IAP Independent Agribusiness Professionals

Capital Markets and the Crop Input Sector

AgriCapital Corporation

Investment Banking

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October 26, 2006

Note

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Market Overview

Market Overview

The Market in '05

- US sales for 2005 Crop Inputs totaled $32.1 bln
  - Product breakdown (2005)
    - Crop Protection $8.9 bln or 27.7%
    - Fertilizers & Conditioners $12.8 bln or 39.9%
    - Seed & Plant $10.4 bln or 32.4%

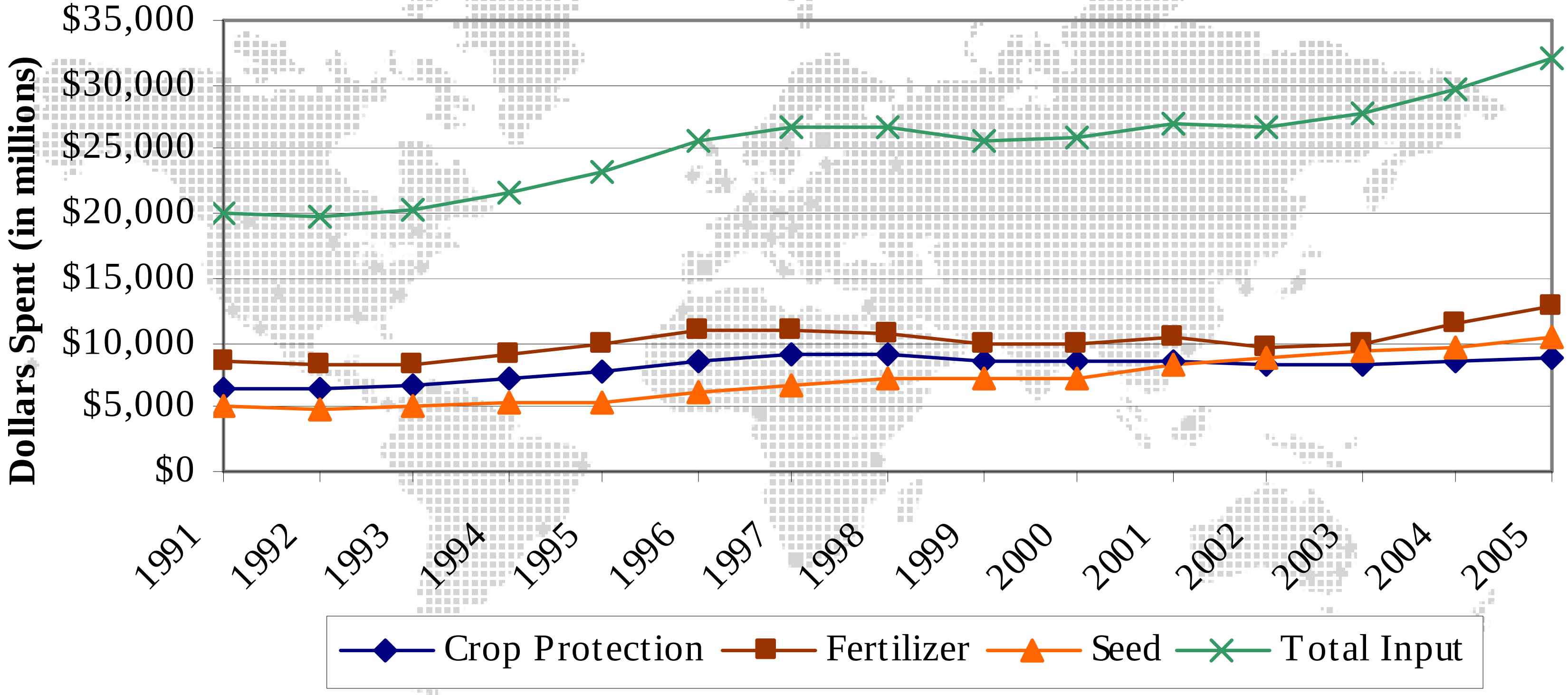
Source: USDA NASS

Market Overview

Historical Growth

- CAGR has been approximately 3.4% over the past fourteen years.

US Crop Inputs



Source: USDA NASS

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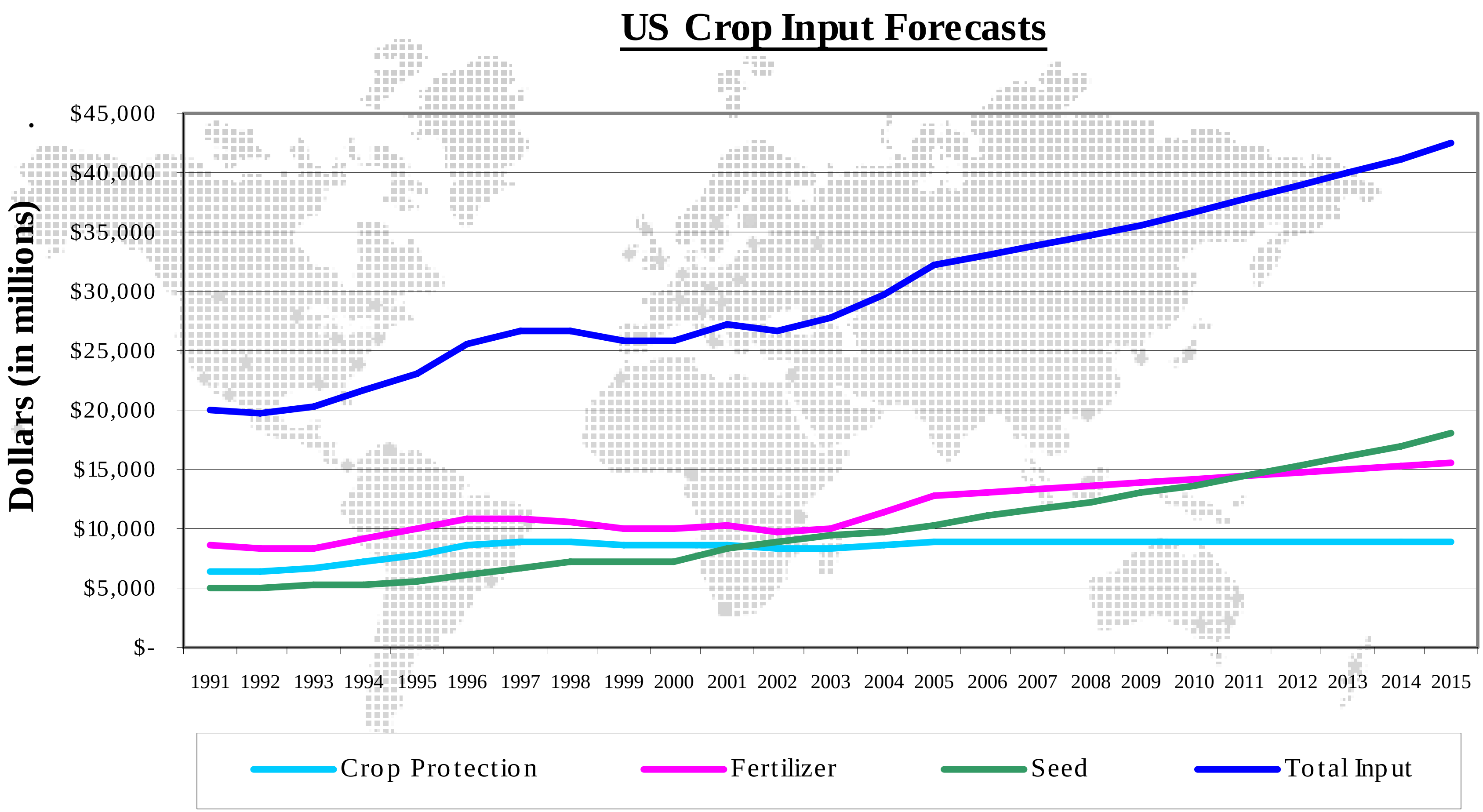
Market Overview

Projected Growth

- Based on CAGR for each segment since 1997.



Source: UDSA NASS, AgriCapital estimates

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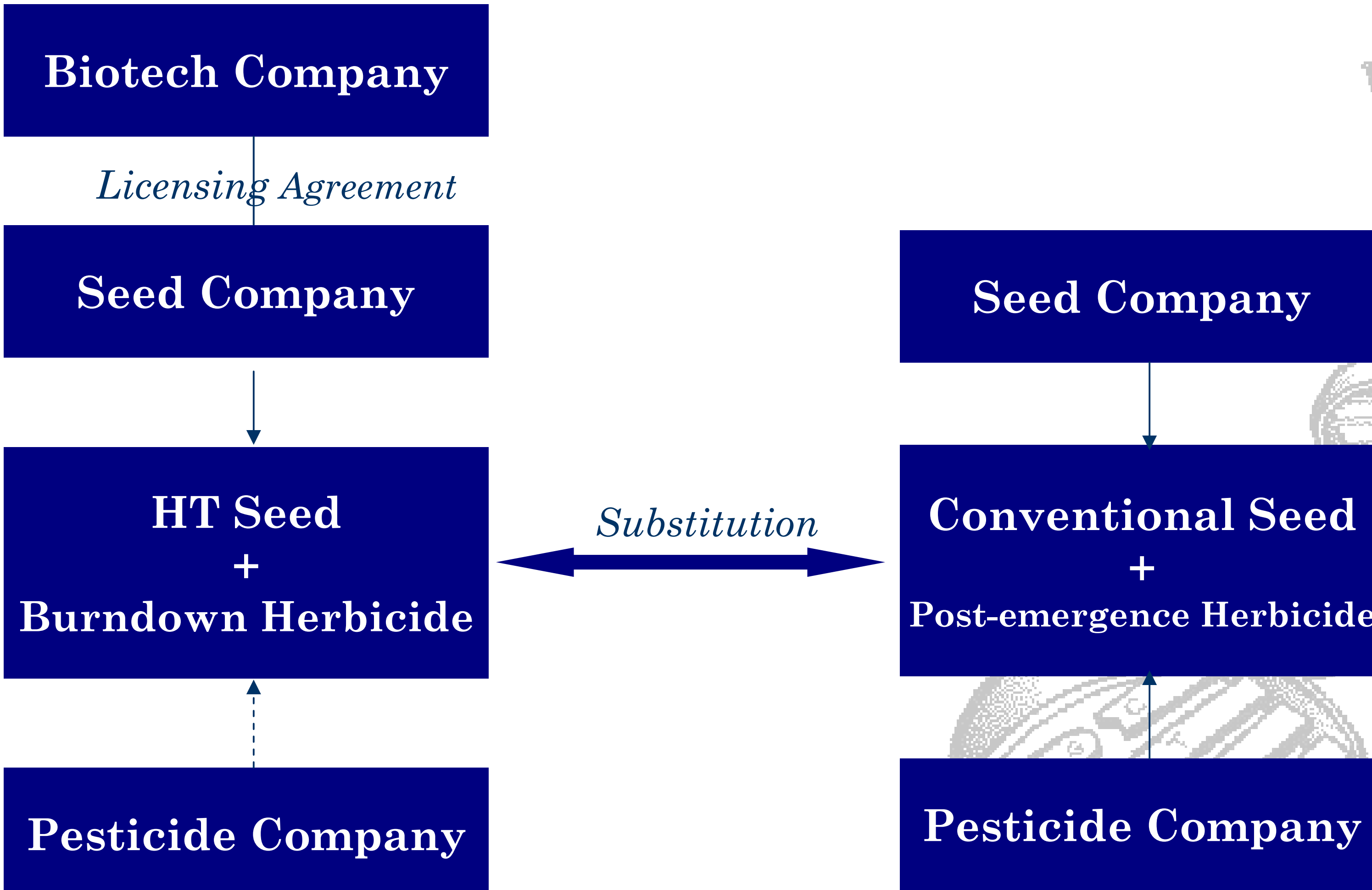
Market Overview

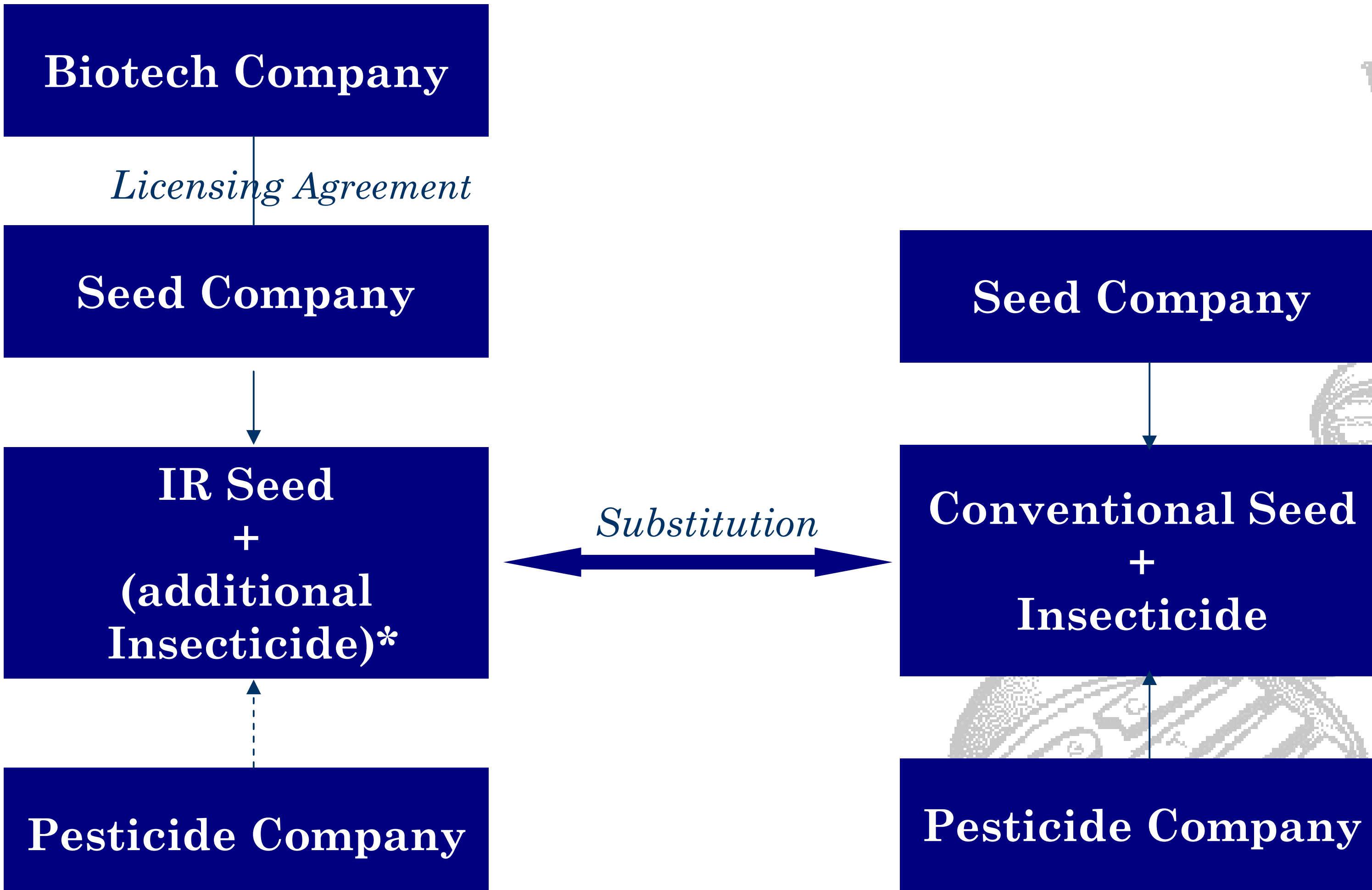
- **Biotech Impact on Pesticide Usage**



Source: "Substitution and Complementarities in the Biotechnology and Pesticide Markets: A Theoretical Framework", Lemarie, Marette.

Market Overview

- **Biotech Impact on Pesticide Usage**

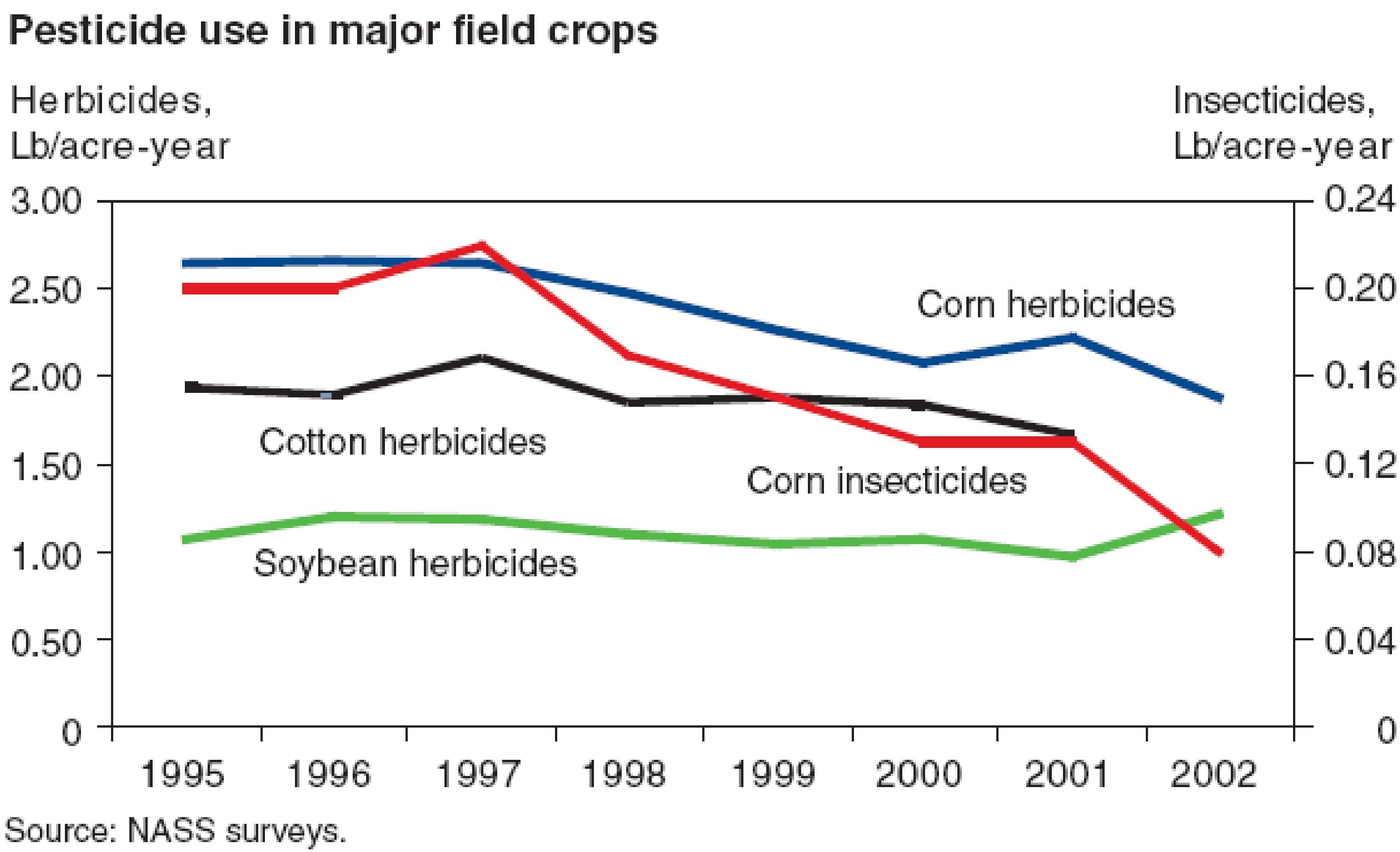


** Additional insecticide may be necessary against insects not controlled by the IR seed.*

Source: "Substitution and Complementarities in the Biotechnology and Pesticide Markets: A Theoretical Framework", Lemarie, Marette.

Market Overview

- **Major Markets: US**



Market Overview

- **Impact on Pesticide Usage**
  - First generation biotech traits have reduced usage in the U.S. by approximately 37 mm lbs

First Generation Traits

Impact of First Generation Biotech Crops

Crop	Type	Volume (lb.000)	**(A)** Value ($000)	**(B)** Costs ($000)	**(A+B)** Total Net Value ($000/yr)	Pestcide Use (lbs annual impact)	Acreage
Soybean	Herbicide Tolerant	-	-	(1,010,765)	1,010,765	(28,703,001)	50,016,000
Field Corn	Insect Resistant	3,540,992	126,466	1,110	125,356	(2,603,456)	14,927,000
Field Corn	Herbicide Tolerant	-	-	(58,050)	58,050	(5,805,000)	5,805,000
		3,540,992	126,466	(1,067,705)	1,194,171	(37,111,457)	70,748,000

Source: *Plant Biotechnology: Current and Potential Impact For Improving Pest Management In U.S. Agriculture*

Market Overview

- ## Impact on Pesticide Usage
  - Second generation biotech traits reduced usage in the U.S. by approximately 15 mm lbs

First Generation Traits → **Second Generation Traits**

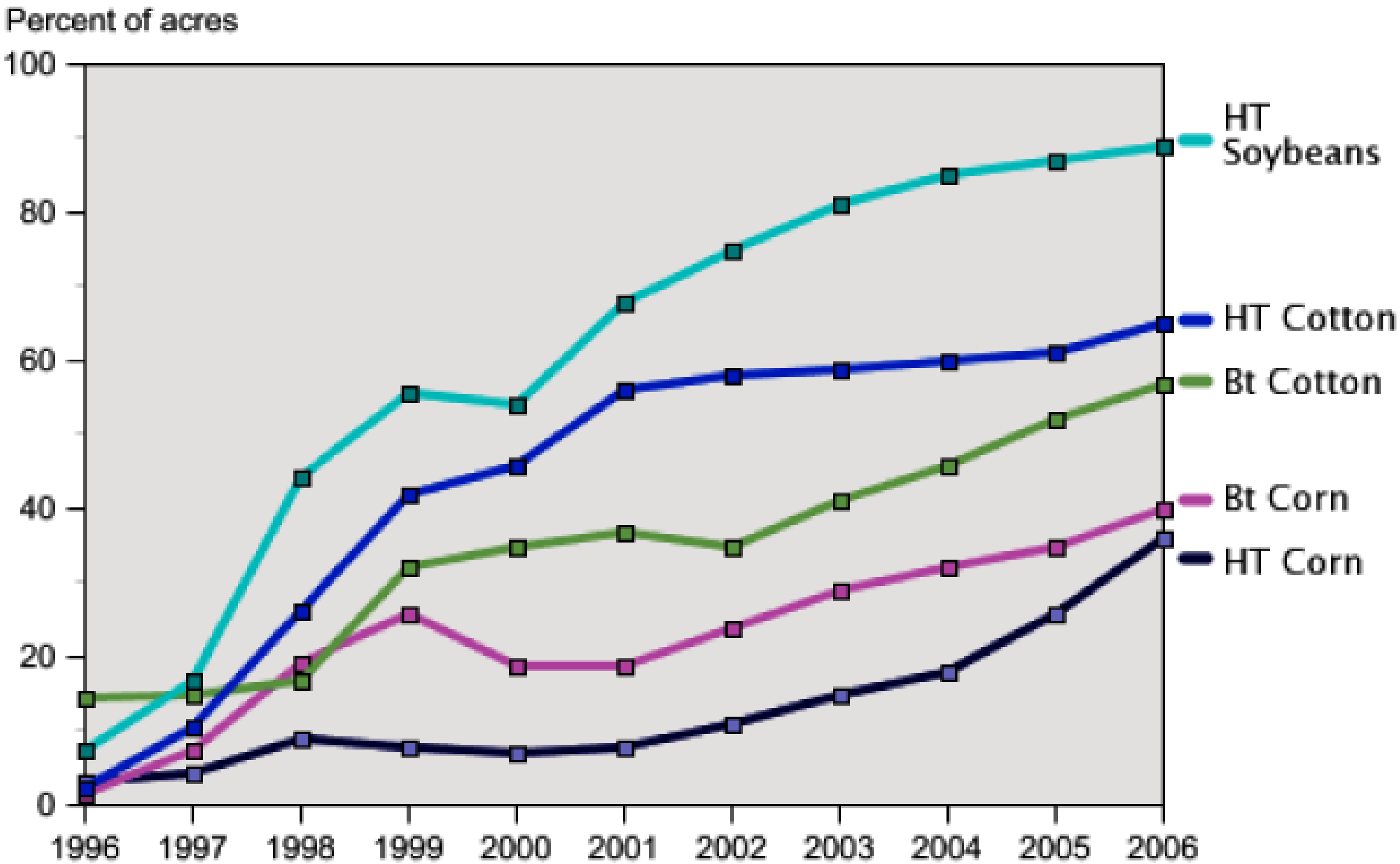
Impact of Second Generation Biotech Crops

Crop	Type	Volume (lb.000)	**(A)** Value ($000)	**(B)** Costs ($000)	**(A+B)** Total Net Value ($000/yr)	Pestcide Use (lbs annual impact)	Acreage
Soybean	Insect Resistant	54,000	4,400	(2,400)	6,800	(295,000)	1,280,000
Field Corn	Insect Resistant	725,648	25,796	6,323	19,473	(237,435)	2,575,000
Field Corn	Insect Resistant	-	-	-	-	(14,496,000)	23,402,000
Alfalfa	Herbicide Tolerant	-	21,000	3,400	17,600	200,000	1,000,000
		779,648	51,196	7,323	43,873	(14,828,435)	28,257,000

Source: *Plant Biotechnology: Current and Potential Impact For Improving Pest Management In U.S. Agriculture*

Market Overview

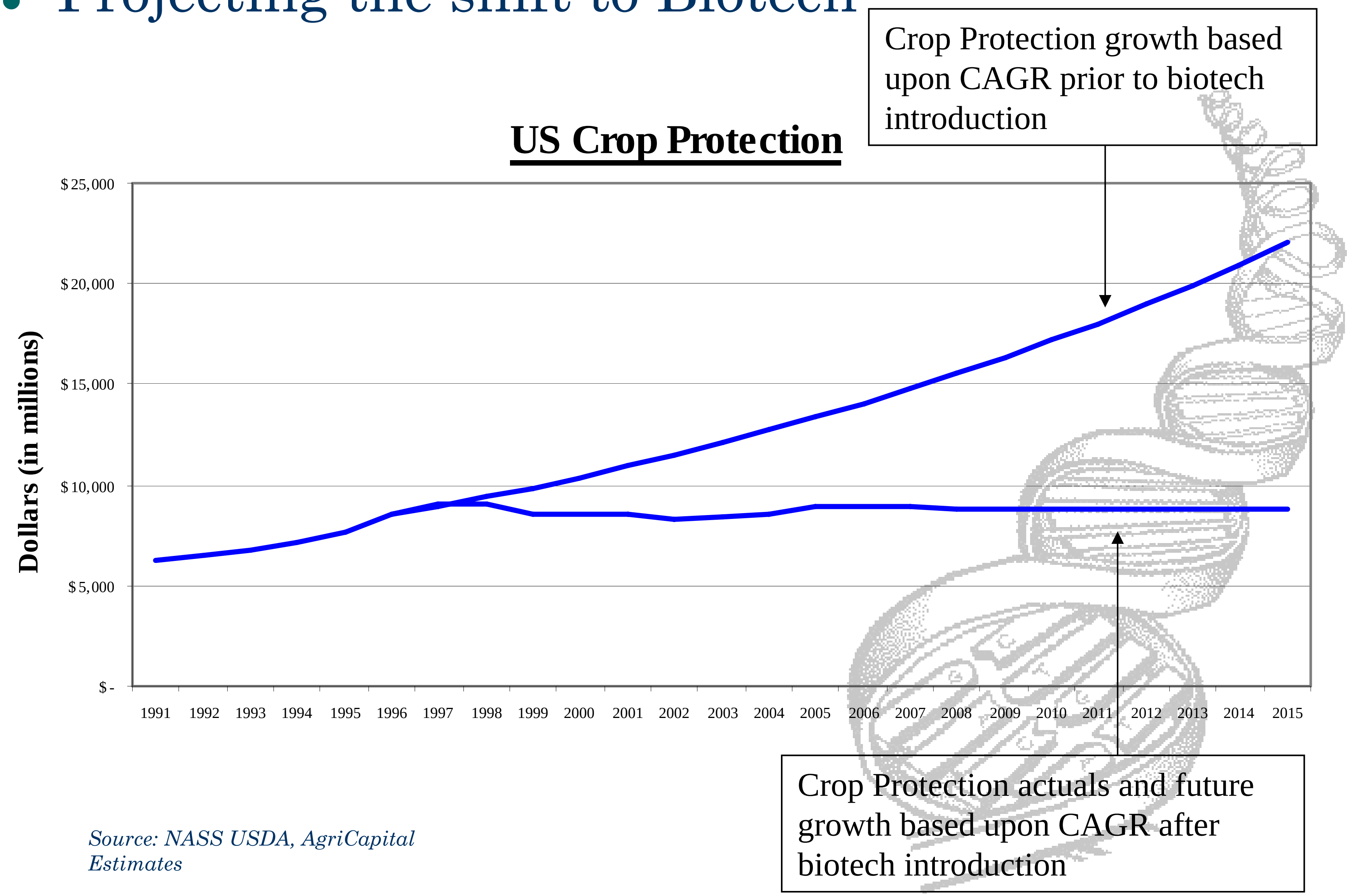
Adoption of genetically engineered crops grows steadily in the U.S.



Data for each crop category include varieties with both HT and Bt (stacked) traits.
Source: 1996-1999 data are from Fernandez-Cornejo and McBride (2002). Data for 2000-06 are available in the ERS data product, Adoption of Genetically Engineered Crops in the U.S., tables 1-3.

Market Overview

- Projecting the shift to Biotech

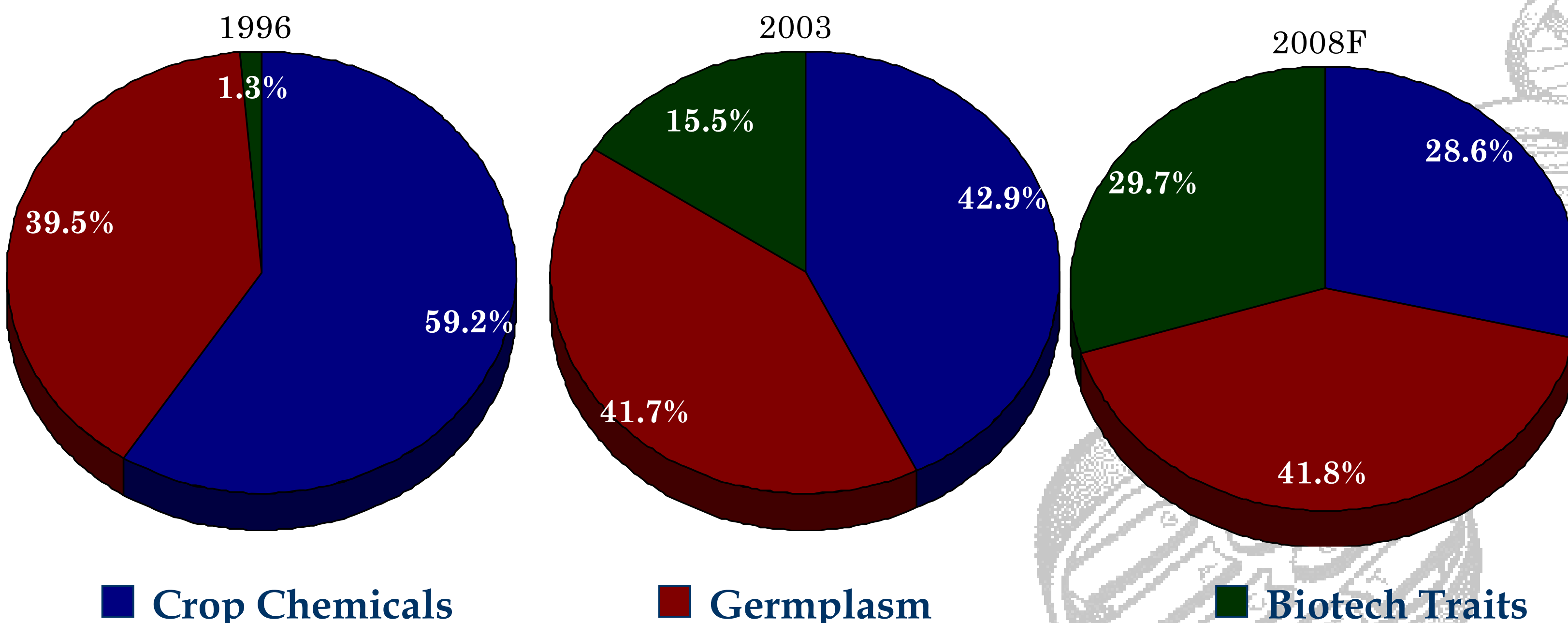


Source: NASS USDA, AgriCapital Estimates

Market Overview

- **Impact on Pesticide Usage**
  - Value shift from pesticides to seed

<u>Value Shift in US Crop Protection</u>



Source: Monsanto; AgriCapital estimates

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Industry Dynamics

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Industry Dynamics

- Consolidation
  - Pharmaceutical companies abandoned the "Life Sciences" strategy
  - A wave of mergers at the end of the 1990's
  - Consolidation has created 6 agrochemical giants that lead the industry with a combined 75-80% market share

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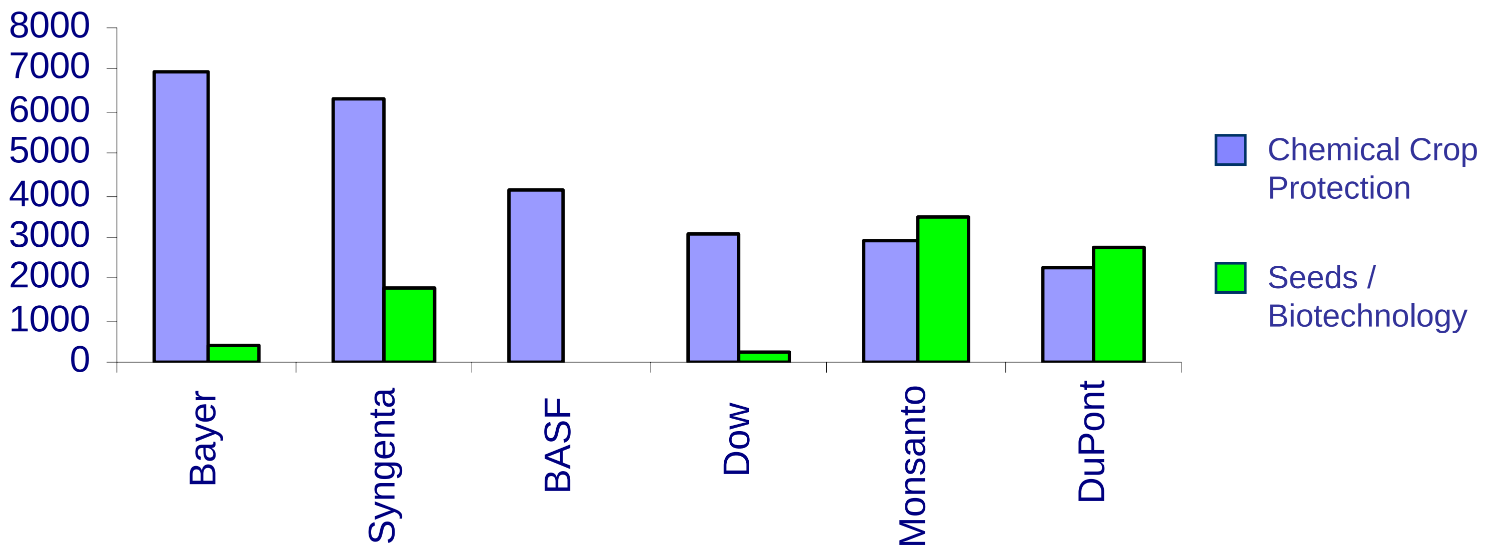
Industry Dynamics

1994	1997	1999	2000 - 2006
BASF	BASF	BASF	BASF
Cyanamid Shell Agriculture	Cyanamid (AHP)	Cyanamid	
Bayer	Bayer	Bayer	Bayer CropScience
Hoechst Schering	Agrevo	Aventis	
Rhone-Poulenc	Rhone-Poulenc		
Rohm & Haas	Rohm & Haas	Rohm & Haas	Dow AgroSciences
DowElanco	DowElanco	Dow AgroSciences	
DuPont	DuPont	DuPont	DuPont
Delta Pine	Delta Pine	Delta Pine	Monsanto
Monsanto	Monsanto	Monsanto	
Ciba Geigy Sandoz	Novartis	Novartis	Syngenta
Merck	Merck	AstraZeneca	
Zeneca	Zeneca		

Source: Agrow

Industry Dynamics

Sales ($m.)



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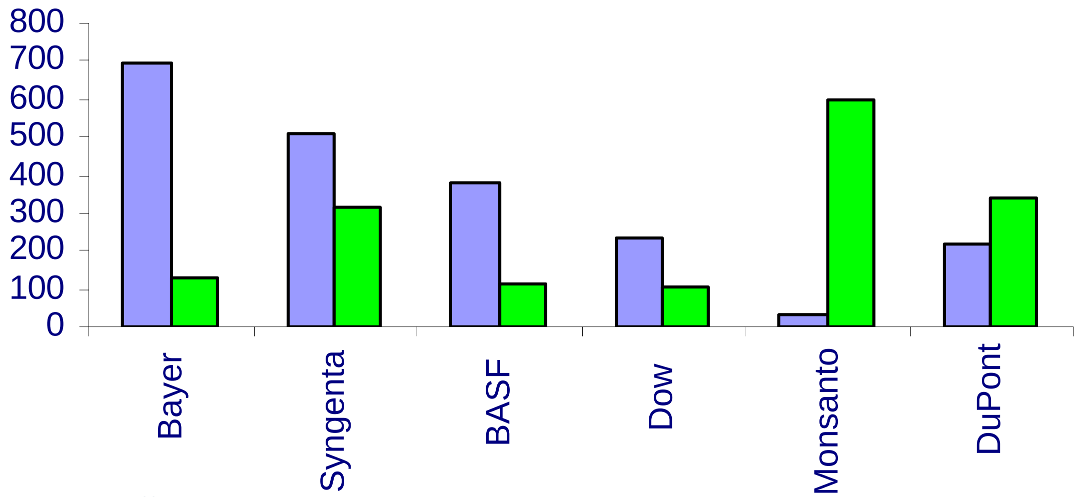
R & D ($m.)



Source: Phillips McDougall

Industry Dynamics

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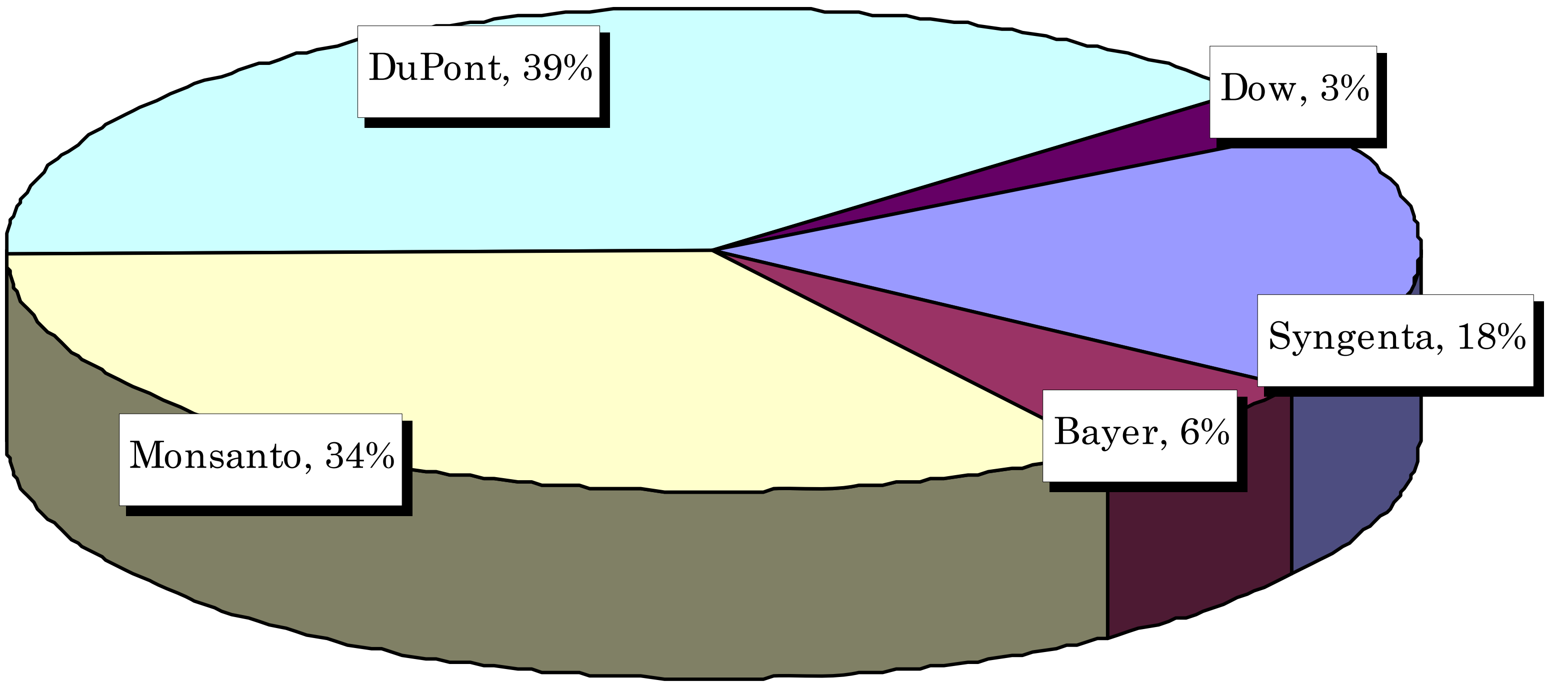
Breakdown of Seeds and Biotechnology Sales by Producer, 2004



Source: AgriCapital / Citigroup research

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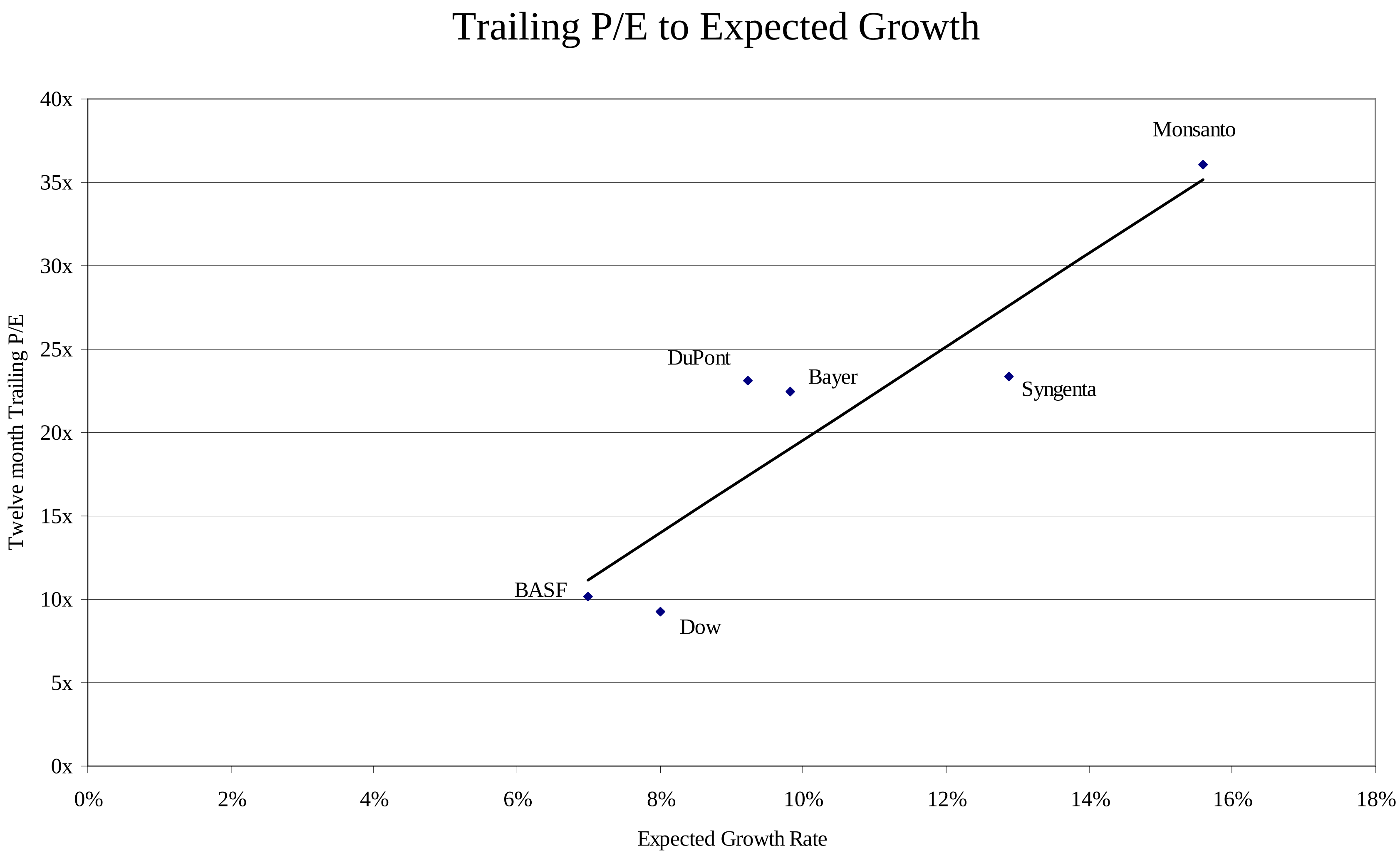
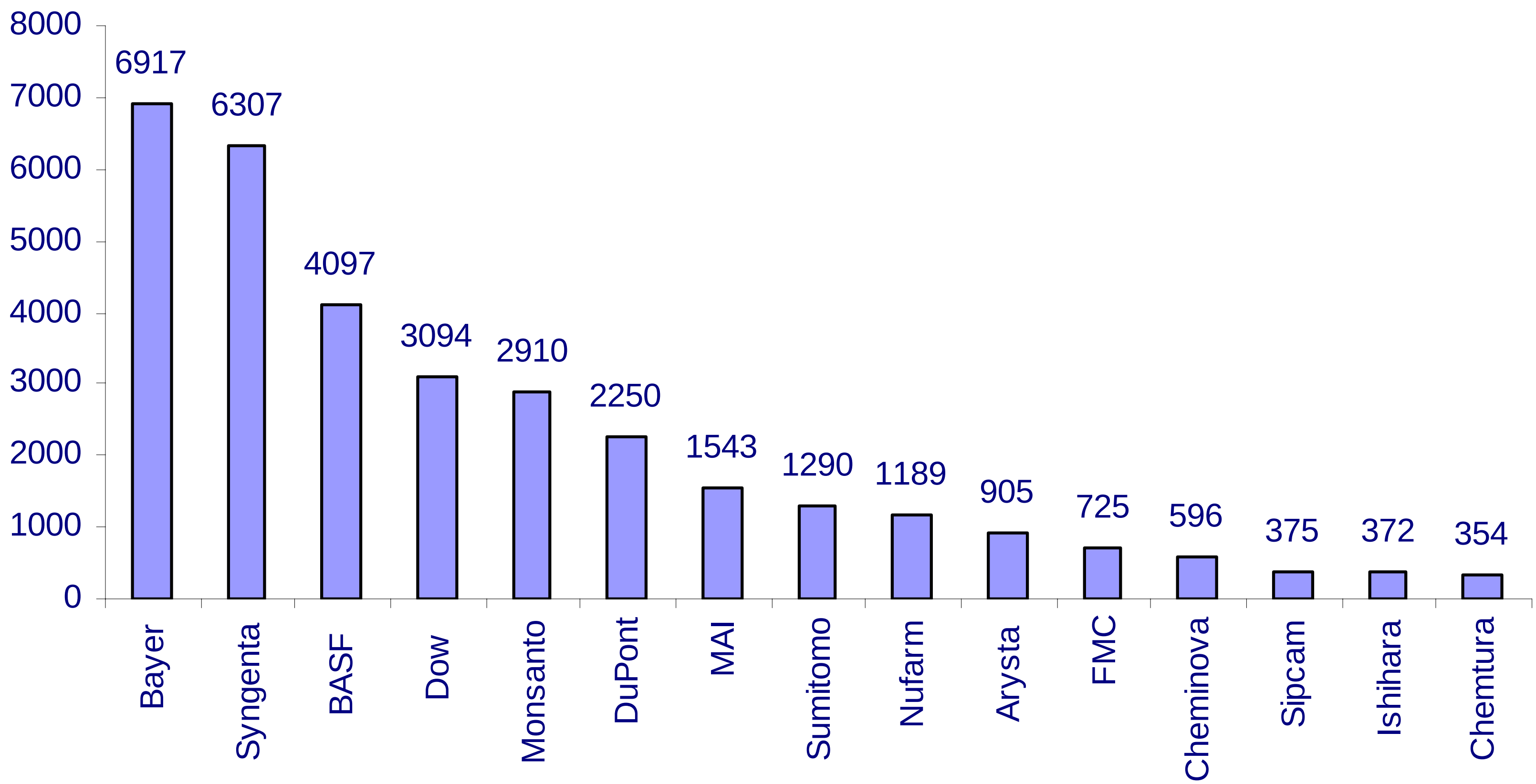
Industry Dynamics



Source: AgriCapital research

Industry Dynamics

- Crop Protection Sales by Company for 2005



Source: Phillips McDougall

Industry Dynamics

- Generic Crop Protection Manufactures are taking Market Share, being lead by Makhteshim Agan Industries Ltd. ("MAI")

MAI Crop Protection Sales

	2005	**2004**	**2003**
Plant protection products sales	1,542,859	1,357,913	1,034,702
Growth	13.6%	31.2%	

Industry Dynamics

- Agricultural Giants are currently merging to increase market share and market prowess
- Current Merger Transactions occurring in the industries.

Date	Target/Issuer	Transaction Status	Buyers/Investors	Implied Enterprise Value ($mm)	Implied EV / Revenues	Implied EV / EBITDA	Primary Industry (Target)
1/26/2004	Mosaic Global Holdings Inc.	Closed	Mosaic Co. (NYSE:MOS)	3,497.06	1.60	12.63	FAC
3/2/2004	Nu-Gro Corp.	Closed	Thomas H. Lee	162.69	1.19	9.12	FAC
3/11/2004	Alcide Corp.	Closed	Ecolab Inc. (NYSE:ECL)	53.32	2.33	9.39	Chem
3/22/2004	Gustafson Llc	Closed	Bayer CropScience AG	248.00	1.91	-	FAC
6/10/2004	Innophos, Inc.	Closed	Bain Capital, Inc.	530.00	1.06	-	Chem
8/9/2004	Terra Industries Inc. (NYSE:TRA)	Closed	Perry Capital	803.34	0.55	3.96	FAC
8/9/2004	Mississippi Chemical Corp.	Closed	Terra Industries Inc. (NYSE:TRA)	268.02	0.88	4.85	FAC
12/13/2004	Terra Industries Inc. (NYSE:TRA)	Closed	Not Disclosed	537.10	0.35	2.43	FAC
1/3/2005	United Industries Corp.	Closed	Spectrum Brands, Inc. (NYSE:SPC)	1,302.26	2.03	13.48	FAC
1/22/2005	Seminis Inc.	Closed	Monsanto Co. (NYSE:MON)	1,390.06	2.60	10.43	AP
9/1/2005	Astaris LLC	Closed	Israel Chemicals (TASE:CHIM)	255.00	0.73	-	Chem
11/8/2005	Royster-Clark Inc.	Closed	Agrium Inc. (TSX:AGU)	483.74	0.45	8.53	FAC
7/10/2006	Conrad Fafard, Inc.	Announced	Syngenta AG (VIRTX:SYNN)	133.50	1.76	-	FAC
8/15/2006	Delta & Pine Land Co. (NYSE:DLP)	Announced	Monsanto Co. (NYSE:MON)	1,383.30	3.17	15.63	AP
				Mean	1.47	9.05	
				Median	1.40	9.26	

FAC - Fertilizers and Agricultural Chemicals   AP- Agricultural Products   Chem - Specialty/Commodity Chemicals

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Industry Dynamics

- Recent IPO's and their opening matrices
- CF Industries (8/10/05)
  - Gross Proceeds $660M
  - Gross Proceeds / Revenue approximately .20x
  - Gross Proceeds / EBITDA approximately 2.8x
- United AgriProducts (11/22/04)
  - Gross Proceeds $439M
  - Gross Proceeds / Revenue approximately .16x
  - Gross Proceeds / EBITDA approximately 5x

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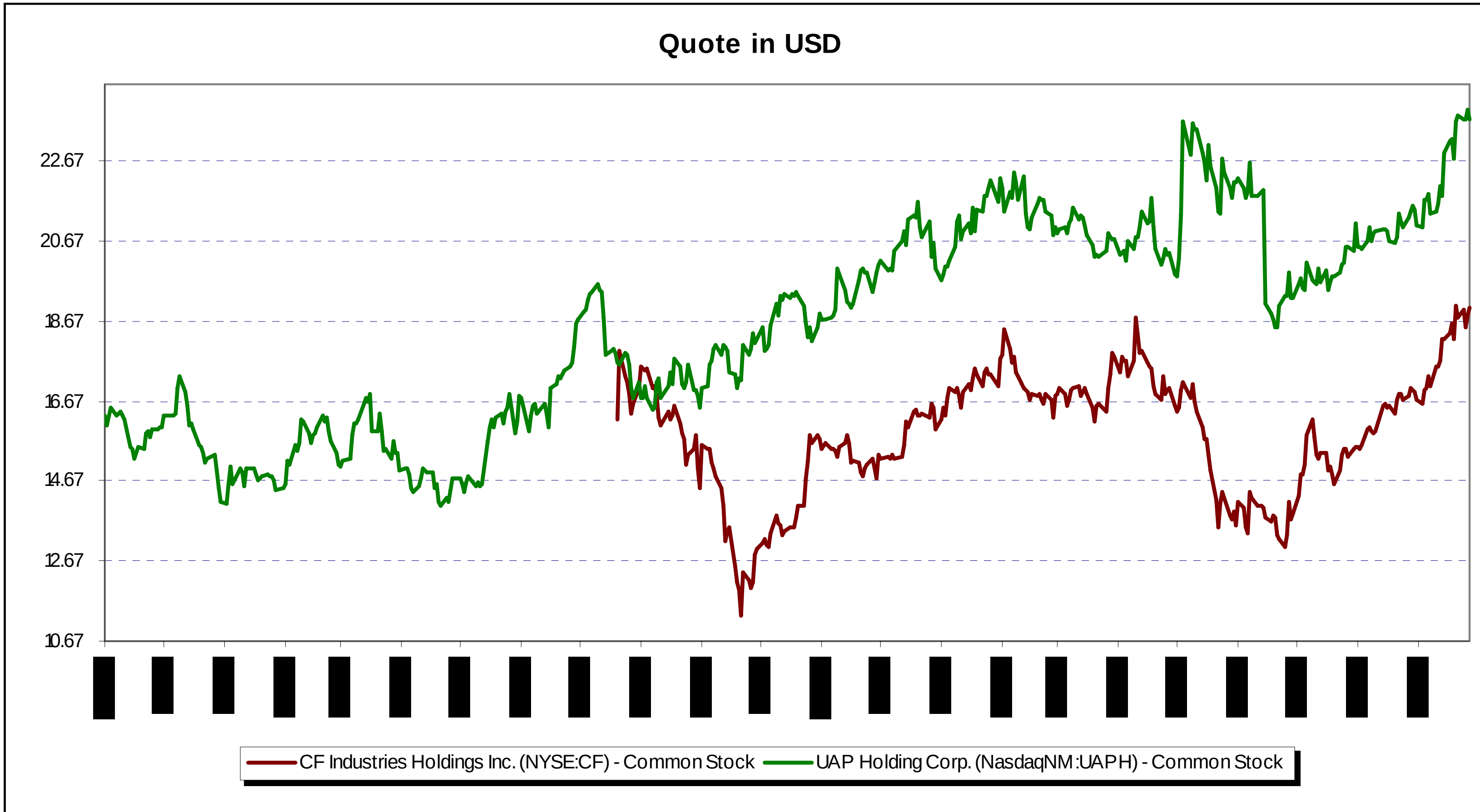
Industry Dynamics

Stock Performance since IPO



Industry Dynamics

- Fertilizer and Agricultural Chemical public company comparables as of 10/13/06.

Company Name	Stock Price	Market Cap	TEV/LTM Total Rev	TEV/LTM EBITDA	TEV/LTM EBIT	LT Growth Rate	Weighted Average Cost of Capital
Agrium Inc.	$ 27.85	3,681.6	1.1x	7.3x	9.9x	6.0%	11.8%
CF Industries Holdings Inc.	$ 19.05	1,048.7	0.5x	5.5x	13.0x	6.0%	18.8%
Mosaic Co.	$ 17.51	7,670.3	1.9x	13.3x	26.8x	9.0%	12.7%
The Scotts Miracle-Gro Co.	$ 46.05	3,077.3	1.4x	9.5x	11.6x	12.5%	12.7%
UAP Holding Corp.	$ 23.67	1,206.7	0.6x	10.4x	11.3x	10.0%	10.9%
		Mean	1.1x	9.2x	14.5x	8.7%	13.4%
		Median	1.1x	9.5x	11.6x	9.0%	12.7%

- **For the smaller companies, there are the following options:**
  - **Status Quo**
  - **Merge with or acquire other similar company**
  - **Sell to a strategic buyer**
  - **Exit to a financial buyer**

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- **AgriCapital:**
  - An investment bank that works exclusively in agribusiness & food
  - Founded in 1983 to meet the needs of agribusiness not being met by the investment banking community
  - A member of the National Association of Securities Dealers ("NASD") and a Registered Broker Dealer

AgriCapital Overview

- **AgriCapital's Services:**
  - Negotiate mergers, acquisitions & divestitures
  - Arrange equity and debt financing
  - Advise on valuations, render fairness opinions and general corporate finance projects

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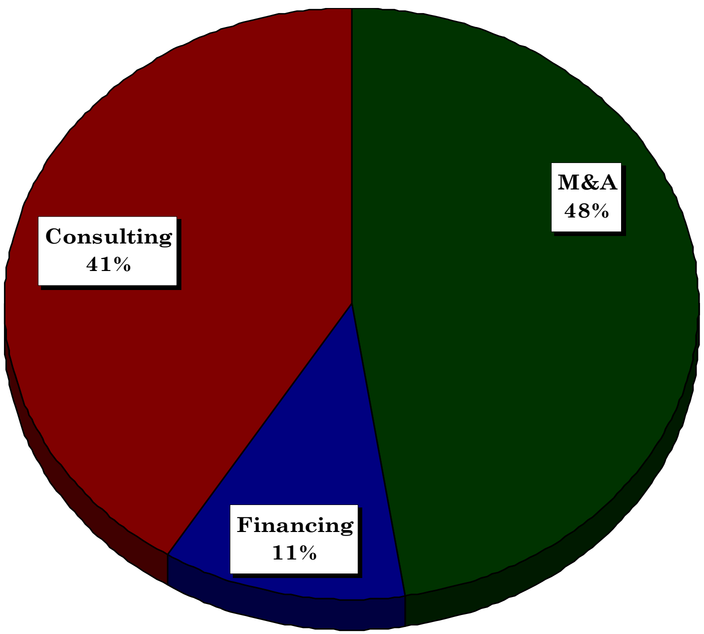
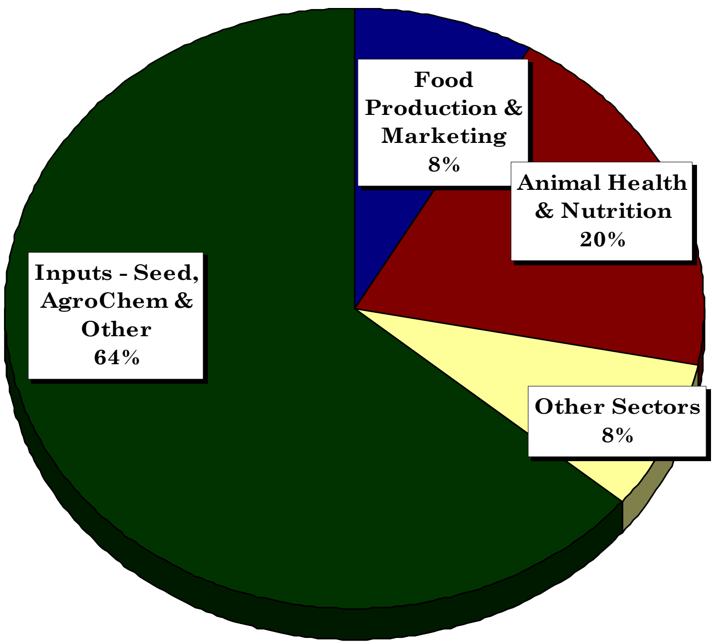
Assignments by Category

Since 1983 AgriCapital has been engaged in some 400 assignments

Assignment Type



Assignment Sector



M&A accounts for approximately 80% of $ volume

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