FORM 8-K

Current report filing

Filing Date: **2004-08-12** | Period of Report: **2004-08-12**
SEC Accession No. 0001193125-04-138481

(HTML Version on secdatabase.com)

FILER

ROYSTER-CLARK INC

CIK:**1088893**| IRS No.: **760329525** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **333-81235** | Film No.: **04968457**
SIC: **5190** Miscellaneous nondurable goods

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 12, 2004

ROYSTER-CLARK, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	333-81235	76-0329525
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1251 Avenue of the Americas-Suite 900 New York, New York	10020
(Address of principal executive offices)	(Zip Code)

Registrant' s telephone number, including area code: (212) 332-2965

(Former Name or Former Address, if Changed Since Last Report)

The matters discussed in this Report include forward looking statements, which are subject to various risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated in such forward looking statements. Such risks, uncertainties and other factors include those regarding the Registrant' s financial position, business, marketing and product introduction and development plans and objectives of management for future operations, and other risks detailed in the Registrant' s reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission. The forward-looking statements are intended to help shareholders and others assess the Registrant' s business prospects and should be considered together with all information available. They are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Registrant cannot give assurance that the results anticipated herein will be attained.

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 7. Financial Statements and Exhibits.

(c) Exhibits:

99.01 Press release dated August 12, 2004 announcing second fiscal quarter ended June 30, 2004 operating and financial results for Royster-Clark, Inc. Also announced was signing of a letter of intent for the sale of the nitrogen-manufacturing plant at East Dubuque. Any Internet addresses provided in this release are for informational purposes only and are not intended to be hyperlinks. According, no information in any of these internet addresses is included herein.

99.02 Press release dated August 9, 2004 issued by Rentech, Inc announcing the signing of a letter of intent with Royster-Clark, Inc. its intention to purchase the stock of Royster-Clark Nitrogen, Inc., and thereby acquire a 100% ownership of its 830 ton per day natural gas-fed nitrogen fertilizer production plant in East Dubuque, Illinois.

99.03 Letter of intent dated August 5, 2004 between Royster-Clark, Inc. and Rentech Development Corporation and its affiliates to acquire all of the issued and outstanding capital stock of Royster-Clark Nitrogen, Inc. which owns a nitrogen facility located in East Dubuque, Illinois.

ITEM 9. Regulation FD Disclosure

On August 12, 2004, Royster-Clark, Inc. announced that it has entered into a letter of intent with Rentech, Development Corporation., a wholly owned subsidiary of Rentech, Inc., to purchase the stock of Royster-Clark Nitrogen, Inc., and thereby acquire a 100% ownership of its 830 ton per day natural gas-fed nitrogen fertilizer production plant in East Dubuque, Illinois. A copy of the press release is attached hereto as Exhibit 99.01 and is incorporated herein in its entirety by reference into this Item 9. Also attached hereto as Exhibit 99.02 is a copy of the press release issued by Rentech, Inc. and attached hereto as Exhibit 99.03 is a copy of the letter of intent between Rentech Development Corporation and Royster-Clark, Inc and are both incorporated herein in its entirety by reference into this Item 9.

The information furnished in this Item 9 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

ITEM 12. Results of Operation and Financial Condition

On August 12, 2004, Royster-Clark, Inc. issued a press release announcing its operating and financial results for the three and six months ended June 30, 2004. A copy of the press release is attached hereto as Exhibit 99.01.

The information furnished in this Item 12 shall not be deemed "file" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Royster-Clark, Inc.

By:

Date: August 12, 2004

/s/ Joel F. Dunbar

Joel F. Dunbar
Vice President, Assistant Secretary
and Controller

EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBIT	FILED WITH THIS REPORT
99.01	Press release dated August 12, 2004 announcing second fiscal quarter ended June 30, 2004 operating and financial results for Royster-Clark, Inc. Also announced was signing of a letter of intent for the sale of the nitrogen-manufacturing plant at East Dubuque. Any Internet addresses provided in this release are for informational purposes only and are not intended to be hyperlinks. According, no information in any of these internet addresses is included herein.	X
99.02	Press release dated August 9, 2004 issued by Rentech, Inc announcing the signing of a letter of intent with Royster-Clark, Inc. its intention to purchase the stock of Royster-Clark Nitrogen, Inc., and thereby acquire a 100% ownership of its 830 ton per day natural gas-fed nitrogen fertilizer production plant in East Dubuque, Illinois.	X
99.03	Letter of intent dated August 5, 2004 between Royster-Clark, Inc. and Rentech Development Corporation and its affiliates to acquire all of the issued and outstanding capital stock of Royster-Clark Nitrogen, Inc. which owns a nitrogen facility located in East Dubuque, Illinois.	X

Exhibit 99.01

999 Waterside Drive, Suite 800
Norfolk, VA 23510
757-222-9500 (Phone)
757-222-9502 (Fax)

NEWS RELEASE

From: Lori Ann Peters, Director - Shared Services

(757) 222-9514

August 12, 2004

For Immediate Release

Royster-Clark Net Income Increases 454%

New York, NY, August 12, 2004 − Royster-Clark Inc. has released its financial statements for the quarter and the six months ended June 30, 2004 and has announced that it has entered into a letter of intent for the sale of its nitrogen manufacturing subsidiary located in East Dubuque, Illinois.

Operating results

After very strong first and second quarters, year-to-date revenues have increased by nearly 19%. Year-to-date Net income, driven by greater gross profits, reduced SG&A expense, reduced interest expense and greatly reduced provisions for income taxes, has increased by 454% over the same period last year.

Second quarter revenues of $569.7 million compare very favorably to the $503.0 million in 2003 – an increase of $66.7 million or 13.3%. Net income generated for the quarter reached $49.4 million compared with $20.7 million last year – an increase of $28.7 million or 139%.

These strong results for the second quarter continued the trend established in the first quarter to generate very favorable year-to-date results. Revenues of $774.7 million increased $121.4 million (18.6%) from the $653.3 million recorded in 2003. Net income for the six months totaled $32.9 million – an increase of $27.0 million (454%) compared to the $5.9 million posted during the same period in 2003. Year-to-date earnings before interest, taxes, depreciation and amortization ("EBITDA") of $59.1 million increased by $8.7 million (17.3%) compared to $50.4 million recorded in 2003. (A reconciliation of these EBITDA figures with generally accepted accounting principles is set forth below.)

In a prepared statement, Chairman and Chief Executive Officer, Francis P. Jenkins, Jr., offered the following comments on the results achieved during the first half of 2004.

> "Royster-Clark began 2004 expecting a strong spring season. We have not been disappointed. The demand for our products and services proved to be very robust – as we had expected they would be. In spite of significant cost increases in basic plant nutrients and seeds, we have increased our overall physical volumes by almost 12%. Although we have had some weather issues, they have not been as pervasive as they have been in the last two years. Decent weather always helps. Beyond our general growth, we have been particularly gratified by the growing acceptance of our Vigoro Seed product line where we enjoyed a 48.7% increase in units sold.
>
> "Besides strong revenue, another key to profitability is expense control. I am pleased to note that Royster-Clark' s SG&A expense is down from last year in spite of the increase in volumes sold and the general inflation in wages, health care and energy costs that we have been dealing with.
>
> "On the balance sheet side, higher costs and increased revenues could have been expected to demand significantly more working capital and increased use of the Company' s credit facilities. That has not happened. In fact, through faster collections and increased inventory

turns we ended June with our bank revolver reduced by $31.2 million compared to June 30, 2003. Summing up, we have had a terrific spring which is the key to having a terrific year."

– End of Prepared Statement –

Letter of Intent

Royster-Clark, Inc. has announced that it has entered into a Letter of Intent (LOI) with Rentech Development Corporation., a wholly owned subsidiary of Rentech, Inc., for it to purchase the stock of Royster-Clark Nitrogen, Inc., and thereby acquire a 100% ownership of its 830 ton per day natural gas-fed nitrogen fertilizer production plant in East Dubuque, Illinois. Under the terms of the LOI, Rentech will pay $63 million for the business which includes $13 million in net current assets, working capital and inventories. The acquisition is subject to final due diligence, legal documentation, and the securing of the necessary financing.

G. Kenneth Moshenek, president of Royster-Clark, commenting on the Letter of Intent, stated:

> "Royster-Clark is extremely excited about this opportunity. After working with Rentech for the past 8 months and evaluating the potential structures, we feel this provides the best opportunity for both companies to pursue their business strengths. Rentech will own and operate the production facility while Royster-Clark concentrates on its expertise of logistics, marketing and sales of fertilizers. We also are pleased that it will preserve the jobs at the East Dubuque, Illinois facility and play an instrumental part in this transition of the fertilizer industry from natural gas to coal. This project will serve to safeguard the American fertilizer industry from going overseas as so many other US industries and jobs have done over the last several years. We look forward to our continued participation with Rentech and the East Dubuque conversion, through our sales and marketing efforts of the fertilizer products produced at the plant."

Summary financial statements

Highlights of the Company' s summary of operations and balance sheet are shown on the following pages.

ROYSTER-CLARK, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THREE AND SIX MONTHS ENDED JUNE 30, 2004 AND 2003
(Dollars in thousands)

	Three Months ended June 30,		Six Months ended June 30,	
	2004	2003	2004	2003
Net sales	$569,730	502,951	774,707	653,259
Cost of sales	470,408	407,546	647,000	534,959
Gross profit	99,322	95,405	127,707	118,300
Selling, general and administrative expenses	42,859	41,824	81,125	81,266
Loss on disposal of property, plant and equipment, net	263	220	103	546
Operating income	56,200	53,361	46,479	36,488
Interest expense	(6,832)	(7,370)	(13,540)	(14,413)
Income before income taxes	49,368	45,991	32,939	22,075
Income tax expense	–	25,329	–	16,131
Net income	$49,368	20,662	32,939	5,944
EBITDA Reconciliation to GAAP				
Net income	49,368	20,662	32,939	5,944
Add back				

Income tax expense -a)	–	25,329	–	16,131
Interest expense	6,832	7,370	13,540	14,413
Depreciation and amortization	6,314	7,095	12,646	13,911
EBITDA	62,514	60,456	59,125	50,399

(a- Income tax expense in 2003 consists principally of non-cash charges required by GAAP to provide a valuation allowance for net deferred tax assets. There have been no extraordinary changes in the Company' s tax status or liabilities.

Balance sheet is shown on the following page.

ROYSTER-CLARK, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2004 AND June 30, 2003
(Dollars in thousands)

	June 30, 2004	June 30, 2003
Assets		
Current assets:		
Cash	$690	428
Trade accounts receivable, net of allowance for doubtful accounts of $7,725 and $8,432 at June 30, 2004 and June 30, 2003, respectively	196,772	185,315
Other receivables	28,731	31,120
Inventories	156,596	176,613
Prepaid expenses and other current assets	1,689	1,563
Total current assets	384,478	395,039
Property, plant and equipment, net	157,480	176,734
Goodwill	16,540	16,540
Deferred financing costs, net	9,014	7,533
Other assets, net	4,293	5,212
	$571,805	601,058
Liabilities and Stockholder' s Equity		
Current liabilities:		

Senior Secured Credit Facility	$–	176,102
Customer deposits	24,357	26,330
Accounts payable	80,437	82,250
Accrued expenses and other current liabilities	26,272	25,024
Total current liabilities	131,066	309,706
Senior Secured Credit Facility	144,926	–
10 1/4% First Mortgage Notes due 2009	200,000	200,000
Other long-term liabilities	8,210	9,273
Total liabilities	484,202	518,979
Stockholder' s equity:		
Common stock, no par value. Authorized 350,000 shares; 1 share issued and outstanding	–	–
Additional paid-in capital	88,599	88,599
Accumulated deficit	(247)	(5,876)
Accumulated other comprehensive loss	(749)	(644)
Total stockholder' s equity	87,603	82,079
	$571,805	601,058

(a- Re-classed from current liabilities at June 30, 2003 for comparability.

For more information about the company and its products see our recently filed Quarterly Report on Form 10-Q by visiting www.sec.gov/edgar/searchedgar/webusers.htm or visit our web sites at www.roysterclark.com, www.vigoroseeds.com and www.rainbowplantfood.com.

This news release contains forward-looking statements that are subject to risks and uncertainties. These statements are based on current expectations; actual results may differ materially. Among the factors that could cause actual results to differ materially are general business and economic conditions; weather conditions; constraints in the availability of products and materials required to conduct the company' s business; transportation constraints; market acceptance of the company' s products, including the failure of products to generate anticipated sales levels; and, difficulties or delays in receiving required governmental or regulatory approvals.

For more information, contact Paul Murphy, 757-222-9513.

– END –

Exhibit 99.02

RENTECH, INC.

For Immediate Release
August 9, 2004

Rentech Enters Letter of Intent with Royster-Clark to Purchase East Dubuque Nitrogen Fertilizer Plant for Conversion to Clean Coal Technology for Producing Fertilizer, Ultra-Clean Fuels and Electric Power

Denver, Colorado - Rentech, Inc. (AMEX:RTK) today announced that it has entered into a Letter of Intent (LOI) with Royster-Clark, Inc. for Rentech Development Corporation., a wholly owned subsidiary of Rentech, Inc., to purchase the stock of Royster-Clark Nitrogen, Inc., and thereby acquire a 100% ownership of its 830 ton per day natural gas-fed nitrogen fertilizer production plant in East Dubuque, Illinois.

Under the terms of the LOI, Rentech will pay $63 million for the business which includes $13 million in net current assets, working capital and inventories. The acquisition is subject to final due diligence, legal documentation, and the securing of the necessary financing. Rentech intends to continue to operate the plant as a natural gas fed nitrogen plant while converting it to a coal fed gasification process using Illinois coal instead of expensive natural gas as its feedstock. The new and expanded gasification process will generate the synthesis gas necessary to produce nitrogen fertilizer, Fischer-Tropsch (FT) ultra-clean fuels and surplus electricity. Additionally, Royster-Clark has tentatively agreed to provide sales and marketing services for all the fertilizer products produced by the facility after the transaction is completed. Rentech estimates that it will take approximately three years to convert the plant from natural gas to coal.

The co-production of nitrogen fertilizer, FT fuels and electricity from coal derived synthesis gas is anticipated to significantly improve the thermal efficiency of the overall process, and directly relates to a patent issued to Rentech in October 2003. (US patent No. 6,632,846 which provides a method of using the excess hydrogen and carbon dioxide streams produced from a typical Fischer-Tropsch process for the production of ammonia and urea). Rentech anticipates that this initial project could be the catalyst for several additional conversion efforts within the domestic nitrogen fertilizer industry which has suffered high, volatile natural gas prices since 1999.

Based on current pricing for natural gas and fertilizer products and recent operating results, Rentech estimates that during the plant conversion from natural gas feedstock to coal, the plant will generate approximately $91 million per year in gross revenues and approximately $15 million per year in pre-tax operating profit after debt service. Although Rentech believes these assumptions are reasonable, there is no assurance that conditions affecting these results will remain the same.

Once converted to coal, assuming a dual train configuration (two coal gasification units), the Company estimates the plant will generate approximately 1400 tons per day of ammonia and 4800 barrels per day of ultra-clean FT fuels. Feasibility work for the conversion to a dual train configuration is currently under way supported by a $500,000 State of Illinois Opportunity Returns Grant. A single train configuration (one coal gasification unit) may be considered and would result in a lower volume of products. Actual production amounts may vary depending on operating conditions and reliability of individual plant components.

Commenting on the Letter of Intent, Dennis L. Yakobson, president and CEO of Rentech, Inc. stated: “Rentech continues to be aggressive in the commercialization of its FT gas-to-liquids and coal-to-liquids technology. Purchasing the Royster-Clark plant and converting it to coal, while continuing to operate it during the planned conversion, will provide Rentech the opportunity to move its Fischer-Tropsch technology to commercial operation on an accelerated schedule and provide current cash flow to the Company.”

Yakobson continued: “The implementation of the Rentech process technology in this manner has far reaching implications. We believe it will demonstrate that the United States can move toward energy independence and use US coal in an environmentally clean and responsible manner. Additionally, the conversion will support the domestic fertilizer industry and the American farmer. The domestic fertilizer industry benefits because it can rely on the reasonably stable price of US coal instead of being forced to deal with the very volatile price of domestic natural gas. Price stabilization and maintaining domestic production of fertilizer protects the American farmer and gives them the ability to keep crop production at the levels necessary to meet our need for foods and renewable energy such as ethanol.”

“Furthermore, we cannot stress enough the importance of preserving the domestic fertilizer industry, keeping high paying jobs in the United States, and protecting our farming industry from becoming dependent on foreign sources of fertilizer. We at Rentech are very excited about the potential of this company-driven project and the future that Rentech’ s FT technology holds for further implementation in the United States,” emphasized Mr. Yakobson.

G. Kenneth Moshenek, president of Royster-Clark, commenting on the Letter of Intent, stated:” Royster-Clark is extremely excited about this opportunity. After working with Rentech for the past 8 months and evaluating the potential structures, we feel this provides the best opportunity for both companies to pursue their business strengths. Rentech will own and operate the production facility while Royster-Clark concentrates on its expertise of logistics, marketing and sales of fertilizers. We also are pleased that it will preserve the jobs at the East Dubuque, Illinois facility and play an instrumental part in this transition of the fertilizer industry from natural gas to coal. This project will serve to safeguard the American fertilizer industry from going overseas as so many other US industries and jobs have done over the last several years. We look forward to our continued participation with Rentech and the East Dubuque conversion, through our sales and marketing efforts of the fertilizer products produced at the plant.”

Royster-Clark, headquartered in Norfolk, Virginia, is one of the nation’ s largest retailers of fertilizer products, carrying a broad line of agricultural inputs and providing services to farmers.

Rentech, Inc., a Denver, Colorado corporation, incorporated in 1981, is the developer and licensor of a patented and proprietary Fischer-Tropsch gas-to-liquids process for conversion of synthesis gas made from natural gas, industrial off-gas, or solid or liquid carbon-bearing materials into high-value fuels and chemicals. These include clean burning, ultra-low-sulfur and ultra-low-aromatic fuels (beyond detectable limits), naphtha, waxes and fuel for fuel cells.

Safe Harbor Statement

Certain information included in this report contains, and other reports or materials filed or be filed by the Company with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by the Company or its management) contain or will contain "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, Section 27A of the Securities Act of 1933, as amended, and pursuant to the Private Securities Litigation Reform Act of 1995. The forward-looking statements may relate to financial results and plans for future business activities and are thus prospective. The forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. They can be identified by the use of terminology such as "may," "will," "expect," "believe," "intend," "plan," "estimate," "anticipate," "should" and other comparable terms or the negative of them. You are cautioned that, while forward-looking statements reflect our good faith belief and best judgment based upon current information, they are not guarantees of future performance and are subject to known and unknown risks and uncertainties. Factors that could affect Rentech' s results include our ability to obtain financing for the purchase and conversion of the plant and for working capital; acquisition of an inexpensive long-term coal supply contract; natural gas prices during the construction phase; final project costs due to volatility of prices of equipment; obtaining customers for the products; the timing of various phases of the project; the entry into definitive agreements with others related to the project, and the risk factors detailed from time to time in the Company' s periodic reports and registration statements filed with the Securities and Exchange Commission. Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995, and thus are currently only as of the date made.

For more information please contact: Mark Koenig, Director of Investor Relations, Rentech, Inc. at 303-298-8008 or E-mail at mkir@rentk.com, or see the Company' s web site at: www.rentechinc.com

Exhibit 99.03

August 5, 2004

Royster-Clark, Inc.
999 Waterside Drive
8th Floor
Norfolk, Virginia 23510

Re: Letter of Intent

Ladies and Gentlemen:

This letter of intent, effective when executed by all of the parties hereto, will evidence the current mutual intent, as set forth in Article 1 below, of Royster-Clark, Inc., a Delaware corporation ("***Royster***"), to sell, and Rentech Development Corporation, a Colorado corporation and its affiliates ("***Rentech***") to acquire (the "***Acquisition***") or all of the issued and outstanding capital stock (the "*Stock*") of Royster Clark Nitrogen, Inc. (the "***Company***") which owns a nitrogen facility located in East Debuque, Illinois and related assets (the "Assets"). Each of the Rentech and Royster are sometimes referred to individually as "***Party***" and collectively as the "***Parties***."

This letter is intended to set forth certain basic terms of the understanding reached to date and to serve as a basis for further discussions and negotiations between the Parties with respect to the Acquisition. The matters set forth in Article 1 are not intended to and do not constitute a binding agreement of the Parties with respect to the Acquisition. Any such binding agreement will arise only upon the completion of Rentech' s legal due diligence investigation of the Company and its Assets, negotiation, execution and delivery of mutually satisfactory definitive agreements and the satisfaction of the conditions set forth therein, including the approval of such agreements and the Acquisition by the respective board of directors of each Party. Notwithstanding the foregoing, the matters set forth in Article 2 shall constitute binding agreements of the Parties.

In consideration of the rights and obligations of the Parties hereunder, and other good and valuable consideration, the receipt and sufficiency of which being hereby acknowledged by the Parties, the Parties hereby agree as follows:

ARTICLE 1
THE ACQUISITION

1.1 Acquisition. Rentech has completed to its satisfaction, the technical and business due diligence on the potential conversion of the Assets to utilize alternative feedstock and co-produce synthetic fuels with ammonia. Rentech will complete its legal due diligence and the Parties will negotiate definitive agreements (the "***Definitive Agreements***") for the Acquisition of the Stock of Royster Clark Nitrogen, Inc. ("RCN") based upon the Summary of Certain Key Terms contained in Attachment 1. To the extent that RCN has assets, other than the defined term "Assets", the Parties shall structure the transaction so that RCN can retain possession of those assets.

1.2 Other Agreements. In addition, the Parties may mutually agree to other agreements as necessary or desirable for the Acquisition.

ARTICLE 2
BINDING AGREEMENTS

2.1 Expenses. Each Party shall bear its own costs associated with negotiating and performing under this letter, except that if the Acquisition does not close by October 15, 2004, then Rentech shall reimburse Royster for cost of the ongoing audit of the financial statements of RCN.

2.2 Due Diligence and Related Materials; Approval. Rentech shall not be bound to execute any Definitive Agreement relating to the Acquisition until such time as Rentech shall have completed its legal due diligence review of the Company and its Assets, and shall be satisfied with the results of such review. Neither party shall be obligated to negotiate any Definitive Agreement. No Party shall be bound to execute any Definitive Agreement relating to the Acquisition until such Party' s board of directors shall have approved the Acquisition and Definitive Agreements.

2.3 Entire Agreement. Except for (i) the Confidentiality Agreement discussed in Section 2.10 below and (ii) the Option to Purchase Shares of Common Stock dated the date hereof between Rentech and Royster, this letter constitutes the entire agreement of the Parties relating to the subject matter hereof and supersedes all prior discussions, agreements or understandings, whether oral or written, relating to such subject matter, including without limitation that certain Memorandum of Understanding (MOU) between Rentech and Royster, dated as of January 20, 2004 (the "***Superceded MOU***"). Any amendment of this letter must be written and signed by the Parties.

2.4 Governing Law; Consent to Jurisdiction. THIS LETTER SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONFLICT OF LAW PRINCIPLES.

2.5 Non-Inclusive; Non-Binding. This letter does not contain all matters upon which agreement must be reached in order for the Acquisition to be completed. This letter does not create and is not intended to create a binding and enforceable contract between the Parties with respect to the provision of Article 1 and the subject matter of the Acquisition, and may not be relied upon by a Party as the basis for a contract by estoppel or otherwise. A binding commitment with respect to the Acquisition can only result from the execution and delivery of the Definitive Agreements.

2.6 Relationship of Parties. The Parties shall not be deemed in a relationship of partners or joint venturers by virtue of this letter, nor shall any Party be an agent, representative, trustee or fiduciary of the other. No Party shall have any authority to bind the other to any agreement.

2.7 Attorneys' Fees. In the event it becomes necessary for any Party to file a suit to enforce the binding provisions of this letter, the prevailing Party shall be entitled to recover, in addition to all other remedies or damages, reasonable attorneys' fees and costs incurred.

2.8 Exclusivity. Each of the Parties agrees, for the period commencing as of the date this letter is executed by all of the Parties and terminating November 5, 2004, Rentech shall have the exclusive right to negotiate a Purchase Agreement for the Acquisition.

2.9 Termination. This letter of intent may be terminated by Royster, on the one hand, or Rentech, on the other hand, if the Parties fail to enter into the Definitive Agreements by November 5, 2004. Additionally, Royster can terminate this letter of intent if Rentech has not provided commitments for financing by November 5, 2004.

2.10 Confidentiality. The terms and conditions of the Acquisition, including the existence of this letter of intent, or any conversations or negotiations relating hereto or thereto, shall be confidential information and shall be subject to the Confidentiality Agreement executed by the parties on January 20, 2004 (the "***Confidentiality Agreement***"). All documents, studies, opinions, report and financial projections whether in written, electronic or any other form (whether existing now or in the future) relating to the Acquisition, this letter of intent, or any matter relating hereto or thereto shall be subject to the Confidentiality Agreement. As this is a material issue with respect to Rentech a Press release will be issued after review and approval by Royster indicating that an LOI has been executed and Due Diligence under way for the potential acquisition or JV with RCN.

If the provisions of Article 1 correctly set forth our current understanding and the provisions of Article 2 set forth our binding agreement, please execute all originals of this letter in the space provided below, retain one fully-executed original for each of your files, and return the remaining original to us. This letter may be executed, via facsimile or otherwise, in counterparts, and all such counterparts together shall constitute but one agreement.

Very truly yours,

RENTECH DEVELOPMENT CORPORATION

By:

/s/ Richard O. Sheppard

Richard Sheppard, President

Date: August 6, 2004

Acknowledged, Agreed to and Accepted:

ROYSTER-CLARK, INC.

By:

/s/ G. Kenneth Moshenek

G. Kenneth Moshenek, President

Date: August 6, 2004

Attachment 1

(Summary of Certain Key Terms)

Purchase Price:	Subject to the terms and conditions of the Definitive Agreements, Rentech shall pay Sellers a purchase price of $63 million for the Stock, assuming $13 million of net working capital at the time of closing (the "***Purchase Price***"), which Purchase Price will be adjusted accordingly based on the actual level of net working capital at the closing.
Representations and Warranties, Conditions to Closing and Other Customary Terms:	The purchase of the Stock shall be made pursuant to a Purchase Agreement reasonably acceptable to Royster and Rentech, which agreement shall contain, among other things, representations and warranties, and covenants reflecting the provisions set forth herein, and appropriate conditions to the Closing, including without limitation: An opinion of counsel for the Sellers Execution and delivery of a distribution agreement with Royster providing for a best efforts commitment to distribute the products of the plant[1] Securing and funding of financing for the Acquisition Execution and delivery of employment agreements between key employees and Rentech Securing of contracts relating to feed stock for the Project satisfactory to Rentech Satisfaction of the requirements, if any, under the Hart-Scott-Rodino Act Securing title insurance for the plant and property.
Assignment:	The Definitive Agreements shall not be assignable by any Party without the remaining Parties' prior written consent, which shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Rentech may assign the attached letter of intent or all or any portion of the Definitive Agreements to an affiliate, providing that the assignment shall not relieve Rentech of its obligations under the letter of intent or Definitive Agreements. In addition, either Party may make appropriate collateral assignments to sources of financing.
Governing Law:	New York

[1] The plant may not be in compliance with PSM requirements. However, due diligence will identify what needs to be done, if anything, to bring the plant back into compliance.