\$
Ratio of earnings to fixed charges and preferred dividends	3.6x	8.3x	5.8x	1.4x	1.9x

	Year ended December 31,				
	2009	2008	2007	2006	2005
	(in millions, except per share amounts)				
Share and per share data:					
Basic weighted average common shares outstanding	99.4	93.8	90.6	92.7	92.5
Earnings per share basic					
Income per share continuing operations	\$ 1.53	\$ 6.65	\$ 2.38	\$	\$ 0.28
Income (loss) per share discontinued operations	0.01	0.09	(0.21)	(0.01)	(0.10)
Net income (loss) per share	\$ 1.54	\$ 6.74	\$ 2.17	\$ (0.01)	\$ 0.18
Diluted weighted average common shares outstanding					
	100.0	103.4	106.5	92.7	94.9
Earnings per share diluted					
Income per share continuing operations	\$ 1.52	\$ 6.12	\$ 2.07	\$	\$ 0.28
Income (loss) per share discontinued operations	0.01	0.08	(0.17)	(0.01)	(0.10)
Net income (loss) per share	\$ 1.53	\$ 6.20	\$ 1.90	\$ (0.01)	\$ 0.18

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	Year ended December 31,				
	2009	2008	2007	2006	2005
	(in millions)				
Other Financial Data:					
Depreciation of property, plant and equipment and amortization of deferred plant turnaround costs	\$ 84.8	\$ 78.9	\$ 94.8	\$ 108.1	\$ 110.3
Capital expenditures and plant turnaround expenditures	133.9	89.3	82.4	86.1	53.2

	December 31,				
	2009	2008	2007	2006	2005
	(in millions)				
Balance Sheet Data:					
Cash and cash equivalents	\$ 501.3	\$ 966.7	\$ 698.2	\$ 179.0	\$ 86.4
Total assets	1,599.7	2,113.0	1,888.3	1,572.7	1,523.6
Customer prepayments	39.2	111.6	299.4	77.1	52.9
Long-term debt and capital leases	602.4	330.0	330.0	331.3	331.3
Preferred stock	0.5	1.5	115.8	115.8	115.8
Stockholders' equity	490.7	1,063.0	621.5	483.0	492.9
Book value per share(6)	\$ 4.94	\$ 11.33	\$ 6.86	\$ 5.21	\$ 5.33

- (1) The statement of operations data is included in a condensed format as the detailed information was not available.
- (2) The 2009 selected financial data includes (i) the effects of a special cash dividend of \$7.50 per share (or \$748.7 million) declared on October 29, 2009 and paid on December 11, 2009; (ii) \$42.8 million, net of tax (\$0.43 per diluted share) for the early repatriation of funds to the U.S.; (iii) \$32.4 million, net of tax (\$0.32 per diluted share) for the early retirement of debt; and (iv) \$11.2 million, net of tax (\$0.11 per diluted share) of other operating expenses related to the CF Industries Holdings, Inc. unsolicited acquisition offers.
- (3) The 2008 selected financial data includes (i) the effects of the Series A Preferred Shares inducement converting a total of 118,400 shares to 11,887,550 shares of Terra Industries common stock; (ii) the effects of instituting a cash dividend per common share of \$0.10 per quarter starting in May 2008; (iii) and the full year equity earnings effect of the GrowHow joint venture of \$95.6 million.
- (4) The 2007 selected financial data includes (i) the effects of contributing the Terra Nitrogen U.K. operations into the GrowHow joint venture on September 14, 2007 (ii) a \$39.0 million impairment charge for the Beaumont, Texas assets and (iii) a \$38.8 million loss on the early retirement of debt associated with the debt refinancing that was completed during 2007.
- (5) The 2005 selected financial data includes the full year income statement effects of the December 21, 2004 acquisition of Mississippi Chemical Corporation.
- (6) Book value per share is equal to stockholders' equity divided by basic weighted average common shares outstanding.

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The following selected unaudited pro forma condensed combined consolidated balance sheet as of December 31, 2009, or the "pro forma balance sheet," is presented on a pro forma basis to give effect to the purchase of Terra and the related transactions and the redemption of Terra's outstanding 7.75% senior notes due 2019 and remaining outstanding 7% senior notes due 2017, as if such transactions had occurred on December 31, 2009.

The following selected unaudited pro forma condensed combined consolidated statement of operations for the year ended December 31, 2009, or the "pro forma statement of operations," is presented on a pro forma basis to give effect to the purchase of Terra and the related transactions, the purchase and redemption of all of Terra's 7% senior notes due 2017 and the redemption of Terra's 7.75% senior notes due 2019, as if such transactions had occurred on January 1, 2009.

The unaudited pro forma adjustments are based on publicly available information and certain assumptions that CF Holdings believes are reasonable, which are described in the notes to the "Unaudited Pro Forma Condensed Combined Consolidated Financial Statements." Pro forma adjustments have been included only to the extent appropriate information is known, factually supportable, and reasonably available to CF Holdings. CF Holdings has not performed detailed valuation analyses necessary to determine the fair market values of the Terra assets to be acquired and liabilities to be assumed and accordingly the pro forma financial statements do not include an allocation of the purchase price. The following should be read in connection with the section of this prospectus/offer to exchange entitled "Unaudited Pro Forma Condensed Combined Consolidated Financial Statements," and other information included in or incorporated by reference into this document.

	Year ended December 31, 2009
	Pro Forma
	(amounts in millions)
Statement of Operations Data:	
Net sales	\$ 4,189.8
Cost of sales	2,964.2
Gross margin	1,225.6
Selling, general and administrative	130.0
Equity in earnings of unconsolidated affiliates	(17.7)
Other operating net	114.7
Operating earnings	998.6
Interest expense net	353.1
Other non-operating net	(12.8)
Earnings before income taxes, equity in earnings of unconsolidated affiliates	658.3
Income tax provision	210.3
Equity in earnings of unconsolidated affiliates net of taxes	13.1
Net earnings from continuing operations	461.1
Net earnings attributable to the noncontrolling interest	108.9
Net earnings attributable to common stockholders	\$ 352.2
Ratio of earnings to fixed charges	2.8 x
Ratio of earnings to fixed charges and preferred dividends	2.6 x

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**Year ended
December 31, 2009
Pro Forma
(amounts in millions,
except per share amounts)**

Share and per share data:

Net earnings per share attributable to common stockholders		
Basic	\$	6.07
Diluted	\$	6.00
Weighted average common shares outstanding		
Basic		58.0
Diluted		58.7

**As of
December 31, 2009
Pro Forma
(amounts in millions)**

Balance Sheet Data:

Cash and cash equivalents	\$	345.1
Total assets		7,706.9
Customer advances		198.7
Total debt		3,724.7
Stockholders' equity		2,289.3
Total equity		2,729.7
Book value per share(1)	\$	39.47

(1) Book value per share is equal to stockholders' equity divided by basic weighted average common shares outstanding.

Table of Contents**HISTORICAL AND PRO FORMA PER SHARE DATA**

The following selected unaudited pro forma combined consolidated per share information for the year ended December 31, 2009 reflects the purchase of Terra and the related transactions, and the purchase and redemption of all of Terra's 7.75% senior notes due 2019 and 7% senior notes due 2017, as if such transactions had occurred on January 1, 2009. The unaudited pro forma as adjusted combined consolidated book value per share reflects the purchase of Terra and the related transactions, the use of cash to redeem Terra's outstanding 7.75% senior notes due 2019 and remaining outstanding 7% senior notes due 2017, as if such transactions had occurred on December 31, 2009. The following should be read in connection with the section of this prospectus/offer to exchange entitled "Unaudited Pro Forma Condensed Combined Consolidated Financial Statements," and other information included in or incorporated by reference into this document.

The pro forma data is unaudited and for illustrative purposes only. The companies may have performed differently had they always been combined. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will achieve after the consummation of the offer. This pro forma information is subject to risks and uncertainties, including those discussed in the section entitled "Risk Factors."

	Year ended December 31, 2009	
Unaudited pro forma combined consolidated:		
Net earnings per share attributable to common stockholders		
Basic	\$	6.07
Diluted		6.00
Dividends declared per common share		
		0.40
Book value per share(1)	\$	39.47
Unaudited equivalent pro forma combined consolidated(2):		
Net earnings per share attributable to common stockholders		
Basic	\$	0.58
Diluted		0.57
Dividends declared per common share		
		0.04
Book value per share(1)		3.76
CF Holdings historical data:		
Net earnings per share attributable to common stockholders		
Basic	\$	7.54
Diluted		7.42
Dividends declared per common share		
		0.40
Book value per share(1)		35.65
Terra historical data:		
Net income per share attributable to Terra Industries Inc.		
Basic	\$	1.53
Diluted		1.52
Dividends declared per common share		
		7.90
Book value per share(1)		4.94

(1) Book value per share is equal to stockholders' equity divided by basic weighted average common shares outstanding.

(2)

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Unaudited equivalent pro forma per share amounts have been calculated by multiplying the respective amounts from the unaudited pro forma combined consolidated financial statements by the exchange ratio of 0.0953 to arrive at the per share amounts equated to one share of Terra common stock.

Table of Contents**COMPARATIVE MARKET PRICE AND DIVIDEND INFORMATION**

Shares of CF Holdings common stock are listed on the NYSE under the symbol "CF" and shares of Terra common stock are listed on the NYSE under the symbol "TRA."

The following table sets forth the high and low sales prices per share of CF Holdings and Terra common stock for the periods indicated, in each case as reported on the consolidated tape of the NYSE, as well as cash dividends per share of common stock, as reported in CF Holdings' and Terra's respective Annual Reports on Form 10-K for the year ended December 31, 2009 with respect to the years 2008 and 2009, and thereafter as reported in publicly available sources.

	CF Holdings Common Stock Market Price			Terra Common Stock Market Price		
	High	Low	Dividend	High	Low	Dividend
2008						
First Quarter	\$ 131.71	\$ 78.73	\$ 0.10	\$ 53.48	\$ 33.80	\$
Second Quarter	\$ 172.99	\$ 97.35	\$ 0.10	\$ 56.25	\$ 33.85	\$ 0.10
Third Quarter	\$ 168.14	\$ 81.13	\$ 0.10	\$ 57.64	\$ 25.85	\$ 0.10
Fourth Quarter	\$ 93.63	\$ 37.71	\$ 0.10	\$ 30.00	\$ 11.21	\$ 0.10
2009						
First Quarter	\$ 75.15	\$ 42.30	\$ 0.10	\$ 30.09	\$ 14.45	\$ 0.10
Second Quarter	\$ 84.61	\$ 64.84	\$ 0.10	\$ 30.81	\$ 23.60	\$ 0.10
Third Quarter	\$ 91.93	\$ 67.94	\$ 0.10	\$ 37.25	\$ 23.90	\$ 0.10
Fourth Quarter	\$ 95.13	\$ 76.95	\$ 0.10	\$ 43.13	\$ 31.03	\$ 7.60
2010						
January 1, 2010 to March 18, 2010	\$ 110.00	\$ 90.53	\$ 0.10	\$ 46.95	\$ 30.27	\$ 0.10

The following table sets forth the closing prices of CF Holdings and Terra as reported on March 1, 2010, the last trading day prior to the public announcement of our offer and on March 18, 2010, the last trading day prior to the printing of this prospectus/offer to exchange. **The table also shows the implied value of one share of Terra common stock, which was calculated by (i) multiplying the closing price for one share of CF Holdings common stock by the exchange ratio of 0.0953 and (ii) adding the cash consideration per share of \$37.15, less any applicable withholding taxes and without interest.**

	CF Holdings Common Stock Closing Price	Terra Common Stock Closing Price	Implied Value of Terra Common Stock
March 1, 2010	\$ 107.54	\$ 41.20	\$ 47.40
March 18, 2010	\$ 93.12	\$ 45.88	\$ 46.02

The nominal price to be paid in the offer (based on CF Holdings' closing stock price on March 11, 2010) represents a 40.6% premium over the closing price of Terra common stock on February 12, 2010, the last trading day prior to the announcement of the Yara/Terra merger agreement and a 13.4% premium over \$41.20, the closing price of Terra common stock on March 1, 2010, the last trading day prior to the public announcement of our offer.

The value of the offer will change as the market prices of CF Holdings common stock and Terra common stock fluctuate during the offer period and thereafter, and may therefore be different from the prices set forth above at the expiration of the offer period and at the time you receive your shares of CF Holdings common stock. You are encouraged to obtain current market quotations for CF Holdings and Terra common stock prior to making any decision with respect to the offer.

Please also see the section of this prospectus/offer to exchange entitled "The Exchange Offer Effect of the Offer on the Market for Shares of Terra Common Stock; NYSE Listing; Registration Under the Exchange Act; Margin Regulations" for a discussion of the possibility that Terra's shares will cease to be listed on the NYSE.

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RISK FACTORS

In addition to the other information included and incorporated by reference in this prospectus/offer to exchange (see the section entitled "Where You Can Find More Information"), including the matters addressed in the section entitled "Forward-Looking Statements," you should carefully consider the following risks before deciding whether to tender your shares of Terra common stock in the offer.

Risk Factors Relating to the Offer and the Second-Step Merger

The exchange ratio of the offer is fixed and will not be adjusted. Because the market price of shares of CF Holdings common stock may fluctuate, Terra stockholders cannot be sure of the market value of the shares of CF Holdings common stock that will be issued in connection with the offer

Each outstanding share of Terra common stock will be exchanged for the right to receive (i) \$37.15 in cash, less any applicable withholding taxes and without interest, and (ii) 0.0953 shares of CF Holdings common stock (together with the associated preferred stock purchase rights) upon consummation of the offer. This exchange ratio is fixed and will not be adjusted in case of any increases or decreases in the price of CF Holdings common stock or Terra common stock. If the price of CF Holdings common stock declines (which may occur as the result of a number of reasons (many of which are out of our control), including as a result of the risks described in the section of this prospectus/offer to exchange entitled "Risk Factors"), Terra stockholders will receive less value for their shares upon exchange of tendered shares in the offer or consummation of the second-step merger than the value calculated pursuant to the exchange ratio on the date the offer was announced. Because the offer and the second-step merger may not be completed until certain conditions have been satisfied or waived (please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Conditions of the Offer"), a significant period of time may pass between the commencement of the offer and the time that CF Holdings accepts shares of Terra common stock for exchange. Therefore, at the time you tender your shares pursuant to the offer, you will not know the exact market value of the shares of CF Holdings common stock that will be issued if CF Holdings accepts such shares for exchange. However, tendered shares of Terra common stock may be withdrawn at any time prior to the time they are accepted for exchange pursuant to the offer. Please see the section entitled "Comparative Market Price and Dividend Information" for the historical high and low sales prices per share of CF Holdings and Terra common stock, as well as cash dividends per share of CF Holdings and Terra common stock respectively.

Terra stockholders are urged to obtain current market quotations for CF Holdings and Terra common stock when they consider whether to tender their shares of Terra common stock pursuant to the offer.

The offer may adversely affect the liquidity and value of non-tendered shares of Terra common stock

In the event that not all of the shares of Terra common stock are tendered in the offer and we accept for exchange those shares tendered in the offer, the number of stockholders and the number of shares of Terra common stock held by individual holders will be greatly reduced. As a result, CF Holdings' acceptance, through Composite, of shares for exchange in the offer could adversely affect the liquidity and could also adversely affect the market value of the remaining shares of Terra common stock held by the public. Subject to the rules of the NYSE, CF Holdings may also seek to cause Terra to delist the shares of Terra common stock on the NYSE. As a result of such delisting, shares of Terra common stock not tendered pursuant to the offer may become illiquid and may be of reduced value. Please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Plans for Terra."

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The price of CF Holdings common stock after the consummation of the offer may be volatile and subject to wide fluctuations

The trading price of CF Holdings common stock has historically fluctuated significantly. The price of CF Holdings common stock could be subject to wide fluctuations in the future in response to many events or factors, including those discussed in the risk factors below, as well as:

actual or anticipated fluctuations in operating results;

changes in market prices for nitrogen and phosphate based fertilizers or for the raw materials used to produce such fertilizers, such as natural gas;

changes in expectations as to future financial performance or buy/sell recommendations of securities analysts;

our inability to raise additional capital;

acquisitions, strategic alliances or joint ventures involving us or our competitors;

actions of CF Holdings' current stockholders, including sales of common stock by directors and executive officers of CF Holdings;

the arrival or departure of key personnel;

our, or a competitor's, announcement of new products, services or innovations;

actual or expected changes in our growth rates or our competitors' growth rates; and

the operating and stock price performance of other comparable companies.

General market conditions and domestic or international macroeconomic factors unrelated to our performance may also affect the price of CF Holdings common stock. For these reasons, investors should not rely on recent trends to predict future prices of CF Holdings common stock or financial results.

CF Holdings must incur a substantial amount of indebtedness to acquire the shares of Terra common stock pursuant to the offer and the second-step merger, to refinance Terra's outstanding indebtedness, and to pay related fees and expenses. CF Holdings expects, but cannot guarantee, that the combined company will be able to make all required principal and interest payments when due

Assuming acceptance of shares of Terra common stock for exchange on December 31, 2009, CF Holdings' pro forma total indebtedness as of December 31, 2009, after giving effect to the acquisition of 100% of the outstanding shares of Terra common stock, as described in the section of this prospectus/offer to exchange entitled "Unaudited Pro Forma Condensed Combined Financial Statements," would be approximately \$3.7 billion. Based upon current levels of operations, CF Holdings expects, but cannot guarantee, that the combined company will be able to generate sufficient cash flow to make all of the principal and interest payments under this indebtedness when such payments are due or that it will be able to refinance such indebtedness. The risk associated with this substantial indebtedness may be increased as we have historically operated with very limited indebtedness.

CF Holdings' anticipated level of indebtedness, and covenant restrictions under its indebtedness, could adversely affect its operations and liquidity

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CF Holdings' increased indebtedness, especially if CF Holdings is unable to complete its planned public offering of shares of CF Holdings common stock following the closing of the transaction, could have important consequences for its business and to holders of its common stock in adversely affecting

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CF Holdings' operations and liquidity. CF Holdings' anticipated level of indebtedness could, among other things:

make it more difficult for CF Holdings to pay or refinance its debts as they become due during adverse economic and industry conditions because any related decrease in revenues could cause CF Holdings to not have sufficient cash flows from operations to make its scheduled debt payments;

cause CF Holdings to use a portion of its cash flow from operations for debt service, reducing the availability of cash to fund working capital and capital expenditures, research and development and other business activities;

cause CF Holdings to be less able to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions;

cause CF Holdings to be more vulnerable to general adverse economic and industry conditions;

cause CF Holdings to be disadvantaged compared to competitors with less leverage;

result in a downgrade in the credit rating of CF Holdings or CF Holdings' indebtedness which could increase the cost of further borrowings; and

limit CF Holdings' ability to borrow additional monies in the future to fund working capital, capital expenditures and other general corporate purposes.

The terms CF Holdings' indebtedness following the consummation of the offer are expected to include covenants restricting CF Holdings' ability to finance its future operations and capital needs and to engage in other business activities, including, among other things, making investments and conducting asset dispositions.

If CF Holdings is unable to comply with restrictions in the proposed credit facilities, or debt incurred in replacement thereof, the indebtedness thereunder could be accelerated

The credit facilities contemplated by the commitment letter received by CF Holdings, or debt incurred in replacement thereof, will impose restrictions on CF Holdings and require certain payments of principal and interest over time. A failure to comply with these restrictions or to make these payments could lead to an event of default that could result in an acceleration of the indebtedness. CF Holdings cannot make any assurances that its future operating results will be sufficient to ensure compliance with the covenants in its agreements or to remedy any such default. In the event of an acceleration of this indebtedness, CF Holdings may not have or be able to obtain sufficient funds to make any accelerated payments.

Please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Source and Amount of Funds" for more information about the credit facilities envisaged by the commitment letter received by CF Holdings and the restrictions contained therein and payments required thereby.

The market for CF Holdings common stock may be adversely affected by the issuance of shares pursuant to the offer and the second-step merger, as well as the anticipated issuance of additional shares after the closing of the transaction, and the sale of shares by certain arbitrage and investment firms

In connection with the completion of the offer and the second-step merger, and as described in the section of this prospectus/offer to exchange entitled "The Exchange Offer Ownership of CF Holdings After the Offer," CF Holdings expects to issue approximately 9.5 million shares of CF Holdings common stock.

CF Holdings anticipates that, following the completion of the offer, it will effect a public offering of shares of CF Holdings common stock in an amount equal to approximately \$1.0 billion. There can

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be no assurance that CF Holdings will be able to consummate such public offering on terms acceptable to us or at all or that, if such offering is consummated, it will be for the amount contemplated.

We believe the current stockholders of CF Holdings include a number of arbitrage and investment firms that may quickly sell their shares of CF Holdings common stock following the completion of the Terra transaction. In addition, we believe the current stockholders of Terra include a number of arbitrage and investment firms that may quickly sell the shares of CF Holdings common stock they receive in the offer or the second-step merger.

The issuance of new shares of CF Holdings common stock and the potential sales of CF Holdings common stock could have the effect of depressing the market price for shares of our common stock.

Uncertainties exist in integrating the business and operations of CF Holdings and Terra

CF Holdings intends, to the extent possible, to integrate Terra's operations with those of CF Holdings. Although CF Holdings believes that the integration of Terra's operations into CF Holdings will be achievable, there can be no assurance that CF Holdings will not encounter substantial difficulties integrating Terra's operations with CF Holdings' operations, which could result in a delay or the failure to achieve the anticipated benefits and synergies of the combination and, therefore, the expected cost savings. Additionally, these cost savings may be less than CF Holdings currently expects, or may not be realized. The difficulties of combining the operations of the companies include, among other things:

possible inconsistencies in standards, controls, procedures and policies, and compensation structures between Terra and CF Holdings;

the complexities of integrating the business and operations of Terra with those of CF Holdings;

the retention of existing customers and attraction of new customers;

the retention of key employees;

the consolidation of corporate and administrative infrastructures;

the minimization of the diversion of management's attention from ongoing business concerns; and

the possibility of tax costs or inefficiencies associated with the integration of the operations of the combined company.

Also, our proposal is not dependent upon the retention or cooperation of Terra's senior management. There can be no assurance that there will not be some level of uncooperativeness on the part of Terra's senior executive management and/or its other employees which could adversely affect the integration process.

Upon your receipt of shares of CF Holdings common stock in the offer, you will become a shareholder in CF Holdings, a Delaware corporation, which may change certain stockholder rights and privileges you hold as a stockholder of Terra, a Maryland corporation

CF Holdings is a Delaware corporation and is governed by the laws of the State of Delaware and by its certificate of incorporation and bylaws. Delaware corporation law extends to stockholders certain rights and privileges that may not exist under Maryland law and, conversely, does not extend certain rights and privileges that you may have as a stockholder of Terra, which is governed by Maryland law and its charter and bylaws. For example, CF Holdings' certificate of incorporation and bylaws contain certain anti-takeover provisions which may make an

acquisition of us difficult, despite the possible benefit to our stockholders. CF Holdings has also adopted a stockholder rights plan which could deter potential acquirers and thereby reduce the likelihood that you will receive a premium for your

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CF Holdings common stock in an acquisition. For a detailed discussion of the rights of CF Holdings stockholders versus the rights of Terra stockholders, see the section entitled "Comparison of Stockholders' Rights."

Consummation of the offer would trigger certain provisions contained in Terra's employee benefit plans or agreements that could require CF Holdings to make change of control payments

Certain of Terra's employee benefit plans or agreements contain change of control clauses providing for compensation to be granted to certain members of Terra senior management either upon a change of control, or if, following a change of control, Terra terminates the employment relationship between Terra and these employees, or if these employees terminate the employment relationship because their respective positions with Terra have materially changed. If successful, the offer would constitute a change of control of Terra, thereby giving rise to potential change of control payments. Information regarding the potential change of control payments is more fully described in Terra's Solicitation/Recommendation Statement on Schedule 14D-9, which is being mailed to Terra stockholders together with this prospectus/offer to exchange and is incorporated herein by reference.

Risk Factors Relating to CF Holdings' Business

You should read and consider risk factors specific to CF Holdings' businesses that will also affect the combined company after the merger, described in Part I, Item 1A of CF Holdings' annual report on Form 10-K for the year ended December 31, 2009, which has been filed by CF Holdings with the SEC and all of which are incorporated by reference into this document.

Risk Factors Relating to Terra's Business

You should read and consider risk factors specific to Terra's businesses that will also affect the combined company after the merger, described in Part I, Item 1A of Terra's annual report on Form 10-K for the year ended December 31, 2009, which has been filed by Terra with the SEC and all of which, except for the risk factors that relate to the terminated Yara/Terra merger agreement and the transactions contemplated thereby, are incorporated by reference into this document.

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THE COMPANIES

CF Holdings

CF Holdings is one of the largest manufacturers and distributors of nitrogen and phosphate fertilizer products in North America. Our operations are organized into two business segments: the nitrogen segment and the phosphate segment. Our principal products in the nitrogen segment are ammonia, urea and urea ammonium nitrate solution. Our principal products in the phosphate segment are diammonium phosphate and monoammonium phosphate, and granular muriate of potash.

Our principal assets include:

the largest nitrogen fertilizer complex in North America (Donaldsonville, Louisiana);

a 66% economic interest in the largest nitrogen fertilizer complex in Canada (which we operate in Medicine Hat, Alberta, through Canadian Fertilizers Limited);

one of the largest integrated ammonium phosphate fertilizer complexes in the United States (Plant City, Florida);

the most-recently constructed phosphate rock mine and associated beneficiation plant in the United States (Hardee County, Florida);

terminals, warehouses and associated transportation equipment located primarily in the Midwestern United States; and

a 50% interest in KEYTRADE AG, a global fertilizer trading company headquartered near Zurich, Switzerland.

For the year ended December 31, 2009, CF Holdings sold 5.9 million tons of nitrogen fertilizers and 2.2 million tons of phosphate fertilizers, generating net sales of \$2.6 billion.

CF Holdings is a Delaware corporation with principal executive offices at 4 Parkway North, Suite 400, Deerfield, Illinois 60015, and its telephone number is (847) 405-2400.

Composite

Composite is an indirect wholly-owned subsidiary of CF Holdings that was formed for the sole purpose of acquiring the outstanding shares of Terra common stock and consummating a subsequent merger of Composite with and into Terra. Composite has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the offer and the second-step merger.

Composite was incorporated as a Maryland corporation on February 9, 2009. Composite's principal executive offices are located at 4 Parkway North, Suite 400, Deerfield, Illinois 60015, and its telephone number is (847) 405-2400.

Terra

Terra Industries Inc. is a leading North American producer and marketer of nitrogen products, serving agricultural and industrial (including environmental) customers. In addition to manufacturing facilities at Port Neal, Iowa; Courtright, Ontario, Canada; Yazoo City, Mississippi; Donaldsonville, Louisiana; and Woodward, Oklahoma, Terra owns a 75.3% interest in Terra Nitrogen Company, L.P. ("TNCLP"), which,

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through a subsidiary, operates Terra's manufacturing facility at Verdigris, Oklahoma. Terra is the sole general partner and the majority limited partner of TNCLP. In addition, Terra owns a 50% interest in Point Lisas Nitrogen Limited, an ammonia production joint venture in the Republic of Trinidad and Tobago, and a 50% interest in GrowHow UK Limited, a nitrogen products production joint venture with facilities located in the United Kingdom.

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Terra is one of the largest North American producers of anhydrous ammonia (or ammonia), the basic building block of nitrogen fertilizers. Terra converts a significant portion of the ammonia it produces into urea ammonium nitrate solutions, ammonium nitrate and urea. Terra also converts ammonia to nitric acid and dinitrogen tetroxide for use in industrial applications, and captures and sells carbon dioxide to industrial users.

Terra is a Maryland corporation with principal executive offices at Terra Centre, 600 Fourth Street, P.O. Box 6000, Sioux City, Iowa 51102, and its telephone number is (712) 277-1340.

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BACKGROUND AND REASONS FOR THE OFFER

Background of the Offer

Since the late 1990's, management and representatives of CF Holdings (and its predecessor, CF Industries, Inc.) and Terra have engaged in several series of discussions and meetings concerning a potential business combination between the two companies. None of these discussions led to entry into any definitive agreement for a business combination transaction.

In late 2003, Mr. Michael L. Bennett, President and Chief Executive Officer of Terra contacted Mr. Stephen R. Wilson, then President and Chief Executive Officer of CF Industries, Inc., to discuss a potential business combination between Terra and CF Industries, Inc. The parties then had multiple discussions regarding a possible transaction. On August 9, 2004, Terra announced it had reached a definitive agreement to acquire Mississippi Chemical Corporation for approximately \$268 million. On that same day, Mr. Bennett also informed Mr. Wilson that Terra was postponing further discussions to focus its efforts on acquiring and integrating Mississippi Chemical Corporation.

In August 2005, CF Holdings completed its initial public offering.

In May 2007, Mr. Wilson, the Chairman, President and Chief Executive Officer of CF Holdings, contacted Mr. Bennett to discuss a potential business combination between CF Holdings and Terra. Over the course of the summer of 2007 and early fall 2007, Mr. Wilson and Mr. Bennett engaged in a number of discussions regarding a potential transaction. In September 2007, Mr. Bennett informed Mr. Wilson that Terra was not interested in pursuing further discussions. In November 2007, Mr. Wilson and David R. Harvey, CF Holdings' lead independent director, met with Mr. Bennett and Henry R. Slack, the chairman of Terra's board of directors. During this meeting, Mr. Bennett reiterated that Terra was not interested in pursuing further discussions regarding a possible business combination transaction.

On the evening of January 15, 2009, Mr. Wilson met with Mr. Bennett and informed him that the CF Holdings board of directors had authorized him to make an offer for Terra of 0.4235 shares of CF Holdings common stock for each share of Terra common stock, subject to the negotiation of a definitive merger agreement, receipt of necessary approvals and limited confirmatory due diligence. At this meeting, Mr. Wilson delivered a letter containing CF Holdings' proposal to Mr. Bennett. The letter read as follows:

January 15, 2009

Board of Directors
Terra Industries Inc.
Terra Centre
600 Fourth Street
P.O. Box 6000
Sioux City, Iowa 51102-6000

Attention: Henry R. Slack,
Chairman of the Board
Michael L. Bennett,
President and Chief
Executive Officer

Dear Members of the Board:

I am writing on behalf of the Board of Directors of CF Industries Holdings, Inc. to make a proposal for a business combination between CF and Terra Industries Inc. Under our proposal, CF would acquire all of the outstanding shares of Terra common stock at a fixed

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exchange ratio of 0.4235 CF shares for each Terra common share. Our proposal represents a premium of 34% based on the 30-day volume weighted average prices for the shares of our two companies, and a 29% premium based on the 10-day volume weighted average. Our proposal also represents a 23% premium over the closing price of your shares today.

Since you first approached us several years ago regarding a combination of our companies, we believe that we have developed mutual respect for the two organizations and have both recognized that a combination makes strategic sense. Combining the talents and creative energy of our respective workforces will substantially enhance our ability to maximize value for shareholders going forward. CF respects the strong culture of Terra, an attribute we believe is highly complementary to our business, and we believe there are attractive opportunities at the combined company for Terra's employees.

We anticipate annual run-rate operating synergies from the combination will be in excess of \$100 million and your shareholders will share in the value of those synergies through their continued ownership of the combined company. In addition, the resulting company would emerge a global leader in nitrogen fertilizer production. Together we would create a company with greater scale and an improved strategic platform better able to compete in a global commodity industry. The combination creates a larger and better capitalized company than either company

currently. A combination would provide shareholders greater market liquidity, a stronger and more flexible balance sheet and improved access to capital. An enhanced financial profile could support additional opportunities to pursue value-creating projects and attractive new investment opportunities. Furthermore, the combination provides Terra shareholders with important diversification from a single crop nutrient, nitrogen, into a strong new position in phosphate and participation in and global market insights through our 50% interest in KEYTRADE AG.

We have dedicated considerable time and resources to an analysis of a potential transaction and are confident that the combination will receive all necessary regulatory approvals. We are confident that you agree with this assessment given that you initially approached us regarding a combination.

Our proposal is subject to the negotiation of a definitive merger agreement and receipt of the necessary board and shareholder approvals. Because our proposal is based solely on publicly available information, it is subject to our having the opportunity to conduct limited confirmatory due diligence. In addition, because the merger consideration is payable in CF stock, we would provide you with an opportunity to conduct appropriate due diligence with respect to CF. We are prepared to send you a draft merger agreement and to begin discussions and due diligence immediately.

We understand that Terra's debt may need to be refinanced as a result of the combination. Our proposal is not subject to any financing

contingency.

In light of the significance of this proposal to your shareholders and ours, as well as the potential for selective disclosures, our intention is to release the text of this letter to the public.

My leadership team and I would be happy to make ourselves available to meet with your management team and Board at your earliest convenience.

We believe this proposal represents a unique opportunity to create significant value for Terra's shareholders and employees, and that the combined company will be better positioned to provide an enhanced value proposition to customers. We hope that you share our enthusiasm, and we look forward to a favorable reply. We respectfully request that you respond no later than January 30, 2009.

Sincerely yours,

/s/ STEPHEN R. WILSON
Stephen R. Wilson
Chairman, President and Chief
Executive Officer
CF Industries Holdings, Inc.

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In considering whether to make an offer to acquire Terra, the CF Holdings board of directors believed, based on the prior discussions between the parties, that further private negotiations would not likely lead to a definitive agreement within a reasonable period of time. For this reason, as well as our belief in the significance of the proposal to Terra's and CF Holdings' stockholders, we publicly released the terms of the proposal and the text of the above letter later in the evening of January 15, 2009.

On January 16, 2009, Terra issued a press release confirming receipt of CF Holdings' proposal to acquire all of the outstanding shares of Terra common stock, indicating that Terra's board of directors was considering and evaluating CF Holdings' proposal with its advisors and advised Terra's stockholders to take no action at that time pending the review by Terra's board of directors.

On the morning of January 28, 2009, Mr. Wilson received a telephone message from Mr. Bennett informing him that shortly he would be receiving a written response to CF Holdings' proposal and that the response would be released to the public. Mr. Bennett subsequently delivered a letter to Mr. Wilson explaining that the Terra board of directors had declined to accept the proposal. The letter read as follows:

January 28, 2009

Mr. Stephen R. Wilson
Chairman, President and Chief Executive Officer
CF Industries Holdings, Inc.
4 Parkway North, Suite 400
Deerfield, IL 60015

Dear Mr. Wilson:

The Board of Directors of Terra Industries Inc., with the assistance of its financial and legal advisors, has carefully considered your unsolicited proposal to combine our companies. Although we are perplexed by your decision to make a public approach that is conditioned on and subject to due diligence, we have nonetheless examined thoroughly the full range of strategic, industrial, financial and legal aspects of the combination you propose.

We concluded that your proposal does not present a compelling case to create additional value for the shareholders of either company, and that it substantially undervalues Terra on an absolute basis and relative to your company. Accordingly, our Board has unanimously concluded that your proposal is not in the best interests of Terra and our shareholders and we decline to accept it.

Sincerely,

/s/ MICHAEL L. BENNETT
Michael L. Bennett
President and Chief Executive Officer

/s/ HENRY R. SLACK
Henry R. Slack
Chairman of the Board

On the evening of January 28, 2009, CF Holdings issued a press release reiterating its commitment to CF Holdings' proposal for a business combination with Terra.

On or about February 2, 2009, Mr. Wilson telephoned Mr. Bennett to request a meeting between the two executives to discuss CF Holdings' proposal for a business combination with Terra.

On the evening of February 3, 2009, CF Holdings delivered a notice to Terra, in accordance with Terra's bylaws, nominating three individuals for election as Terra directors at Terra's 2009 annual meeting of stockholders. Also on February 3, 2009, CF Holdings issued a press release in connection with this notice and announced its intention to commence an exchange offer for shares of Terra common stock on the terms set forth in its January 15, 2009 proposal. Later that day, Terra issued a

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press release in response to CF Holdings' announcement, acknowledging that CF Holdings had nominated three directors to serve on Terra's board of directors and restating the Terra board's position with respect to CF Holdings' proposal.

On February 9, 2009, Mr. Wilson and a representative of Morgan Stanley & Co. Incorporated, or "Morgan Stanley," met with Mr. Bennett and an advisor to Terra to review the terms of CF Holdings' proposal to acquire Terra. During the meeting, Mr. Wilson also communicated to Mr. Bennett the information set forth below in the February 23, 2009 letter from Mr. Wilson to the board of directors of Terra, including CF Holdings' willingness to review any information that Terra believed justified a change in the terms of CF Holdings' proposal. The advisor to Terra informed Mr. Wilson that Terra had scheduled a meeting of its board of directors to be held during the week of February 16, 2009 and that CF Holdings could expect to hear from Terra during that week.

On February 18, 2009, an advisor to Terra contacted a representative of Morgan Stanley and informed him that Terra had a different view as to Terra's strategy. The advisor also did not communicate any willingness on the part of Terra to provide CF Holdings with information.

On February 18, 2009, CF Holdings filed the notification and report form required under the HSR Act with respect to the offer and CF Holdings proposed business combination with Terra.

On February 23, 2009, Mr. Wilson sent a letter to the board of directors of Terra, which read as follows:

February 23, 2009

Board of Directors
Terra Industries Inc.
Terra Centre
600 Fourth Street
P.O. Box 6000
Sioux City, Iowa 51102-6000

Attention: Henry R. Slack, Chairman of the Board
Michael L. Bennett, President and Chief Executive Officer

Dear Members of the Board:

As you are aware, it has been over one month since we made our offer for a business combination with Terra Industries. Our offer has been very well received in the market. Terra's shares are up over 50% since the offer, which is over three times the percentage increase of the peer group. The market clearly has recognized that the combination is compelling.

As we have communicated to you and your advisors since we made our offer, we view the transaction as a merger in which your stockholders are receiving stock and sharing in the future upside of the combined company, including over \$100 million of annual operating synergies. We believe that the elements of your strategy of which we are aware, including expansion of industrial nitrogen applications, would only be enhanced through a combination. As we also have communicated, we would welcome having a number of your board members join the board of the combined company. It is important to us that Mike Bennett be one of those board members and that he continue to serve in a senior executive capacity. Also, we would consider locating some functions of the combined company in the Sioux City area, while preserving the synergies in the transaction.

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Given the significant premium we have offered, and the very positive market reaction, we have not seen any reason to consider changing the terms of our proposal. Our conversations with our stockholders (who significantly overlap with your stockholders) also lead us to believe that we have no reason to consider changing the terms. However, we have communicated to you that we are prepared to review any information you can provide us that you believe justifies a change in terms, and we are prepared to keep an open mind in that regard.

We are going forward with our proxy contest to replace three of your directors at the upcoming Annual Meeting. We are confident that your stockholders will show their support for a combination by voting for our slate. We also are commencing an exchange offer under which each share of Terra common stock would be exchanged for .4235 shares of CF Industries common stock. The exchange offer is subject to entering into a negotiated merger agreement since, as you are aware, under Maryland law we cannot close a transaction without the approval of your board. The exchange offer is scheduled to expire on May 15, 2009, which is the last date that your bylaws permit you to hold your Annual Meeting. By that time we believe your stockholders will have shown their support of a combination by voting for our slate.

We remain interested in entering into meaningful discussions for a negotiated transaction, and we are open to reviewing any information you believe we should consider.

Sincerely yours,

/s/ STEPHEN R. WILSON
Stephen R. Wilson
Chairman, President and Chief Executive Officer
CF Industries Holdings, Inc.

On February 23, 2009, CF Holdings and Composite commenced an exchange offer for all outstanding shares of Terra common stock on the terms set forth in CF Holdings January 15, 2009 proposal, and with an expiration date of May 15, 2009. Later that day, Terra issued a press release advising its stockholders to take no action with respect to the exchange offer.

On the morning of February 25, 2009, the board of directors of CF Holdings received a letter from Mr. Michael M. Wilson, President and Chief Executive Officer of Agrium Inc., or "Agrium," containing a non-binding proposal by Agrium to acquire each share of outstanding capital stock of CF Holdings for one share of Agrium common stock and \$31.70 in cash. Agrium stated that its proposal was conditioned on (i) CF Holdings terminating its bid for Terra, (ii) negotiation of a definitive merger agreement between Agrium and CF Holdings, (iii) receipt of the necessary CF Holdings board and stockholder approvals, (iv) receipt of necessary regulatory approvals, (v) the absence of any material adverse changes to CF Holdings or its business and the continued operation of CF Holdings in the ordinary course of business and (vi) the opportunity for Agrium to conduct limited confirmatory due diligence on CF Holdings. On that same morning, Agrium issued a press release containing its proposal to acquire CF Holdings and a copy of the text of the letter sent to CF Holdings.

Later in the morning of February 25, 2009, CF Holdings issued a press release announcing that its board of directors would evaluate Agrium's proposal carefully in the context of its strategic plans to create shareholder value, including CF Holdings' proposal for a business combination with Terra, and would make its determination regarding Agrium's proposal in due course.

On March 5, 2009, Terra filed a Solicitation/Recommendation Statement on Schedule 14D-9 with the SEC, reporting that Terra's board of directors had unanimously determined to recommend that Terra's stockholders reject our exchange offer and not tender their shares of Terra common stock to us.

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On March 6, 2009, the CF Holdings board of directors held a meeting, together with management and representatives of its legal advisor, Skadden, Arps, Slate, Meagher & Flom LLP, or "Skadden Arps," and its financial advisors, Morgan Stanley and Rothschild Inc., or "Rothschild," to review and analyze the Agrium proposal and related strategic and financial considerations, including the impact of the Agrium proposal on CF Holdings' proposed business combination with Terra. Following lengthy deliberations and a careful review of all aspects of the Agrium proposal with management and its legal and financial advisors, the CF Holdings board of directors concluded that the Agrium proposal was grossly inadequate, substantially undervalued CF Holdings and was not in the best interests of CF Holdings and its stockholders. In addition, the CF Holdings board of directors reaffirmed its intent to continue to pursue a business combination with Terra.

On the morning of March 9, 2009, Mr. Stephen Wilson sent a letter to the board of directors of Agrium rejecting the Agrium proposal.

Also on the morning of March 9, 2009, Mr. Wilson sent a letter to the board of directors of Terra reaffirming CF Holdings' commitment to a business combination with Terra and addressing certain issues raised by Terra in its rejection of our exchange offer. The letter read as follows:

March 9, 2009

Board of Directors
Terra Industries Inc.
Terra Centre
600 Fourth Street
P.O. Box 6000
Sioux City, Iowa 51102-6000

Attention: Henry R. Slack, Chairman of the Board
Michael L. Bennett, President and Chief Executive Officer

Dear Members of the Board:

The Board of Directors of CF Industries Holdings, Inc. has rejected the acquisition proposal from Agrium and reaffirmed its intent to continue to pursue a business combination with Terra Industries. Our Board also has determined that CF Industries would be prepared to enter into a negotiated merger agreement with Terra on terms that provide certain value assurances to Terra's stockholders. Specifically, CF Industries would agree to an exchange ratio based on \$27.50 for each Terra share, with an exchange ratio of not less than 0.4129 of a CF Industries share and not more than 0.4539 of a CF Industries share. The \$27.50 per share represents an almost 70% premium to Terra's stock price before we made our offer, while peer group stock performance has been essentially flat since that time. While for Terra's stockholders these terms provide value assurance and the possibility of a higher exchange ratio than our current offer, they also provide CF Industries' stockholders with the possibility of a lower exchange ratio if CF Industries' stock performs as we expect it will. Agrium's proposal only validates the value and upside potential in the CF Industries stock (and that proposal is itself grossly inadequate).

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In Terra's Schedule 14D-9, you raised the issue of whether, given Agrium's proposal, CF Industries will be able to obtain the stockholder approval required under NYSE rules to issue CF Industries common stock. While we are confident that the CF Industries stockholders will support a business combination with Terra, we are prepared to address the issue you raised by structuring the transaction so that a vote by the CF Industries stockholders will not be required. We are prepared to enter into a negotiated merger agreement under which we would issue a participating preferred stock that would trade at parity with CF Industries common stock. The terms of the participating preferred stock are set forth on the enclosed Term Sheet. Issuance of the participating preferred stock would not require a vote of the CF Industries stockholders under the NYSE rules.

Terra's 2009 Annual Meeting is required under its by-laws to be held not later than May 15. We are confident that Terra's stockholders support a business combination with CF Industries, and will show that support by voting for our slate of directors at the Annual Meeting. Our confidence in the support of Terra's stockholders is based on our belief that Terra's stock would be trading very significantly below its current level absent our offer and the expectation of a business combination with CF Industries.

We have been willing to engage in meaningful discussions since we made our offer almost two months ago, and we continue to be willing to engage.

Very truly yours,

/s/ STEPHEN R. WILSON
Stephen R. Wilson
Chairman, President and Chief Executive Officer
CF Industries Holdings, Inc.

In addition, on the morning of March 9, 2009, CF Holdings issued a press release announcing the decision of the CF Holdings board of directors to reject the Agrium proposal and reiterating CF Holdings' commitment to its proposed business combination with Terra.

On March 11, 2009, Mr. Wilson received a letter from the board of directors of Terra indicating that the Terra board had rejected our revised proposal as set forth in Mr. Wilson's letter to the Terra board dated March 9, 2009. The letter from Terra read as follows: