

Agrium: Growing Across the Value Chain



Agrium



February 2009

growing across the value chain

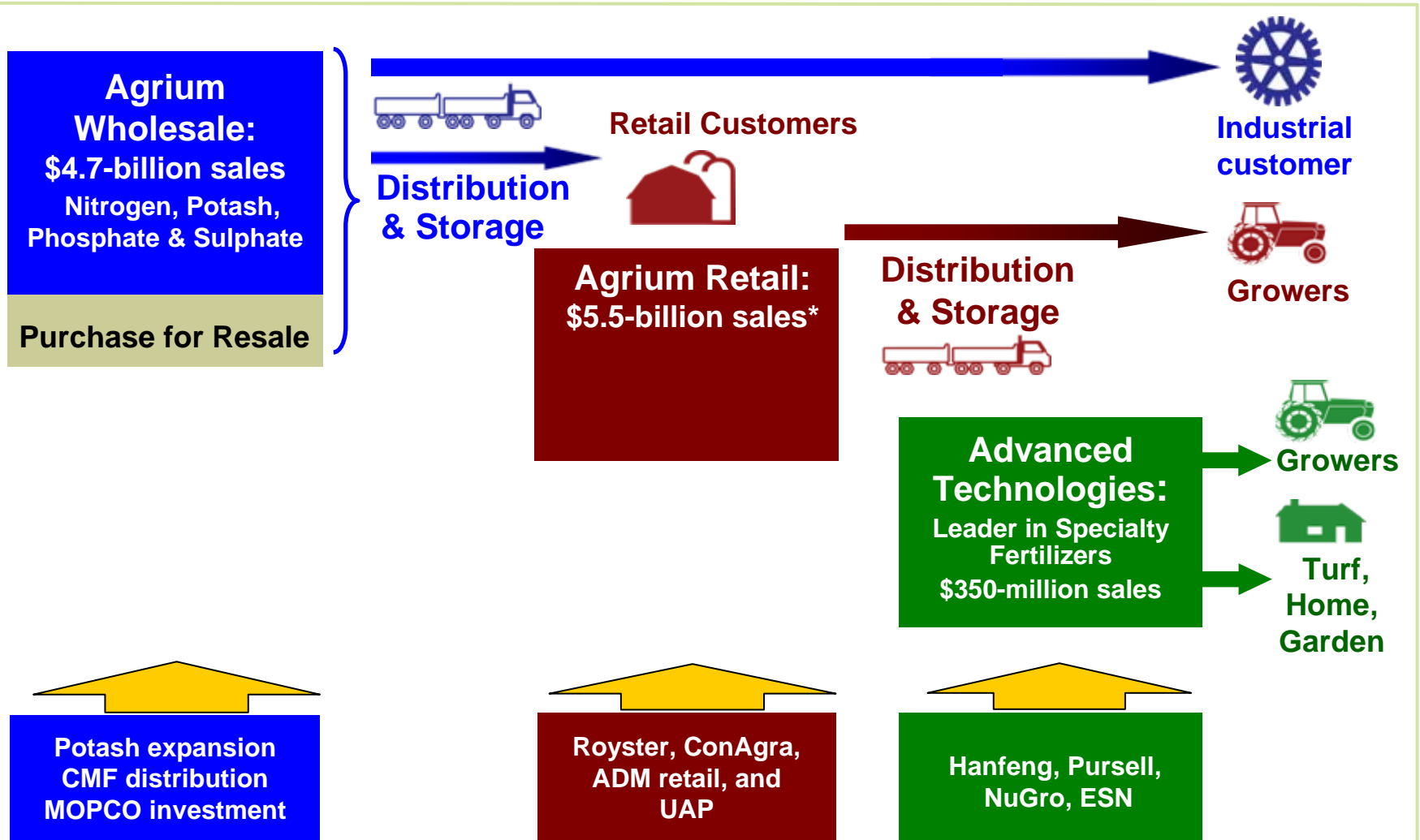
Forward-Looking Statements

Certain statements in this presentation constitute forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties, including those referred to in the management discussion and analysis section of the Corporation's most recent annual report to shareholders, which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

A number of factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, weather conditions, crop prices, the future supply, demand and price level for our major products, future gas prices and gas availability in key markets, future operating rates and production costs at Agrium's facilities, the exchange and tax rates for U.S., Canada and Argentina, domestic fertilizer consumption and any changes in government policy in key agriculture markets, including the application of price controls and tariffs on fertilizers and the availability of subsidies or changes in their amounts, the potential inability to integrate and obtain anticipated synergies for recent business acquisitions as planned or within the time predicted, changes in development plans, construction progress, political risks, including civil unrest, actions by armed groups or conflict, general economic, market and business condition, Egyptian governmental and regulatory requirements and actions by governmental authorities, including changes in government policy, changes in environmental, tax and other laws or regulations and the interpretation thereof.

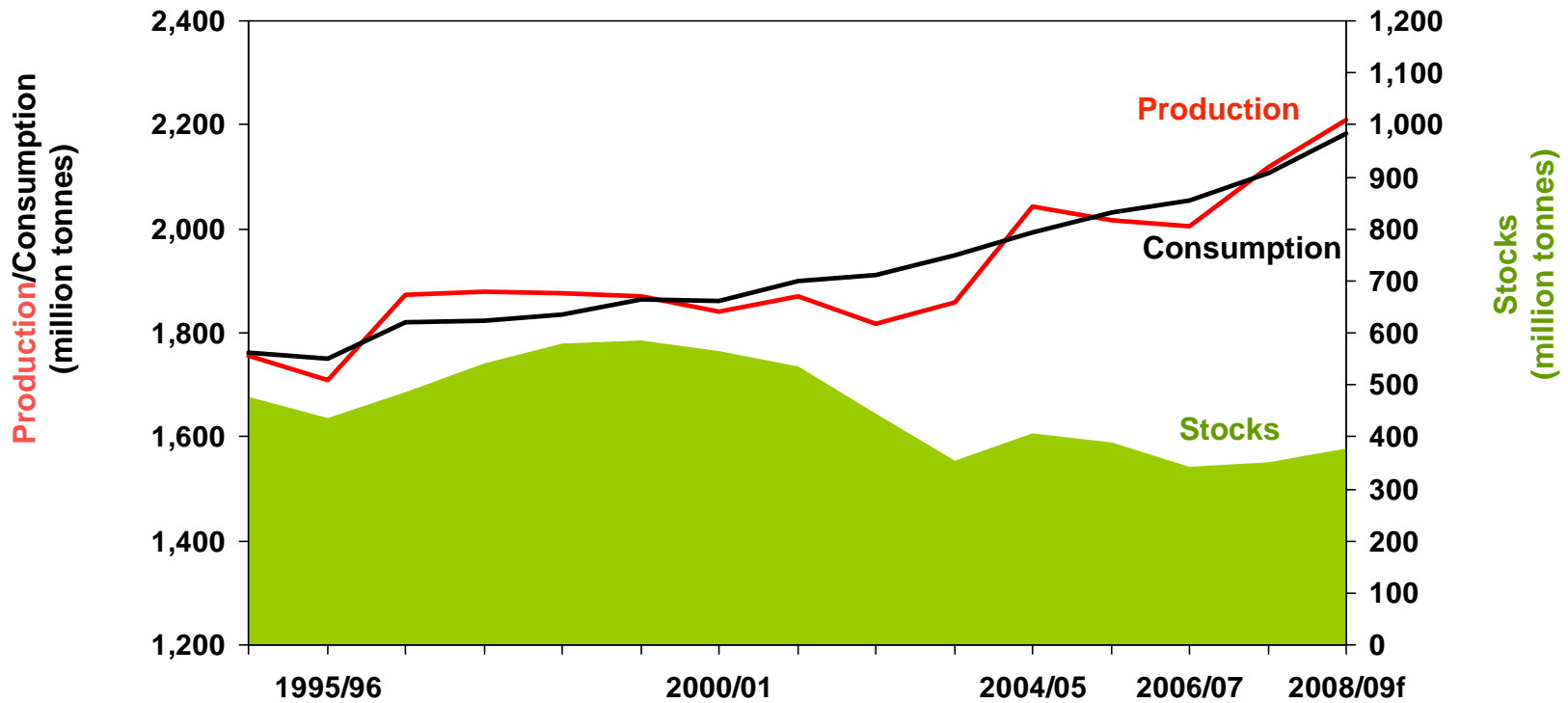
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Balanced Growth Across the Value Chain

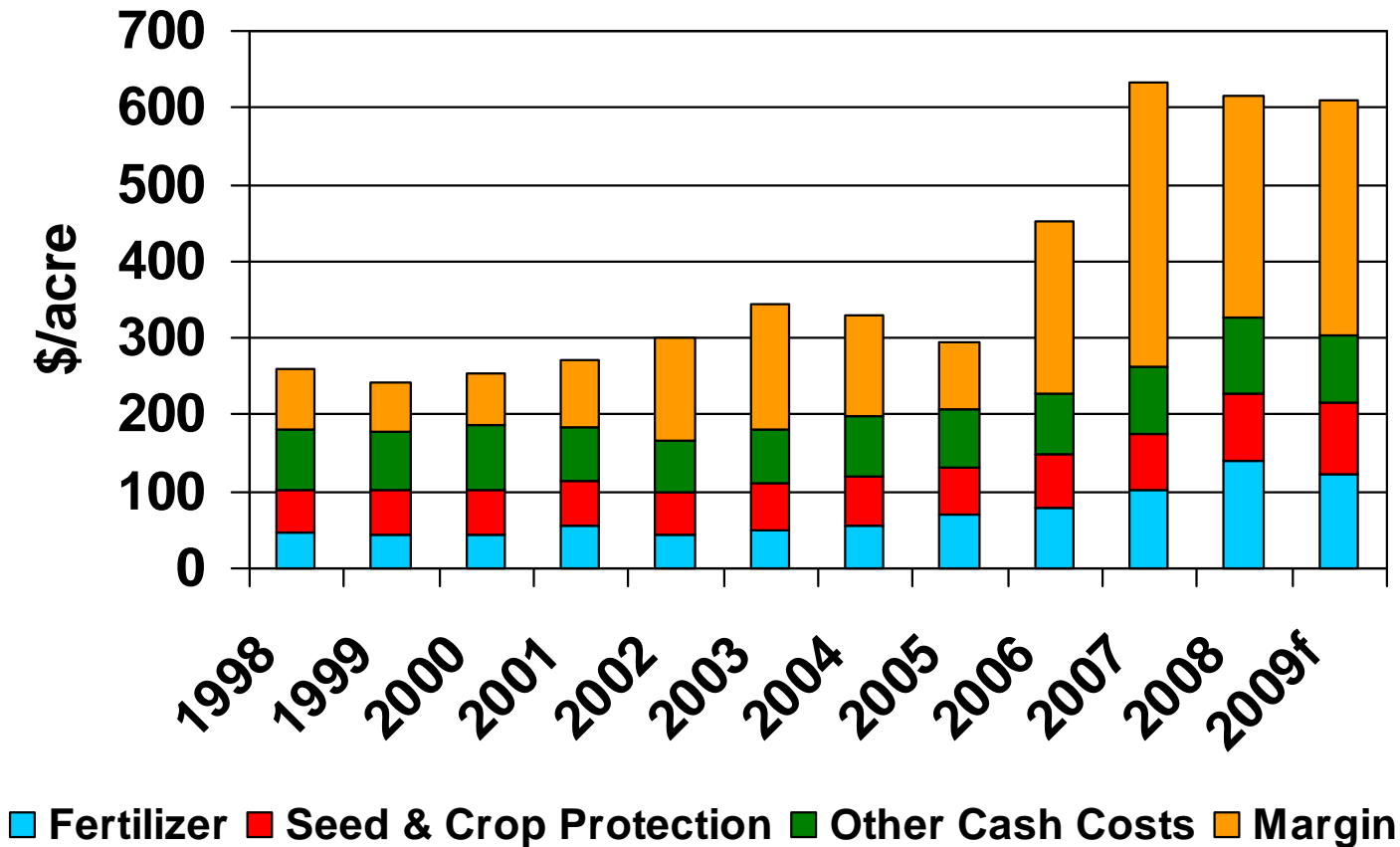


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Modest Rebound in Grain Stocks Despite Record Yields



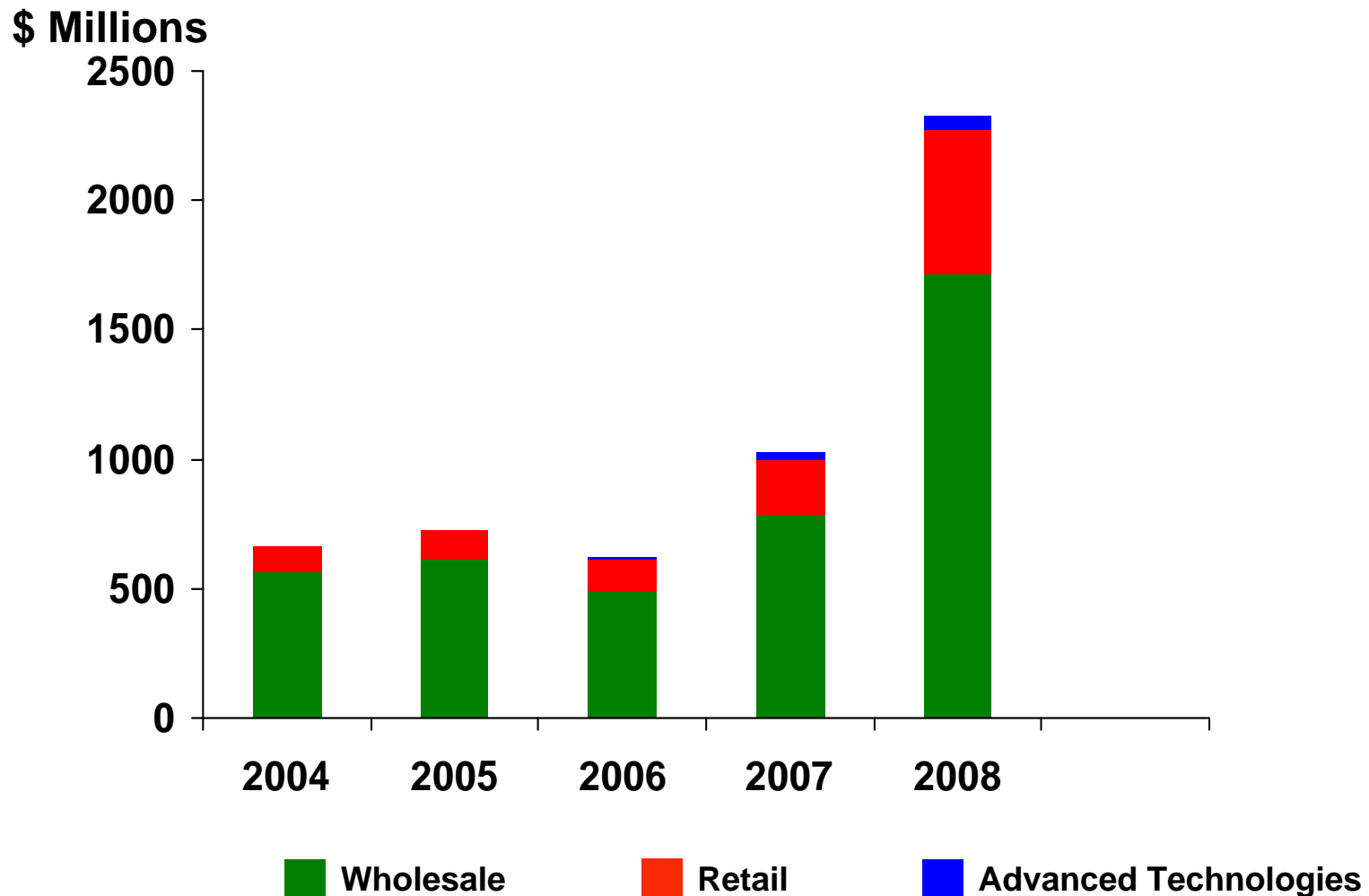
U.S. Corn Cash Margins – 10 Year Historical



Source: USDA ERS, USDA NASS, Agrium

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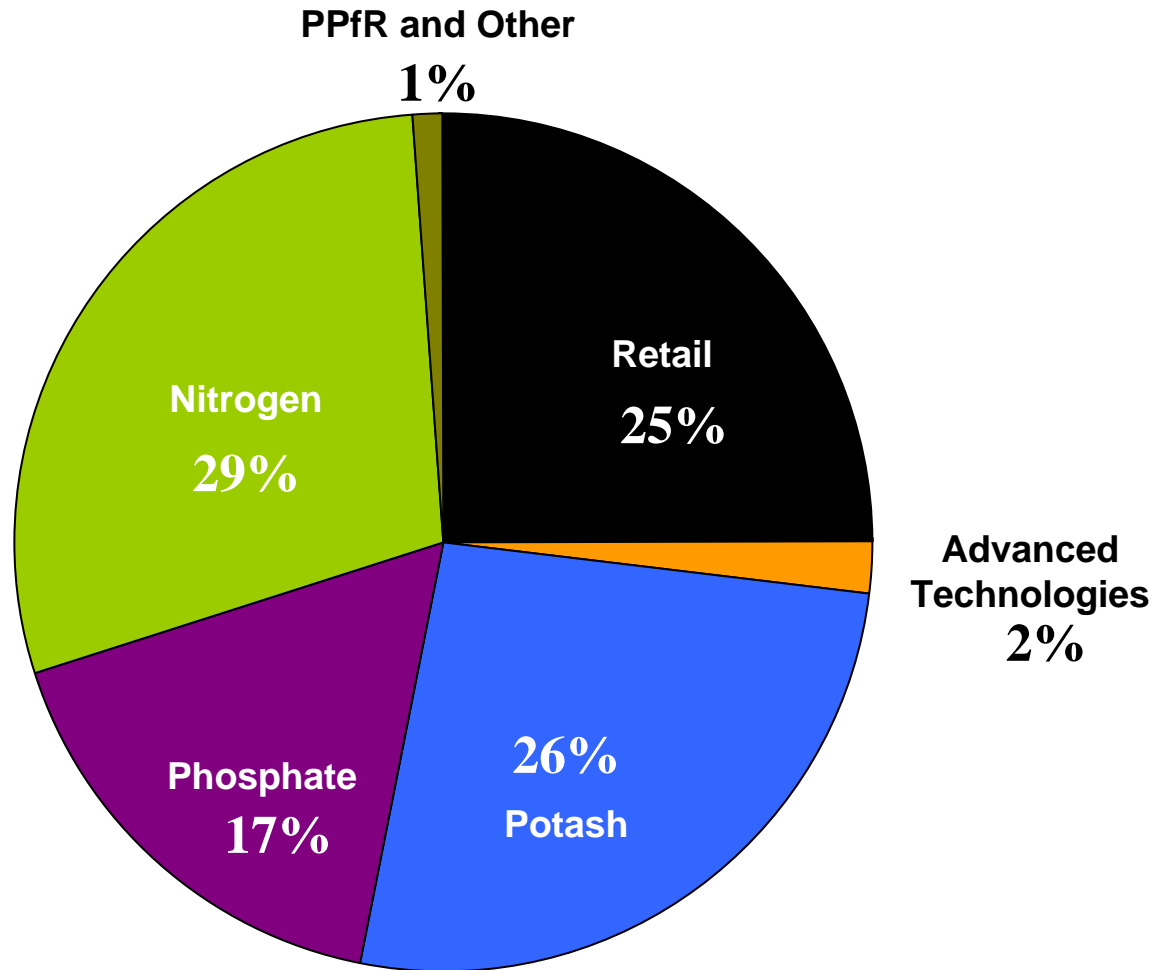
EBITDA* by business unit



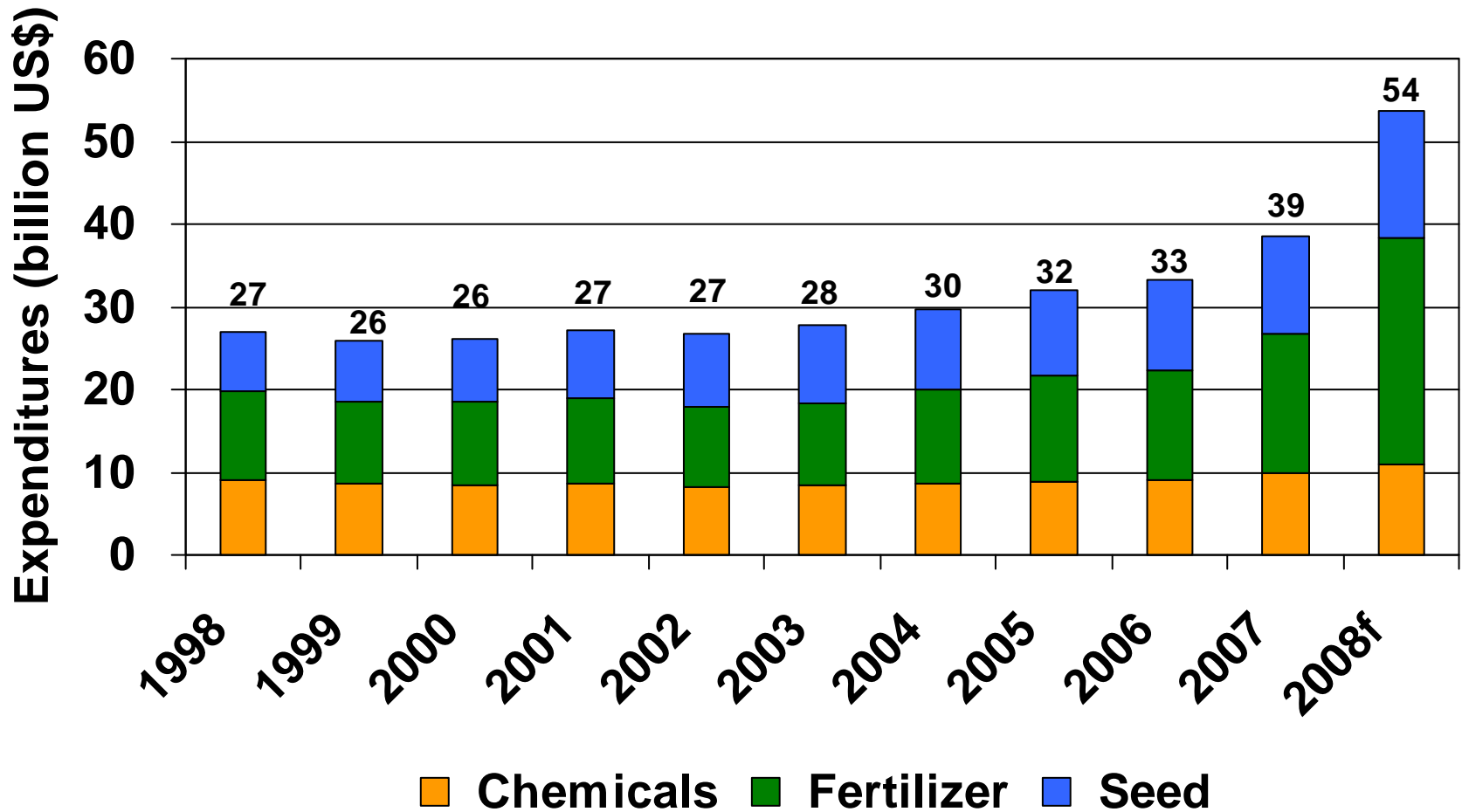
*EBITDA = Net earnings before interest expense, income taxes, depreciation, amortization and asset impairment

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2008 EBITDA by Business Unit & Product



U.S. Agricultural Inputs – Large and Stable Industry



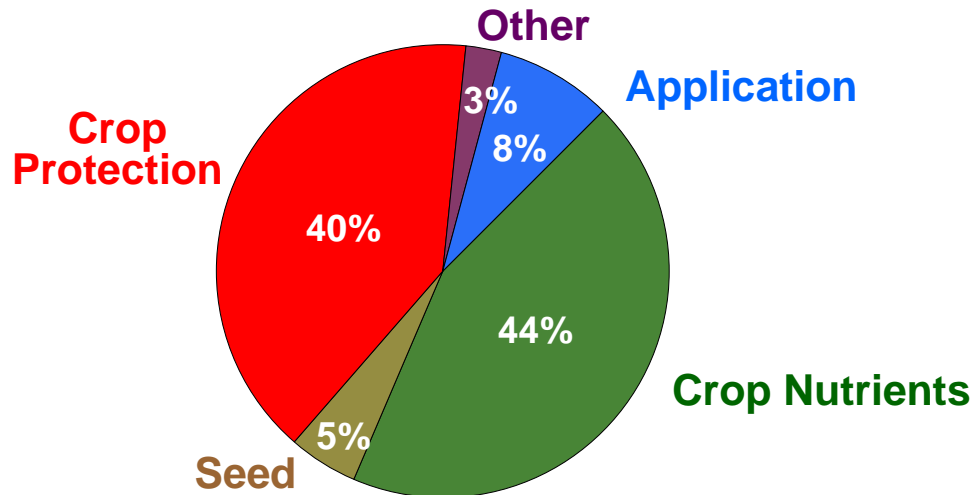
Source: USDA ERS

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Largest North American Agricultural Retailer

- UAP acquisition boosts net sales to over \$5-billion
- Well balanced portfolio of seed, fertilizer, crop protection products, and application services
- \$560-million 2008 EBITDA
- Over 800 North American retail centers

2008 Agrium Retail Gross Profit*

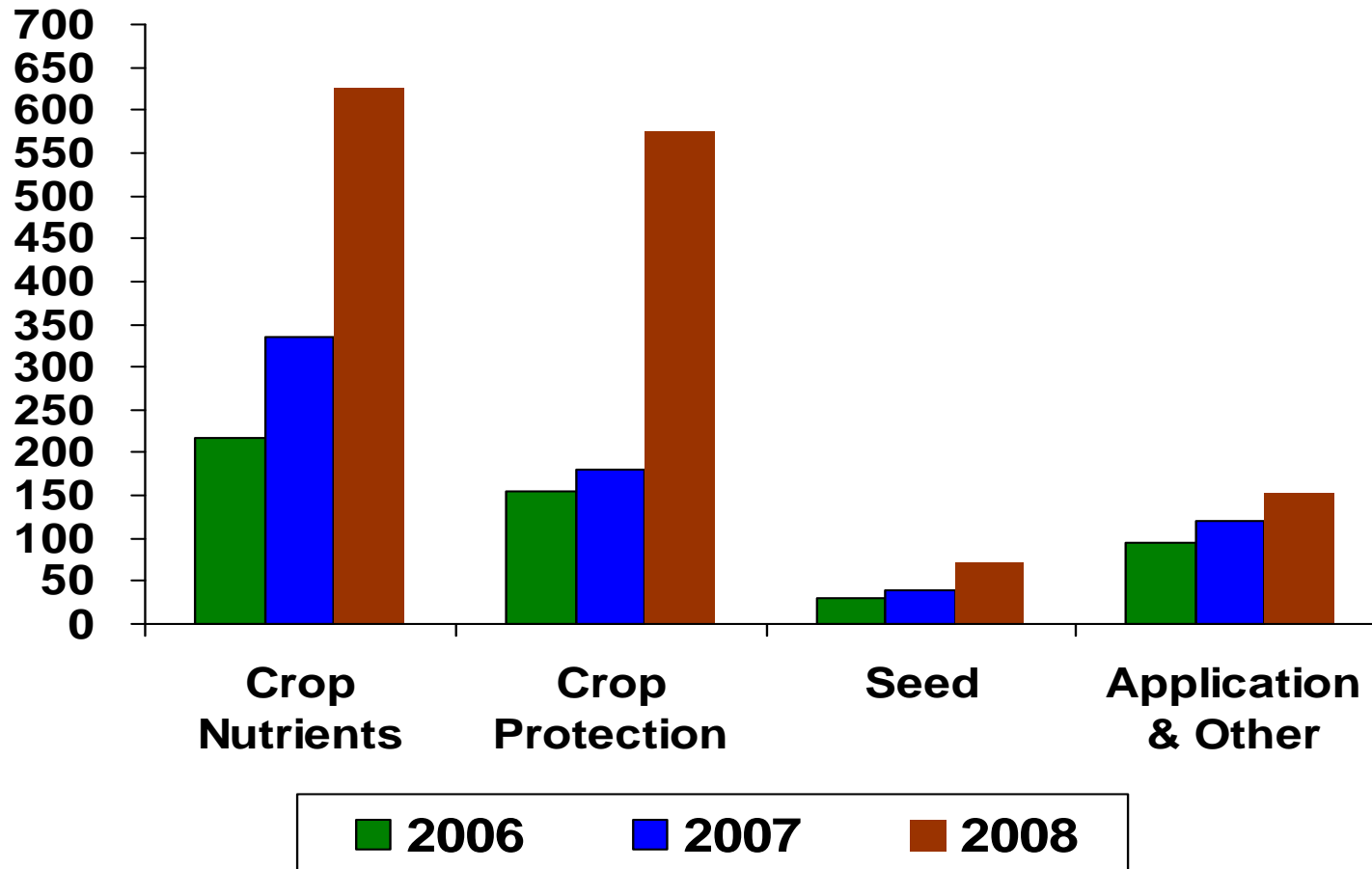


*Includes UAP contributions from May 2008

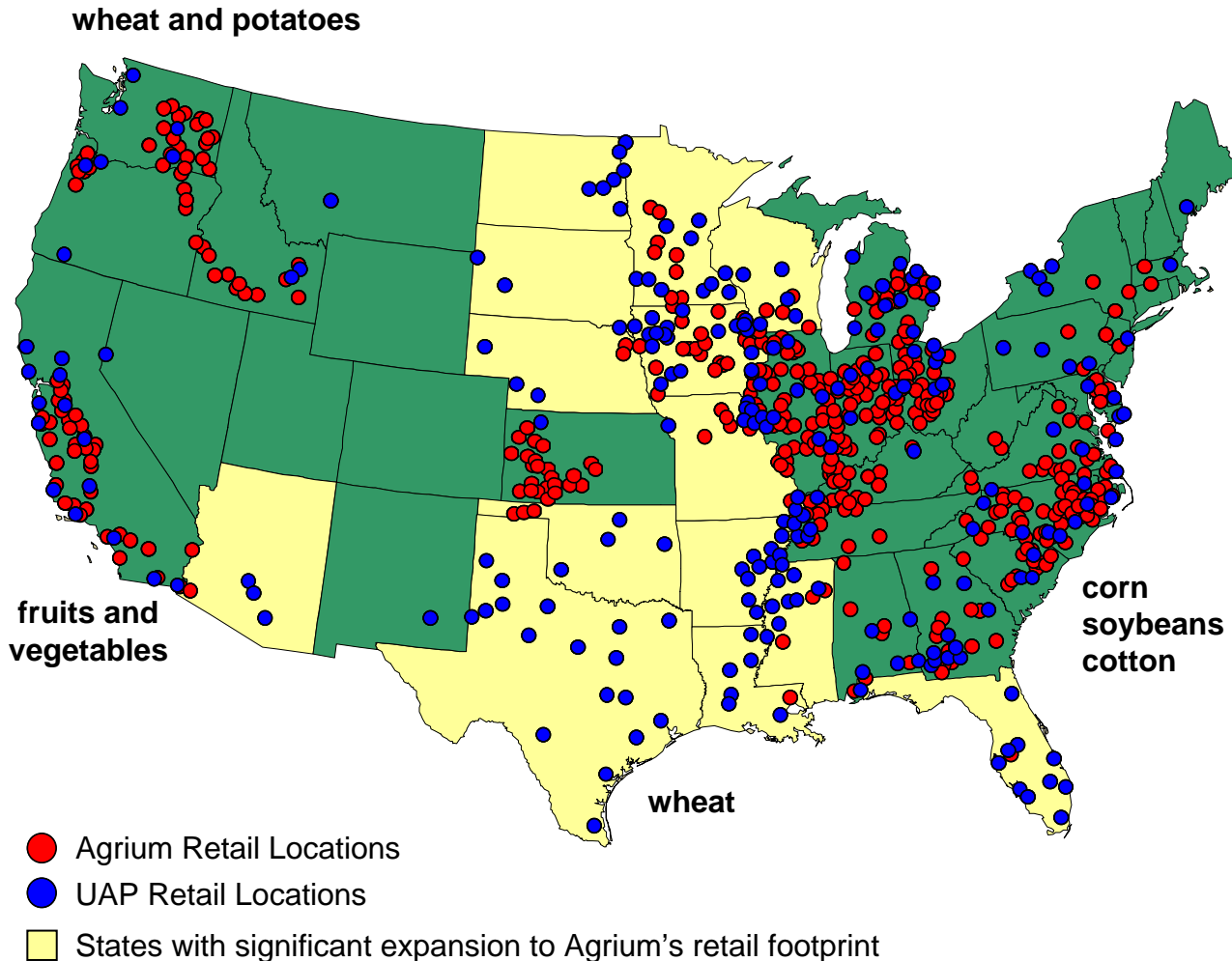
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Retail Gross Profit by Product

\$ Millions



UAP Acquisition to Expand Diversity & Scale

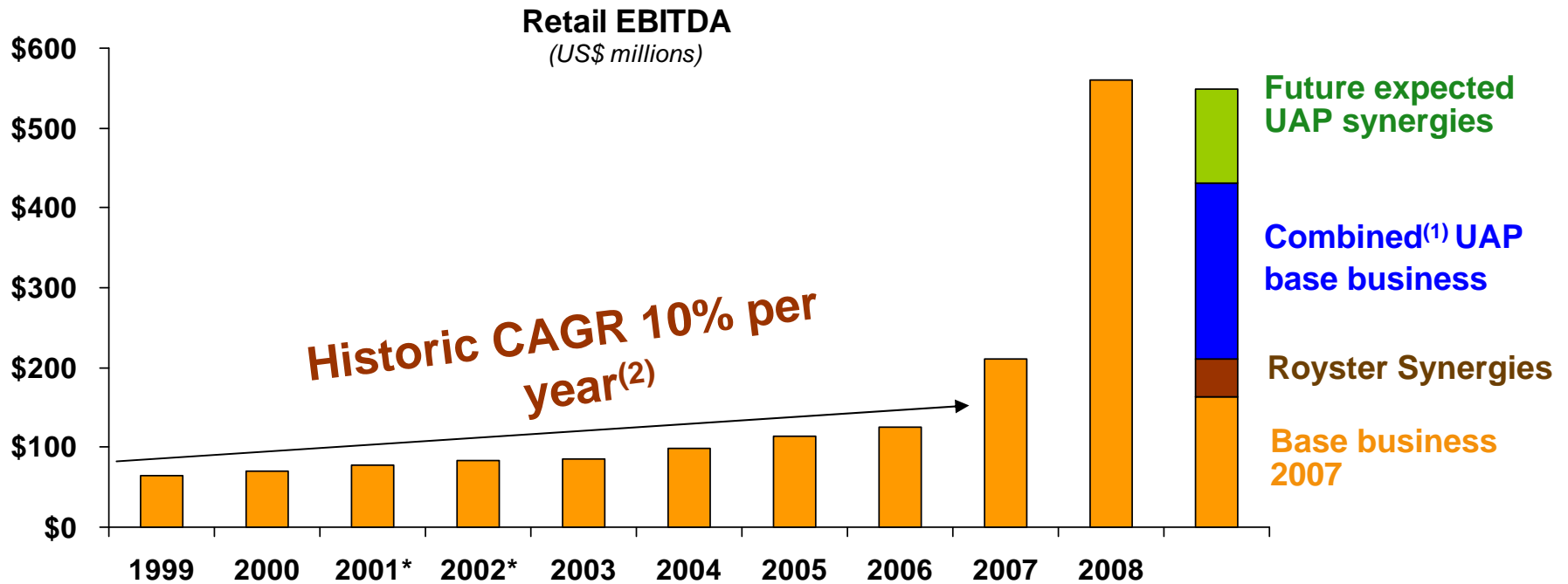


- Additional 380 locations nearly doubles Agrium's retail business
- Increases geographic presence in key U.S. plains area as well as Texas and Florida
- Further geographic, crop and product diversity
- Decreases exposure to regional weather patterns

Significant UAP Synergies Expected

- **Anticipate annual synergies of approximately \$115-million, phased realization:**
 - ~ \$80-million in 2009
 - ~ \$115-million in 2010 and beyond
- **Synergies achieved through**
 - Benefit from UAP's expertise on crop protection procurement
 - Procurement of crop nutrients and combining seed business
 - Significantly expand private label crop protection lines at Agrium
 - Reduction in SG&A expenses

Agrium's Retail Transformation



1) Last 12 month EBITDA from UAP as of February 24, 2008 as disclosed in UAP's public disclosure documents

2) Compounded Annual Growth Rate was accomplished without an increase in the number of centers between 1999 and 2005

* 2001 excludes negative impact of the Argentine currency devaluation, 2002 excludes an estimate of one-time benefit of Argentine currency devaluation of US\$15-million

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Wholesale Advantages

Potash (K)



- 2.1 mmt low cost production capacity
- Diverse global/NA customer base

Nitrogen (N)



- Over 5.0 mmt production capacity
- Natural gas and in-market advantages
- Diversified global production assets

Phosphate (P)



- Over 1.0 mmt production capacity
- Two integrated facilities with in-market and cost advantages

Purchase for Resale (PFR)

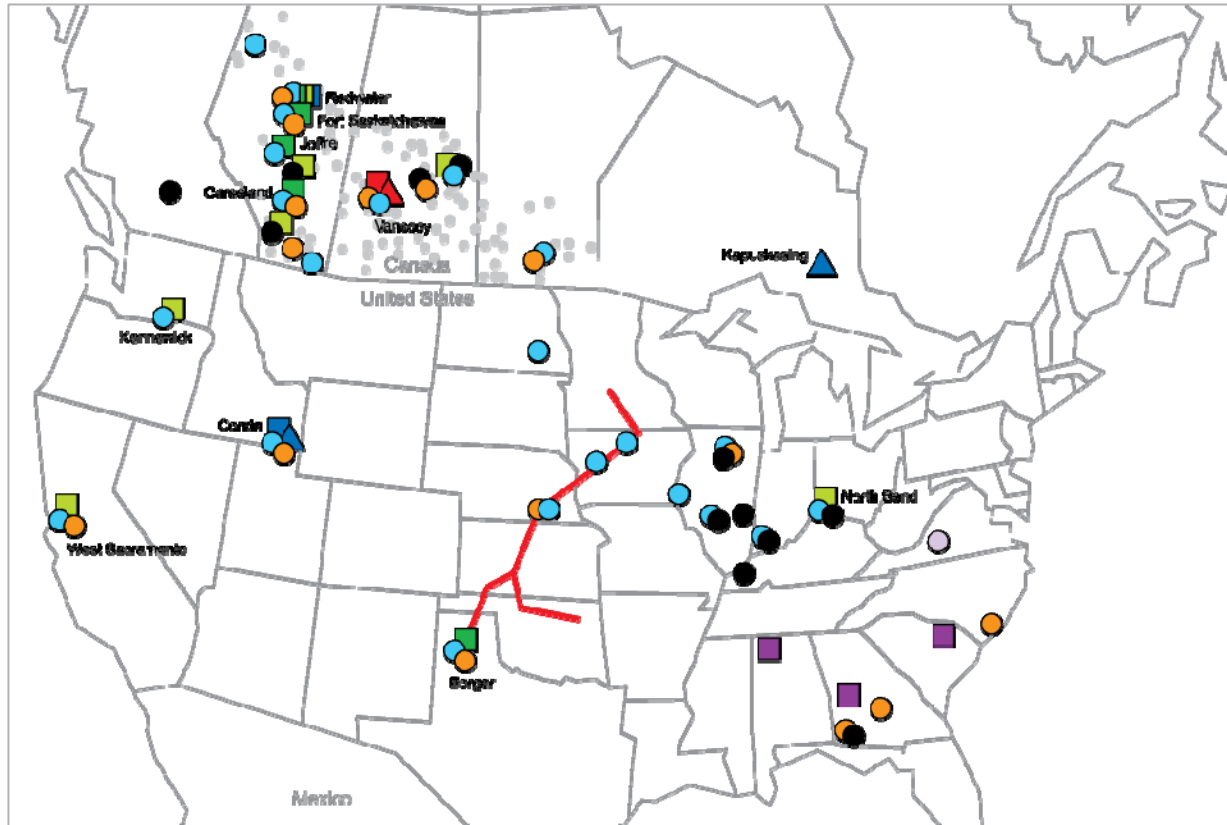


- Optimizes our extensive distribution and marketing capabilities
- CMF acquisition enhances annual PFR volumes by 2.5 mmt

Extensive Distribution System

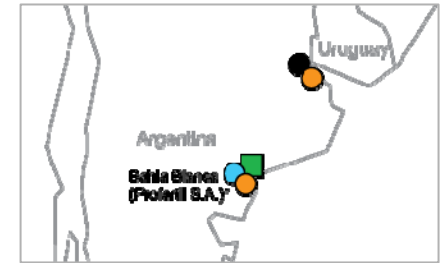
- * Profertil S.A. is 50 percent owned by Agrium Inc. and 50 percent owned by Repsol YPF, S.A. in Argentina
- ** 26 percent interest in MISR Oil Processing Company, S.A.E. (MOPCO) in Egypt.
- *** 70 percent equity position in Common Market Fertilizers S.A. (CMF) in Europe.

North America – almost 4 MMT of fertilizer storage in Wholesale & Retail



- | | | | |
|---|--|---|--|
| ■ Nitrogen Production | ▲ Phosphate Mine | — Ammonia Pipeline System | ● Blend Storage |
| ■ Solution Production | ■ Potash Production | ● Anhydrous Ammonia Storage | ● Engro Distribution |
| ■ Phosphate Production | ▲ Potash Mine | ● Solution Storage | ■ U.S. Sales Office |
| | ■ Granulation Production | ● Dry Storage | Wholesale Head Office |

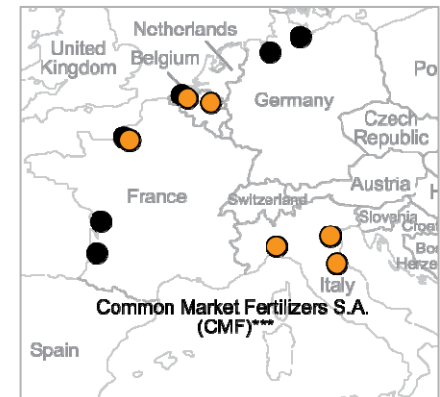
South America



Africa/Middle East



Europe

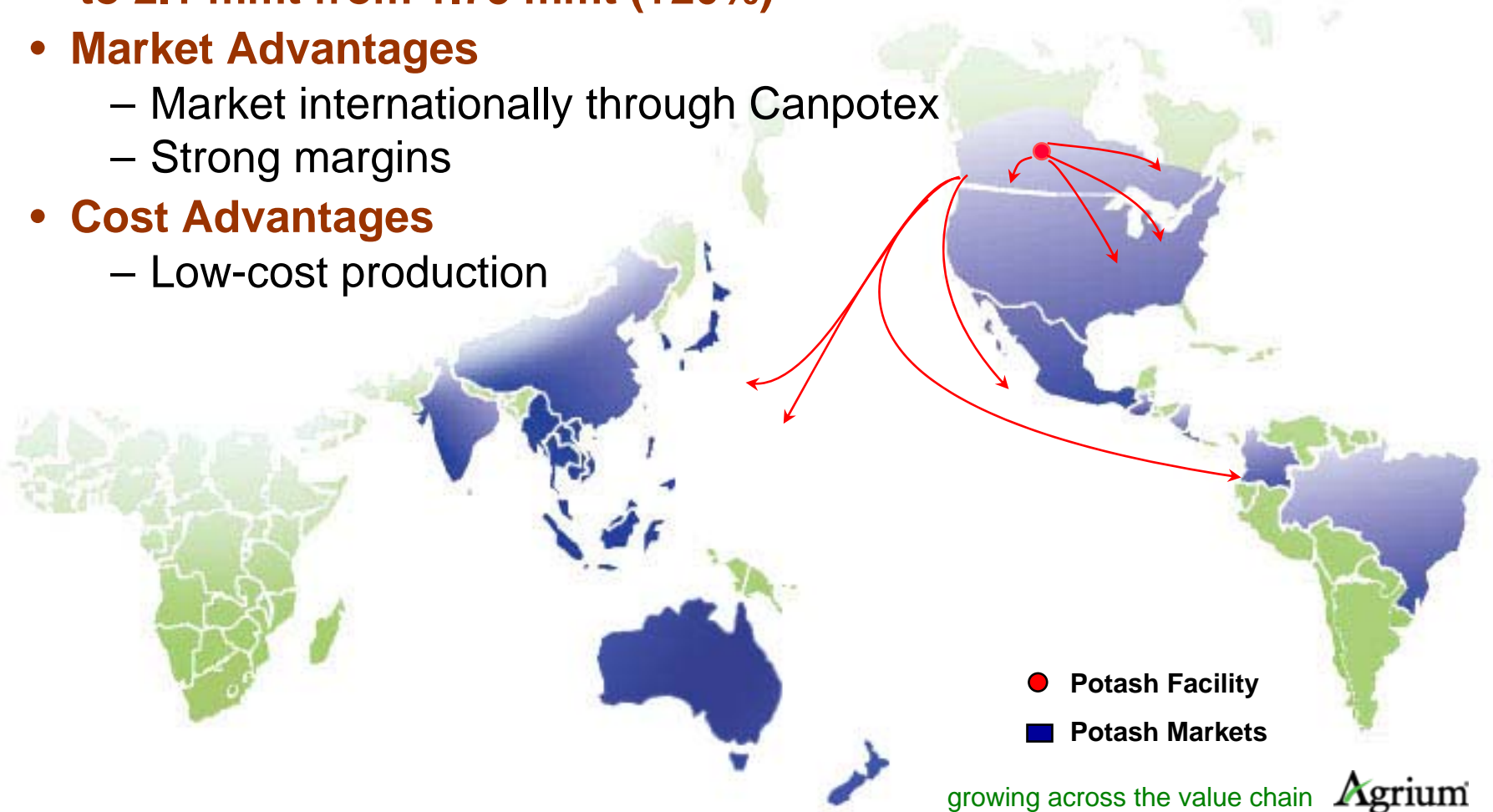


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Internationally Competitive Potash

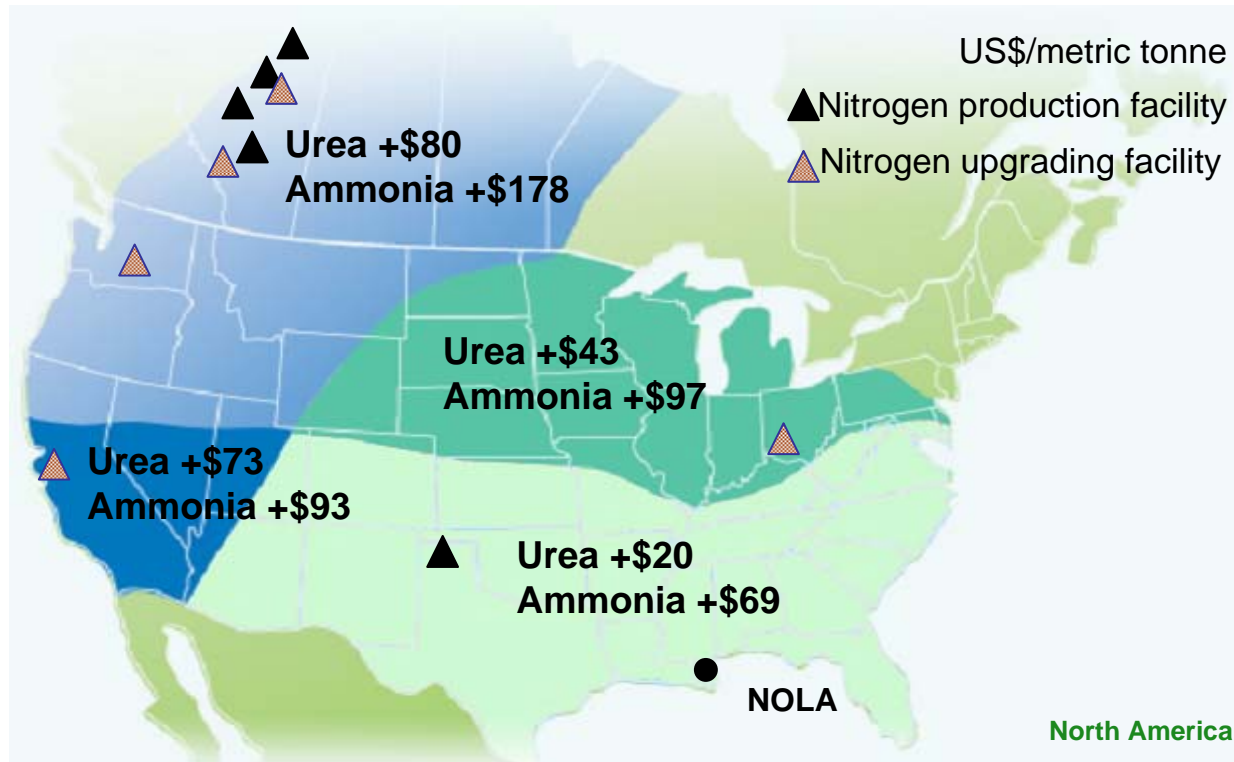
- **Recent Expansion of Potash Capacity:**
to 2.1 mmt from 1.75 mmt (+20%)
- **Market Advantages**
 - Market internationally through Canpotex
 - Strong margins
- **Cost Advantages**
 - Low-cost production

	% Sales*
NA sales	54%
International	46%



Advantaged NA Nitrogen Business

- Regional nitrogen price spread over New Orleans (NOLA) import price & lower cost gas, provides competitive advantage
- Delivered prices, plantgate returns lower after transport costs to customer



Source: Green Markets: Spread equals regional reference price minus NOLA reference price.

Delivered prices adjusted by -\$5/t for Urea and -\$9/t for ammonia to estimate FOB prices.

Based on a 5-year average from 2003-2007

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International Nitrogen

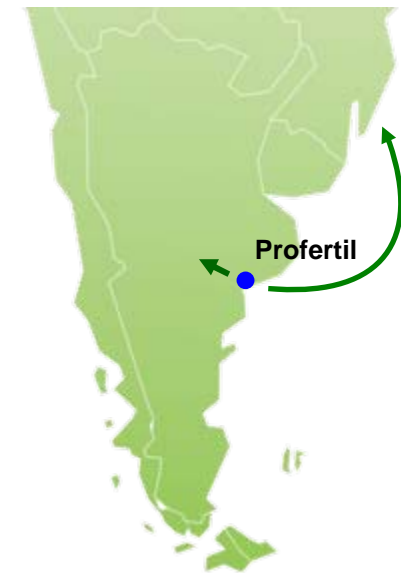
Egypt Nitrogen Facility

- Joint-interest in modern, low-cost nitrogen facility with access to key markets
- Agrium's equity interest is 26%
- Recently-commissioned 675,000 tonne urea facility (Agrium's share 175,000 tonnes); MOPCO has plans to expand to over 2.0 million tonnes by 2011 (Agrium's share 525,000 tonnes)



Argentina Nitrogen Facility

- Almost \$100-million in EBITDA in each of the past four years from Profertil, Argentina facility
- Strong nitrogen markets, in-country transport cost advantage & low delivery cost to Brazil



EBITDA in millions US\$
Source: Calculated from Company Reports

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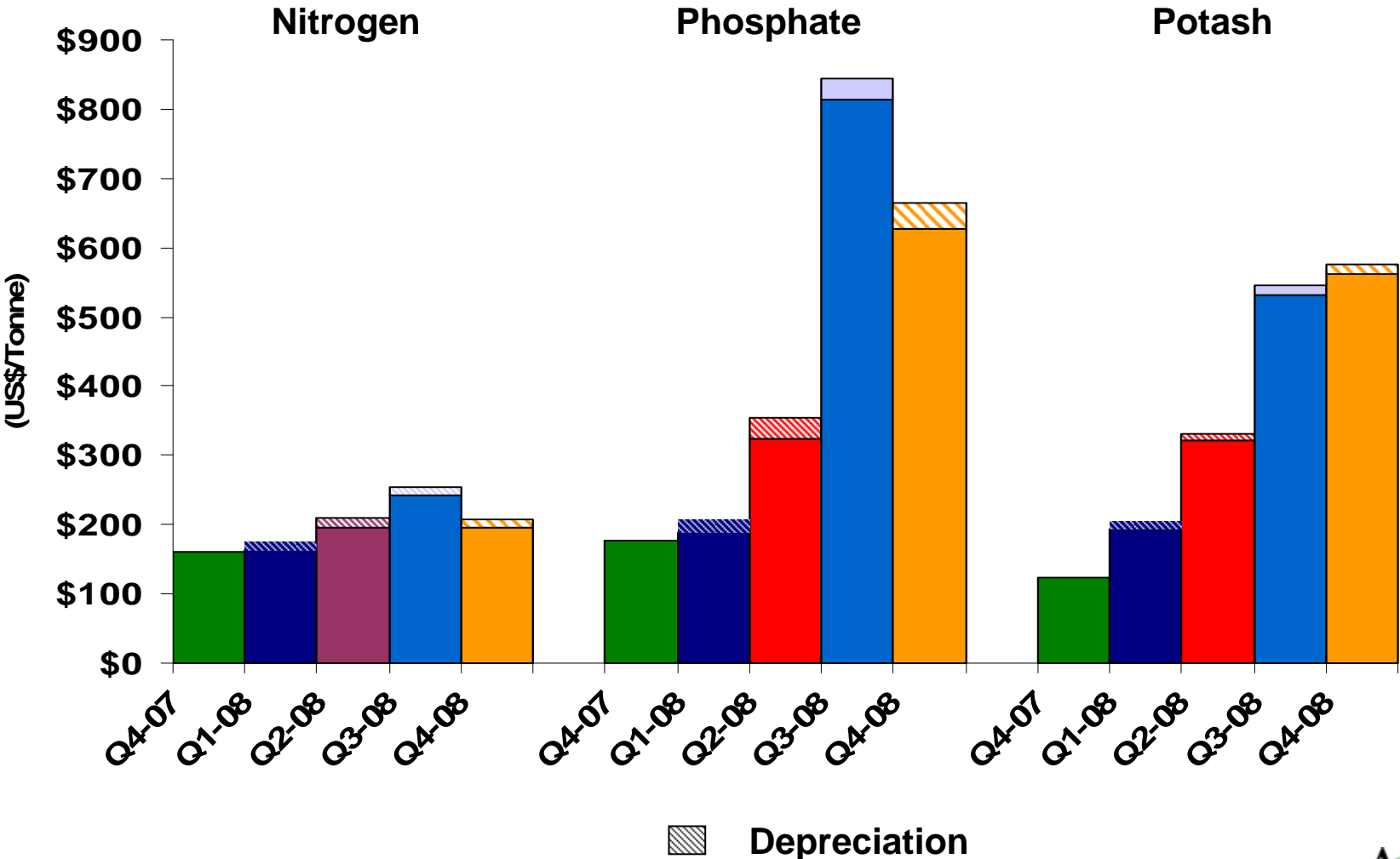
Regional Phosphate Advantages

- **Market Advantages**
 - Facilities situated in key markets provide significant transportation advantages
- **Vertically Integrated facilities**
 - Competitive advantage on sulphur & NH3 costs
 - Partly offset by higher cost (CDN) rock



- Phosphate Facility
- Phosphate Markets

Strong Q-over-Q Wholesale Gross Margins/Tonne



Advanced Technologies



- **Leader in environmentally friendly specialty products, broad mix of products marketed to: Turf, Ornamental, Greenhouse, High Value Specialty Crops, Lawn and Garden**
- **High and stable margins on controlled release products**
- **ESN® is Agrium's patented controlled-release product for major crops, capacity expansion to 160,000 tonnes**
- **Equity position (19.6%) in Hanfeng (HF.TO), a leading producer of value-added fertilizer in China, provides Agrium with:**
 1. geographic & product diversity
 2. window into China
 3. opportunity to participate in future joint ventures in China

Agrium is Well Positioned for the Future

- **Diversified by Geography, Business and Product line (nutrients, seed, crop protection), positioned to capitalize on the strong long-term industry fundamentals**
- **Reduced fall applications, increased corn acreage and lower short term international demand due to credit issues & reduced production should set the stage for a tight 2009 crop input market**
- **Agrium has an excellent mix of assets, a strong balance sheet and a proven track record of delivering value to shareholders**

The Future is Promising



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Agrium Product Sales by Market/Region

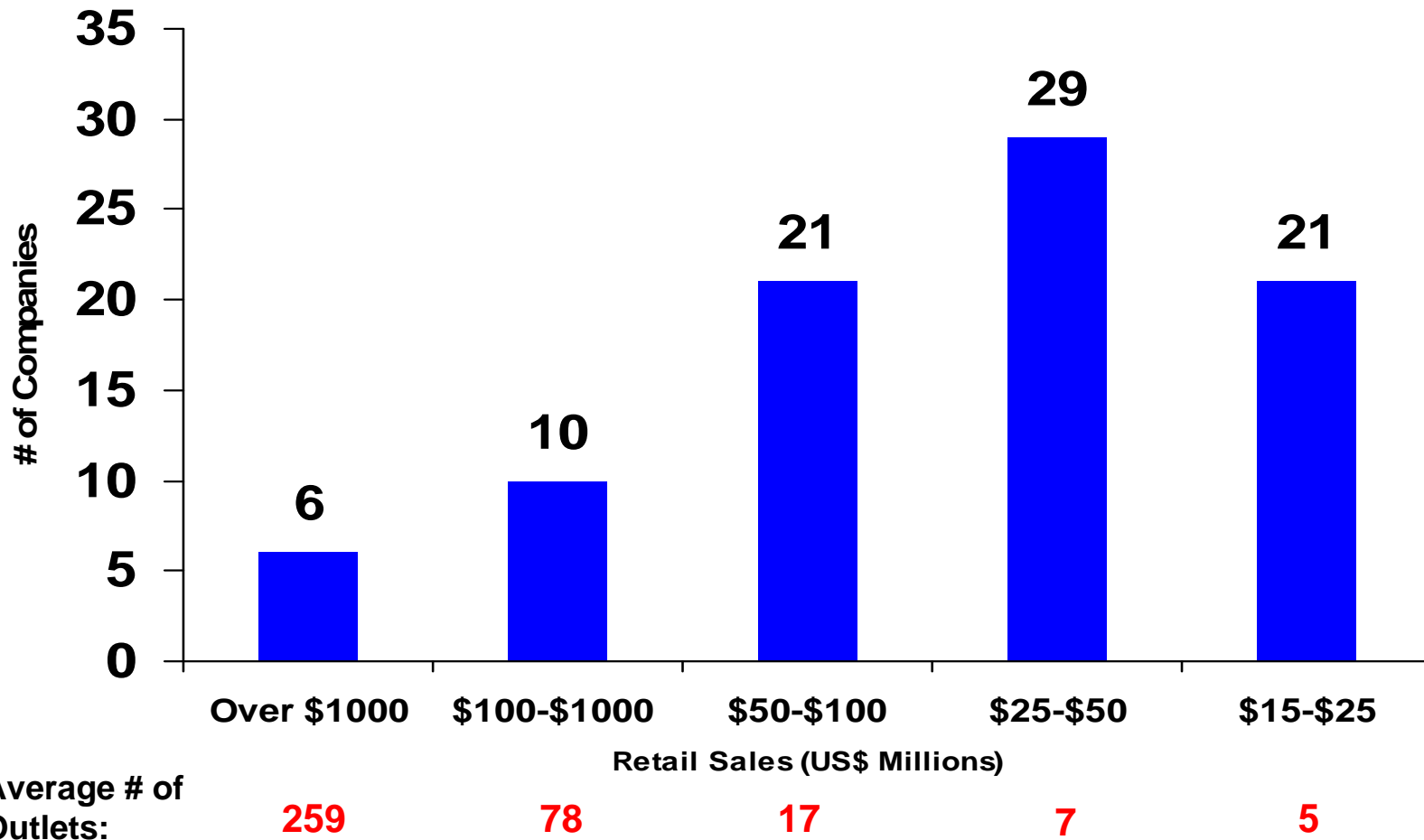
- **Diverse Market Mix**

	Nitrogen	Phosphate	Potash
Canadian Ag	19%	51%	7%
U.S. Ag	50%	48%	44%
Industrial	23%*	1%	4%
International	8%		46%

* Approximately 38% of nitrogen sales from Alberta nitrogen facilities are to the Industrial market

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U.S. Retail Market Segmentation



Source: 2005 CropLife 100 Survey

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Agrium's New Retail Operations¹

\$ Millions

	<u>Agrium Retail</u>	<u>UAP</u>	<u>Pre- Synergies</u>	<u>Synergies</u>	<u>Combined</u>
Net Sales	\$2,466	\$3,411	\$5,877	-	\$5,877
Gross Profit	\$676 27%	\$481 14%	\$1,157 20%	\$ 90 -	\$1,247 21%
Expenses	\$499 20%	\$297 9%	\$796 14%	\$ (25) -	\$771 13%
EBITDA	\$210 8.5%	\$207 6.0%	\$417 7.1%	\$115	\$532 9.0%

¹Annualized

Source: 2007 Company Reports

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Retail Net Sales Snapshot¹

\$ Millions

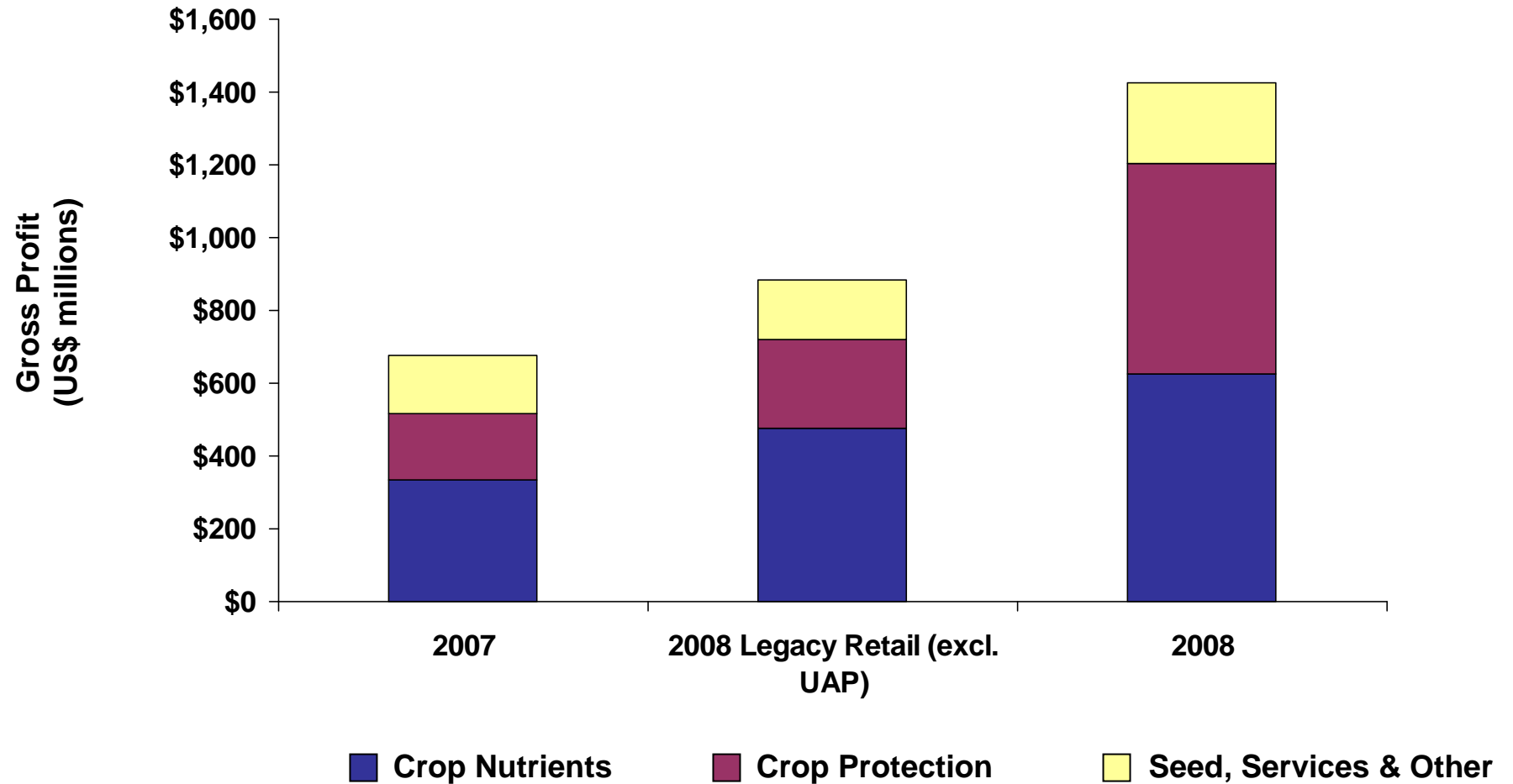
	Agrium					
	<u>Retail</u>	<u>%</u>	<u>UAP</u>	<u>%</u>	<u>Combined</u>	<u>%</u>
Fertilizer	\$ 1,453	59	\$ 1,036	30	\$ 2,489	42
Chemicals	\$ 619	25	\$ 1,801	53	\$ 2,420	41
Seed	\$ 206	8	\$ 475	14	\$ 681	12
Other	\$ 188	8	\$ 99	3	\$ 287	5
Total	\$ 2,466		\$ 3,411		\$ 5,877	

¹Annualized

Source: 2007 Company Reports

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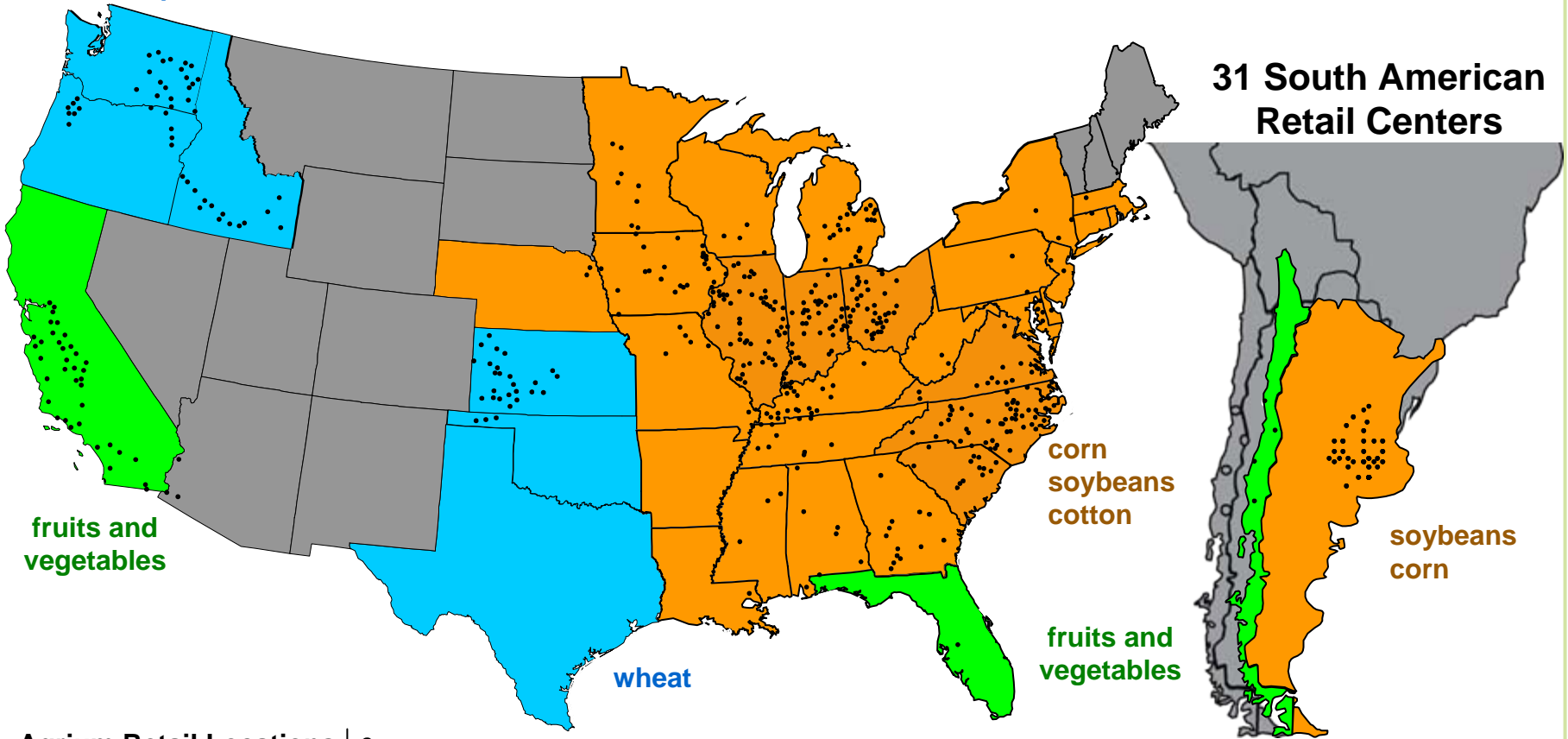
Growth in Retail Gross Profit



Agrium is the Leading U.S. Agricultural Retailer

- **\$5.5-billion in net sales*** in 2008 to growers of **seed & services, crop protection products, and fertilizers**

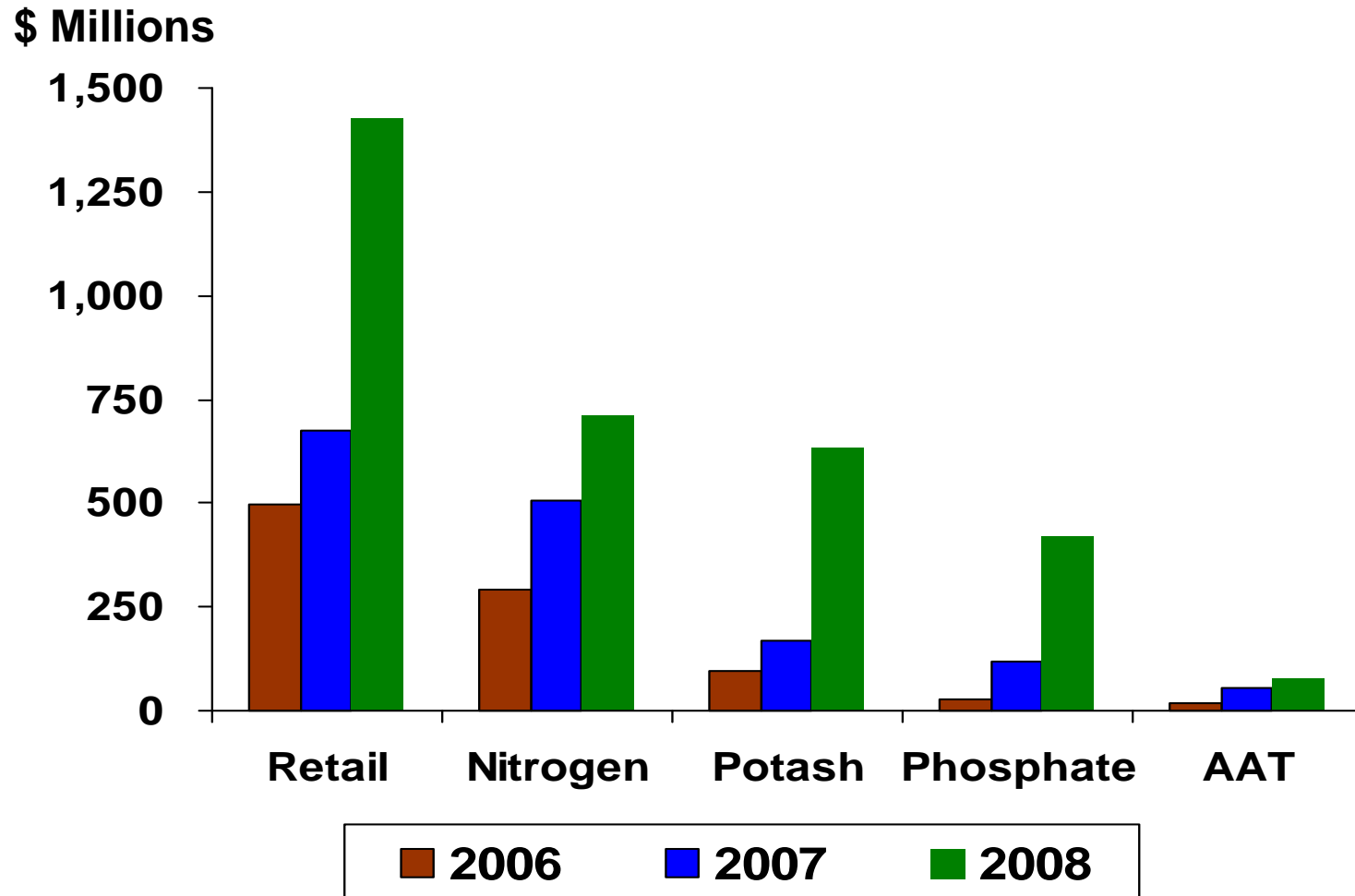
wheat and potatoes



Agrium Retail Locations | •

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Gross Profit Improvement Across All Businesses & Products



Market Information

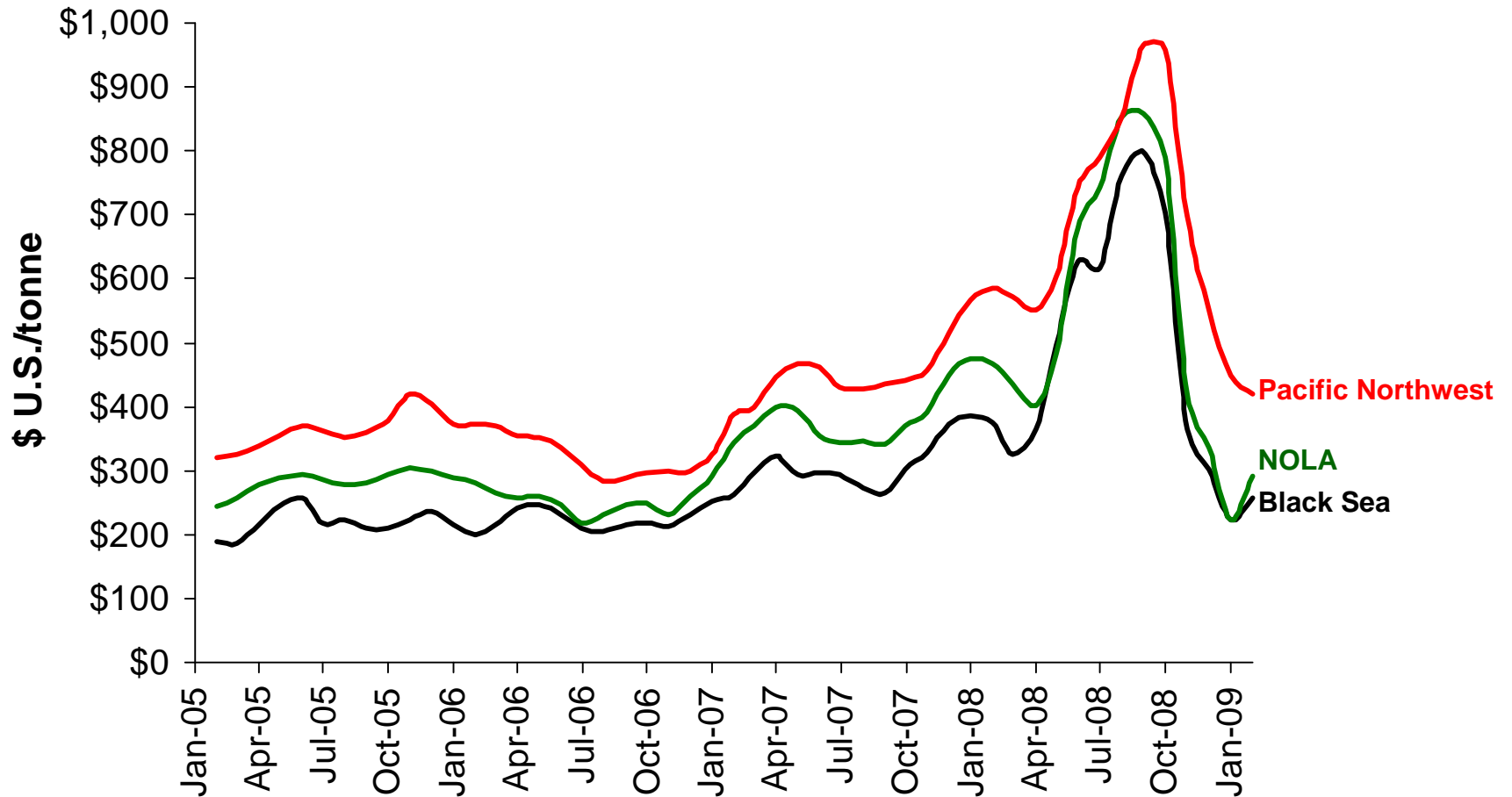


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Benchmark Prices: Nitrogen (Urea)

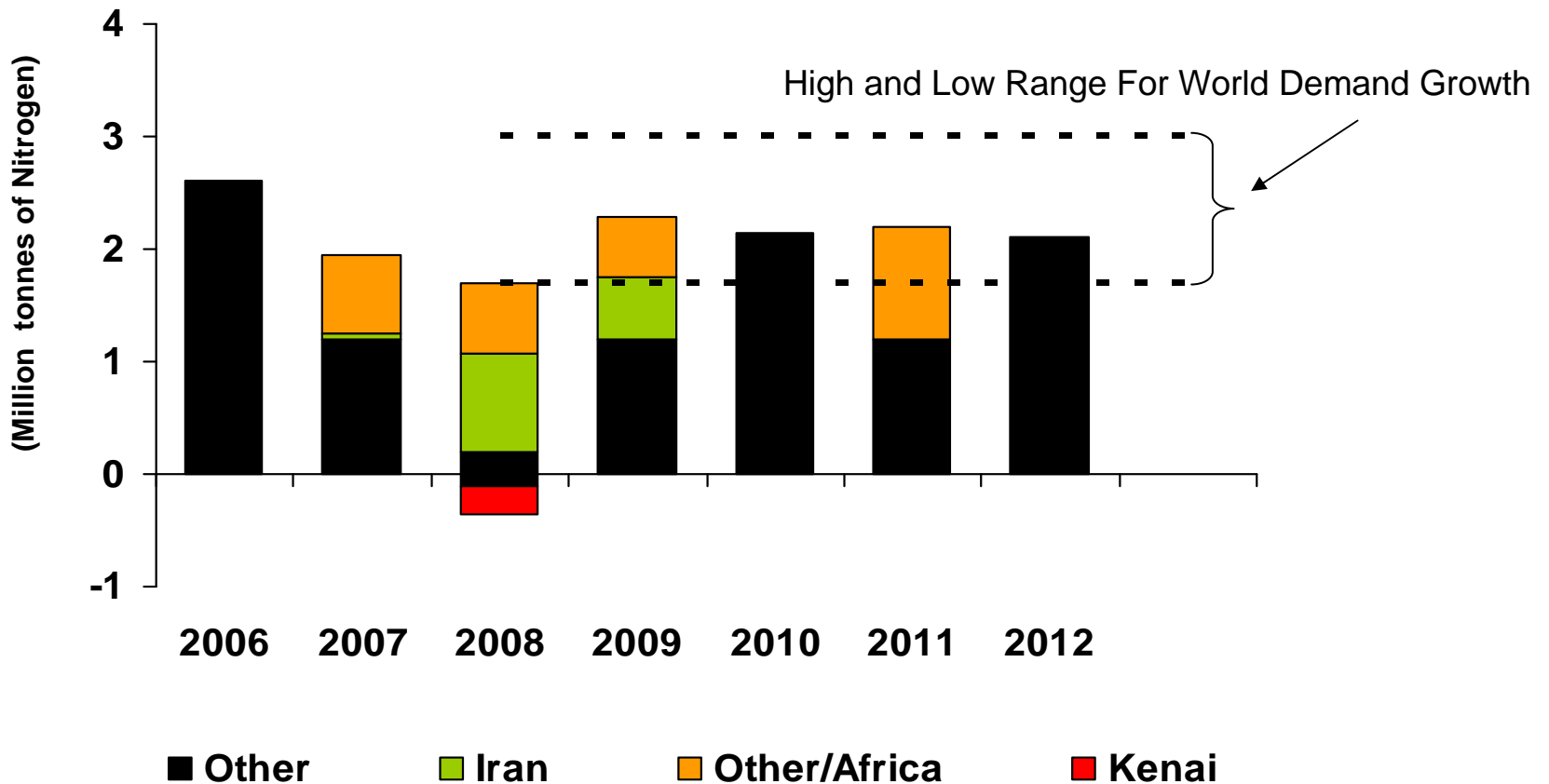


Source: Blue, Johnson & Associates, The Market, Green Markets

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Global Nitrogen Capacity Additions (excl. China)

- Limited capacity nitrogen additions in 2008-2012
- World nitrogen capacity of 142 mmt, excluding China 102 mmt

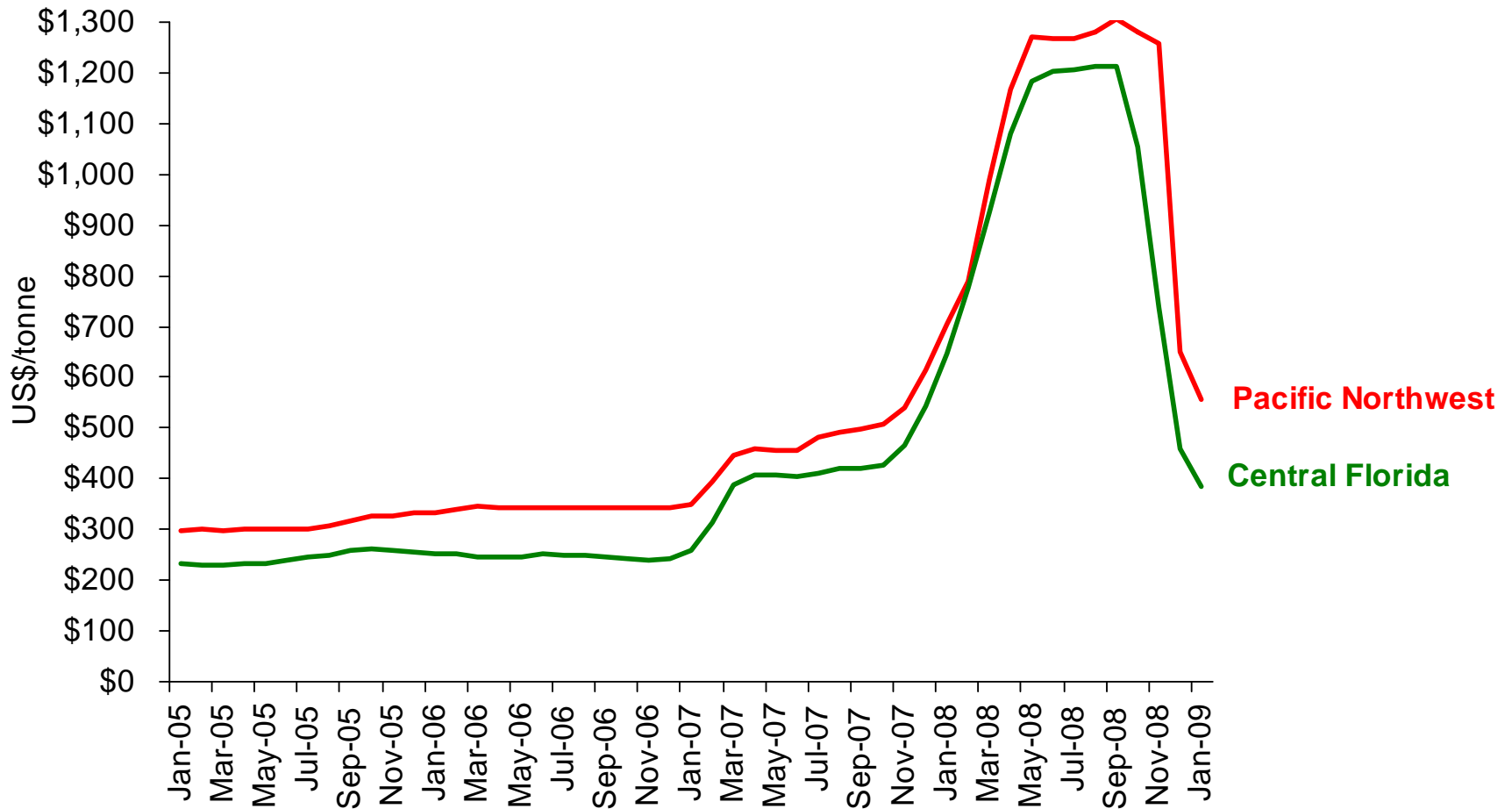


Note: Excludes Chinese capacity additions, nutrient tonnes

Sources: British Sulphur, Fertecon, Agrium, low/high demand growth range 2-3.5%

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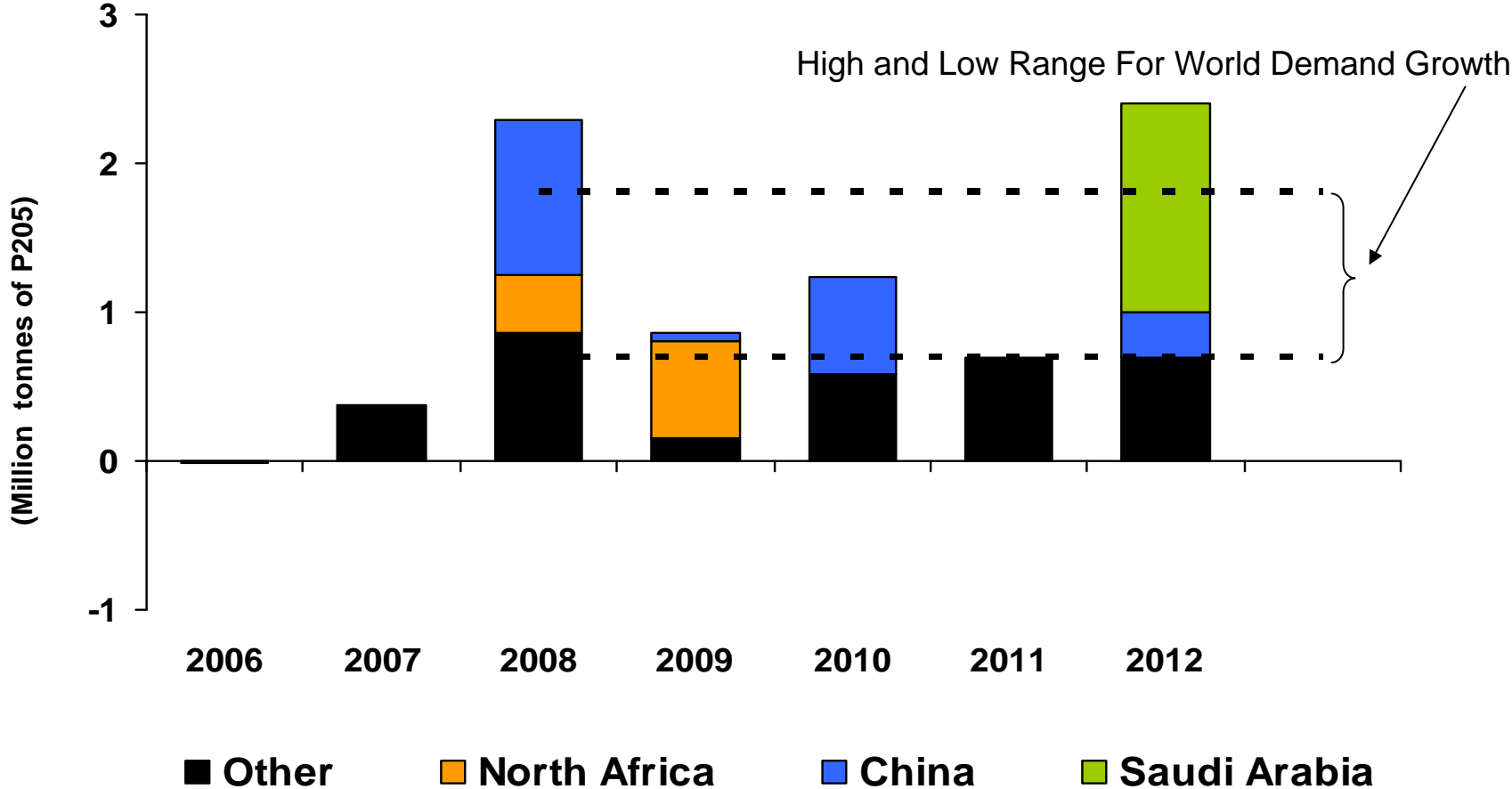
Premium Phosphate Region



Source: Blue, Johnson & Associates, Green Markets

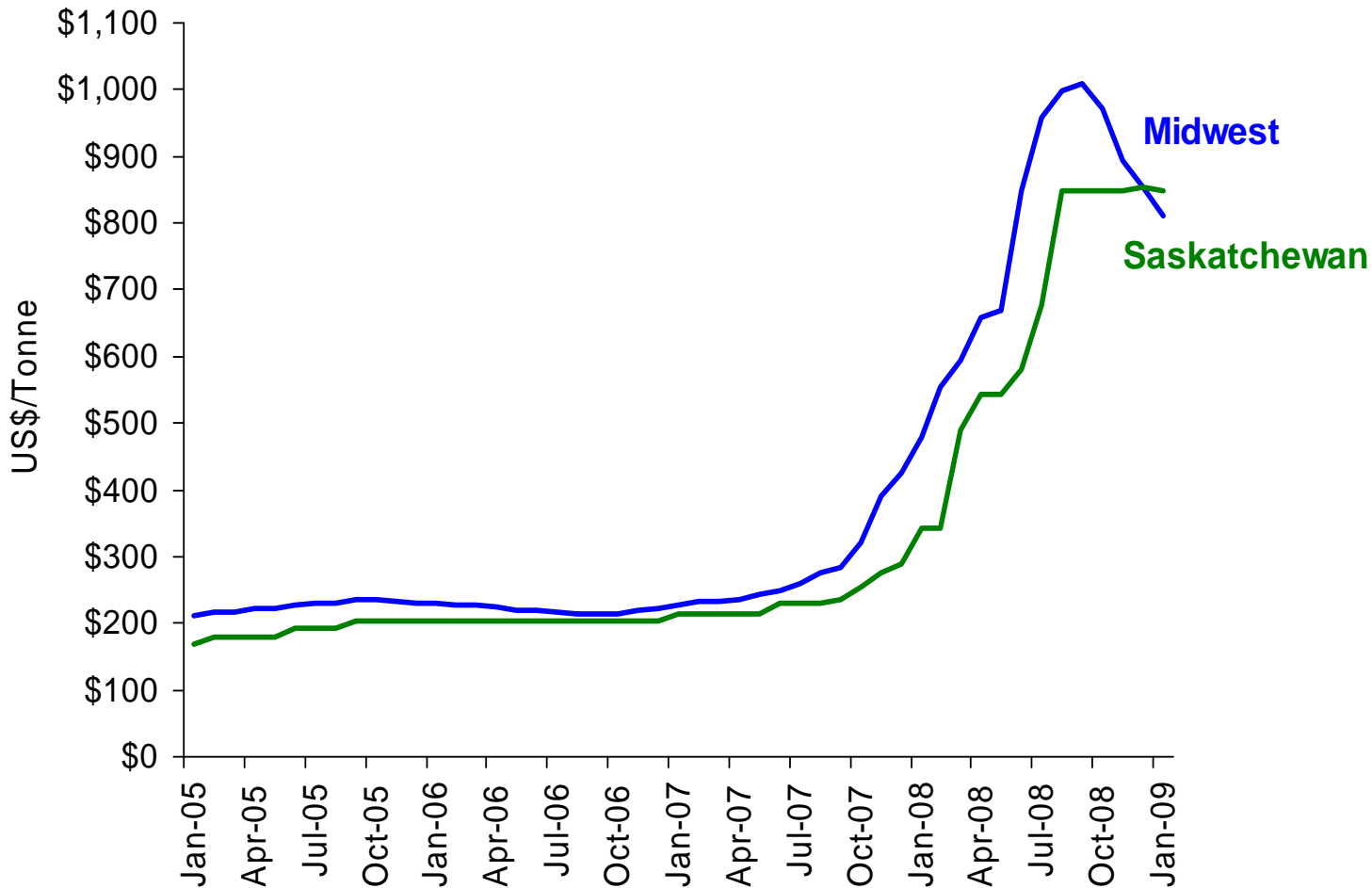
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Global Phosphate Capacity Additions



Sources: British Sulphur, Agrium, low/high demand growth range 2-5%

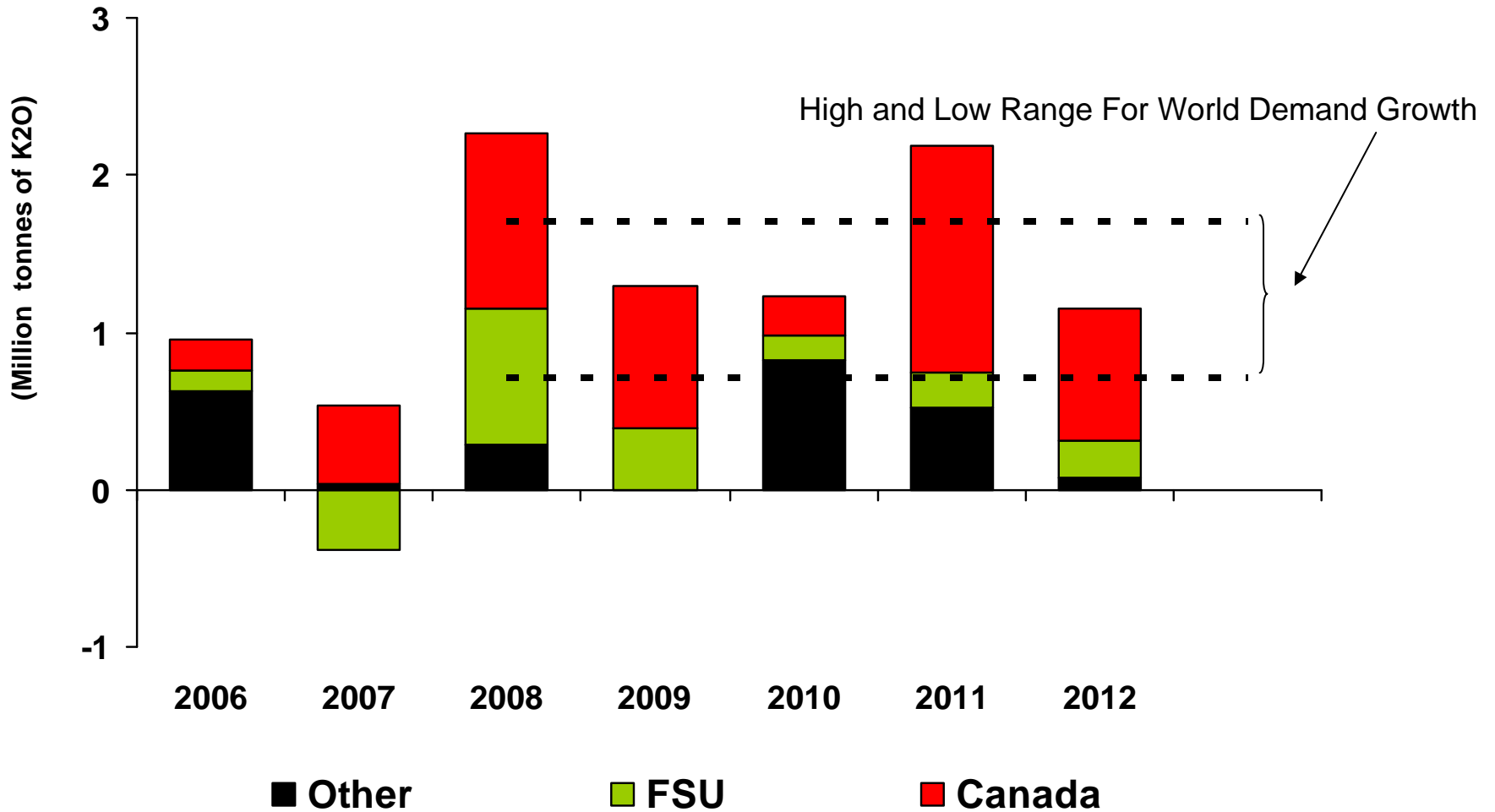
Benchmark Prices: Potash



Source: Green Markets, Blue, Johnson & Associates, Agrium

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Global Potash Capacity Additions



Sources: Fertecon, IFA, Agrium

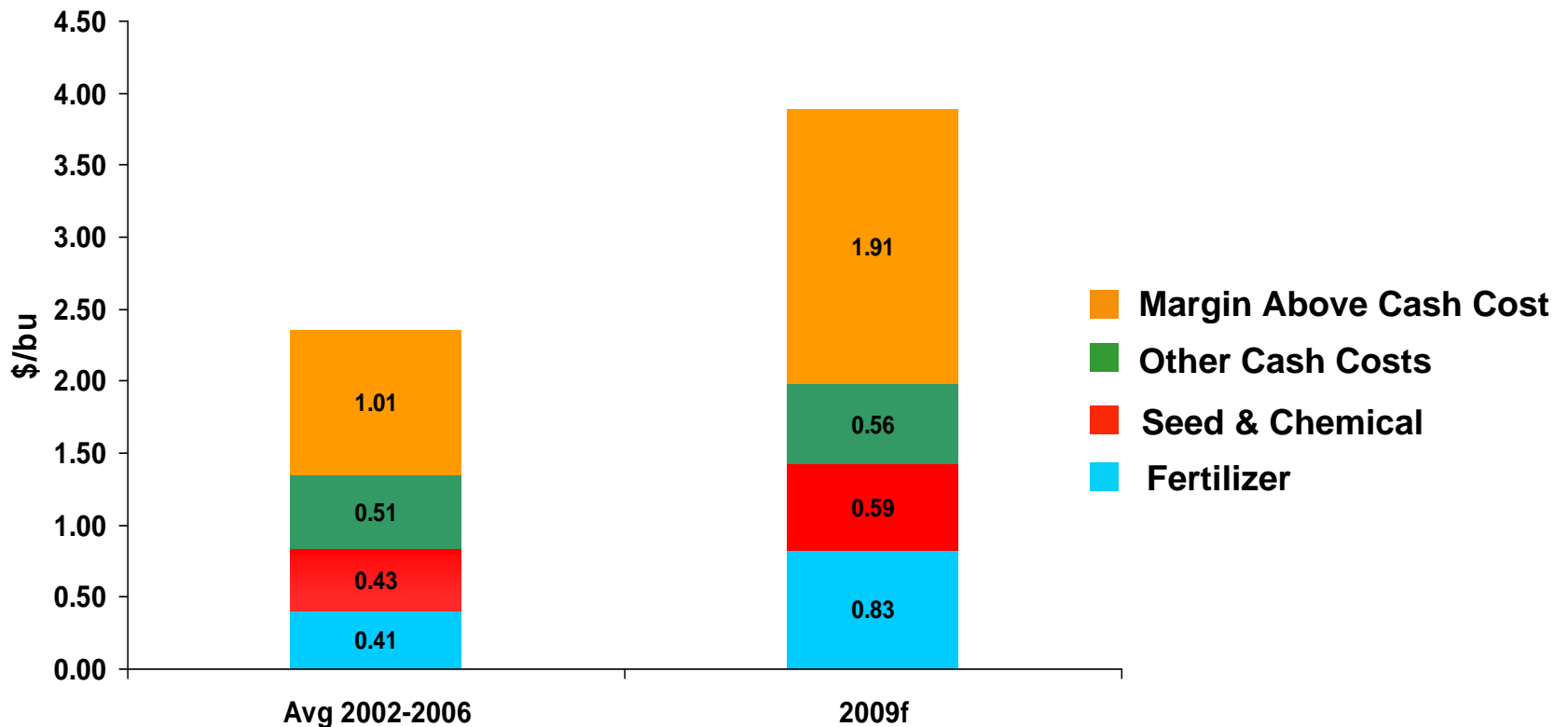
FSU denotes the Former Soviet Union (Belarus, Russia, Uzbekistan)

Low/High demand growth range of 2-5%

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Corn Cash Margins Remain Strong

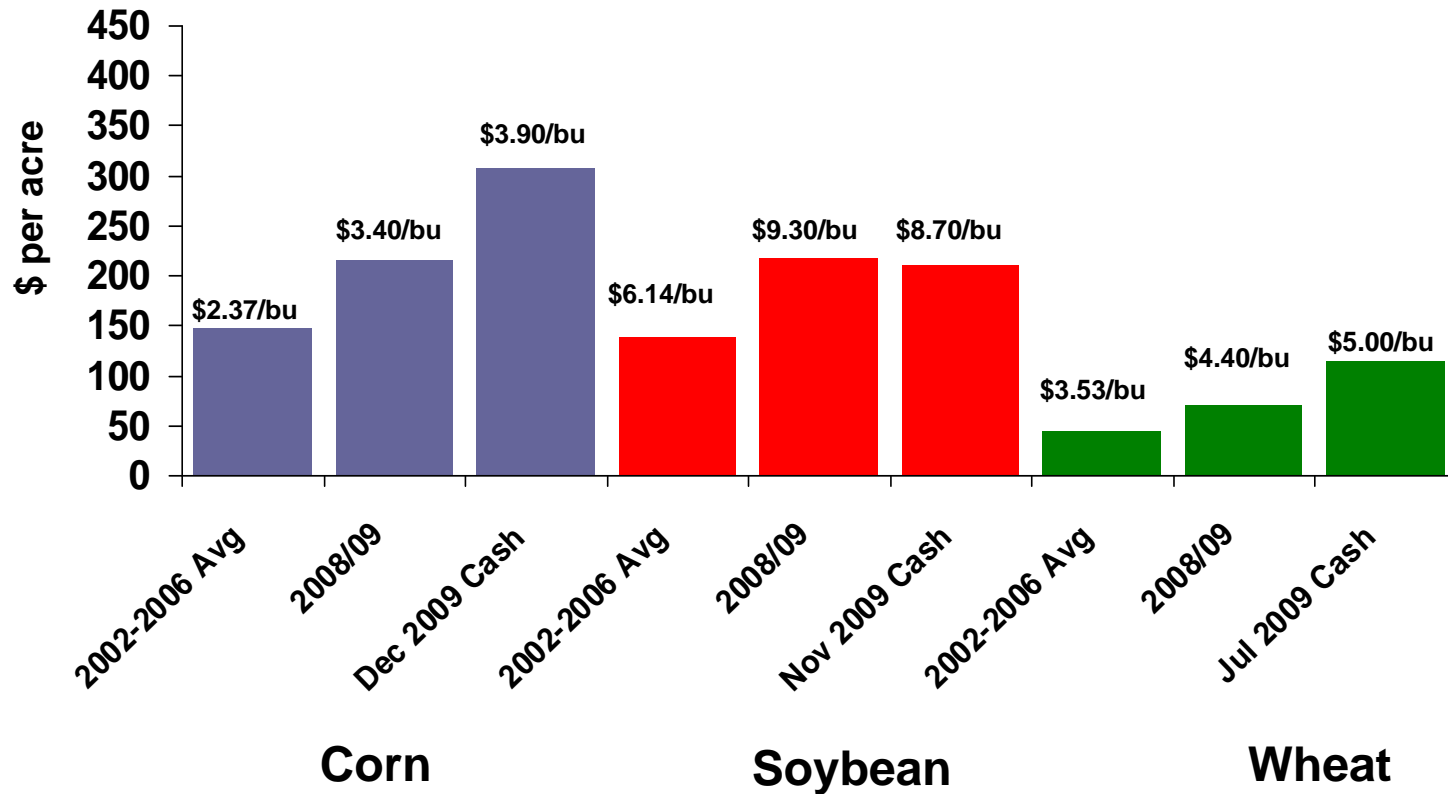
- **\$100 INCREASE IN AMMONIA PRICE = \$0.09/BUSHEL FERTILIZER COST**
- **EVERY \$1 SPENT ON FERTILIZER AT THE MARGIN RETURNS AT LEAST \$3 IN CROP RETURNS**



Source: USDA, Doane Advisory Services, Agrium

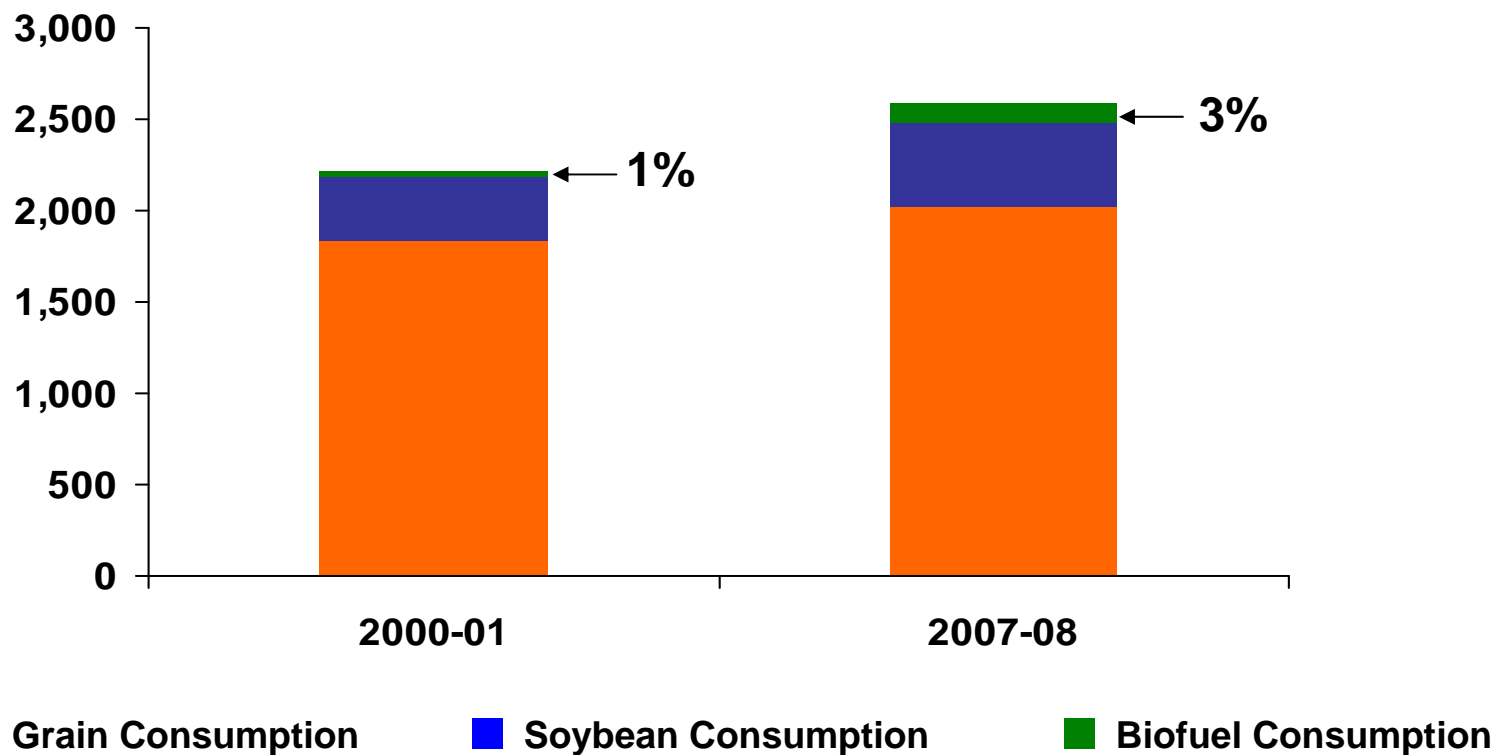
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Average U.S. Gross Profit Per Acre



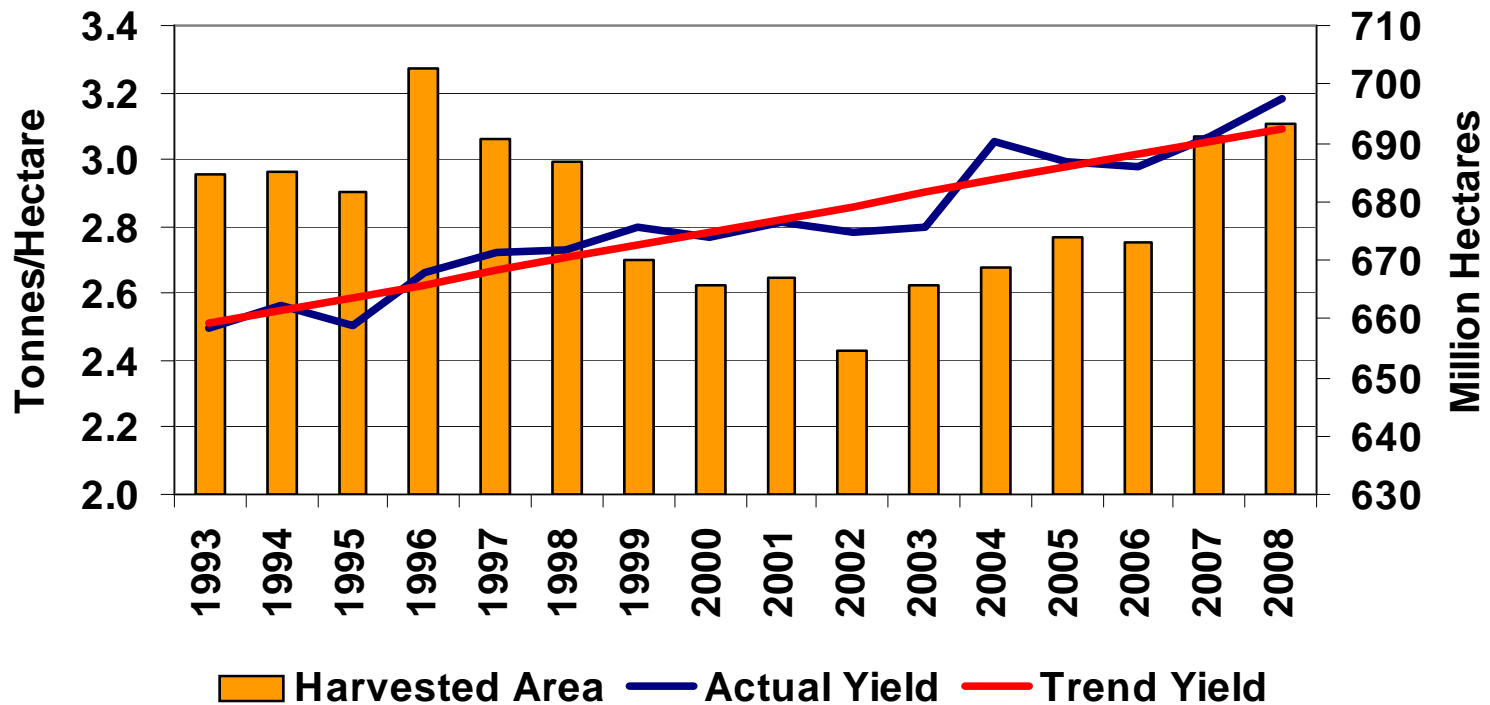
Source: USDA, Agrium, Barchart.com

Food Consumption Leads Growth in Global Crop Use



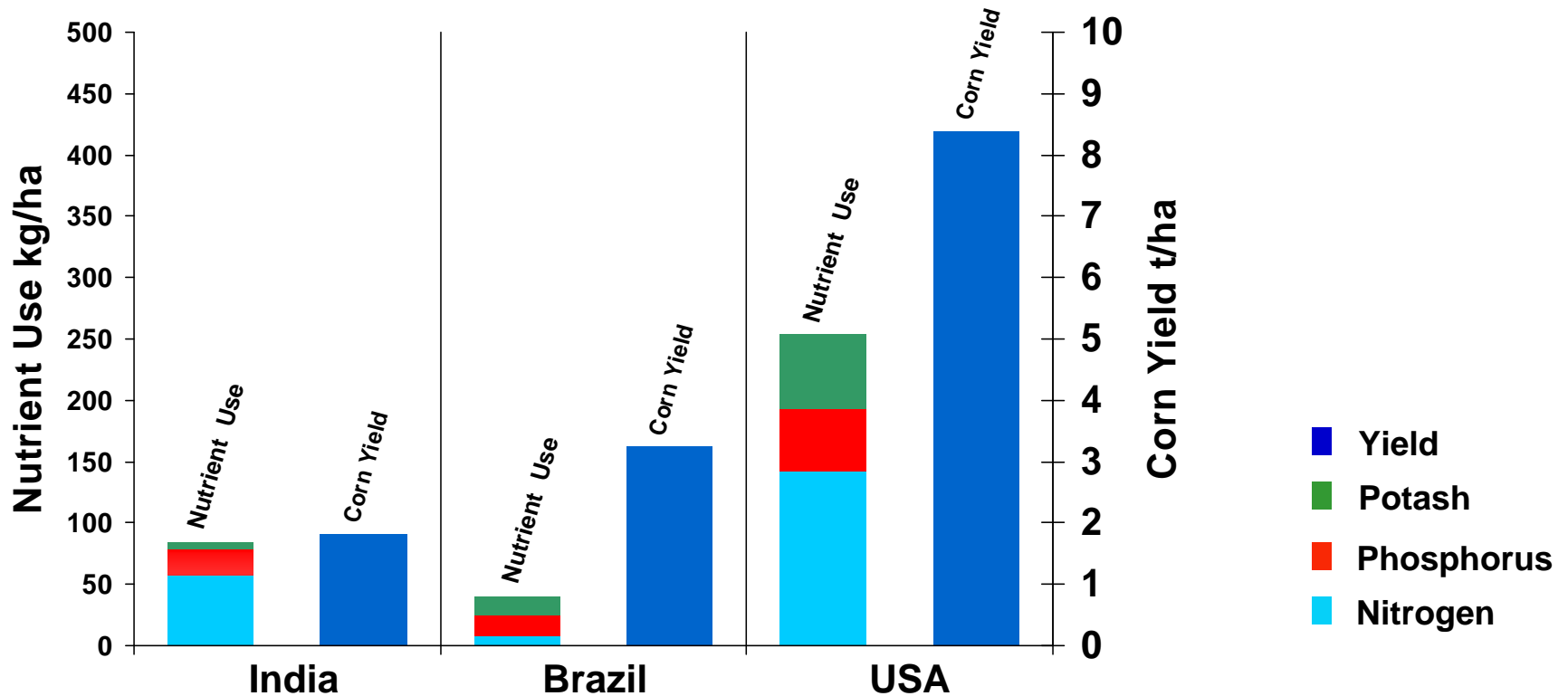
- **Biofuels have moved from 1% to 3% of total grain and oilseed consumption**
 - Net consumption is 3% after factoring in ethanol co-products (animal feed)
- **Grain for food has increased by almost 300 million tonnes**
- **Grain for ethanol has increased by less than 80 million tonnes**

World Grain Harvested Area and Yield



- Despite record projected global grain yields in 2008/09, that are also significantly above trend, there is only a relatively small increase in global grain ending stocks forecasted
- All else being equal, global grain consumption would have exceeded production by 39 million tonnes if there would have been a trend yield in 2008/09

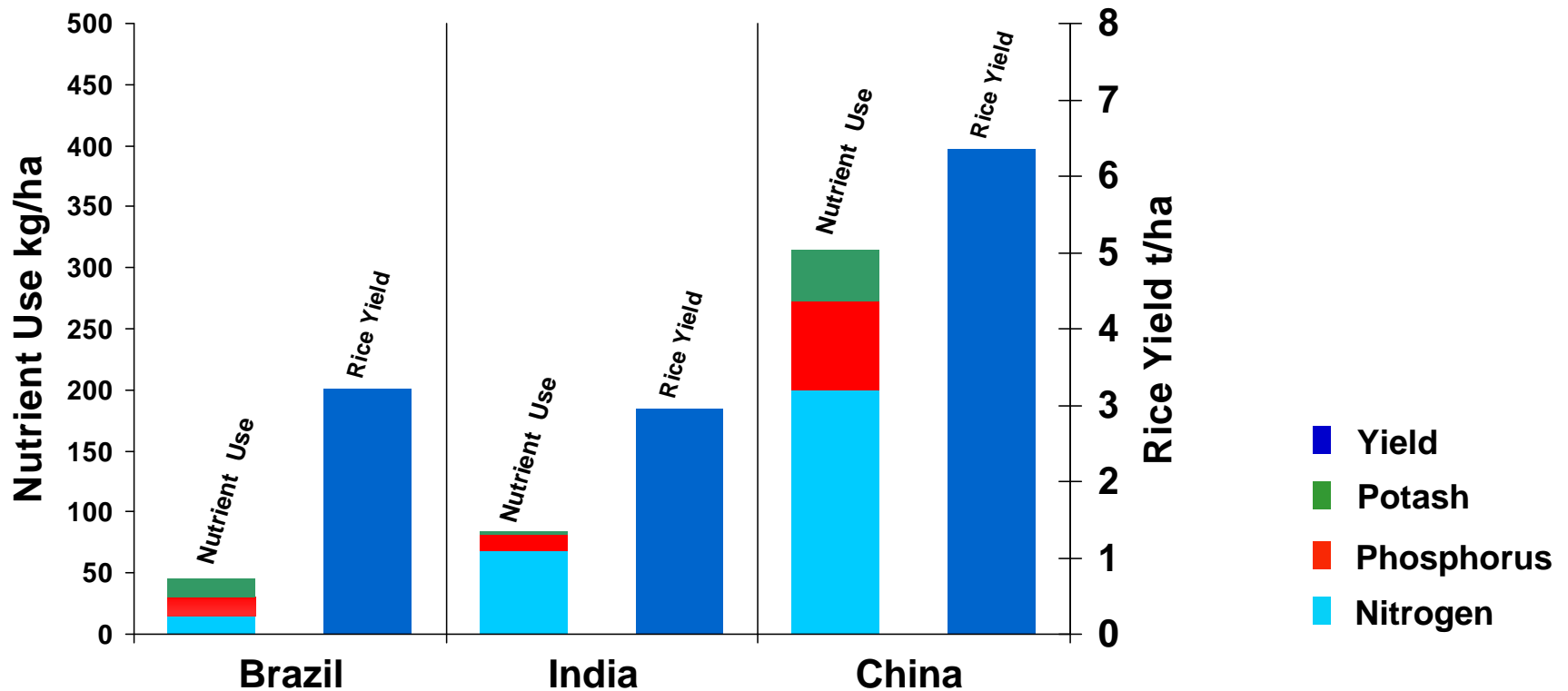
Average Fertilizer Use in Corn



Source: IFA, USDA, Agrium

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Average Fertilizer use in Rice



Source: IFA, USDA, Agrium

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