

FERTILIZER

Argus Media Limited
MAY/JUNE 2012

FOCUS

80th IFA Annual Conference convenes in Doha



Change of Growth Emphasis at Koch Fertilizer

Planting the seed of innovation and growing it has widened the roots of Koch Fertilizer, LLC and its subsidiaries within the global fertilizer industry. With the changing competitive landscape, the business began exploring options to innovate and expand into an agronomic solutions provider that reaches the farm.

The exploration process led to the formation of Koch Agronomic Services, LLC (KAS) in 2010, which has the vision of bringing enhanced efficiency fertilizers and value-added technologies to the marketplace. This led to the acquisition of Nitamin® and Nitamin NFusion® slow-release fertilizer products from Georgia-Pacific Chemicals.

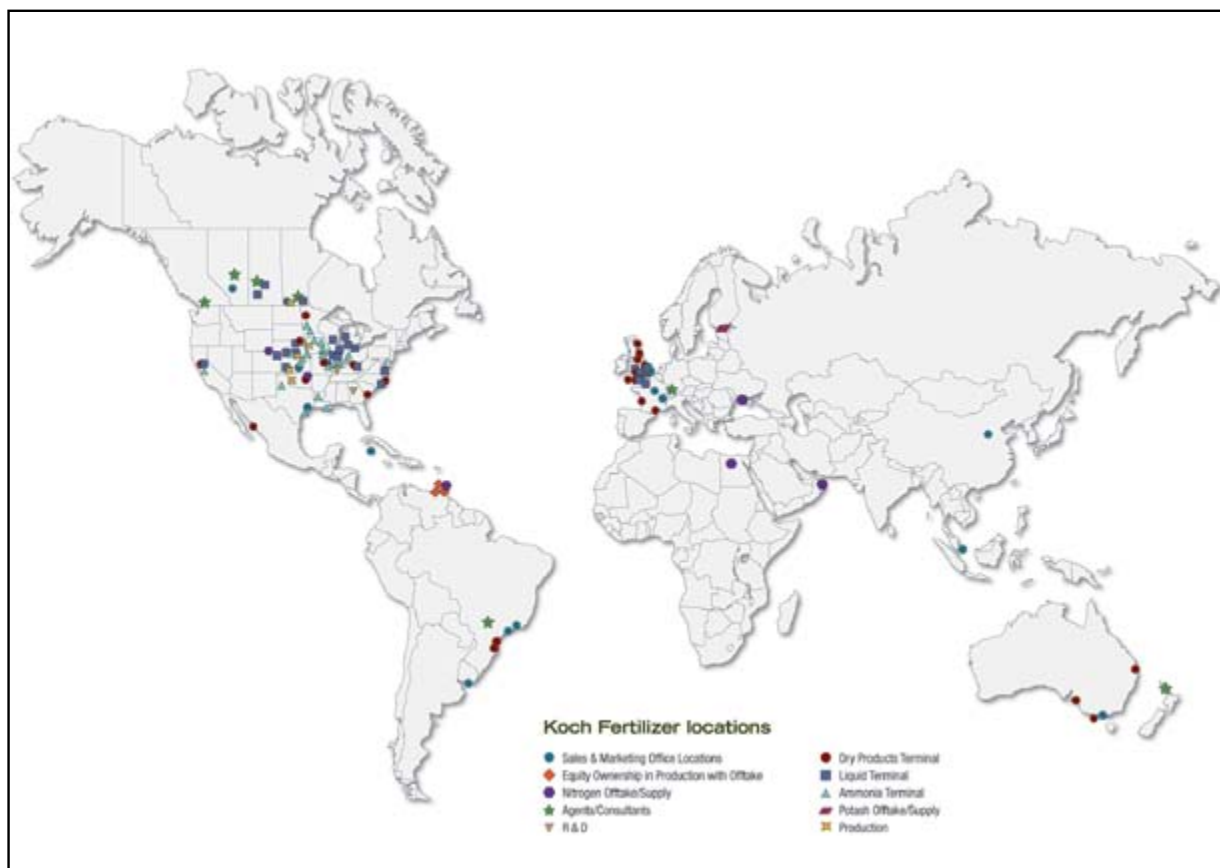
In addition to forming KAS, Koch Fertilizer also pursued adding value-added products and distribution to its international network. This led to the acquisition of J. & H. Bunn Limited (Bunn), a U.K.-based fertilizer blender and distributor. Bunn, founded in 1816, has an extensive product mix that includes a combination of straight fertilizer grades as well as custom blended grades that it sells through distributors and direct to the farm. Bunn allowed Koch Fertilizer to not only expand its network within the UK but also create a presence at the farm level within this market.

In 2011, KAS further expanded its portfolio by acquiring the assets of AGROTAIN International, including AGROTAIN®, AGROTAIN® PLUS and AGROTAIN® DRY nitrogen stabilizer products, as well as SuperU®, UMAXX® and UFLEXX™ nitrogen stabilized fertilizer products. AGROTAIN® stabilizer is used in countries around the world to limit nitrogen loss through volatilization and enhance crop yield.

"Koch Fertilizer creates value for our customers by offering a global sourcing and distribution network and a broad portfolio of products and services," said Jamil Toubassi, Senior Vice President of KAS. *"Adding science-based, proven enhanced efficiency fertilizers to our product offerings is just one more way we are working to create value."*

The AGROTAIN® stabilizer and Nitamin® slow-release fertilizer family of products deliver value for growers, turf managers and lawn care companies around the world. Through product promotion and market education on the benefits of these products, the reach of Koch Fertilizer once again expanded within the distribution chain and brought the business in direct contact with growers.

Within the U.K., Koch Fertilizer has also introduced Koch Advanced Nitrogen® fertilizer powered by AGROTAIN® stabilizer. This innovative



Koch Fertilizer Growth Strategy

"At Koch Fertilizer, we are constantly evaluating our business and looking for ways to better serve our suppliers and customers. We've challenged ourselves with being a leading innovator in the fertilizer industry, and we've taken that challenge head-on," said Steve Packebush, President of Koch Fertilizer. "As we continue to grow, we're looking at new ways to create value by providing solutions the market demands."

As the demands placed on fertilizer continue growing, Koch Fertilizer is widening its scope and growing its business to meet these challenges by offering solutions to the market through a diverse distribution network, growing its portfolio of commodity and value-added products, and expanding its reach within the distribution chain. ■

fertilizer ensures optimum crop yield and quality by preventing the potential volatilization losses of nitrogen after the fertilizer has been surface applied. Efforts are underway for Koch Fertilizer to introduce urea treated with AGROTAIN® stabilizer to additional markets around the globe where this product is not currently available.

"Our international growth strategy has been focused on establishing the lowest-cost, most diverse terminal distribution system in the industry. We've been successful with this strategy, but realized we needed to continue innovating for our suppliers, customers and growers," said Steve Packebush, President of Koch Fertilizer. "With the addition of Bunn and AGROTAIN® stabilizer products, we're now utilizing our network to create additional value with new products and services."

A driving force behind Koch Fertilizer entering the enhanced efficiency and value-added fertilizer market is a strong commitment to the science behind the products. The business has built an agronomy capability supported by on-staff Ph.D. agronomists and is continuing to invest in university and independent consultant research projects evaluating its products around the world.

In addition to a commitment to science, the business has expanded its research and development efforts to bring the next generation of value-added products to growers. The R&D group includes Ph.D. chemists as well as access to a state-of-the-art laboratory for in-house testing and evaluation. In its R&D efforts, Koch Fertilizer is examining both traditional and enhanced efficiency fertilizers as well as other innovative methods to create additional value for growers.

"Our R&D capability is developing new and improved technologies that will create value for growers and complement our current portfolio of products," said Kurt Gabrielson, Ph.D., Vice President of Research and Development for KAS. "The market is seeking solutions to improve the performance of traditional fertilizer products. Our focus is offering growers scientifically-based products that will enhance their fertilizer efficiency by increasing the performance of the fertilizers they have known for years."

The entrance into value-added fertilizers has led the business to proactively educate the market on best practices for traditional fertilizers and the performance advantages of enhanced efficiency and value-added fertilizers. Koch Fertilizer agronomists and technical specialists are speaking at conferences around the world to explain the technology behind value-added fertilizers. The business is also working with researchers in the U.S. to develop region-specific usage and product

PRODUCT DIVERSITY



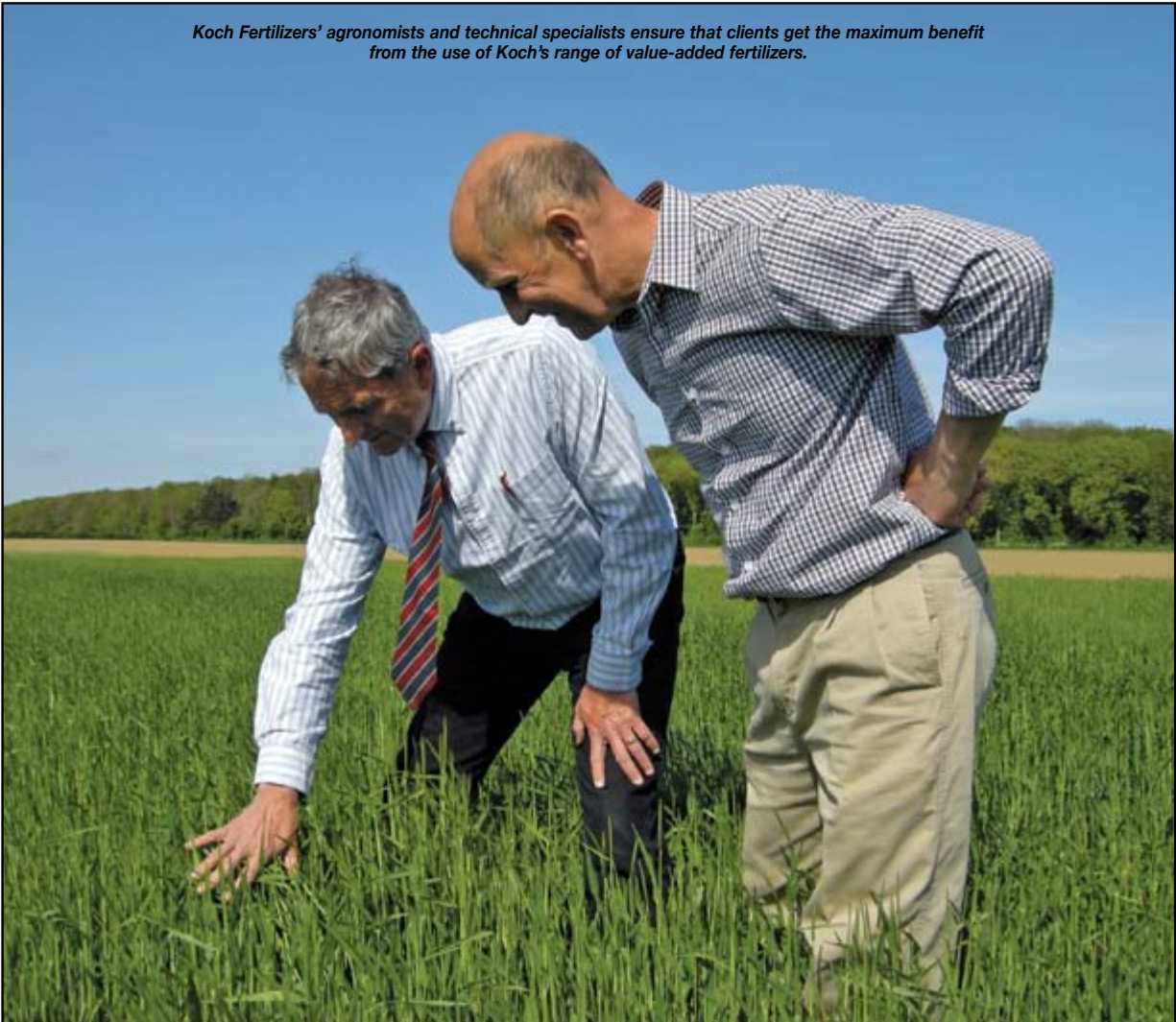
| | |
|--|---|
|  <p>Urea</p> |  <p>AGROTAIN® nitrogen stabilizer family of products</p> |
|  <p>Nitamin® and Nitamin NFusion® slow-release fertilizer products</p> |  <p>UAN solutions</p> |
|  <p>Potash</p> |  <p>Bunn blended fertilizers</p> |
|  <p>Koch Advanced Nitrogen® (K*N) fertilizer</p> |  <p>Anhydrous Ammonia</p> |
|  <p>Phosphate</p> |  <p>Sulfur-based products</p> |

information guides for nitrogen, with projects similar in scope planned for other regions of the world.

In recent years, Koch Fertilizer expanded its distribution on an international level. Koch Fertilizer now owns or leases more than 90 terminals in locations around the world, where it markets a wide-array of products, including ammonia, urea, UAN, nitrates, ammonium sulphate, sulphur-based products, phosphates, potash, compound fertilizers, bulk blends and enhanced efficiency fertilizers. In 2012, Koch Fertilizer is

Nitamin® and Nitamin NFusion® are trademarks of Koch Agronomic Services, LLC. Koch Advanced Nitrogen® is a trademark of Koch Industries, Inc. AGROTAIN® is a registered trademark of The Mosaic Company and is licensed exclusively to Koch Agronomic Services, LLC. AGROTAIN® nitrogen stabilizer is manufactured and sold by Koch Agronomic Services, LLC under an exclusive license from The Mosaic Company.

Koch Fertilizers' agronomists and technical specialists ensure that clients get the maximum benefit from the use of Koch's range of value-added fertilizers.



Innovations, such as the Sulky Epsilon System, can improve fertilizer spreading patterns, to the benefit of crop yields.

expected to market and distribute more than 13 million tonnes of fertilizer products. Within North America and the Caribbean, Koch Fertilizer owns or has investments in eight production plants and an extensive terminal distribution system.

Koch Fertilizer is a subsidiary of Koch Industries Inc., a privately owned company which operates across diverse industry areas. These include refining and chemicals; process and pollution control equipment and technologies; minerals and fertilizers; polymers and fibres; forest and consumer products; commodities trading and services; and ranching.

"Koch Fertilizer is growing from simply supplying the market with commodity fertilizer products to also supplying the market with real solutions, be it through our advantaged distribution network, value-added products, proactive market education or our research and agronomics capability," said Packebush. *"We've built one of the lowest-cost fertilizer distribution networks in the world to better serve our suppliers, customers and ultimately, the grower. Now, we're challenging ourselves to find new approaches that create long-term, sustainable value for the entire market."*

With an expanding portfolio of products, services and distribution points, Koch Fertilizer is evolving to meet the current demands placed on fertilizer and widening its roots to anticipate the future demands. ■