Knowledge grows

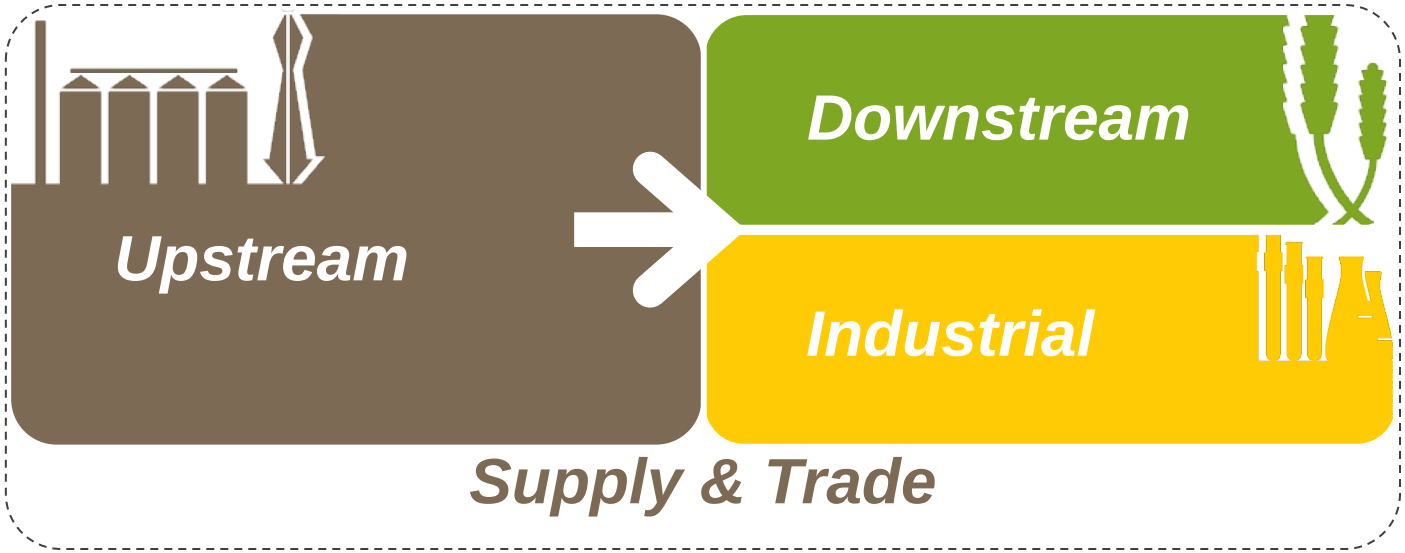
Yara International ASA

BofA Merrill Lynch Fertiliser Forum

SVP Upstream Tor Holba

London, 26 January 2011

A business strategy geared for global optimization

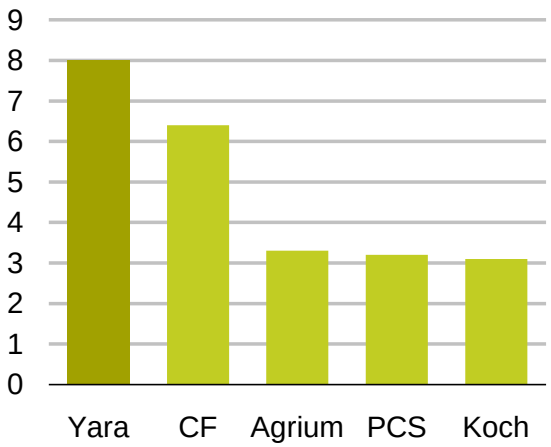


Scale advantages + ***Unique flexibility*** + ***Unrivalled presence***

Yara – the leader in nitrogen fertilizers

Global no 1 in ammonia

Production capacity* (mill t)

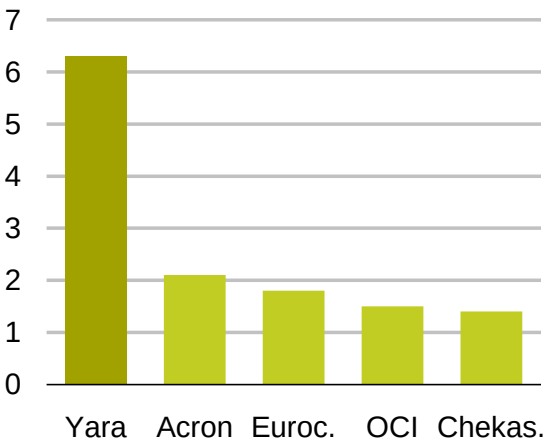


* Incl. companies' shares of JVs

Source: Yara & Fertecon

Global no 1 in nitrates

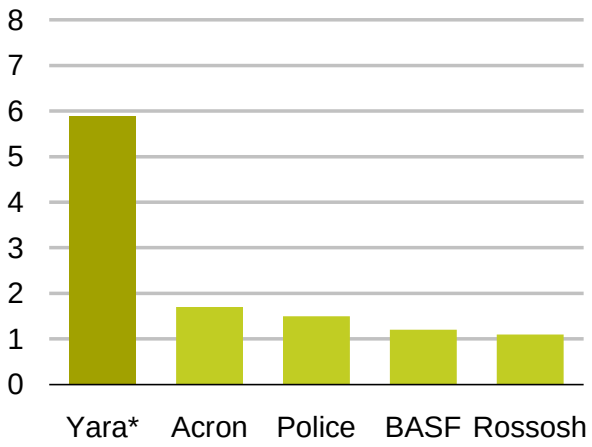
Production capacity* (mill t)



Source: British Sulphur, EFMA

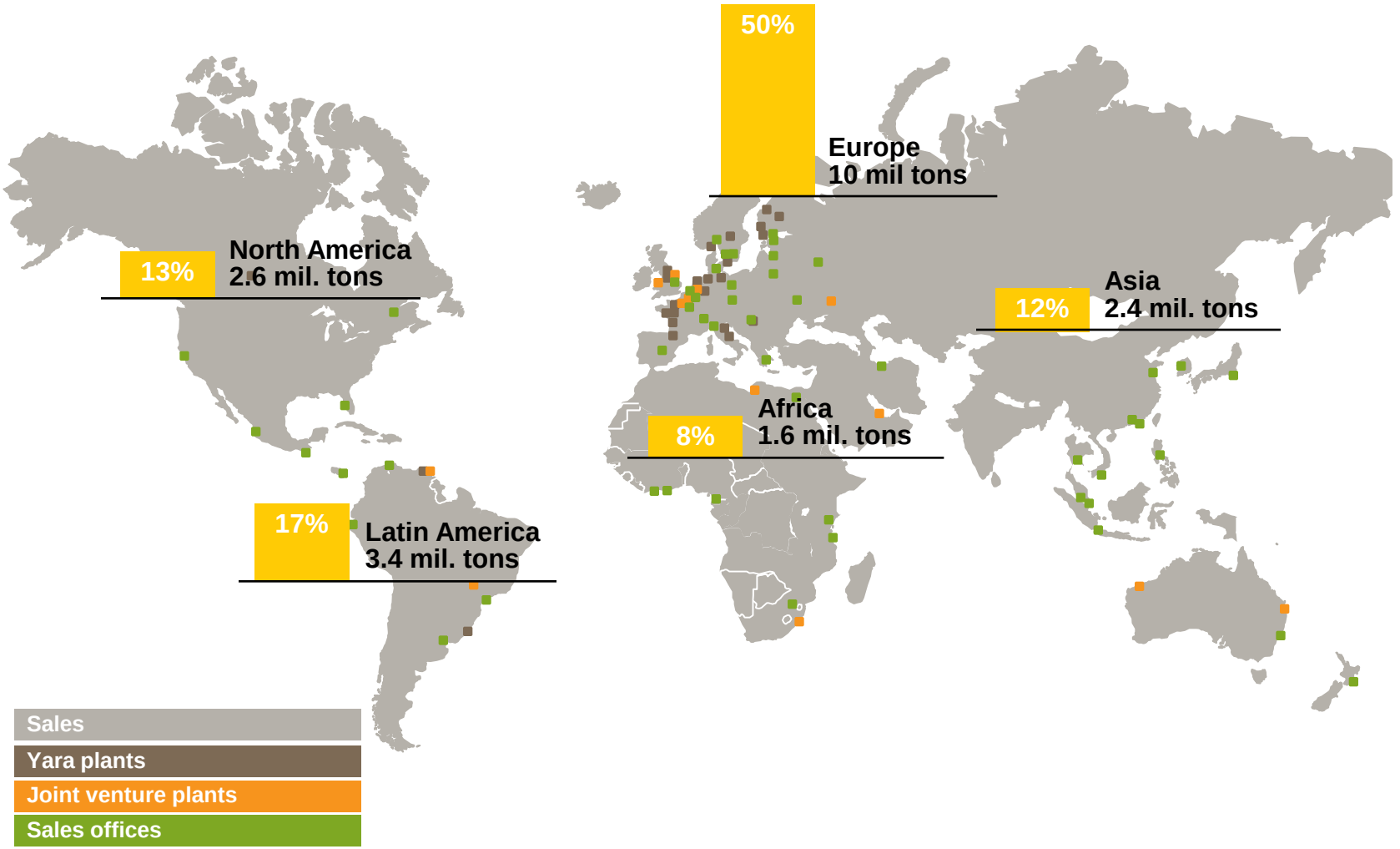
Global no 1 in NPK complex fertilizer

Production capacity* (mill t)



Source: Nitrex-Complex

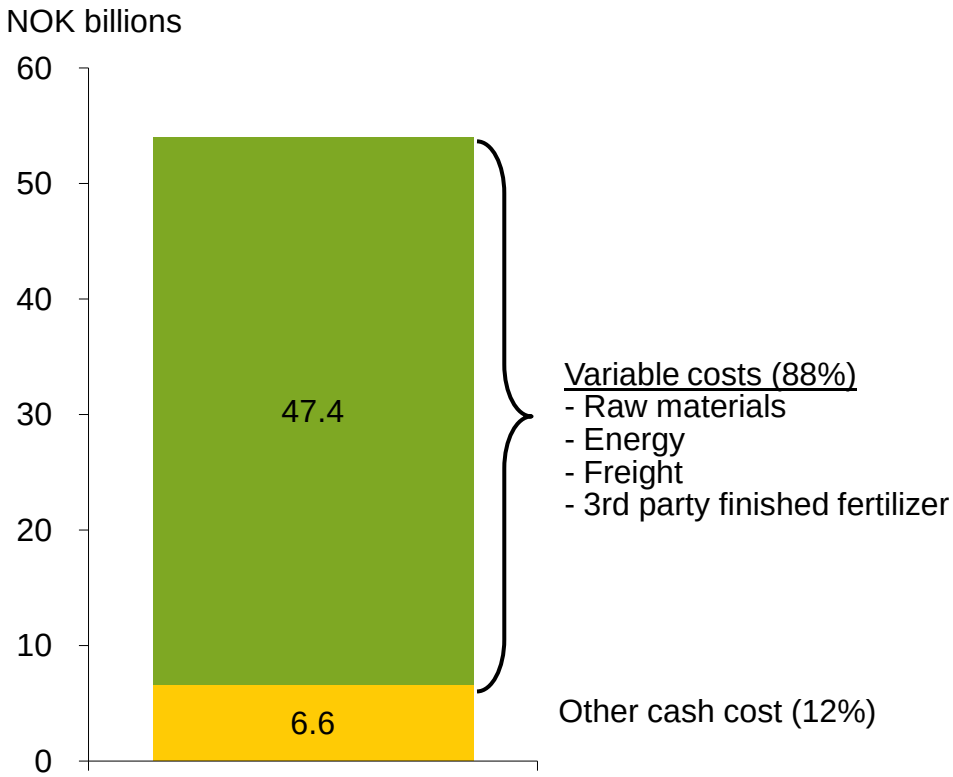
Global downstream presence with sales offices in more than 50 countries



Downstream business creates partnerships

Yaras operating cash costs are mainly variable

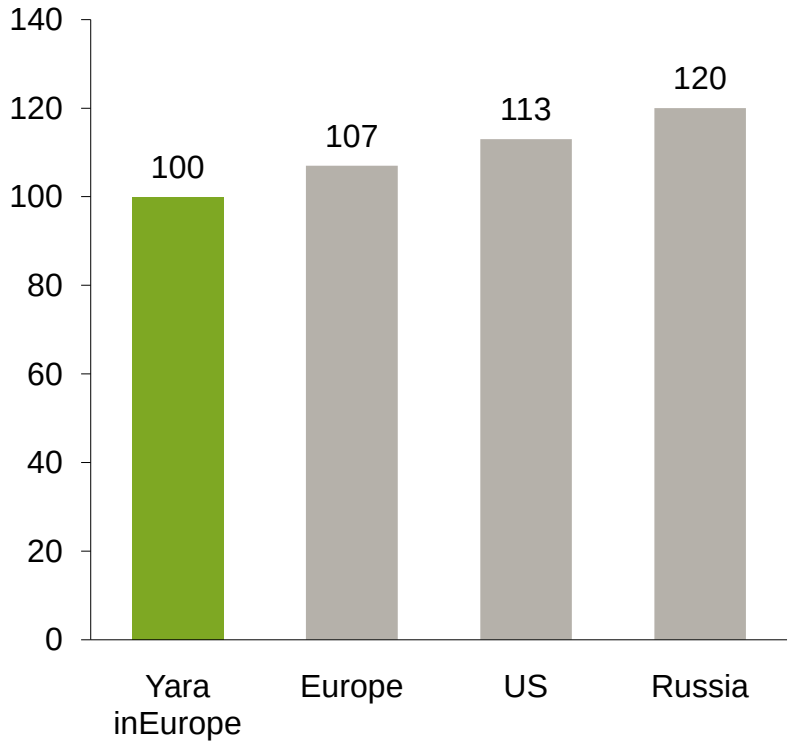
Operating cash costs 2009



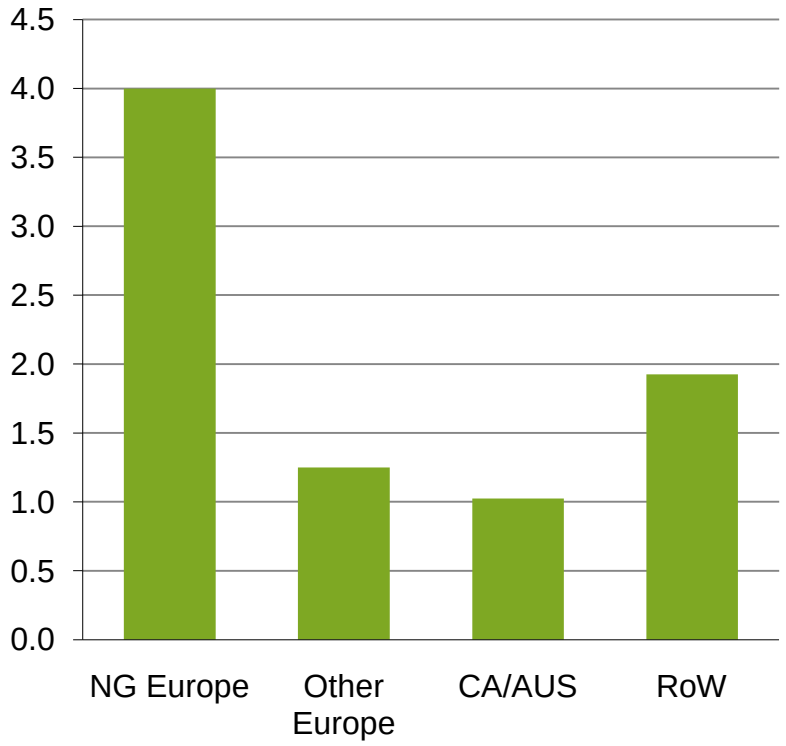
- Temporary plant closures can be made speedy and with limited stop/start costs
- Example for ammonia/urea plants:
  - Takes half a week to stop and a week to start
  - Cost of stopping is 2 days energy consumption
  - Cost of starting is 3 days energy consumption

Yara's ammonia capacity is efficient and geographical diversified

Relative energy efficiency ammonia production from natural gas



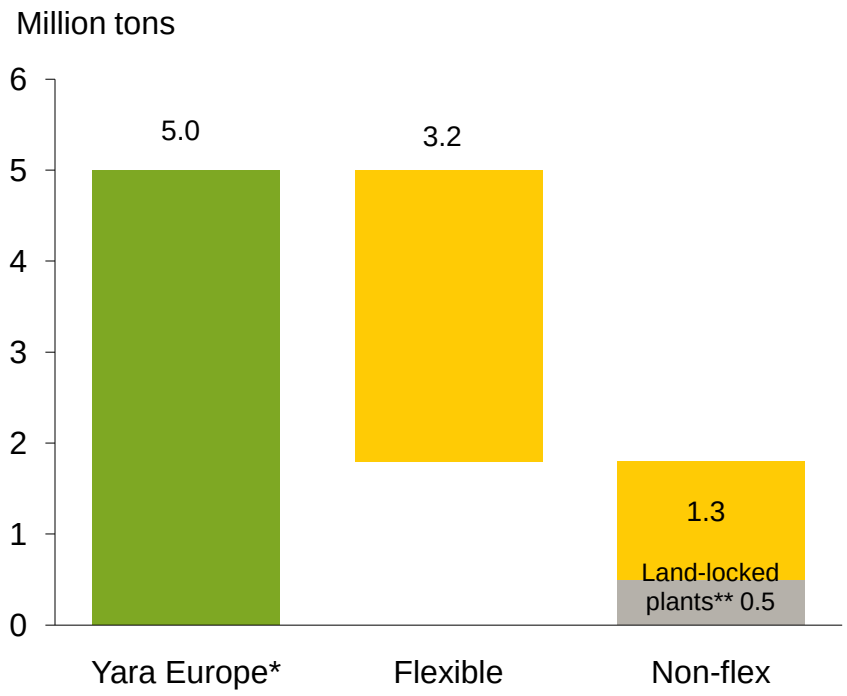
Yara's ammonia capacity (incl. Yara share JV)



** Incl. Porsgrunn*

Source: EFMA 2008, Yara

Yara flexibility to produce or import ammonia in Europe



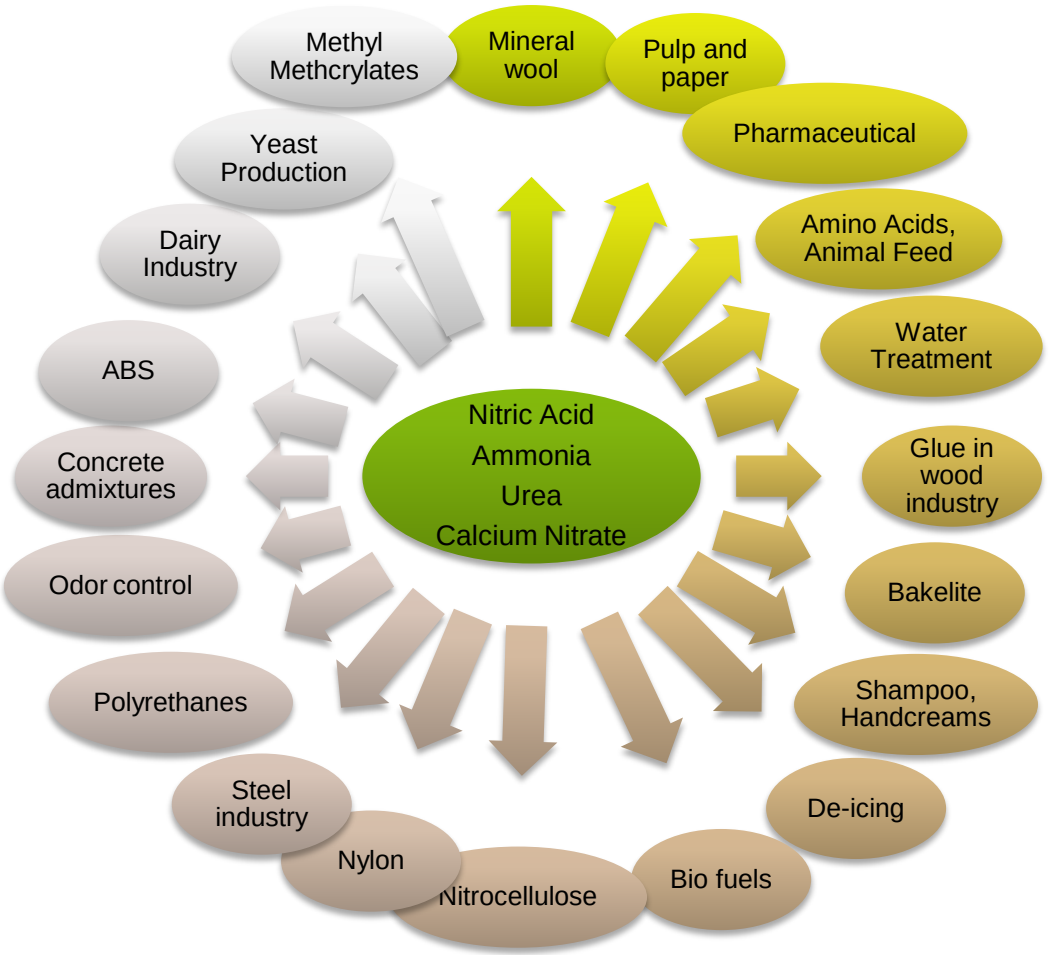
- Yara can swing 2/3 of European ammonia production without affecting fertilizer production
- Almost all Yara nitrate and NPK capacity has ammonia import flexibility

Yara can mitigate high European energy costs or take advantage of low ammonia prices by closing ammonia production and run most of nitrates and NPK based on imported ammonia.

* Including equity share of joint venture capacity
** Yara European sites without deep sea ammonia import/export terminals: Tertre and Pardies

Example of product innovation

Developing multiple applications for nitrogen chemicals



- Basic molecules into products that play a role in our daily life
  - **Nitric acid** to produce polyurethanes that are essential components to make car seats
  - **Ammonia** to make Caprolactam, an important raw material to produce nylon
  - **Calcium nitrate** enables rapid setting of concrete in cold conditions thereby saving time and money in construction
- Client base includes large players in the chemical, pharmaceutical, automotive, steel and biomaterial industries

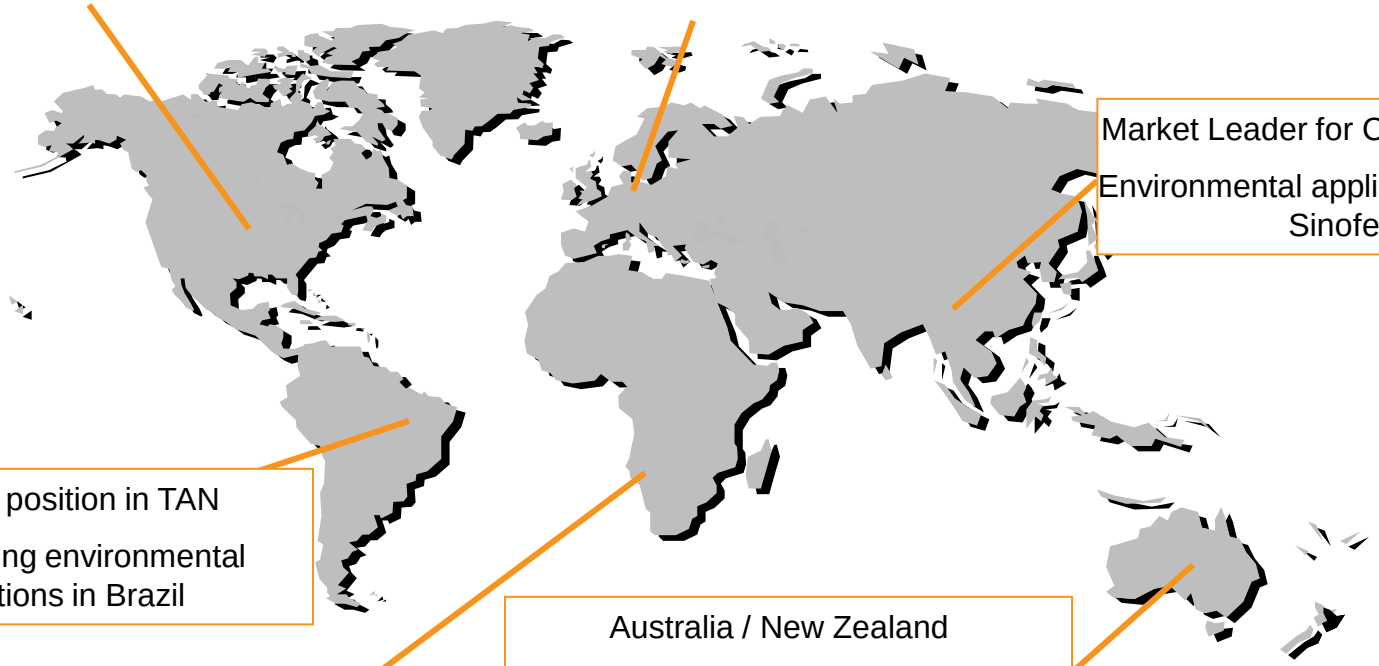
Industrial business is going global

Market Leader on Odour Control

Off to a leading position in DEF 2010

Market Leader

AdBlue, Odour Control, TAN, Chemicals, Strong position in CO_2/dry ice



Market Leader for CN applications

Environmental applications JV with Sinofert

Strong position in TAN

Developing environmental solutions in Brazil

Leading supplier of TAN

Australia / New Zealand

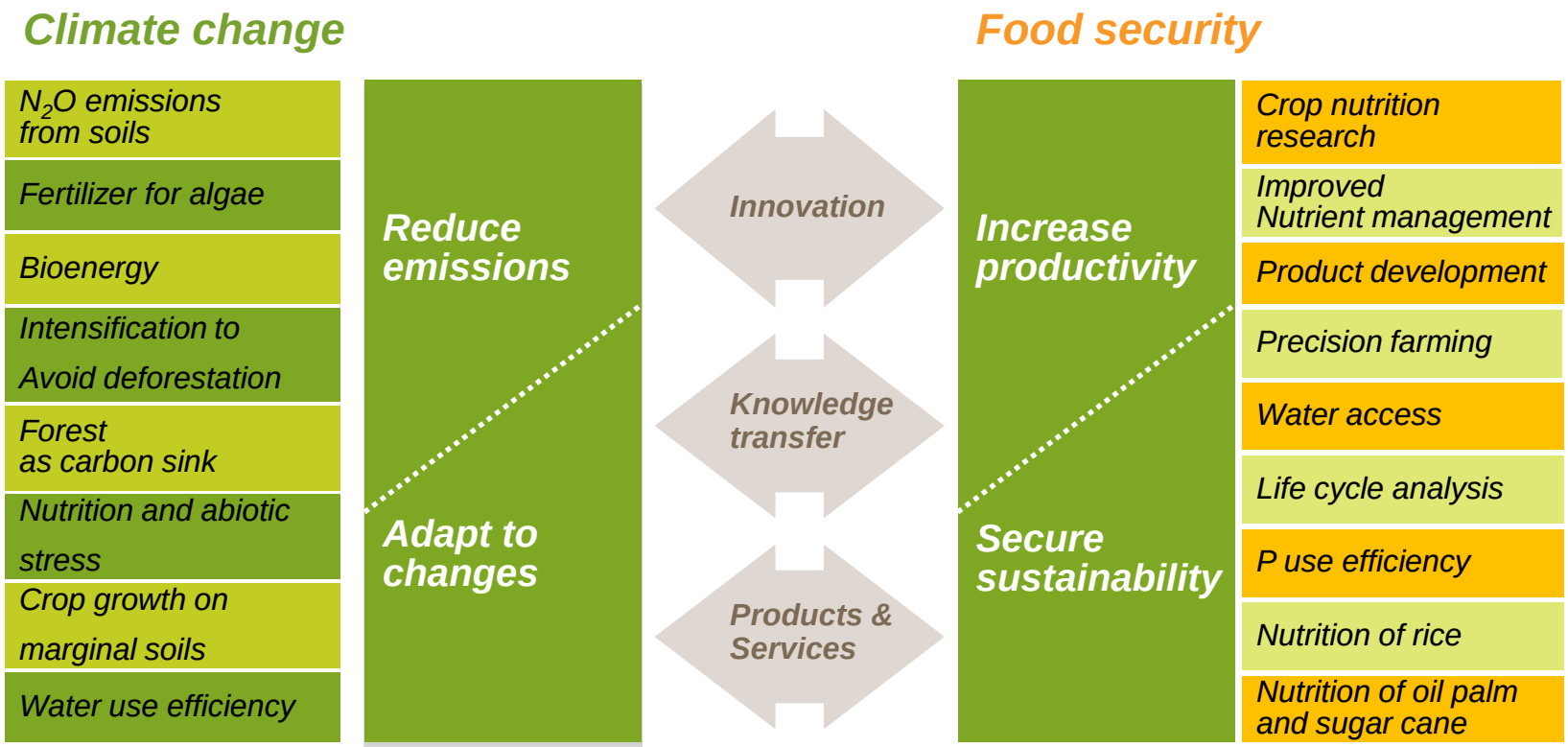
Market Leader AdBlue, presence with TAN and environmental solutions

Key trends impacting Yara the next 10 years

- Food security
- Climate change
- Water scarcity

➢ Need for agricultural productivity

Climate change and food security are related - established Downstream R&D project portfolio



Yara fertilizer reduces carbon footprint from farming

Fertilizer - an efficient solar energy catalyst

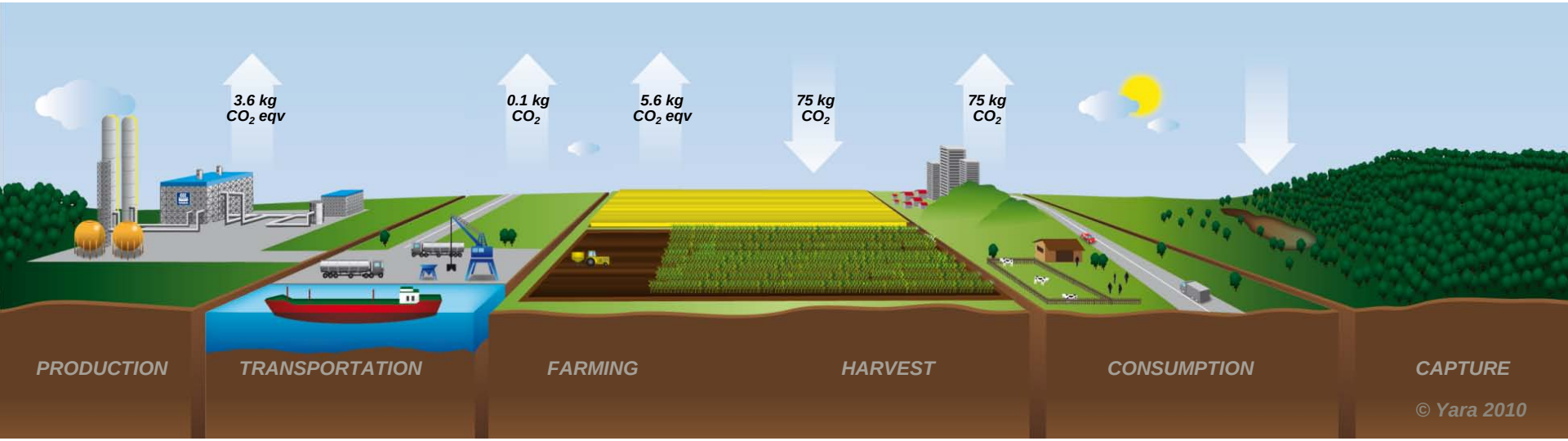
- Production marginal part of carbon footprint - efficient application more important
- Huge positive effects of fertilizer use by lower land use

Production

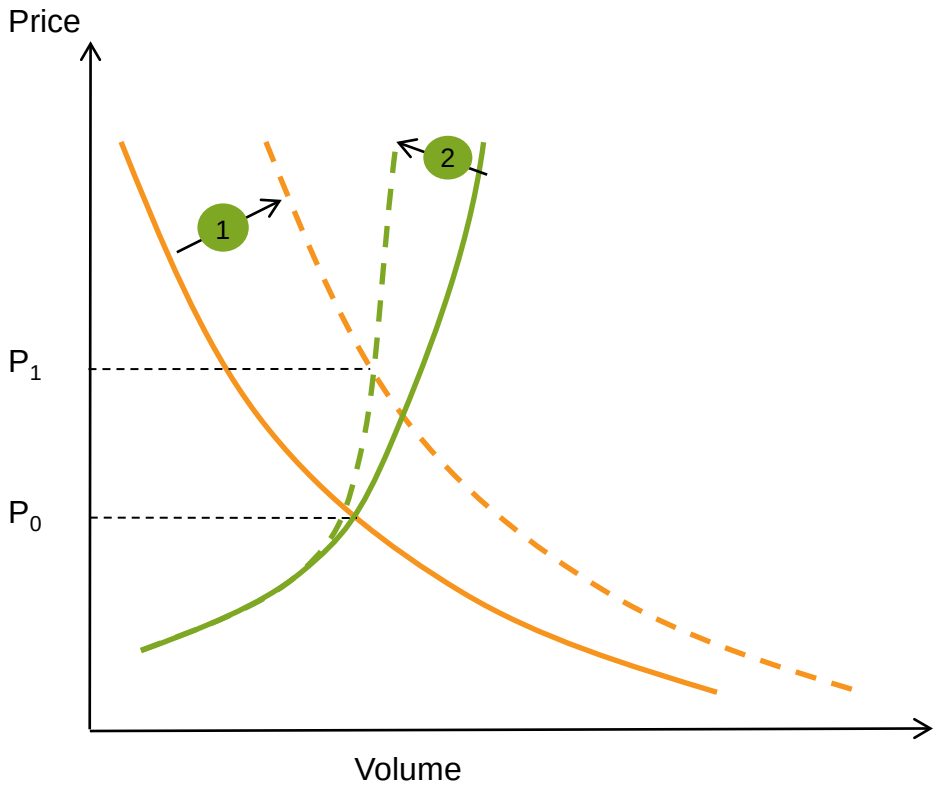
- Yara's production more energy-efficient than competitor average
- Yara developed N_2O catalyst

Application

- Nitrates better than urea
- Precision farming (N-tester etc.)
- Balanced fertilization (NPK)



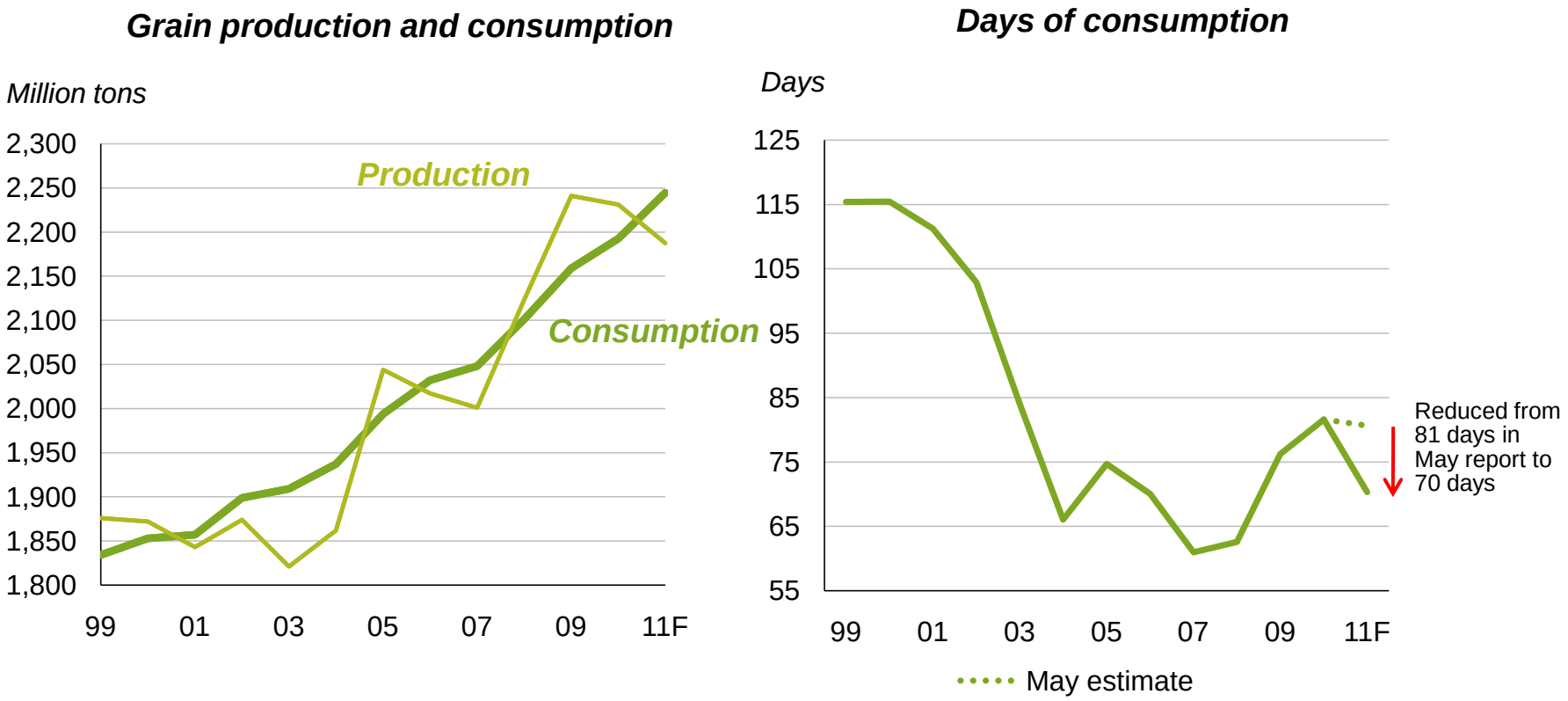
Tighter fertilizer markets



1. Shift in demand curve for fertilizer on the back of production shortfalls and a tighter ag commodity market

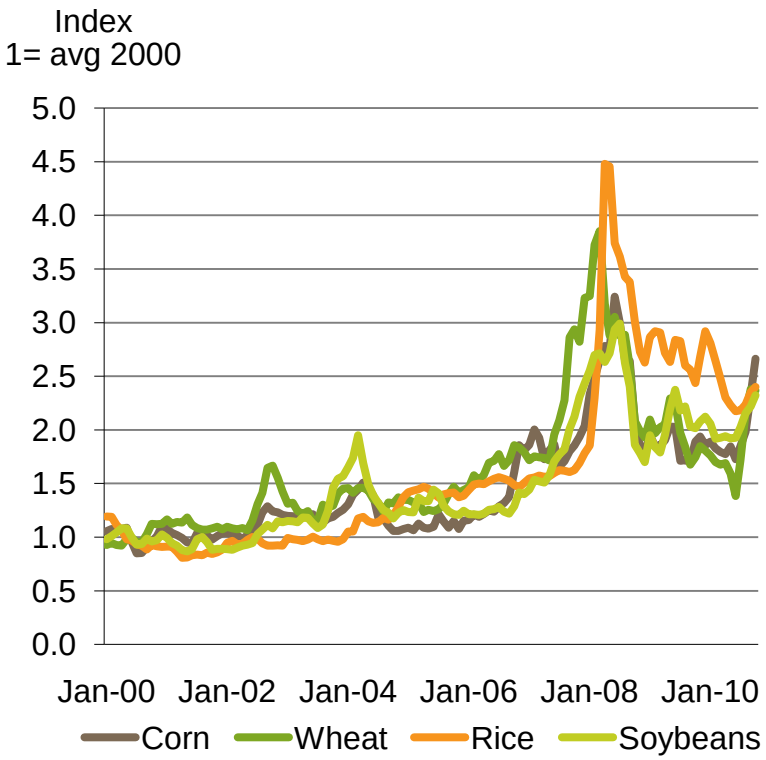
2. Reduced supply as Chinese export cost increases and production is curtailed

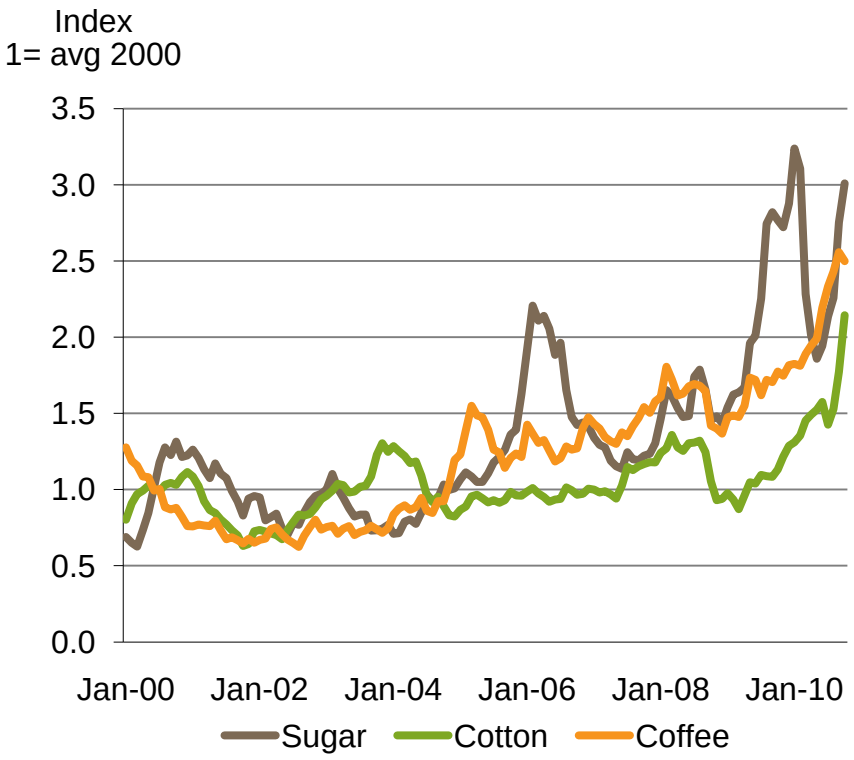
Sharp reduction in grain stocks as production drops 2%



Source: USDA, December 2010

Sharp increase in soft commodity prices



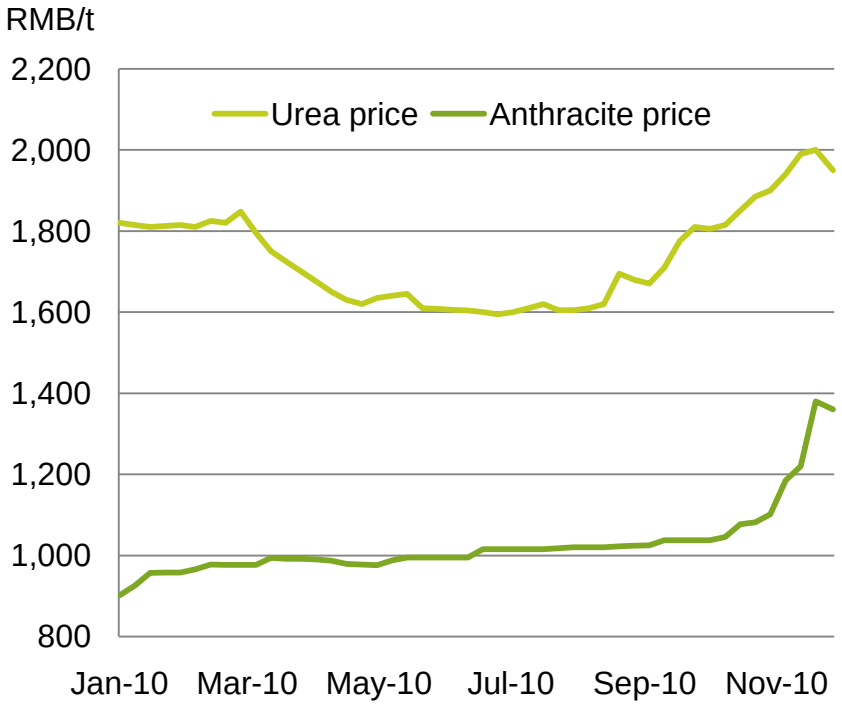


Source: World Bank Pink Sheet

Increasing Chinese urea prices and costs

Operating rate of China's Urea industry in 2010

Urea and coal prices in China

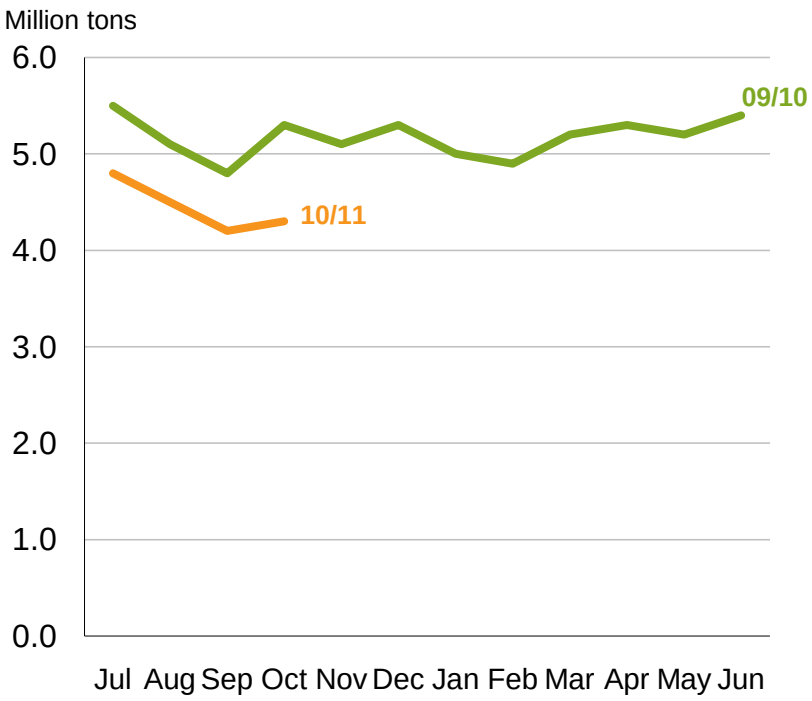


Higher coal prices, increased exports and focus on emission control and energy efficiency has led to higher domestic urea prices

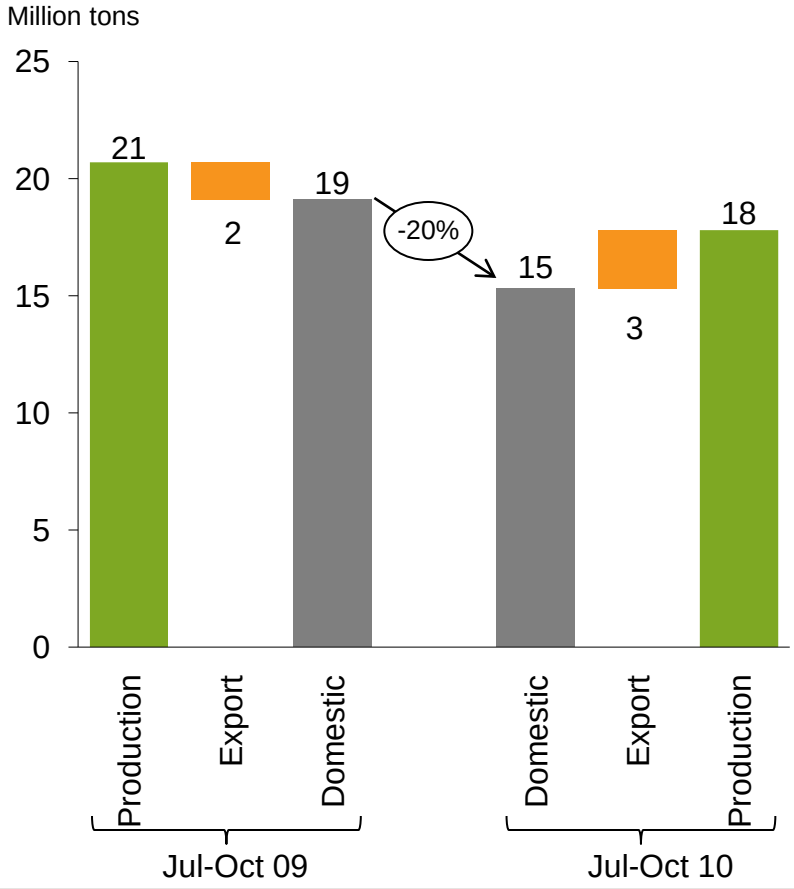
Source: China Fertilizer Market Week

Reduced domestic urea availability in China

Chinese urea production



Domestic urea balance



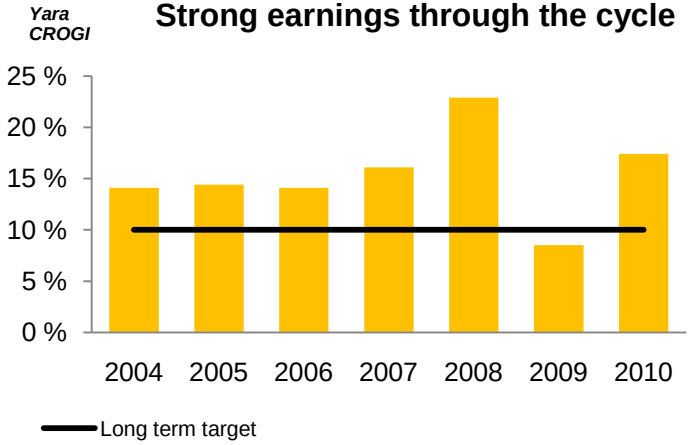
Source: BOABC

Prospects 2011

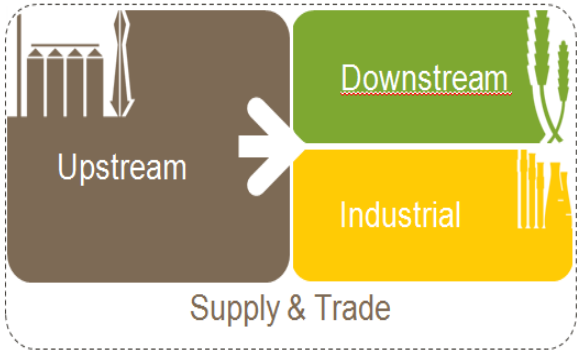
- Sharp increase in agricultural prices has improved farm economics and substantially increased fertilizer demand
- Potential high grain price volatility, prices well above level required to boost fertilizer demand
- Nitrogen industry outside China running at full capacity, pricing to balance between Chinese export availability and farmers' willingness to pay
- Chinese export will be limited by increased coal costs and authority-initiated curtailments to reduce emissions and save energy
- New capacity is limited, indications of slow-down in new construction

Basis for Yara's profitable growth ambitions

Strong earnings through the cycle

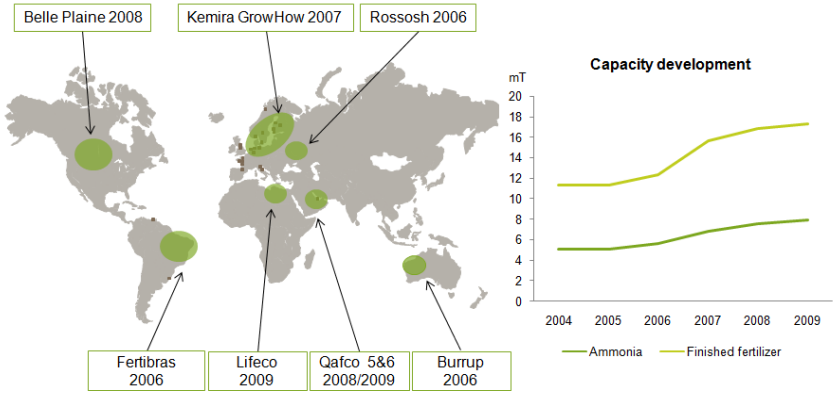


A scalable business model giving synergies



- Scale
- Flexibility
- Presence

Industry-leading acquisition track-record



Valuation and capital discipline

- In acquisitions Yara looks for:
  - Relative synergies compared to alternative buyers
  - Distressed sellers
  - Our cycle view compared to seller & alternative buyers
- Capital and valuation discipline demonstrated with Terra withdrawal which we believe was right
- Grain, fertilizer and gas outlook has recently improved increasing nitrogen asset values

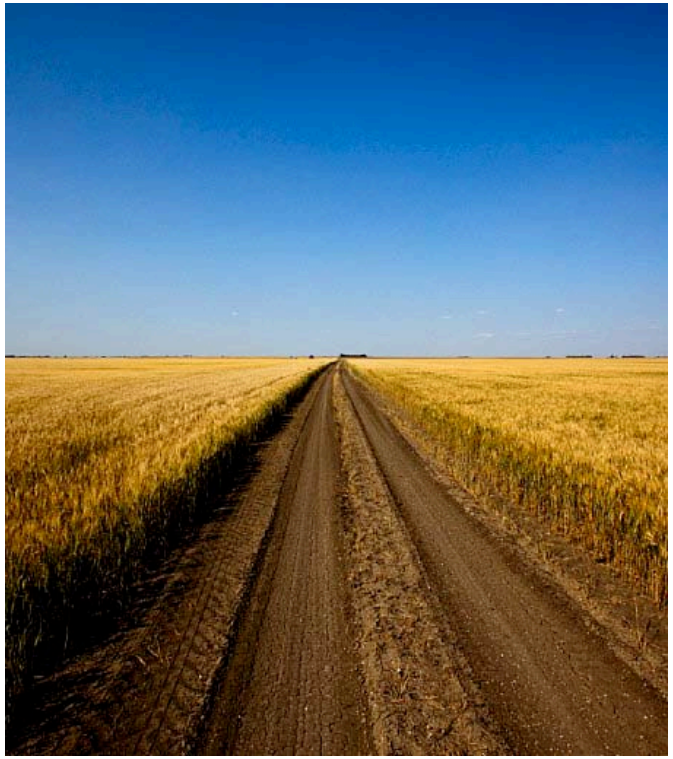
Structure for Growth
Geographical Focus – Regional updates

Market	Industry Characteristics	Yara focus and actions
North America	Consolidated	Market structure settled in short to medium term – map strategic intentions of key players in both market stress and boom scenarios and develop Yara response
West Europe	Mature, with some consolidation remaining; non-core assets available	One more major acquisition likely possible; look for assets made available by sellers dedicated to restructuring
Brazil	Capacity expanding, ownership shift, strong state interest/scrutiny	As the battle has been for phosphate dominance, a role as industry shaper in nitrogen could be attainable; map alternatives for achieving such a role
East Europe	Consolidation and rationalization yet to take place	Potentially attractive producers and market positions exist; map and rank these in light of energy situation and political risk
China	Over-supply, capacity expanding, limited consoli-dation, heavy state involvement	Given intense competition, high political risk, market barriers, unlikely to be investment destination for at least 3 – 5 years
India	Some consolidation, feed-stock poor, still subsidy driven	Unless major changes in subsidy policy, not likely to be focus area for fertilizer in the short to medium term. TAN is possible exception

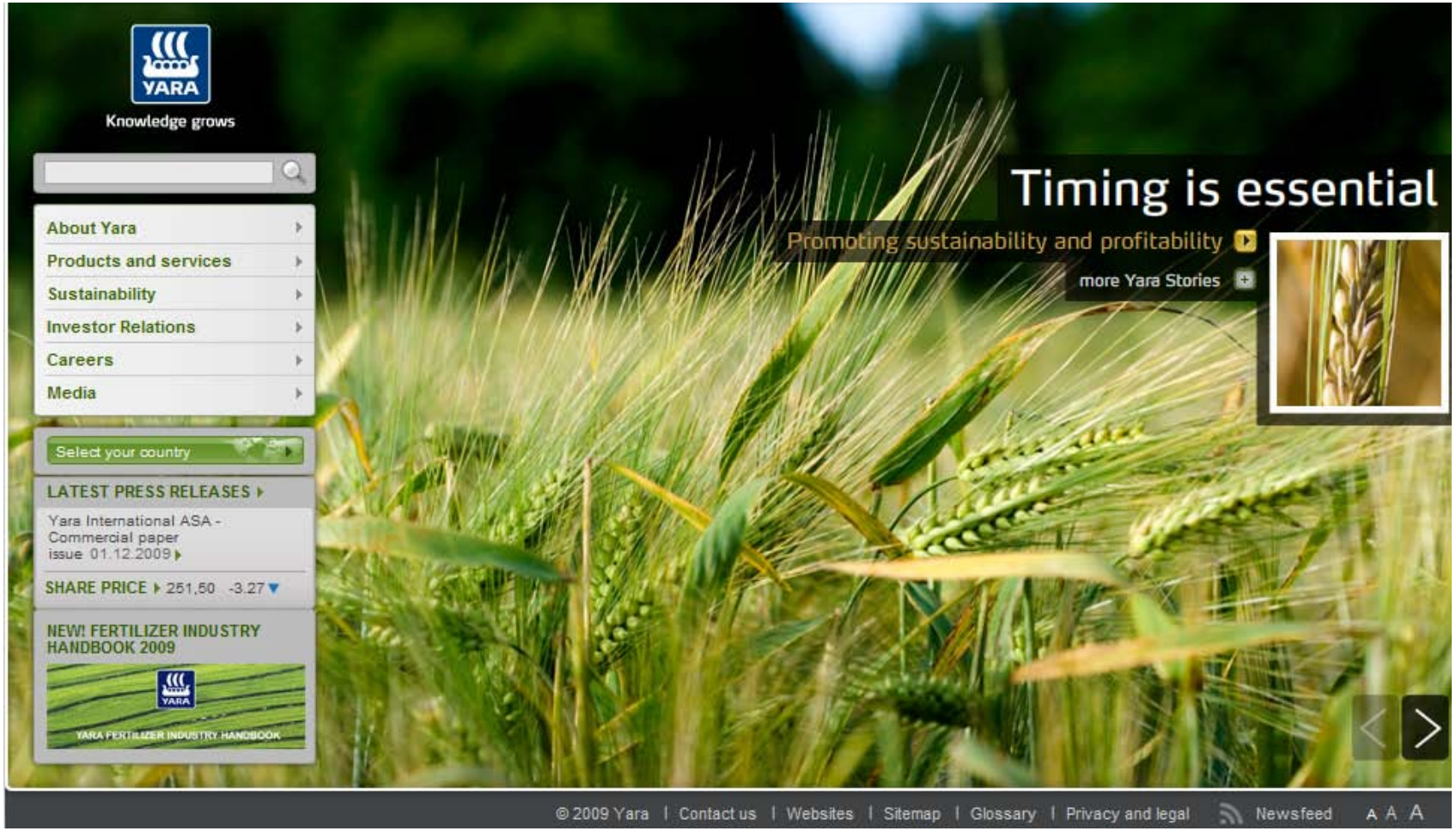
In addition opportunities to build global plants for export are being pursued in areas like Africa and Middle East

Well positioned for profitable operations and growth

- Strong need for sustainable improvements in agricultural productivity
- Flexible business model in volatile markets
- Products and solutions addressing climate change and water scarcity challenges
- Scalable business in a fragmented industry
- Proven and prudent growth track record



More information can be found at www.yara.com



Yara sensitivities

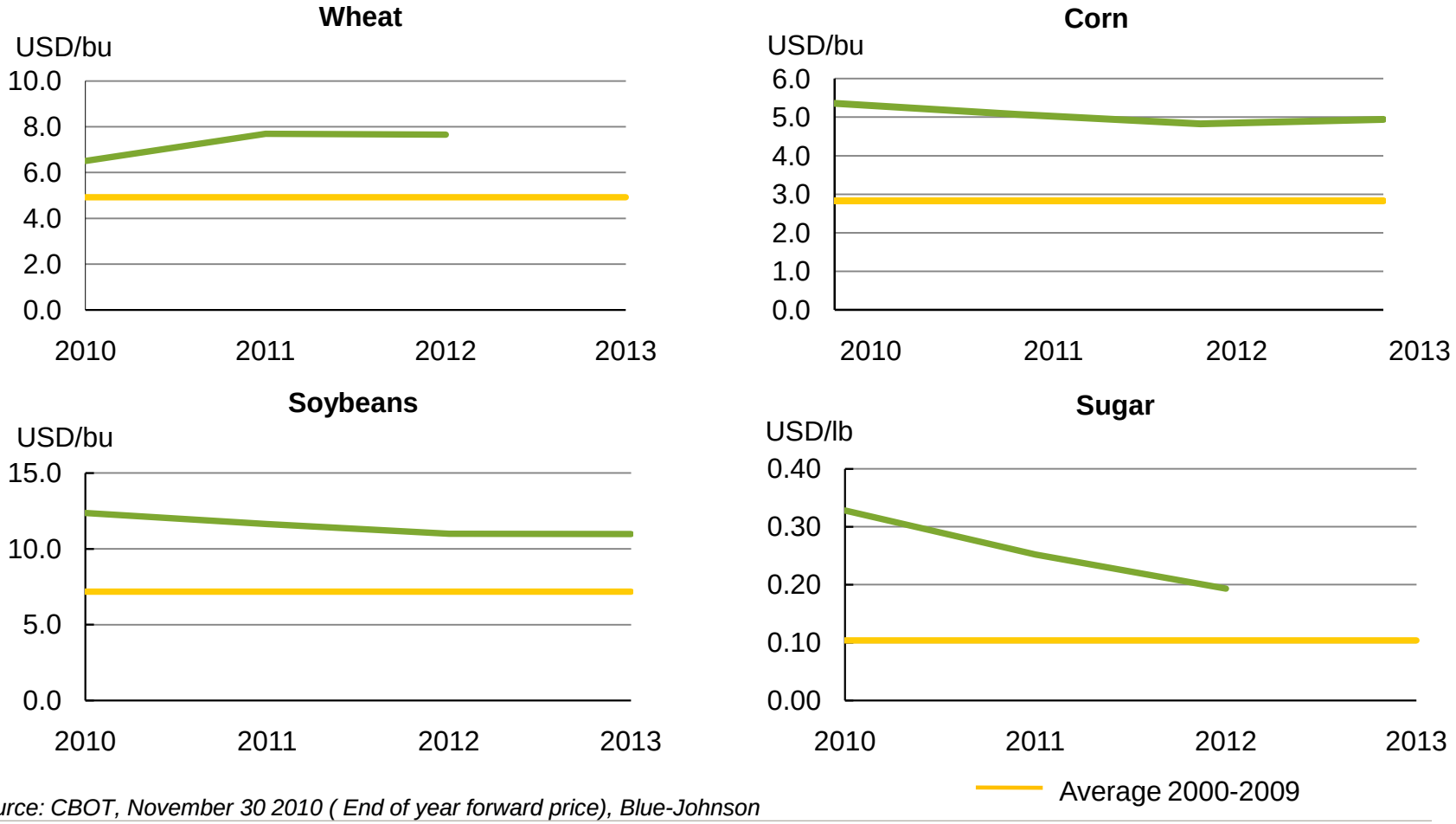
	Operating Income USD million	EBITDA USD million	Operating Income NOK million	EBITDA NOK million	EPS** NOK
Urea sensitivity +100 USD/t	**951**	**1,090**	**5,695**	**6,529**	**17.4**
…of which pure Urea	*300*	*389*	*1,797*	*2,330*	*6.3*
…of which Nitrates	*368*	*400*	*2,205*	*2,394*	*6.2*
…of which NPK	*230*	*249*	*1,380*	*1,493*	*3.8*
Nitrate premium +50 USD/t	**407**	**437**	**2,437**	**2,619**	**6.7**
…of which pure Nitrates	*292*	*314*	*1,750*	*1,883*	*4.8*
Hub gas Europe + 1 USD/MMBtu	**(90)**	**(110)**	**(530)**	**(620)**	**(1.7)**
Currency + 1 NOK/USD	**90**	**90**	**2,139**	**2,539**	**6.2**
...of which translation effect	*-*	*-*	*1,600*	*2,000*	*4.9*
...and EUR & NOK net fixed cost	*90*	*90*	*539*	*539*	*1.3*
Ammonia + 100 USD/t	-	50	-	300	0.7
Phos rock + 50 USD/t	50	50	300	300	0.7
Hub gas North Am + 1 USD/MMBtu	(27)	(27)	(159)	(159)	(0.4)
Crude oil + 10 USD/brl	(80)	(80)	(479)	(479)	(1.3)

* Assuming NOK/USD = 6, USD/EUR = 1.36 and constant NOK/EUR

** Assuming 30% marginal tax rate on underlying business and 288.8 million shares

Sensitivities assume full production and no inter-correlation between factors

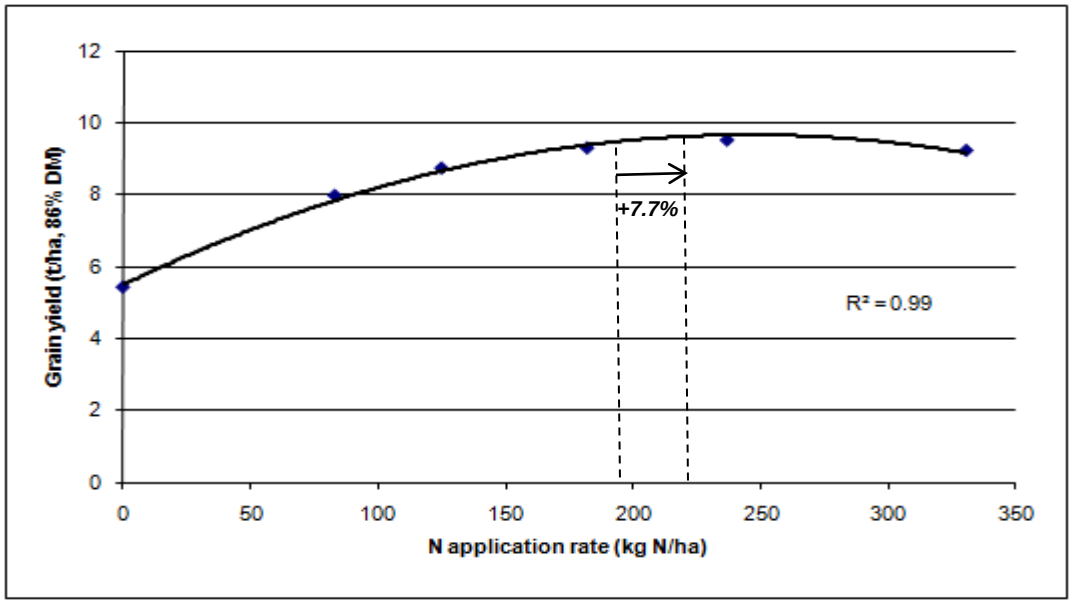
Forward prices sustained at high levels



Source: CBOT, November 30 2010 (End of year forward price), Blue-Johnson

Increased fertilizer demand with higher grain prices

Wheat in Germany*



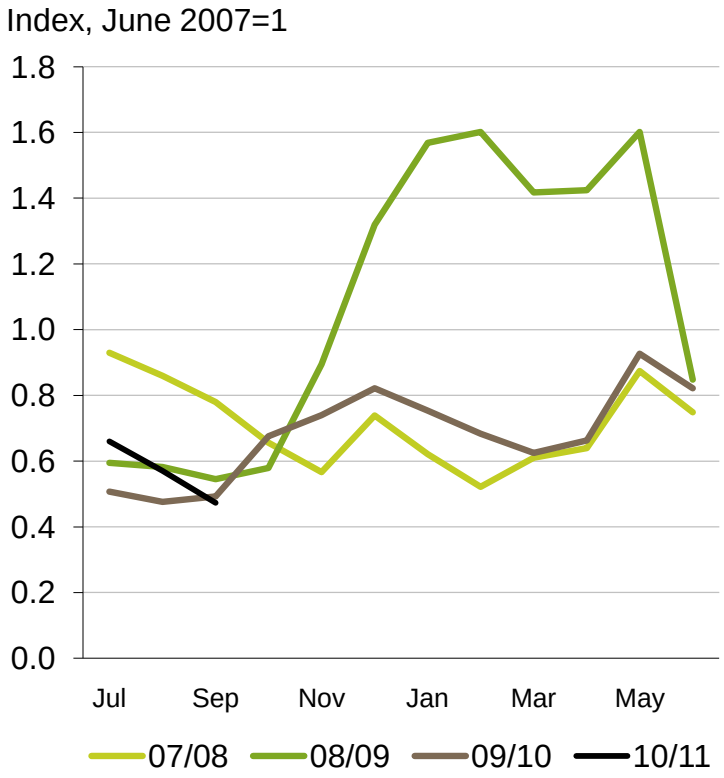
If no more nitrogen is available, the CAN price needs to increase to €370 to balance supply/demand if farmers optimize purchases

Assuming CAN 27% N costs Euro 260/mt at farmer level	Wheat price (Euros/mt)	N-optimum (kg/ha)	Revenue minus N cost (Euros/ha)
Scenario 1:	140	196	1,140
Scenario 2:	200	**211 (+7.7%)**	1,712 (+50%)

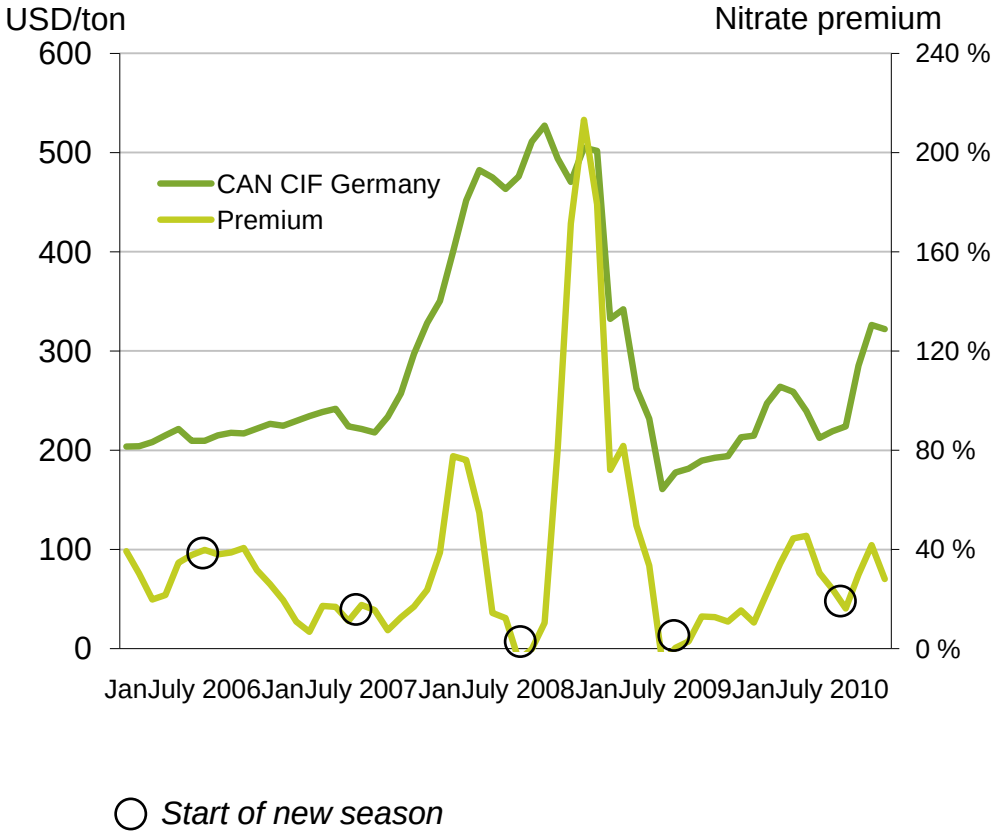
*Yield curve based on 187 field trials for winter wheat(1996-2009)

Good inventory and margin management

European nitrate stocks well managed



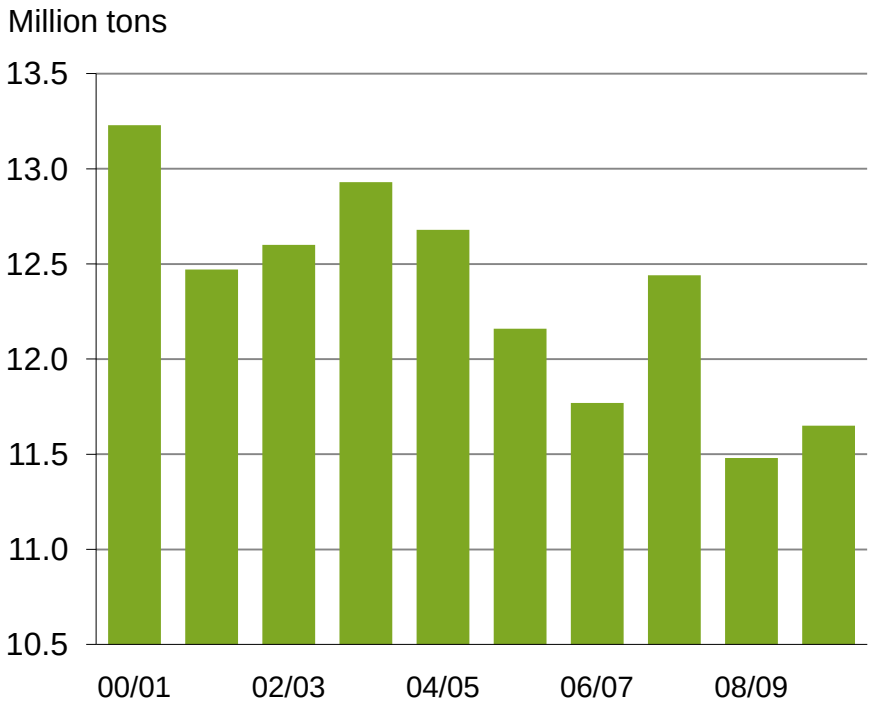
New season starting price at more normal levels



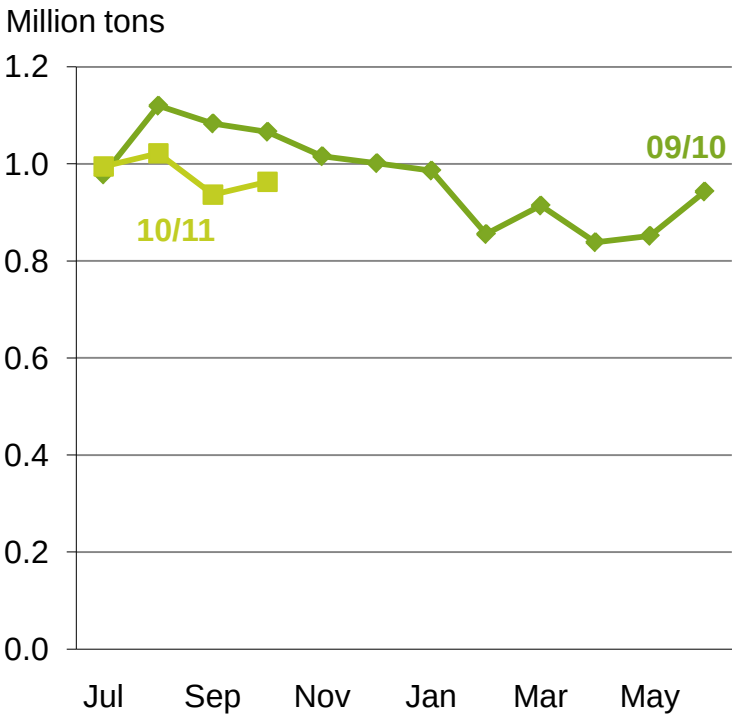
◯ *Start of new season*

West European nitrate production trending lower

Yearly production



Monthly production

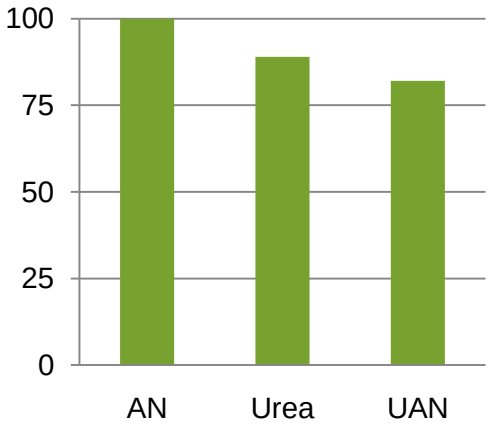


Source: EFMA

Nitrate-based fertilizers are superior to urea both agronomically and environmentally

The agronomical efficiency of nitrates is superior to urea

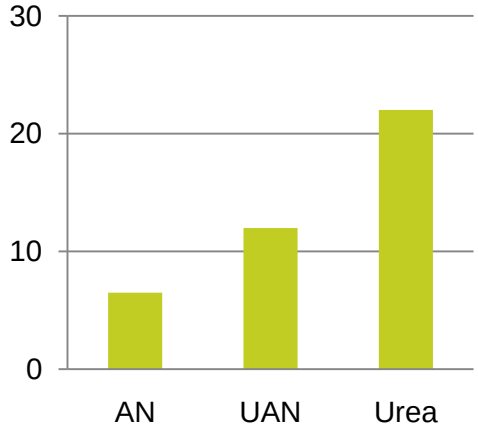
Nitrogen recovery (% of AN)



Urea requires up to 20% higher N application to achieve same cereal crop yield and quality as AN

Nitrates have lower ammonia volatilization losses

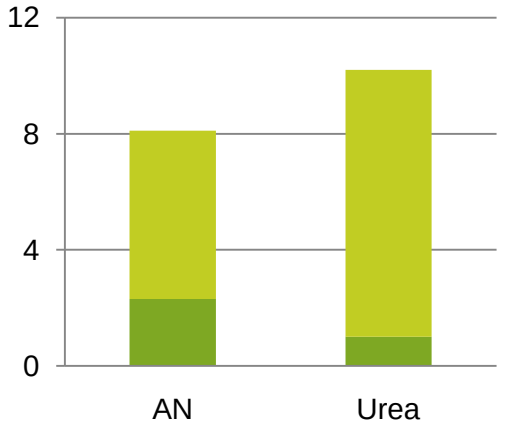
Average Emission Factor, Cereals



Urea and UAN with a 30% market share of EU nitrogen fertilizers cause 88% of its ammonia emissions

The carbon footprint is lower than for Urea

Lifecycle carbon footprint (kg CO_2 eq/kg N)



Although urea is more CO_2 efficient in production, CO_2 emissions and ammonia volatilization on application more than offset for this

Source: DEFRA (2006), NT26 project report; Fertilizer Europe; 2EMEP/EEA air pollutant emission inventory guidebook (2007); Yara

Planned capacity additions continue to be delayed

Year	Global urea capacity growth estimate		Driving regions	
	World	**Excluding China**	**World**	**Excluding China**
2009	5.2% (5.0%)	2.1% (1.5%)	China 76% Oman 8%	Oman 34% Egypt 20%
2010	5.7% (7.4%)	4.0% (4.2%)	China 59% Trinidad 7%	Trinidad 17% Pakistan 14%
2011	5.1% (7.7%)	4.5% (4.2%)	China 49% Pakistan 13%	Pakistan 25% Qatar 18%
2012	4.2% (5.0%)	2.0% (3.8%)	China 73% Egypt 8%	Egypt 29% Qatar 27%
2013	4.1% (3.4%)	5.3% (4.8%)	China 29% UAE 14%	UAE 19% Algeria 19%
Average urea consumption growth has been 3.4% last 10 years, 2.4% excluding China				

Source: Fertecon update September 2010 (figures in brackets from Fertecon's previous report)

Financial scenarios are not forecasts, but illustrate potential earnings in given situations

Model assumptions

Basis:
- Last 12 months (L12M) EBITDA excluding special items and position gains, and adjusted for portfolio changes
- Qafco 5 and Sluiskil upgrade added

Scenarios

1. Chinese floor price scenario
2. Average prices last five years
3. USD 150 urea margin per ton above Chinese floor price

Upsides

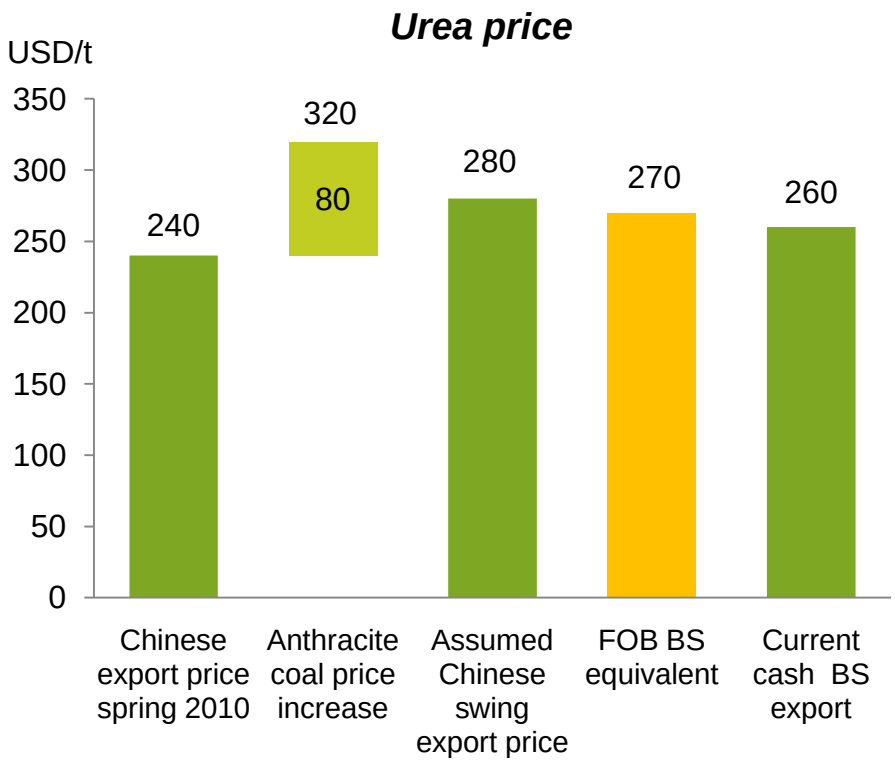
- Tighter supply-demand balance
- Organic growth
- Step growth

Downsides

- Deterioration in supply-demand balance

Chinese swing urea export price

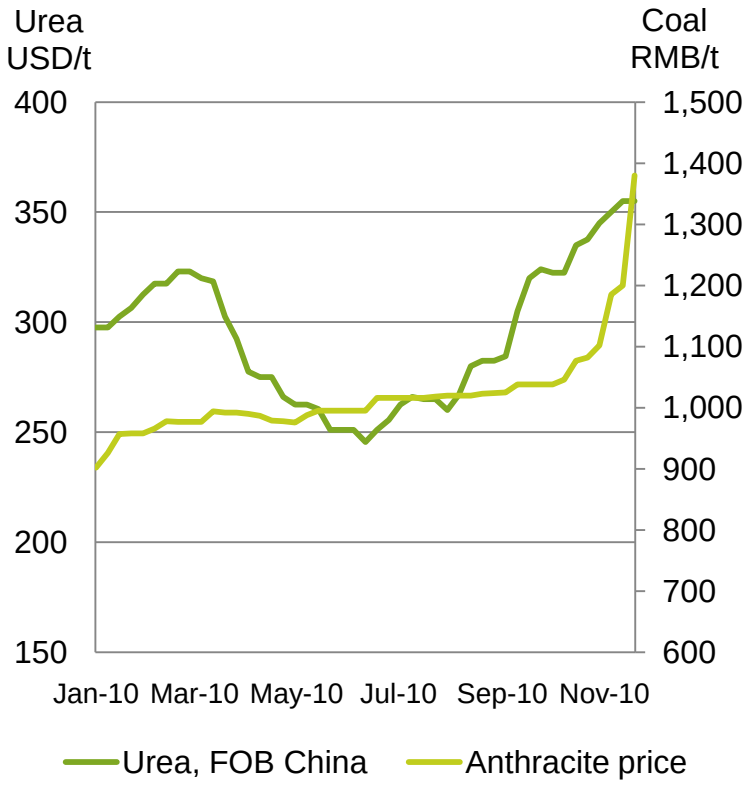
- Uncertainty around the sustainability of current anthracite price increase
- Conservatively include only 50% of recent anthracite price increase in assumed Chinese export swing price of USD 280 /t fob
- USD 280 fob China equivalent to USD 270 fob Black Sea
- Current Ukraine gas price gives a Black Sea swing cost of USD ~260



Chinese urea production cost

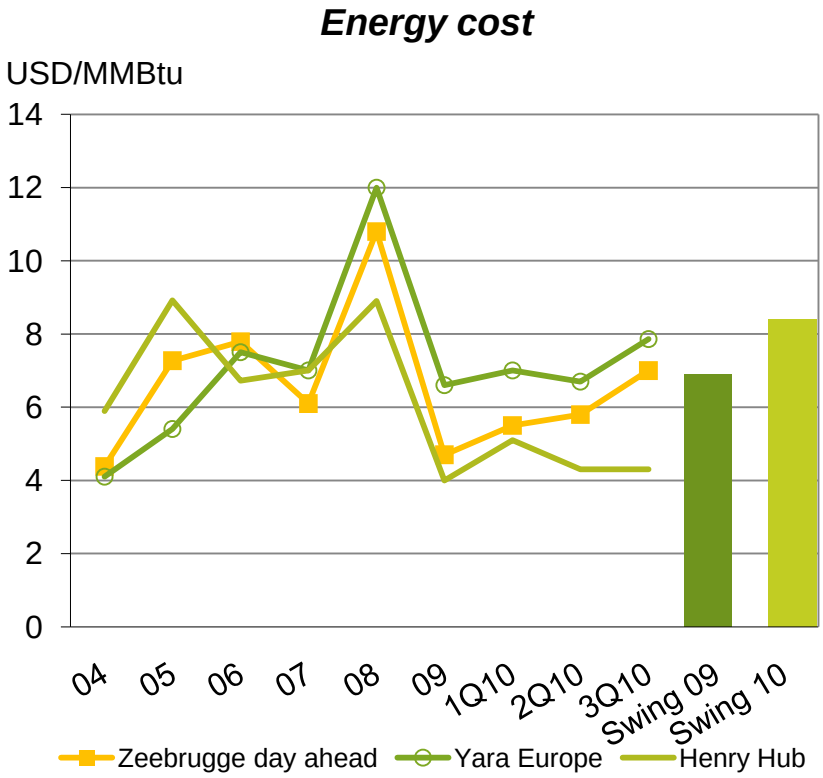
- Chinese export prices bottomed this spring at USD 240 fob, reflecting domestic cash cost and 7% export tax
- Anthracite coal price has increased 40% since spring, increasing urea production cost by USD 80/t
- Other costs like electricity and logistics continue to increase too, export cost today above USD 320/t

Urea and coal prices in China



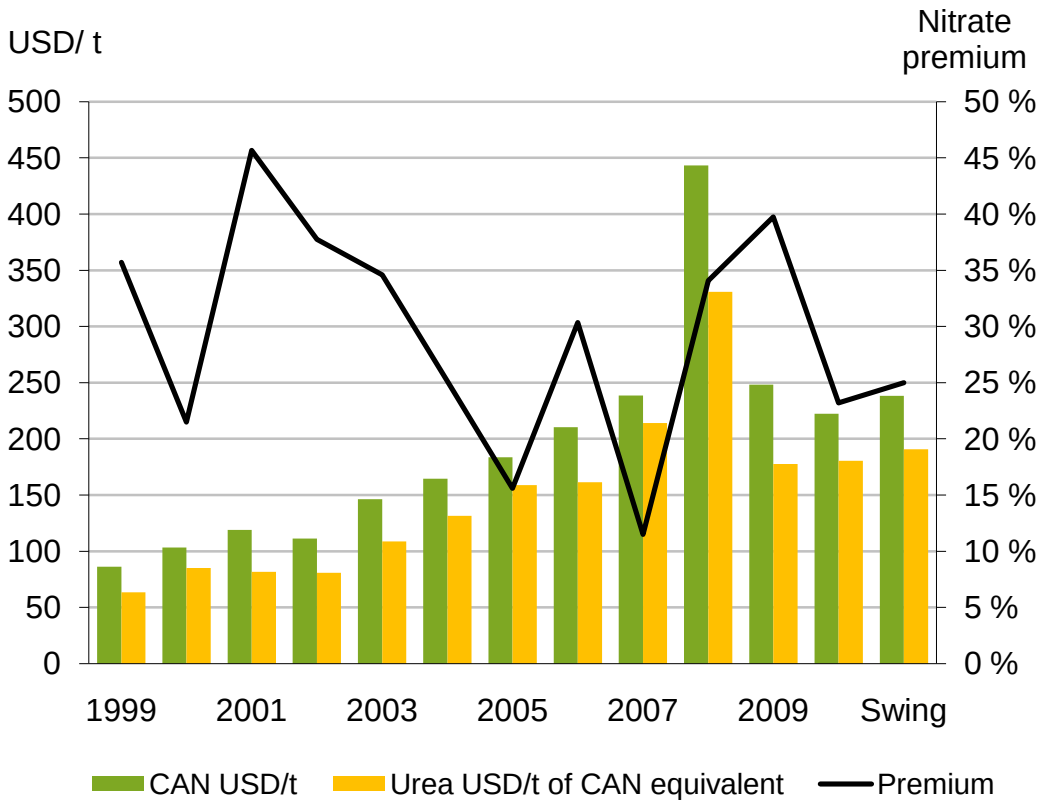
Gas cost development

- European gas price has picked up from 2009 slow-down
- Current lower North American gas price should benefit Yara:
  - Directly through lower gas costs in Belle Plaine
  - Indirectly by making more LNG available for Europe
- Scenarios assume European hub gas price USD 1 below next years forward
  - Gap between US and Europe may be reduced by LNG
  - European spot historically lower than the forward price



Source: Yara, World Bank, Platts

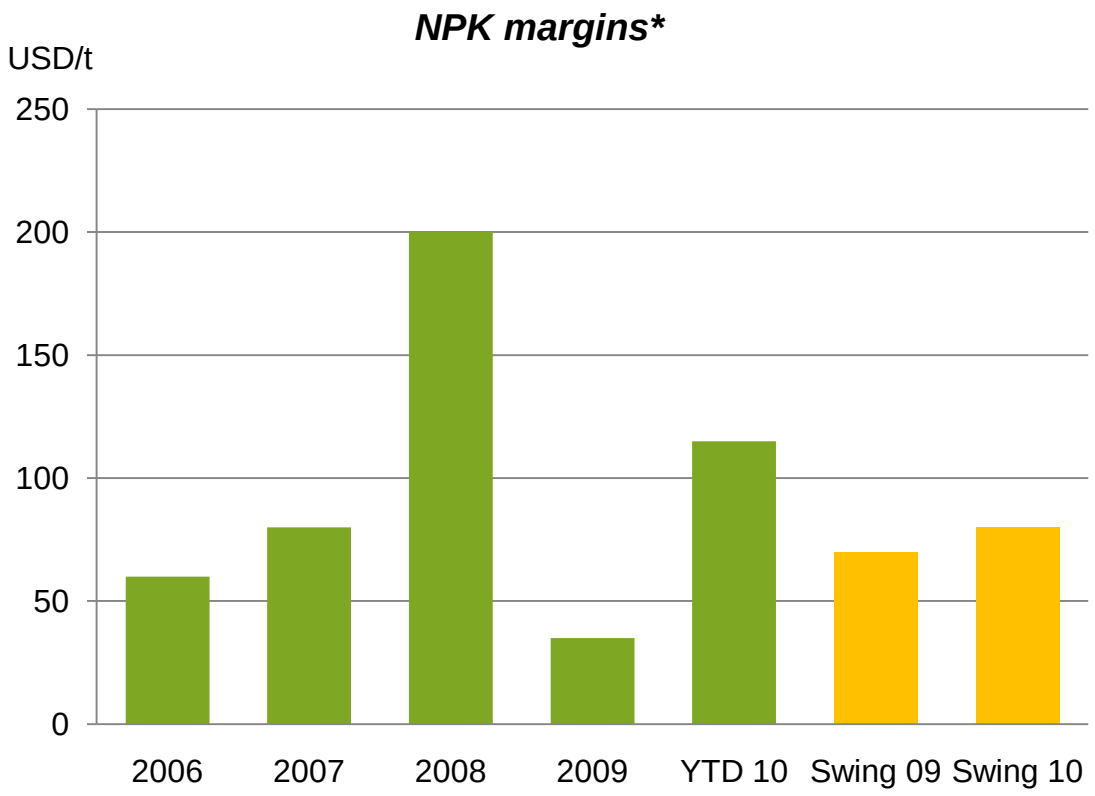
Nitrate premium in line with realized premium last 12 months



- Last 5 year average equals 32%
- L12 month 23%
- Assumed in swing scenario 25%

A logistical proxy cost of USD35/mt and a duty charge of 6.5% is added to the urea price before calculating the premium

NPK margin improvement



* Product from Porsgrunn, Glomfjord, Ravenna and Montoir sold in Europe

- Strong NPK margins in 2010 due to strong phosphate market
- NPK margins assumed higher than last year's swing scenario but lower than 2010 margins

Financial scenarios

Price and currency assumptions in scenarios

	12 months to 30 Sep 10	5-year average to 30 Sep 10	Chinese swing*	Demand -driven**
Ammonia fob Black Sea (USD/t)	318	322	340	340
Urea prilled fob Black Sea (USD/t)	254	306	270	420
Nitrate premium (% above Nitrogen in Urea)	23%	32%	25%	25%
Phos rock fob North Africa (USD/t)	105	133	110	110
Zeebrugge natural gas (USD/MMBtu)	5.4	7.3	8.0	8.0
Henry hub natural gas (USD/MMBtu)	4.4	6.6	4.5	4.5
Brent blend crude oil price (USD/bbl)	74	74	85	85
Yara's European energy price (USD/MMBtu)	7.1	8.2	8.4	8.4
NOK/USD	6.0	6.1	6.0	6.0
USD/EUR	1.36	1.36	1.36	1.36

* Ammonia and urea prices equal to marginal producers' cash cost, energy prices are forward prices as of 26 November
** Given example to illustrate effect of urea price USD 150 per ton above marginal cost.

Financial scenarios

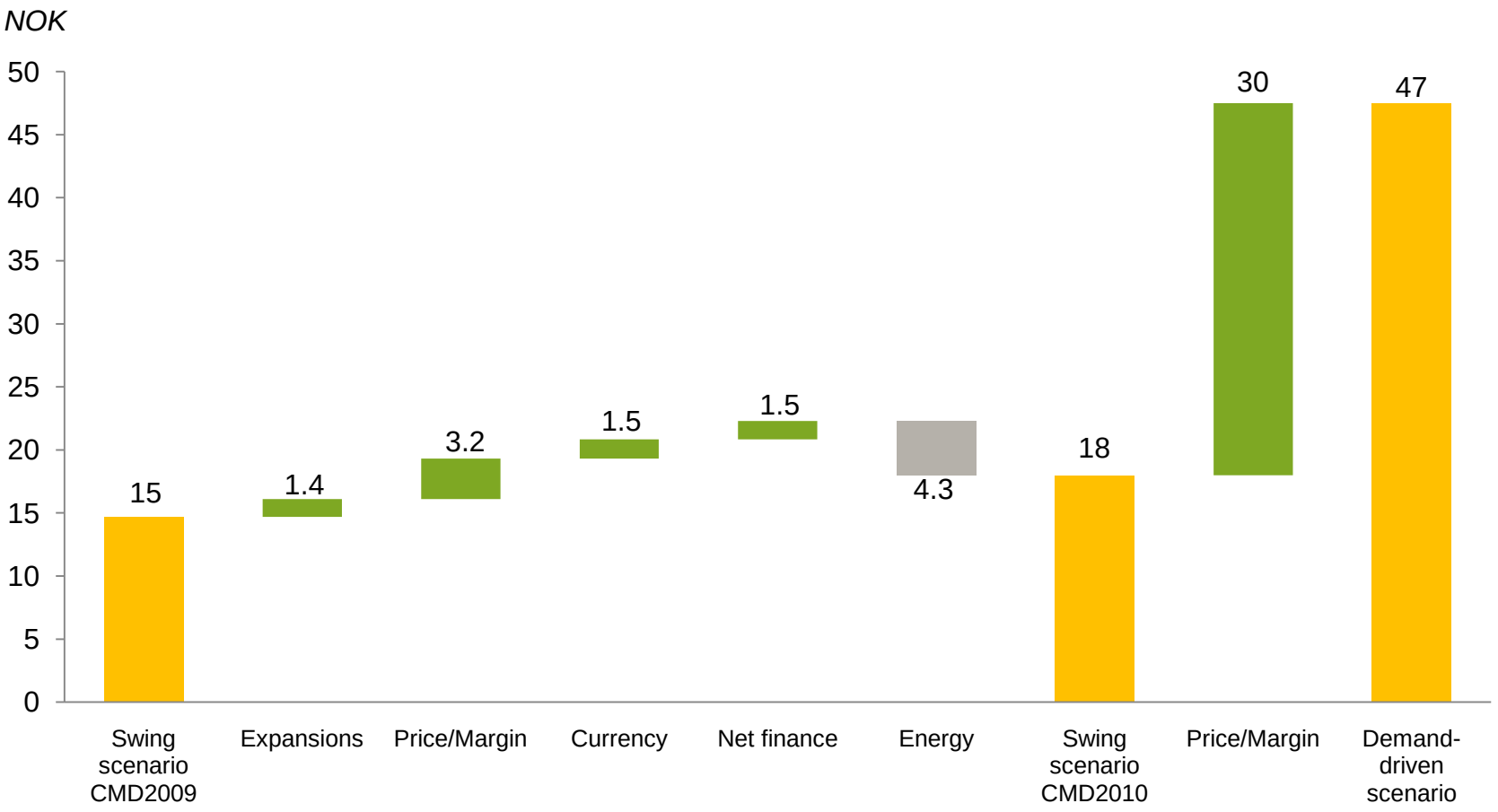
Simplified P&Ls for scenarios

NOK	12M to 30 Sep 2010 *	5-year average to 30 Sep 2010**	Chinese swing	Demand-driven
EBITDA	8,700	13,000	9,500	21,000
Depreciation	(2,500)	(2,500)	(2,500)	(2,500)
Net finance	(1,000)	(700)	(700)	(700)
Income before tax	5,200	9,800	6,300	17,800
Tax	(1,200)	(2,200)	(1,200)	(4,100)
Net income	4,000	7,500	5,100	13,700
Number of shares (millions)	288.8	288.8	288.8	288.8
Earnings per share (NOK)	**14**	**26**	**18**	**47**
Earnings per share (USD)	2.3	4.3	2.9	8.0

* Excluding foreign exchange gain/loss, special items and energy arbitrage
** Not historical earnings, but estimated earnings for today's Yara business, using 5-year average price conditions.

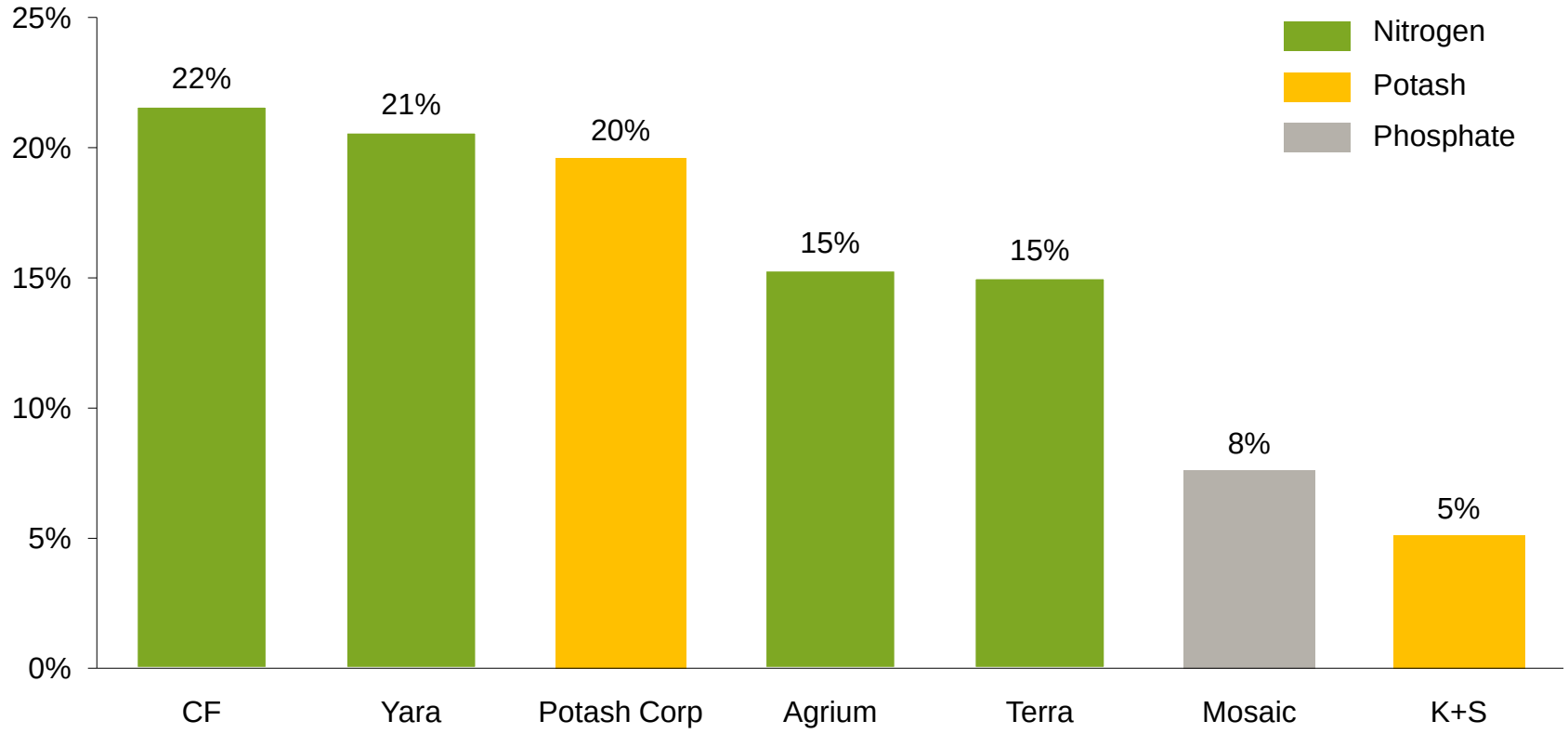
Financial scenarios

Price gains and currency offset negative energy effect in swing scenario



2004-2007: Double-digit returns for established US and global players

EBITDA* excl. special items / total assets

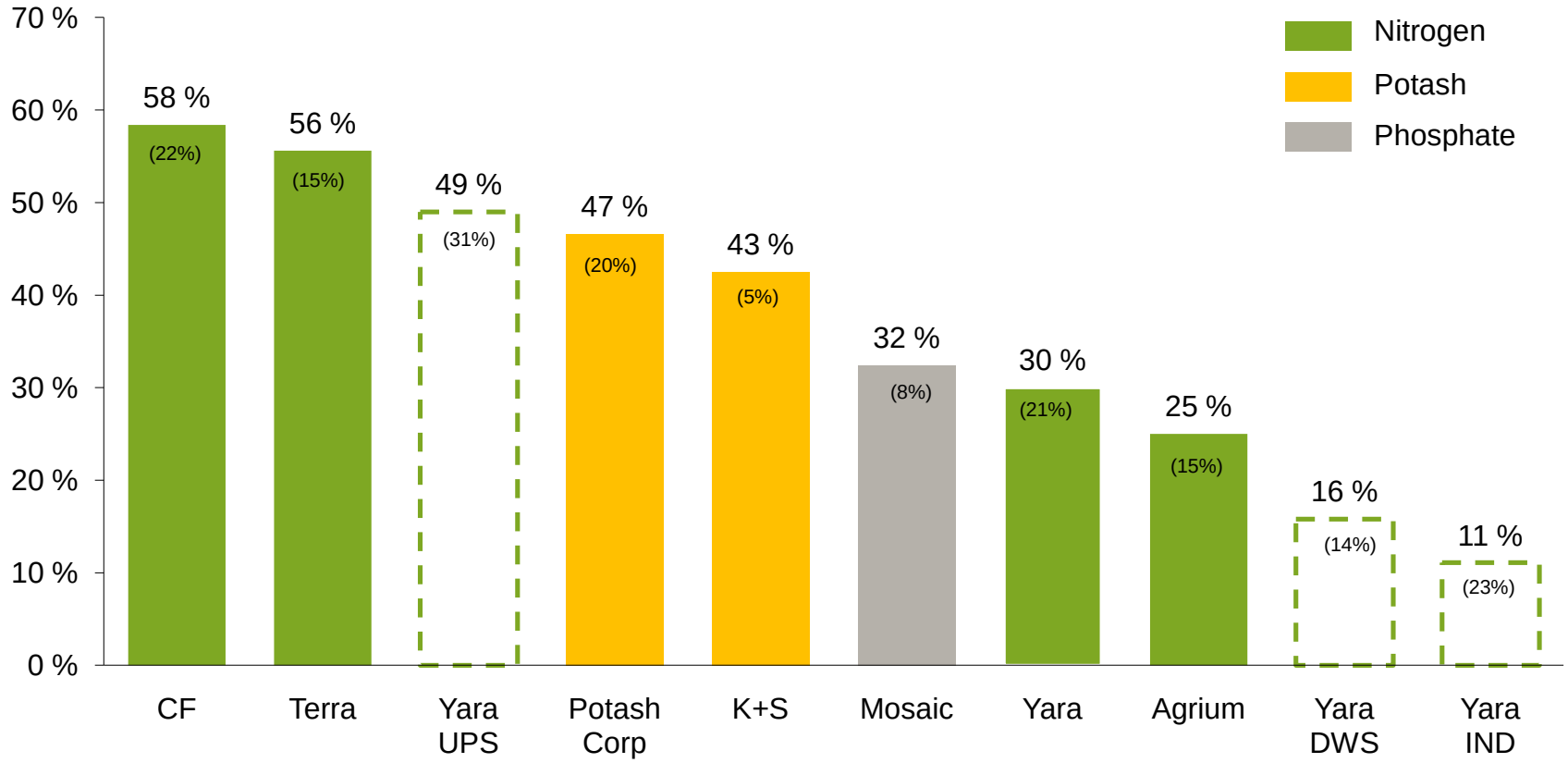


*****Using an assumed 30% tax rate on net income from non-consolidated investees

Source: Yara reports and Thomson-Reuters Worldscope

2008 profitability for Yara segments and peers

EBITDA* excl. special items / total assets (2004-07 average in brackets)



*Using an assumed 30% tax rate on net income from non-consolidated investees

Source: Thomson-Reuters Worldscope

Yara performance 4Q08-4Q09 vs. peers

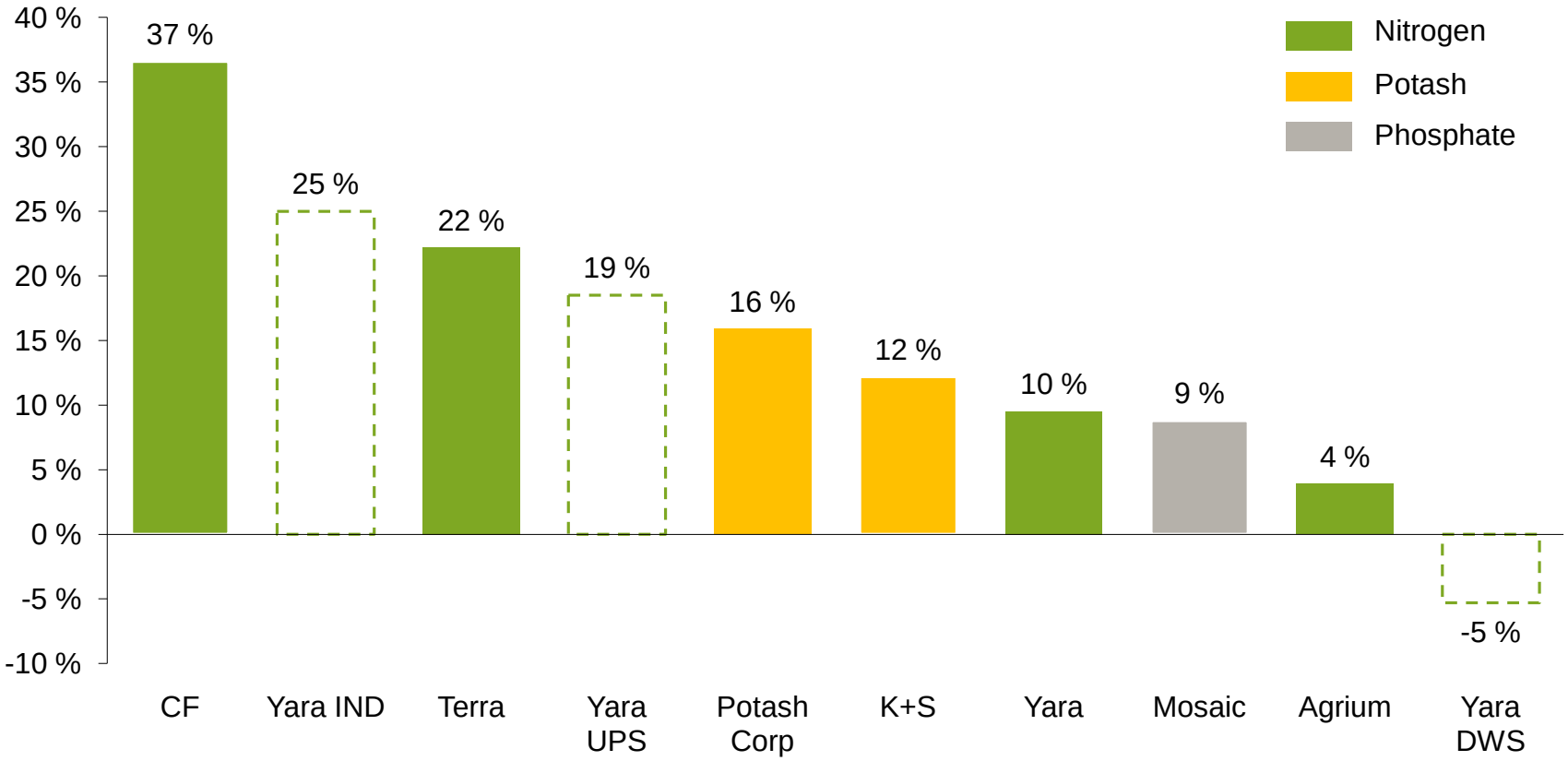
1. Long value chain
   - Like Agrium, Yara has a long value chain
2. Downstream exposure
   - Third-party exposure, position losses
3. NPK exposure
   - Margin squeeze and low capacity utilization
4. Energy exposure
   - European energy cost at 7.8 USD/MMBtu versus Henry Hub 4.5 USD/MMBtu
5. Regional exposure
   - Stronger and longer drop in European deliveries
6. Currency
   - 2009 EUR ca. 10% stronger vs. USD than 2004-07 average

Downstream – Why does it make sense?

- 14% EBITDA margin of total assets over the period 2004-07 corresponds to a CROGI level of approximately 10%.
- Downstream reduces uncertainty for Upstream as capacity utilization increases as a result of captive markets (beyond 95% over period)
- As about two thirds of Yara's production is differentiated products (nitrates, NPK and CN), a dedicated sales network is key to realize required premium to nutrient commodity value
- Upstream realized prices are higher as a result of Downstream presence
- Downstream has enabled more and better Upstream ownership positions (Qatar, Libya, Russia)
- Important source of business intelligence

4Q08-4Q09: Strong return for Upstream – focused US nitrogen companies

EBITDA* excl. special items / total assets

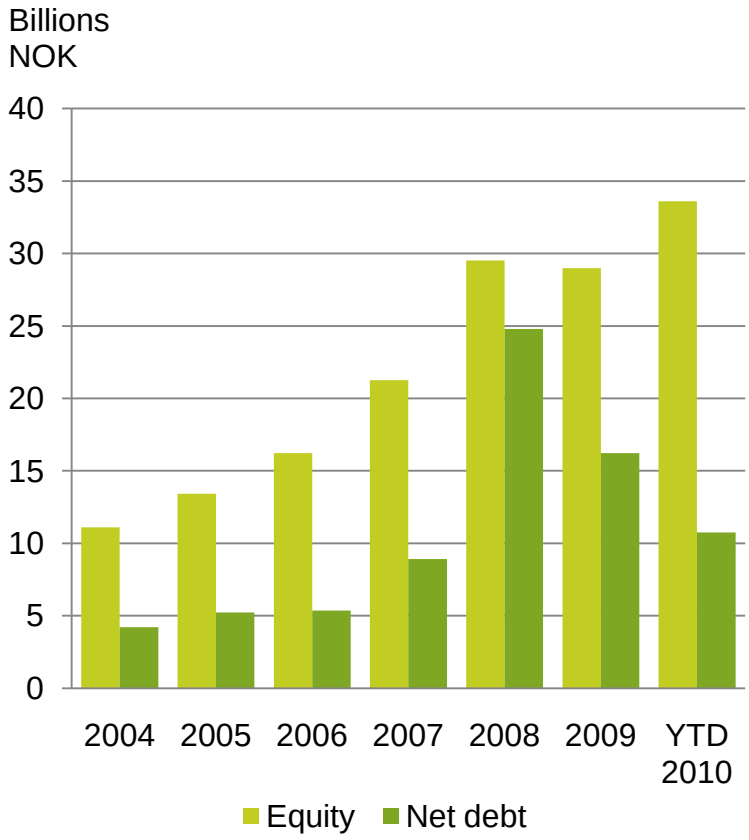


* Using an assumed 30% tax rate on net income from non-consolidated investees

Source: Thomson-Reuters Worldscope

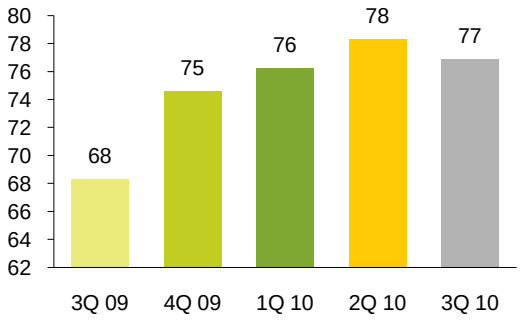
Yara has substantial financial capacity for growth

- Yara's debt/equity-ratio end of third quarter 2010 is 0.32
- Debt/equity-ratio designed in 2003 for Yara spin-off was 1.04, to give a BBB rating
- A debt/equity ratio of 1.04 today would imply USD 4 billion in additional debt
- Rating requirements tightened since 2003, but Yara has demonstrated strong earnings and a prudent growth track-record
- Current capacity for increased debt estimated to USD 2-3 billion
- Equity issue will only be used if there is a value accretive step growth initiative identified

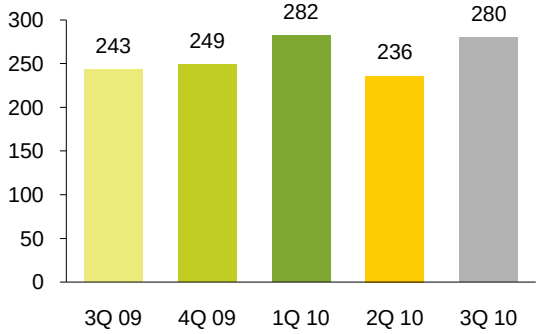


Key value drivers – quarterly averages

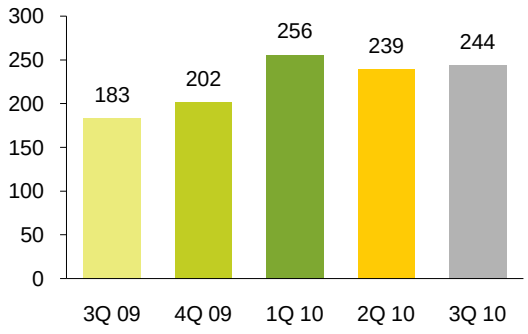
Oil Brent blend spot (USD/bbl)



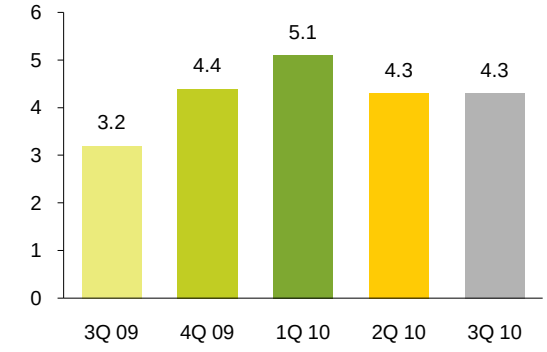
Urea prilled fob Black Sea (USD/t)



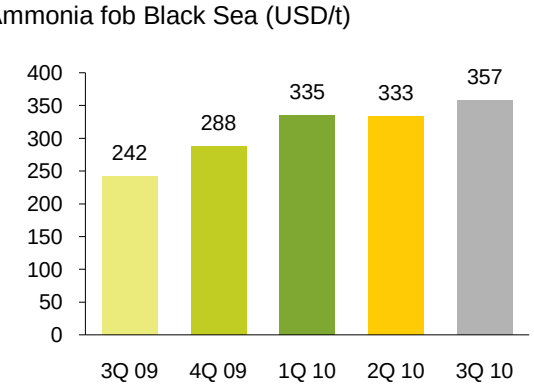
CAN cif Germany (USD/t)



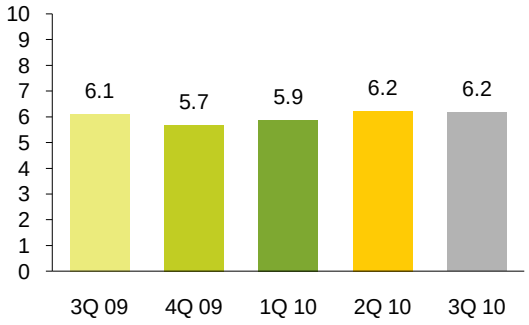
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)



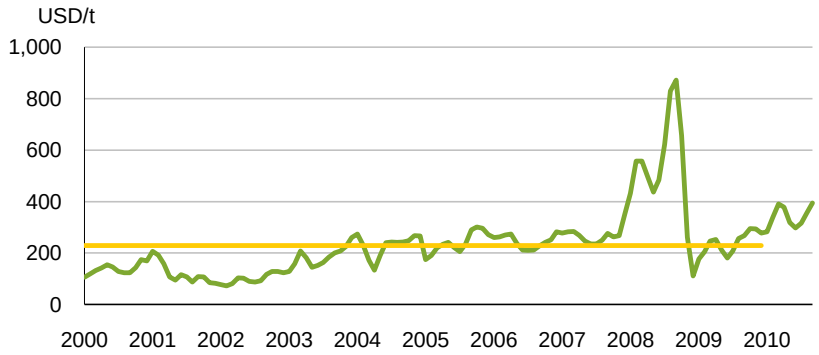
NOK/USD exchange rate



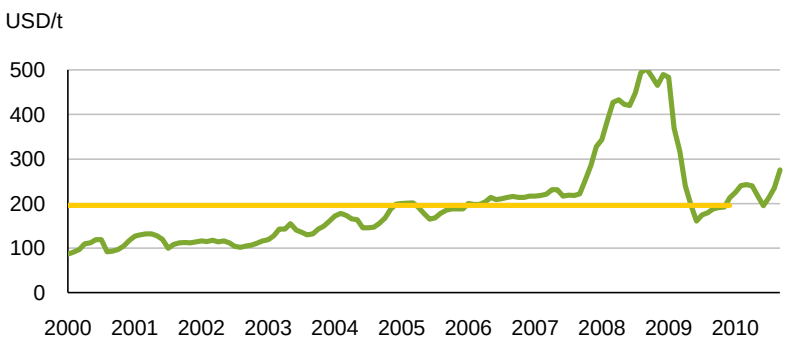
Source: The Market , CERA, World Bank, Norges Bank

10-year fertilizer prices – monthly averages

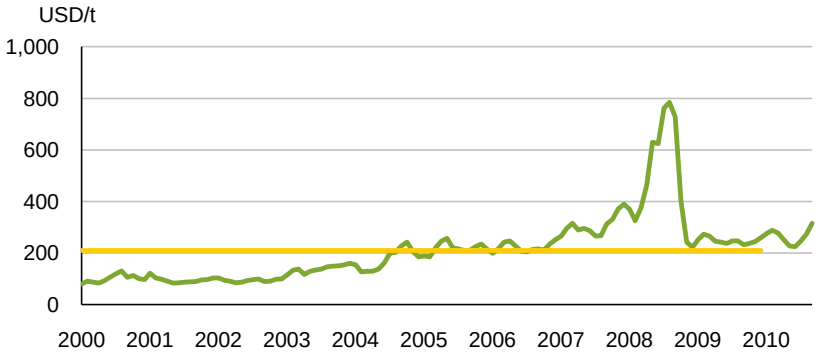
Ammonia fob Black Sea



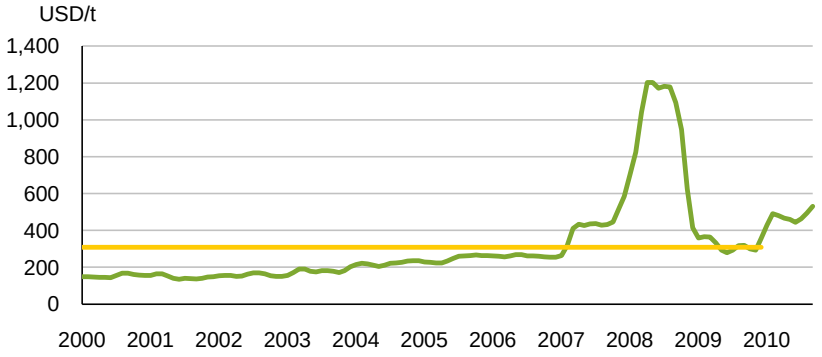
CAN cif Germany



Urea prilled fob Black Sea



DAP fob US Gulf

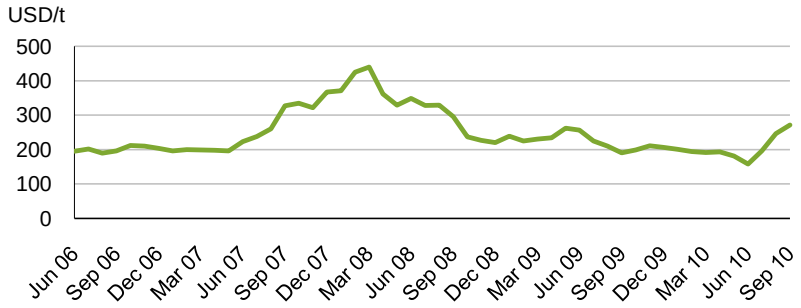


Average prices 2000 - 2009

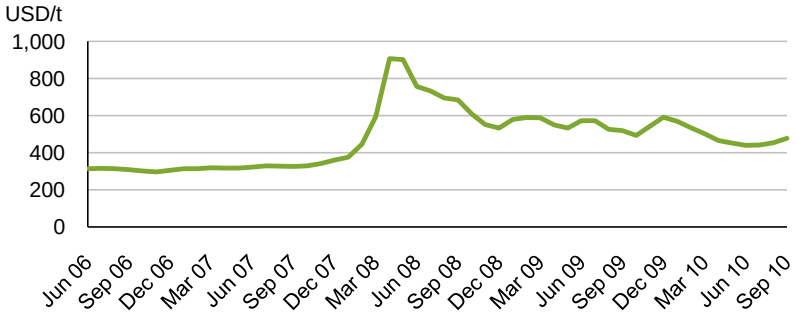
Source: Average of international publications

Agricultural commodity prices increasing

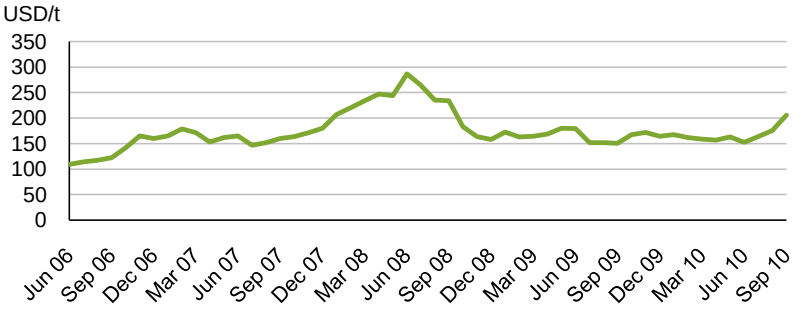
Wheat (HRW US Gulf)



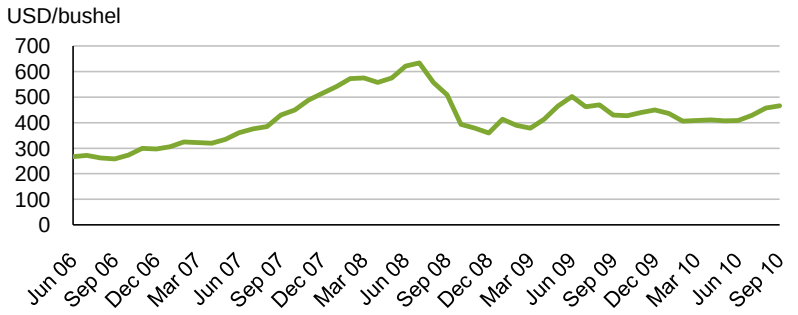
Rice (Thailand)



Corn (US Gulf)



Soybeans (cif Rotterdam)



Source: World Bank, October 2010

Corporate targets

• Solid profitability	
– CROGI over the cycle	> 10% as average
• New investment profitability	
– *Hurdle rate: IRR real, after tax*	*> 7%*
• Relative competitiveness	
– Gross Return (EBITDA/Total assets)	Best quartile of peers
• Financial strength	
– Long-term rating target	Mid investment grade
• Expected cash return to shareholders	
– *Sum of dividend and buy-backs*	*40-45% of net income*
• HSE	
– Health, Safety and Environment	Best quartile of the industry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