TFI 2006 Fertilizer Outlook Conference

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J.R. Simplot Company

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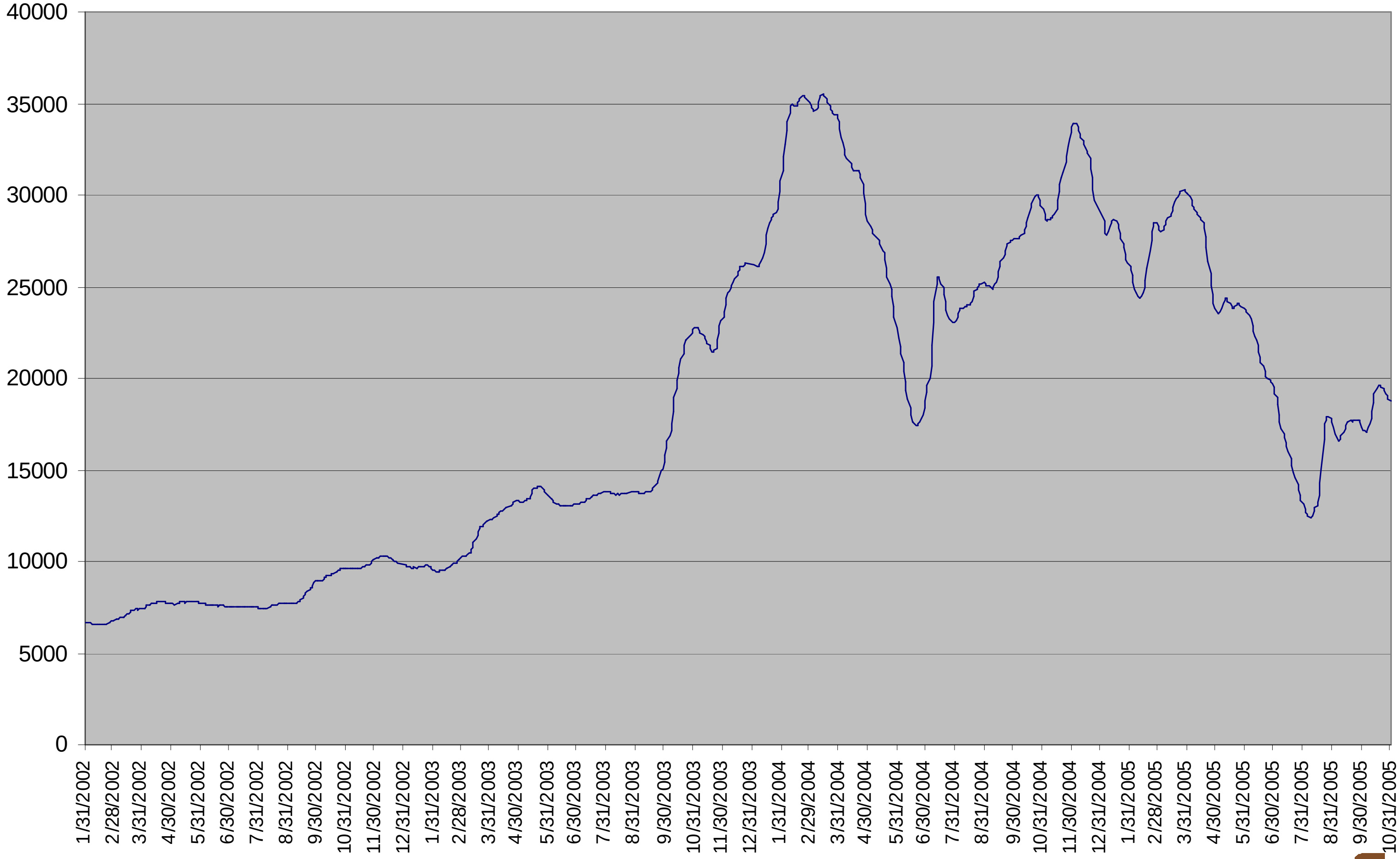
J.R. Simplot Company

- Headquartered in Boise, Idaho, USA
- Diversified Agricultural Company
- Annual Turnover Approximately 3.2 Billion
- Basic Producer of Phosphate and Nitrogen
- Largest Phosphate Producer Western USA
- Import Approximately 750,000MT Nitrogen
- Other: Potatoes, Food Processing, Livestock

Great News

- The Federal Reserve and many private economists maintain the “core inflation rate”, which excludes food and energy components, remains subdued.
- Since most consumers and businesses use so little food and energy in their daily activities, we can sleep comfortable tonight knowing the Federal Reserve has the “core inflation rate” in check.

Baltic Index



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Source: ??

Urea
– Major Producing Areas

- Middle East
- Asia-Pacific
- North America
- CIS (Baltic and Black Sea Region)

The Middle East and CIS are the largest net exporters in world urea trade.

Ocean Freight

- High Chinese Demand
- High Bunker Costs
- Rates Have Moderated on Dry Bulk
- Rates Remain High on Non-pressure Liquids and Anhydrous Ammonia

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Ocean Freight (continued)

- Black Sea Ammonia Freight $90/MT
  - ($.06/pound of N)
- Middle East Urea Freight $32/MT
  - ($.04/pound of N)
- Black Sea UAN Freight $45/MT
  - ($.08/pound of N)

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Rail Rates

- 2000-2004 average Class One Carrier rate increases were 3-5%.
- 2004 STB started receiving complaints, average increases 6% to 25%.
- 2005 Class One Carriers increases of 25% to 50% on multi-carrier hauls and 15% on single-line hauls.

Barge Transportation

- Freight increases of 2X to 3X in the last 12-18 months.
- Barge supply was tight before hurricanes of 2005, and remain extremely tight today.
  - Approximately 250 barges still out of service.
- Labor shortages compound barge cleaning and movement.
- Expect barges to remain short for next 12 months.

NOLA Logistics

- Major receiving port for US fertilizer imports.
- Significant volumes of urea, DAP, UAN Solution and Anhydrous Ammonia.
- Labor shortage and equipment shortage hampers normal operations.
- Up-river conditions are restricting barge drafting capabilities.

Truck Transportation

- Disaster recovery in Gulf Coast creating a shortage of CDL's.
- Fuel surcharges in excess of 20%.
- Truck shortages for bulk commodities.

Key Drivers of Fertilizer

- World Grain Production and Inventories
- Hydro-carbon Costs (natural gas)
- Plant Operating Rates
- Economic and Industrial Demand

Thank You