



INCITEC PIVOT LIMITED – GENERAL MEETING
6 JULY 2006

ADDRESS BY THE CHAIRMAN, JOHN WATSON, AM

Shareholders,

As you know, we are here today to consider resolutions dealing with the proposed buy-back of the balance of Orica's shareholding in Incitec Pivot and the adoption of a new constitution.

Let me first reflect on our company's recent history. The merger of Incitec Fertilizers Limited and Pivot Limited in 2003 created a leading Australian agribusiness, Incitec Pivot Limited.

Since the merger, Incitec Pivot has provided Shareholders with competitive financial returns and delivered high quality products to Australian farmers at competitive prices. Your Directors are committed to ensuring that Incitec Pivot continues to be a leading and trusted supplier of fertiliser.

Incitec Pivot's position as Australia's leading fertiliser manufacturer and supplier has been significantly boosted recently by the announcement of two exciting and company-transforming transactions.

First, Incitec Pivot agreed to acquire Southern Cross Fertilisers Proprietary Limited, Australia's largest producer of ammonium phosphate fertilisers, from BHP Billiton Limited for \$165 million, including transaction costs. Southern Cross is a natural extension of Incitec Pivot's core manufacturing capability.

The acquisition will enable Incitec Pivot to combine world-scale ammonium phosphate manufacturing with its existing single superphosphate and urea production facilities.

The purchase will see Incitec Pivot's manufacturing capacity almost double, an increase of 25 per cent in revenue and having a total workforce of 1100.

The completion of the Southern Cross acquisition is expected later this month, subject to the satisfactory completion of a scheduled maintenance shutdown by BHP Billiton at the Southern Cross manufacturing plants at Phosphate Hill and Mt Isa in Queensland. It is also conditional on the Australian Competition and Consumer Commission not objecting.

It's expected that completion of the purchase will take place in mid to late July 2006, based on the current schedule for the ramp-up of the plants on completion of the shutdown and subsequent minimum performance testing.

The second significant recent development for Incitec Pivot – and one of the matters that brings us here today - was Orica's announcement that it would sell its 70% shareholding in Incitec Pivot.

Orica announced on 10 May 2006 that it had sold a 56.5% shareholding in Incitec Pivot for \$21.00 per share through an institutional bookbuild.

Share buy-back proposal

In addition, Incitec Pivot offered to undertake a selective buy-back of Orica's remaining 13.5% shareholding at \$21.00 per share for an aggregate consideration of \$165 million, subject to the approval of shareholders other than Orica and those associated with Orica. By comparison, Incitec Pivot shares closed yesterday on the ASX at \$22.75.

Orica's exit is the natural next step in the evolution of Incitec Pivot and positions the Company well to pursue its corporate and business strategy as a stand-alone business.

The company is seeking your approval for the buy-back here today. If the buy-back is approved, all Shares bought back will be cancelled. The buy-back will be debt funded.

Incitec Pivot's Independent Directors believe:

- The buy-back provides earnings per share accretion and higher returns on shareholders' equity due to a more efficient capital structure; and
- The price of the buy-back is reasonable in light of the recent acquisition of Southern Cross and other relevant business and market conditions.

As detailed in the Explanatory Memorandum, the Independent Expert has concluded that the buy-back is fair and reasonable to shareholders, not including Orica and those associated with Orica.

Your Independent Directors believe the buy-back of Orica's remaining shares in Incitec Pivot is in your interests as a shareholder. Each of your Independent Directors recommends that you support the buy-back and vote in favour of the proposed resolutions.

Your Directors firmly believe that Incitec Pivot is well positioned to pursue an independent future. The management team, led by Julian Segal who was appointed as Managing Director and CEO in 2005, is very experienced and has delivered a strong business turnaround in 2006.

This was evidenced by Incitec Pivot's recently reported improved financial results for the first half of the 2006 financial year, which saw a significant improvement in earnings before interest and tax (before significant items) of 54% compared to the corresponding period in 2005.

Regarding the separation from Orica, a special project team has been established within Incitec Pivot to manage the changes required. The objective is to ensure that Incitec Pivot's transition to a stand-alone company is managed effectively and in a timely manner without disruption to business continuity.

Among those functions to be transitioned are IT, Payroll, Finance and Accounting, which are currently supported on a contract basis by Orica Shared Services.

Another major task flowing from Orica's sell-down was the review of key commercial supply agreements between Incitec Pivot and Orica which were put in place at the time of the merger between Pivot and Incitec Fertilizers. The agreements were reviewed and amended to remove clauses only appropriate for related companies.

These agreements include those covering Incitec Pivot's supply of sulphuric acid to Orica and Orica supplying Incitec Pivot with alum. There is also a separate swap and sales/purchase agreement covering ammonia produced at Gibson Island by Incitec Pivot and at Kooragang Island by Orica. This arrangement is underpinned by an agreement for Orica to have a first right to acquire the Gibson Island manufacturing operations if Incitec Pivot should elect to sell these.

Proposed new Constitution

With Orica's exit as a major shareholder, it was also timely for the company's constitution to be reviewed. The existing Constitution contains provisions which were appropriate when the company had a majority shareholder but which are no longer appropriate given Orica's sell-down.

The company now also has the opportunity to generally update the Constitution. The proposed new Constitution reflects current best practice and legislative and regulatory requirements, including all requirements of the Corporations Act and the Listing Rules. The new Constitution will be appropriate for the company going forward, particularly considering the Company now has a more widely held shareholder base, including a number of both Australian and international institutions.

The material changes proposed to the Constitution are summarised in the Explanatory Memorandum issued to you last month. A copy of the proposed replacement constitution has been tabled at this meeting.

Ladies and gentlemen, I commend to you both resolutions being considered at today's meeting.

Thank you.

John Watson, AM
Chairman