



INCITEC PIVOT LIMITED – GENERAL MEETING
5 SEPTEMBER 2008

SPEECH BY THE CHAIRMAN, JOHN WATSON, AM

We have called a General Meeting to resolve two important matters: first, to approve the giving of financial assistance pursuant to the Corporations Act and secondly, to approve a share split. The two measures have received the unanimous support of the Incitec Pivot board.

While I will give more detail about each specific resolution before the vote later in the meeting, I would like to make some brief comments now. I will speak about the share split first. Most importantly, the 20-for-one share split will not change the proportion of the Company's share capital that each shareholder holds. It is intended to benefit shareholders by lowering the nominal value of shares, so that the affordability of the shares to retail investors will be increased, and facilitate the introduction of a dividend reinvestment plan for Incitec Pivot shareholders. We are proposing to introduce a dividend reinvestment plan in response to requests from shareholders. Shareholders will be invited to participate when the reinvestment plan is established which, we expect, will be in time for the Year's Final dividend.

Also, we believe that the lower individual price of each share will be a disincentive to those who approach our shareholders with offers to purchase their shares at a price far below the market value.

It is timely that I take this opportunity to warn our shareholders about Hassle Free Share Sales Pty Ltd. We know Hassle Free has recently approached some of our shareholders with offers substantially below our current market price. In all cases, we recommend that shareholders seek independent financial advice if they receive unsolicited offers and are unsure what to do.

The other resolution before us today is a technical one required under the Corporations Act and by our debt finance providers. This resolution seeks shareholder approval for various Dyno Nobel subsidiaries, which are now owned by Incitec Pivot, to give financial assistance in relation to Incitec Pivot's acquisition of Dyno Nobel and for other purposes by becoming guarantors to those facilities.

The acquisition of Dyno Nobel was a strategic growth opportunity taking Incitec Pivot into the international arena and into the flourishing resources sector. Incitec Pivot is now a leading global chemicals company with nitrogen manufacturing at its core. Incitec Pivot is both Australia's leading supplier of fertiliser products and the second largest provider globally of industrial explosives and blasting services to the mining, quarrying, seismic and construction industries including the largest in North America, the biggest market in the world for commercial explosives.

It is now almost three months since the acquisition was completed. The formal process of the integration of Dyno Nobel into Incitec Pivot has been fulfilled – an achievement which demonstrates the quality of our people. I am pleased to report that our initial rationale for the acquisition has been confirmed. We are now fully focused on deriving the maximum value from the Explosives business following our tested strategy built around strong financial discipline and performance based culture – a “getting things done” culture.

Recently, we announced the go ahead for the Moranbah project, which involves the construction of a 330,000 tonnes-a-year fully-integrated Ammonium Nitrate complex comprising ammonia, nitric acid and ammonium nitrate plants. The project is expected to commence production in 2011 and it is based in the heart of Australia's largest metallurgical coal region and adjacent to some of the largest coal mines in the world. The plant is also well positioned to service the planned new coal projects and brownfield expansions in the region over the next few years.

The international drivers underpinning the demand for resources are akin to those impacting the global fertiliser industry which have produced unprecedented price rises for fertiliser in Australia. We recognise that this has been concerning for many in the rural sector who have also confronted increased charges for a range of farm inputs. Our people in the field have been putting a great deal of time and effort into communicating the global factors behind fertiliser prices. The inquiry into this matter by the Australian Competition and Consumer Commission recently released a report identifying global factors as the explanation for high fertiliser prices. The ACCC report followed an informal examination of fertiliser prices which included voluntary submissions from fertiliser suppliers, industry associations and representative bodies of end user groups, including the National Farmers Federation. The Senate Select Committee on Agricultural and Related Industries is also investigating similar issues in the fertiliser and agricultural chemicals industries. Incitec Pivot made a submission to the Senate Committee and presented at a hearing in July. The Senate Committee is due to report next month.

The board and management of Incitec Pivot are optimistic about the future. With fertiliser and explosives both being key inputs to soft and hard commodity production, we are well positioned to leverage the global commodity Super Cycle. We now have exposure to both the explosives industry during, what we see as, a sustained hard commodities boom and to the international fertiliser industry where the outlook is for continued growth driven by increasing global demand for the 'Four Fs' of food, fibre, feed, and fuel.

I want to take this opportunity to thank my fellow directors for their diligent deliberation of the strategic issues and also Incitec Pivot management who lead a splendid team, now extending through North America and Asia. It is through the efforts of the whole Incitec Pivot team that we have seen the strong growth of the Company and exceptional returns to shareholders.

It is sometimes hard, even for me, to appreciate that it was only five years ago that Incitec Pivot was listed on the Australian Securities Exchange. The date was 28 July 2003. In that short period, we have come a very long way and I am delighted to say that our progression has been recognised today by Incitec Pivot's inclusion in the Top 50 companies listed on the Australian Securities Exchange – another remarkable milestone.

I want to thank you for your interest in the Company as demonstrated by your attendance today and welcome your involvement in the discussion around the resolutions.

John Watson, AM
Chairman