



## **NEWS RELEASE**

### **FOR IMMEDIATE RELEASE**

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## **Agrium reports first quarter results; well positioned for strong 2010 spring season**

**May 5, 2010 - ALL AMOUNTS ARE STATED IN U.S.\$**

CALGARY, Alberta -- Agrium Inc. (TSX and NYSE: AGU) announced today a net loss of \$7-million (\$0.04 diluted loss per share) for the first quarter of 2010, compared with a net loss of \$60-million (\$0.38 diluted loss per share) in the first quarter of 2009.

The 2010 first quarter results included pre-tax losses of \$68-million (\$0.30 diluted loss per share) on gas and other hedge positions and a \$33-million pre-tax expense (\$0.15 diluted loss per share) for stock-based compensation. Excluding these two items, our net earnings were \$64-million (\$0.41 diluted earnings per share) for the first quarter of 2010.<sup>1</sup>

“A significant rebound in North American and international nutrient demand supported strong results for our Wholesale business. Activity in our Retail operations focused on positioning us to benefit from a very strong spring season for crop inputs. An unusually cold and wet March held U.S. growers back from fieldwork in the first quarter; however, the weather in April has been excellent and growers responded quickly by applying significant levels of crop inputs and making rapid progress in seeding the 2010 crop,” said Agrium President & CEO Mike Wilson.

“The fundamentals for agriculture and the nutrient markets continue to be robust. This year’s significant increase in acreage devoted to input intensive crops such as corn and cotton will benefit all three of our business units. Furthermore, we believe industry fundamentals will remain strong in both the short and medium-term,” continued Mr. Wilson.

Agrium is providing guidance for the second quarter of 2010 of \$2.50 to \$3.00 diluted earnings per share.<sup>2</sup>

<sup>1</sup> First quarter effective tax rate of 30 percent used for adjusted diluted earnings per share calculations.

<sup>2</sup> See disclosure in the section “Outlook, Key Risks and Uncertainties” in our 2010 first quarter MD&A and additional assumptions in the section “Management’s Discussion and Analysis”.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

May 5, 2010

*The following interim management's discussion and analysis ("MD&A") updates our annual MD&A included in our 2009 Annual Report to Shareholders, to which our readers are referred. No update is provided where an item is not material or there has been no material change from the discussion in our annual MD&A. Forward-Looking Statements are outlined after the Outlook, Key Risks and Uncertainties section of this press release. The major assumptions made in preparing our second quarter guidance are outlined below and include, but are not limited to:*

- Wholesale and Retail fertilizer sales volumes higher than levels in the same quarter of 2009 and returning to more historically normal volumes;
- Wholesale fertilizer prices through the second quarter of 2010 approximating current benchmark prices except for tonnes already committed under pricing programs;
- Retail fertilizer gross margin percentages significantly above 2009 second quarter levels;
- Farm income expectations and crop prices at levels sufficient to support demand for fertilizer and crop protection inputs;
- North American weather patterns supporting a normal fertilizer application season;
- The exchange rate for the Canadian dollar, expressed in U.S. dollars, averaging C\$1.02 to U.S.\$1.00;
- Average NYMEX gas pricing for the second quarter approximating \$4.30/MMBtu;
- Stock-based compensation expense reflecting Agrium's stock price at the close of business on April 30, 2010 (\$62.41 U.S.) and a \$1 change in stock price equates to a \$0.01 change in earnings per share;
- The exclusion from the guidance range of mark-to-market gains or losses on non-qualifying commodity hedge positions settling in future periods; and
- An effective tax rate for the second quarter of 32 percent.

### ***2010 First Quarter Operating Results***

#### **NET LOSS**

Agrium's 2010 first quarter consolidated net loss was \$7-million (\$0.04 diluted loss per share), compared with a net loss of \$60-million (\$0.38 diluted loss per share) for the same quarter of 2009. Net earnings before interest expense and income taxes ("EBIT") was a loss of \$21-million for the first quarter of 2010 compared with a loss of \$56-million for the first quarter of 2009. A reconciliation of EBIT to net loss is provided in the section "Non-GAAP Measures". Consolidated gross profit in the first quarter of 2010 was \$361-million, an \$88-million increase compared with the first quarter of 2009. The increases in gross profit and EBIT for the first quarter of 2010 versus the first quarter of 2009 were primarily driven by higher Wholesale potash sales volumes and Retail crop nutrient gross profit. For discussion on the performance of each business unit, see section "Business Segment Performance".

Expenses were \$52-million higher in the first quarter of 2010 compared with the same period last year largely due to a combination of the following items:

- \$26-million change in potash profit taxes;
- \$11-million increase in selling, general and administrative expenses; and
- \$17-million increase in other expense (income).

Below is a summary of our other expense (income) for the first quarter of 2010 and 2009:

<b>Three months ended March 31,</b>	<b>2010</b>	2009
Stock-based compensation	33	10
Loss on derivative financial instruments	68	69
Gain on disposal of marketable securities	(52)	-
Acquisition costs	45	-
Interest income	(8)	(12)
Foreign exchange loss	4	6
Other	6	6
	<b>96</b>	79

An increase in tax recovery in the first quarter of 2010 is primarily due to the recognition of a previously unrecognized tax benefit. The effective tax rate in the first quarter of 2010, excluding the recognition of the tax benefit, is 30 percent, compared to 31 percent for the same quarter in 2009.

## **BUSINESS SEGMENT PERFORMANCE**

### ***Retail***

Retail's 2010 first quarter net sales were \$1.1-billion, unchanged from the same period last year. Gross profit increased to \$162-million in the first quarter of 2010, compared to \$142-million for the same period last year. Retail EBIT was a loss of \$72-million in the first quarter of 2010, an improvement over the loss of \$94-million in the first quarter of 2009.

Crop nutrient net sales were \$371-million in the first quarter of 2010 down from last year's \$437-million for the same quarter due to lower crop nutrient prices. While crop nutrient sales volumes were above last year's levels, they were below anticipated volumes due to the late start of the 2010 spring application season. Crop nutrient gross profit was \$63-million this quarter, a dramatic improvement over the \$18-million in first quarter of 2009. Crop nutrient margins returned to a more normalized first quarter level, averaging 17 percent, significantly above last year.

Crop protection net sales were \$462-million in the first quarter of 2010, an 8 percent increase over the \$426-million in sales for the same period last year, as the wet weather and supplier programs promoted increased fungicide sales. Gross profit this quarter was \$69-million, compared with \$77-million in 2009. Crop protection product margins as a percentage of net sales were 15 percent for the first quarter of 2010, as compared to 18 percent in the same period last year. The gross profit and margin declines in the first quarter versus last year were due to extensive supplier rebate programs promoting sales in the first quarter. As is normal, crop protection product margins are expected to increase in the second quarter due to a higher percentage of sales direct to growers and custom-applied sales.<sup>1</sup>

Net sales of seed was \$191-million in the first quarter of 2010, compared to \$148-million in the same period last year. Seed sales volumes were strong this quarter, although gross profit was \$15-million this quarter compared to \$25-million in the same quarter last year. The reduction in gross profit was due to pricing pressure on seed products and the timing of rebate programs. It is expected that a higher proportion of rebates this year will be recognized in the second quarter of 2010.<sup>1</sup>

<sup>1</sup>See disclosure in the section "Outlook, Key Risks and Uncertainties" in our 2010 first quarter MD&A and additional assumptions in the section "Management's Discussion and Analysis".

Application services and other net sales were \$36-million and gross profit was \$15-million this quarter, both slightly lower than results from the same period last year. The reduction was due to the late start to the spring application season. The weather across most growing regions of the U.S. improved dramatically in April of 2010, allowing applications and seeding to progress at a rapid rate in April. Planting progress was well ahead of the past two years by the end of April, 2010.

Retail selling expenses for the first quarter of 2010 were \$200-million, marginally higher than the \$198-million last year. Selling expenses as a percentage of net sales in the first quarter of 2010 was unchanged at 19 percent.

### ***Wholesale***

Wholesale's net sales were \$789-million for the first quarter of 2010, a record for a first quarter, and 14 percent higher than the \$695-million for the first quarter of 2009. A rebound in fertilizer demand from both domestic and international markets supported strong sales volumes, while gross margins benefited from lower per unit cost of goods sold, as most of our facilities operated at more normal levels in the first quarter of 2010.

The high sales volumes and strong margins resulted in Wholesale achieving the second highest first quarter gross profit and EBIT in our history. Gross profit for the first quarter of 2010 was \$217-million compared to \$117-million in the same period for 2009. EBIT was \$140-million for the first quarter of 2010, \$83-million higher than in the first quarter of 2009.

Gross profit for nitrogen was \$72-million this quarter, compared to \$55-million in the same quarter last year. The increase in gross profit was due to a combination of a 20 percent increase in per tonne margins due to lower cost of product sold, and a 9 percent increase in sales volumes. Domestic urea and ammonia prices were similar to last year levels, while UAN prices were lower than the same period last year. The proportion of ammonia sales to the higher-return agricultural markets is expected to increase significantly in the second quarter and will support higher realized ammonia prices.<sup>1</sup> Cost of product sold was \$229 per tonne this quarter, 11 percent lower than the \$258 per tonne in the first quarter of 2009. The reduction in per tonne cost of product sold was due primarily to higher operating rates at our international and domestic facilities and higher sales volumes. The higher operating rates at our facilities resulted in a smaller proportion of total fixed costs being charged directly to cost of sales in the period.

Agrium's overall natural gas cost was \$5.21/MMBtu in the first quarter of 2010 versus \$5.64/MMBtu in the first quarter of 2009, including realized hedging losses of \$7-million for the first quarter of 2010 (or \$0.21/MMBtu). The U.S. benchmark (NYMEX) natural gas price for the first quarter of 2010 was \$5.38/MMBtu, versus \$4.86/MMBtu in the same quarter last year and \$4.27/MMBtu in the fourth quarter of 2009. The AECO (Alberta) gas price basis was a \$0.27/MMBtu discount to NYMEX for the first quarter of 2010.

Gross profit for potash this quarter was \$106-million, five times greater than the \$21-million in the first quarter of 2009. This significant increase in gross profit was due to a dramatic rebound in sales volumes in the first quarter of 2010 reaching 534,000 tonnes this quarter, an increase of 458,000 tonnes compared to the first quarter of 2009. The supply agreements with China and India brought additional clarity and confidence to potash markets, while there was resurgence in North American demand. The cost of product sold this quarter was \$140 per tonne, or almost half of the \$277 per tonne recorded in the first quarter of last year. The lower cost was almost entirely due to the Vanscoy facility operating at near capacity for most of this quarter. Sales

<sup>1</sup>See disclosure in the section "Outlook, Key Risks and Uncertainties" in our 2010 first quarter MD&A and additional assumptions in the section "Management's Discussion and Analysis".

prices in both domestic and international markets this quarter were about 50 percent lower than the same period last year. The resulting gross margin was \$199 per tonne this quarter versus \$276 per tonne for the first quarter of 2009.

Phosphate gross profit was \$18-million in the first quarter of 2010, compared to \$26-million for the same quarter last year. The decrease was due to lower phosphate sales prices compared to the same period last year. Realized prices tend to lag spot prices; in the first quarter of 2009 prices benefited from forward sales made in late 2008 when prices were significantly higher, while in the first quarter of 2010 realized prices lagged the increase in phosphate spot prices. Phosphate sales volumes were 24 percent higher than the same quarter last year, as demand for phosphate products increased substantially quarter over quarter. Phosphate cost of product sold was \$388 per tonne, a \$42 per tonne decline from the same period last year due to a lower cost of sulphur and a significant increase in operating rates at our Conda facility, which lowered fixed costs on a per tonne basis. The resulting gross margin per tonne was \$72 per tonne versus \$129 per tonne in the first quarter of 2009.

Gross profit for product purchased for resale was \$12-million, \$10-million higher than the first quarter of 2009. The increase was due to a return to a more normalized margin of \$18 per tonne, versus the depressed level of \$2 per tonne for the same period last year given the high cost of carry over inventory. Sales volumes of 677,000 tonnes were 206,000 tonnes lower than last year, primarily due to cold weather which delayed the start of the season in both Europe and North America.

First quarter Wholesale expenses were \$18-million higher than last year. Potash profit and capital taxes increased by approximately \$26-million as a result of higher potash gross profit and differences between 2009 and 2010 final potash tax return adjustments. Unrealized net mark-to-market and realized losses from commodity derivatives in the first quarter of 2010 were \$61-million and \$7-million, respectively. These derivative losses were \$4-million higher this quarter than the same period last year.

### ***Advanced Technologies***

Advanced Technologies' (AAT) first quarter 2010 gross profit was \$15-million compared to \$10-million in the first quarter of 2009. This increase in gross profit was due primarily to the inclusion of the turf and ornamental retail operations which were transferred in late 2009 from Retail to AAT and contributed approximately \$3-million in gross profit in the current quarter. Though volumes sold were down in both the non-retail turf and ornamental and agricultural product segments (including ESN), gross margins increased when compared to the same period last year, when margins were negatively impacted by declining nutrient prices. Volumes sold were lower this quarter versus last year due largely to the late spring season experienced across most regions of the U.S.

EBITDA was \$3-million this quarter versus \$6-million in the first quarter of 2009. Higher selling, general and administrative costs, as well as lower other income, more than offset the increase in first quarter gross margin compared to last year. Selling, general and administrative costs for AAT were \$5-million higher in the first quarter of 2010 than the same period last year due primarily to the inclusion of costs related to the new turf and ornamental retail operations transferred from Retail which were approximately \$4-million for the quarter. Lower earnings from our equity ownership in Hanfeng Evergreen Inc. and foreign exchange translation costs contributed to other income being down \$2-million in the first quarter of 2010 when compared to the same period of 2009.

## Other

EBIT for our other non-operating business unit for the first quarter of 2010 was a loss of \$88-million, a decrease of \$68-million compared with a loss of \$20-million for the first quarter of 2009. The decrease reflected the expensing of costs related to the CF acquisition incurred in 2009, deferral of gross profit on Wholesale products sold to Retail that have yet to be sold to third parties, and an increase in stock-based compensation expense driven by a comparably larger increase in our share price in the first quarter of 2010. The decrease in EBIT was partially offset by gains realized from the sale of 1.2 million CF shares (see discussion under “Business Acquisition”).

## FINANCIAL CONDITION

The following are changes to working capital on our Consolidated Balance Sheets in the three-month period ended March 31, 2010.

As at (millions of U.S. dollars)	March 31, 2010	December 31, 2009	Change	Explanation of the change in balance
<b>Current assets</b>				
Cash and cash equivalents	907	933	(26)	See discussion under the Section “Liquidity and Capital Resources”.
Accounts receivable	1,495	1,324	171	Increased Retail rebates and extended sales terms in Q1 2010.
Inventories	2,988	2,137	851	Seasonal Retail inventory build in preparation for the spring season, including corn and soybean seeds to meet U.S. market demand, as well as increased product costs.
Prepaid expenses and deposits	335	612	(277)	Drawdown of prepaid inventory as Retail takes delivery of product in anticipation of the spring season demand, and expensing CF acquisition costs related to the termination of the CF offer (see discussion under the section “Business Acquisition”).
Marketable securities	6	114	(108)	Sale of CF shares. See discussion under the section “Business Acquisition”.
<b>Current liabilities</b>				
Bank indebtedness	134	106	28	Increased working capital needs for CMF due to higher sales in Q1 2010.
Accounts payable and accrued liabilities	3,072	2,475	597	Retail inventory purchases made in anticipation of the spring season and customer prepayments received but not yet drawn down for the upcoming spring application. Partially offset by decrease in current taxes payable.
Current portion of long-term debt	125	-	125	Debentures due February 15, 2011.
<b>Working capital</b>	<b>2,400</b>	<b>2,539</b>	<b>(139)</b>	

## LIQUIDITY AND CAPITAL RESOURCES

Below is a summary of our cash provided by or used in operating, investing, and financing activities as reflected in the Consolidated Statements of Cash Flow:

<b>Three months ended March 31,</b>	<b>2010</b>	2009	Increase (Decrease)
Cash (used in) provided by operating activities	<b>(114)</b>	69	(183)
Cash provided by (used in) investing activities	<b>60</b>	(142)	202
Cash provided by (used in) financing activities	<b>25</b>	(201)	226
Effect of exchange rate changes on cash	<b>3</b>	3	-
Decrease in cash and cash equivalents-end of period	<b>(26)</b>	(271)	245

The sources and uses of cash are summarized below:

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### Cash used in operating activities – Drivers behind the \$183-million increase in use of cash

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| <b>Source of cash</b> | <ul style="list-style-type: none"> <li>▪ \$18-million decrease resulting from a net loss of \$7-million adjusted for non-cash items, primarily associated with unrealized losses on financial instruments and foreign exchange.</li> </ul>   |
| <b>Use of cash</b>    | <ul style="list-style-type: none"> <li>▪ \$201-million increase in non-cash working capital. The increase in non-cash working capital was primarily driven by a lower increase in accounts payable and accrued liabilities and higher increases in both accounts receivable and inventories in the first quarter of 2010 compared to the first quarter of 2009. These changes are consistent with the discussion under the section “Financial Condition”.</li> </ul> |
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### Cash provided by investing activities – Drivers behind the \$202-million increase in source of cash

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| <b>Source of cash</b> | <ul style="list-style-type: none"> <li>▪ Proceeds of \$117-million received on the sale of our shares in CF in Q1 2010 that were purchased for \$65-million in Q1 2009; and</li> <li>▪ Proceeds of \$25-million received on the sale of offshore insurance assets.</li> </ul> |
| <b>Use of cash</b>    | <ul style="list-style-type: none"> <li>▪ \$28-million increase in capital expenditures.</li> </ul>  |
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### Cash provided by financing activities – Drivers behind the \$226-million increase in source of cash

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| <b>Source of cash</b> | <ul style="list-style-type: none"> <li>▪ Increase in CMF’s working capital needs in Q1 2010 versus a pay-down of our bank indebtedness from supplier rebates received in Q1 2009.</li> </ul> |
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Our bank indebtedness is summarized as follows:

<b>Short-term credit facilities available at March 31, 2010</b> <sup>a)</sup>	<b>Total</b>	<b>Unutilized</b>	<b>Utilized</b>
(millions of U.S. dollars)			
North American revolving credit facilities expiring 2012 <sup>b)</sup>	775	775	-
European credit facilities expiring in 2010 to 2012 <sup>c)</sup>	236	125	111
South American credit facilities expiring 2010 to 2012	81	58	23
	<b>1,092</b>	<b>958</b>	<b>134</b>

a) As of March 31, 2010, a total of \$200-million was available from our accounts receivable securitization facility. For further information, see discussion under the section “Off-Balance Sheet Arrangements” on page 68 of our 2009 Annual Report.

b) Outstanding letters of credit issued under the Company’s revolving credit facilities at March 31, 2010 were \$82-million, reducing credit available under the facilities to \$693-million.

c) Of the total, \$11-million is secured. Security pledged for the utilized balance includes inventory, accounts receivable and other items with a total carrying value of \$4-million. The utilized balance includes Euro-denominated debt of \$40-million.

### **Credit Rating**

Following Agrium’s announcement on March 11, 2010 that it will no longer pursue an acquisition of CF, DBRS Limited removed Agrium from Under Review on March 12, 2010. On March 18, 2010, Moody’s concluded its review and removed Agrium from Under Review for negative watch to Stable outlook. For further discussion on CF, see disclosure in the section “Business Acquisition” below.

As at March 31, 2010 our debt instruments were rated as follows:

	<b>DBRS Limited</b>	<b>Moody’s Investors Service</b>	<b>Standard &amp; Poor’s</b>
<b>Senior Unsecured Notes and Debentures</b>	BBB	Baa2	BBB
<b>Ratings Outlook</b>	Stable	Stable	Stable

### **OUTSTANDING SHARE DATA**

The number of outstanding shares as at April 30, 2010 was 157 million. As at April 30, 2010, there were approximately 1 million stock options outstanding and issuable assuming full conversion, where each option granted can be exercised for one common share.

### **SELECTED QUARTERLY INFORMATION**

(Unaudited, in millions of U.S. dollars, except per share information)

	2010				2009			2008	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	\$1,798	1,442	1,844	4,090	1,753	1,941	3,113	3,870	1,107
Gross profit	361	383	397	890	273	522	1,048	1,261	392
Net (loss) earnings	(7)	30	26	370	(60)	124	367	636	195
(Loss) earnings per share									
-basic	\$(0.04)	0.19	0.16	2.36	(0.38)	0.79	2.32	4.03	1.24
-diluted	\$(0.04)	0.19	0.16	2.35	(0.38)	0.79	2.31	4.00	1.23

The agricultural products business is seasonal in nature. Consequently, quarter-to-quarter results are not directly comparable. Sales are concentrated in the spring and fall planting seasons, while produced inventories are accumulated ahead of the application season. Cash collections generally occur after the planting seasons in North and South America.

## **BUSINESS ACQUISITION**

On March 11, 2010, the Company announced that it would no longer pursue an acquisition of CF Industries Holdings, Inc. ("CF") and allowed its offer for CF to expire on March 22, 2010. Acquisition costs of \$45-million, previously recorded in prepaid expenses and deposits, were expensed on expiry of the offer. In March 2010, the Company sold its investment in CF, consisting of 1.2 million common shares, and recorded a pre-tax gain in other expenses of \$52-million. Unrealized gains on the shares had previously been recorded in other comprehensive income.

Following termination of the CF offer, the conditional sale of 50 percent of the Carseland nitrogen facility to Terra Industries Inc. was also terminated.

## INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

Agrium is working towards completing the design and development phase of the transition project. In Q1 2010, Agrium entered the implementation phase for a number of standards. The Company’s 2009 Annual Report includes a detailed description of Agrium’s IFRS transition plan activities, major milestones and timelines.

Significant Differences Between IFRS and Canadian GAAP	Estimated Impact
<p><b>Employee Benefits</b> Agrium expects to use an optional exemption to recognize all cumulative actuarial gains and losses through its opening retained earnings on transition date.</p>	<p>Estimated transition date impact: reduction of shareholders’ equity and an increase in pension liabilities by the unrecognized actuarial gains and losses as at transition date</p> <p>Estimated future impact: none</p>
<p><b>Share-based payments</b> IFRS requires cash-settled, share-based awards to be measured at fair value, while Canadian GAAP allows these awards to be measured at intrinsic value. In addition, Agrium currently uses straight line depreciation to recognize graded vesting stock based instruments, while IFRS requires that each installment be accounted for as a separate arrangement.</p>	<p>Estimated transition date impact: reduction in shareholders’ equity and an increase in liabilities</p> <p>Estimated future impact: a continued measurement difference between the intrinsic value and the fair value of share based awards</p>
<p><b>Income Taxes</b> Classification of future income tax under IFRS is non-current whereas Canadian GAAP splits future income taxes between current and non-current components.</p>	<p>Estimated transition date impact: reclassifying all future income taxes to non-current is expected to result in a decrease in current assets and a decrease in non-current income tax liabilities</p> <p>Estimated future impact: remains a classification difference</p>
<p><b>Foreign Exchange</b> Agrium expects to use an optional exemption that permits a first time adopter to not comply with the requirements for cumulative translation differences that existed at the date of transition to IFRSs. If this exemption is elected Agrium is permitted to deem all cumulative translation differences for all foreign operations to be nil at transition.</p>	<p>Estimated transition date impact: reclassification from accumulated other comprehensive income to retained earnings, resulting in a nil impact to shareholders’ equity</p> <p>Estimated future impact: none</p>

The above listing is not an exhaustive listing of changes on transition to IFRS. Detailed analysis and quantification of these changes is continuing and approval of accounting policies is expected in 2010. Agrium does not expect a significant impact to its business activities nor to its operating cash flows from the transition to IFRS.

## NON-GAAP MEASURES

In the discussion of our performance for the quarter, in addition to the primary measures of earnings and earnings per share, we make reference to EBIT (net earnings before interest expense and income taxes) and EBITDA (net earnings before interest expense, income taxes, depreciation, amortization and asset impairment). We consider EBIT and EBITDA to be useful measures of performance because income tax jurisdictions and business segments are not synonymous and we believe that allocation of income tax charges distorts the comparability of historical performance for the different business segments. Similarly, financing and related interest charges cannot be allocated to all business units on a basis that is meaningful for comparison with other companies.

EBIT and EBITDA are not recognized measures under GAAP, and our methods of calculation may not be comparable to other companies. Similarly, EBITDA should not be used as an alternative to cash provided by (used in) operating activities as determined in accordance with GAAP.

The following table is a reconciliation of EBITDA and EBIT to net loss as calculated in accordance with GAAP:

(millions of U.S. dollars)	Three Months Ended March 31									
	2010					2009				
	Retail	Wholesale	Advanced Technologies	Other	Consolidated	Retail	Wholesale	Advanced Technologies	Other	Consolidated
<b>EBITDA</b>	(45)	175	3	(86)	47	(68)	79	6	(18)	(1)
Depreciation and amortization	27	35	4	2	68	26	22	5	2	55
<b>EBIT</b>	(72)	140	(1)	(88)	(21)	(94)	57	1	(20)	(56)
Interest expense					(27)					(31)
Income taxes					41					27
<b>Net loss</b>					(7)					(60)

## BUSINESS RISKS

The information presented on enterprise risk management and business risks on pages 81 – 88 in our 2009 Annual Report has not changed materially since December 31, 2009.

## CONTROLS & PROCEDURES

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## OUTLOOK, KEY RISKS AND UNCERTAINTIES

Corn prices remain significantly higher than historic averages, despite record global grain yields and recent price pressure from improved spring seeding conditions. Soybean prices have been supported by record export demand. The results of the USDA Prospective Plantings indicate U.S. growers intend to plant 88.8 million acres of corn and 78.1 million acres of soybeans, up 2.3 million acres and 0.6 million acres respectively. Cotton area is expected to increase by 1.5 million acres over last year, to reach 10.5 million acres in 2010. With the rapid seeding progress in April, many analysts believe corn and cotton area may be even higher than the USDA report. The simultaneous increase in corn, soybean and cotton area is expected to support crop input demand.

Crop margins continue to be well above average for most crops and indications are U.S. growers have returned to more normal fertilizer application rates this spring. The late start to the spring season and the carryover of some crop protection products from last year resulted in limited price appreciation for the crop protection product market, and to a lesser extent the seed segment in the first quarter of 2010. However, the excellent weather for crop input application in April 2010 and well above average seeding progress experienced during the month is expected to result in improvement in the seed and crop protection markets in the second quarter of 2010.

International urea prices have been under pressure over the past month, due in part to delayed spring demand in Europe and the U.S. Buyers have been patient in making additional purchasing while the market has declined. Looking forward, North American applications are expected to be strong through the spring due to the increase in corn and cotton area. In addition, Indian domestic urea demand usually shows a seasonal increase in the middle of the year. Export supply availability will increase in July as Chinese urea export tariffs are reduced to 7 percent. While there still remains a fair amount of uncertainty over what Ukraine nitrogen producers will ultimately pay for their natural gas feedstock, most industry analysts believe the price delivered to the plant is likely to exceed \$7/MMBtu, assuming the Ukraine government follows the recommendation of the IMF to eliminate the direct gas subsidy to industrial users.

India locked in over 6 million tonnes of DAP to date for 2010 providing underlying support to the phosphate market. U.S. spring applications are expected to be strong, which are expected to keep inventories tight. U.S. DAP and MAP inventories at the end of March were reported to be 34 percent below March 2009 and 21 percent below the five-year average. Brazilian dry phosphate imports in 2010 have so far remained below normal levels. Brazilian demand tends to increase in the middle of the calendar year which would support the market demand for this period.

Potash demand rebounded from the low levels reached in the 2008/09 fertilizer year, with a significant recovery in demand from both domestic and international markets. There was clarity resulting from the Chinese contracts for 2010, and from the finalization of the Indian Nutrient Based Subsidy. India has been purchasing significant potash volumes since the price was determined. North American producer inventories continued to tighten, with the TFI report that March 2010 potash inventories dropped 44 percent below March 2009 levels and 21 percent below the five-year average. Brazilian imports of potash were improved significantly in the first quarter of 2010, relative to the depressed levels experienced in 2009, although they still remained below the previous five year average for the first quarter. Looking ahead, Brazilian imports seasonally increase beginning in May and peak in the third quarter.

#### *Forward-Looking Statements*

*Certain statements and other information included in this press release constitute "forward-looking information" within the meaning of applicable Canadian securities legislation or constitute "forward-looking statements" (together, "forward-looking statements"). All statements in this press release, other than those relating to historical information or current conditions, are forward-looking statements, including, but not limited to, estimates, forecasts and statements as to management's expectations with respect to, among other things, business and financial prospects, financial multiples and accretion estimates, future trends, plans, strategies, objectives and expectations. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those in the forward-looking statements. Events or circumstances that could cause actual results to differ materially from those in the forward-looking statements, include, but are not limited to, general business and economic conditions, interest rates, exchange rates and tax rates, weather conditions, crop prices, the supply, demand and price level for our major products, gas prices and gas availability, operating rates and production costs, 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, changes in development plans, construction progress, political risks, including civil unrest, actions by armed groups or conflict, 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 and other risk factors detailed from time to time in Agrium's reports filed with the SEC. Agrium disclaims any intention or obligation to update or revise any forward-looking statements in this press release as a result of new information or future events, except as may be required under applicable U.S. federal securities laws or applicable Canadian securities legislation. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. All of the forward-looking statements contained herein are qualified by these cautionary statements and by the assumptions that are stated or inherent in such forward-looking statements. Although we believe these assumptions are reasonable, undue reliance should not be placed on these assumptions and such forward-looking statements.*

## **OTHER**

Agrium Inc. is a major Retail supplier of agricultural products and services in North and South America, a leading global Wholesale producer and marketer of all three major agricultural nutrients and the premier supplier of specialty fertilizers in North America through our Advanced Technologies business unit. Agrium's strategy is to grow across the value chain through acquisition, incremental expansion of its existing operations and through the development, commercialization and marketing of new products and international opportunities. Our strategy places particular emphasis on growth opportunities that both increase and stabilize our earnings profile in the continuing transformation of Agrium.

A WEBSITE SIMULCAST of the 2010 1<sup>st</sup> Quarter Conference Call will be available in a listen-only mode beginning Wednesday, May 5, 2010 at 9:30 a.m. MT (11:30 a.m. ET). Please visit the following website: [www.agrium.com](http://www.agrium.com)

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### **FOR FURTHER INFORMATION:**

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Contact us at: [www.agrium.com](http://www.agrium.com)

**AGRIUM INC.**  
Consolidated Statements of Operations  
(Millions of U.S. dollars, except per share amounts)  
(Unaudited)

	Three months ended March 31,	
	2010	2009
Sales	1,848	1,795
Direct freight	50	42
<b>Net sales</b>	<b>1,798</b>	1,753
<b>Cost of product sold</b>	<b>1,437</b>	1,480
<b>Gross profit</b>	<b>361</b>	273
<b>Expenses</b>		
Selling	211	204
General and administrative	48	44
Depreciation and amortization	32	31
Potash profit and capital tax	3	(23)
Earnings from equity investees (note 6)	(9)	(6)
Other expenses (note 3)	96	79
<b>Loss before interest, income taxes and non-controlling interests</b>	<b>(20)</b>	(56)
Interest on long-term debt	23	25
Other interest	4	6
<b>Loss before income taxes and non-controlling interests</b>	<b>(47)</b>	(87)
Income taxes	(41)	(27)
Non-controlling interests	1	-
<b>Net loss</b>	<b>(7)</b>	(60)
<b>Loss per share (note 4)</b>		
Basic	<b>(0.04)</b>	(0.38)
Diluted	<b>(0.04)</b>	(0.38)

See accompanying notes.

**AGRIUM INC.**  
Consolidated Statements of Cash Flows  
(Millions of U.S. dollars)  
(Unaudited)

	<b>Three months ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Operating</b>		
Net loss	(7)	(60)
Items not affecting cash		
Depreciation and amortization	68	55
Earnings from equity investees	(9)	(6)
Stock-based compensation	33	10
Unrealized loss on derivative financial instruments	61	28
Acquisition costs (note 2)	45	-
Gain on disposal of marketable securities (note 2)	(52)	-
Unrealized foreign exchange loss	6	82
Future income taxes	(27)	6
Non-controlling interests	1	-
Other	4	(10)
Net changes in non-cash working capital	(237)	(36)
<b>Cash (used in) provided by operating activities</b>	<b>(114)</b>	<b>69</b>
<b>Investing</b>		
Acquisitions, net of cash acquired	-	(15)
Capital expenditures	(76)	(48)
Proceeds from disposal of investments	25	-
Purchase of marketable securities	-	(65)
Proceeds from disposal of marketable securities	117	-
Other	(6)	(14)
<b>Cash provided by (used in) investing activities</b>	<b>60</b>	<b>(142)</b>
<b>Financing</b>		
Bank indebtedness	33	(193)
Repayment of long-term debt	(1)	-
Dividends paid	(9)	(9)
Shares issued, net of issuance costs	2	1
<b>Cash provided by (used in) financing activities</b>	<b>25</b>	<b>(201)</b>
<b>Effect of exchange rate changes on cash</b>	<b>3</b>	<b>3</b>
<b>Decrease in cash and cash equivalents</b>	<b>(26)</b>	<b>(271)</b>
Cash and cash equivalents – beginning of period	933	374
Deconsolidation of Egypt subsidiary	-	(17)
<b>Cash and cash equivalents – end of period</b>	<b>907</b>	<b>86</b>

See accompanying notes.

**AGRIUM INC.**  
Consolidated Balance Sheets  
(Millions of U.S. dollars)  
(Unaudited)

	As at March 31,		As at December 31,
	2010	2009	2009
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	907	86	933
Accounts receivable	1,495	1,292	1,324
Inventories (note 5)	2,988	3,786	2,137
Prepaid expenses and deposits	335	704	612
Marketable securities	6	88	114
	<b>5,731</b>	<b>5,956</b>	<b>5,120</b>
<b>Property, plant and equipment</b>	<b>1,835</b>	<b>1,470</b>	<b>1,782</b>
<b>Intangibles</b>	<b>612</b>	<b>653</b>	<b>617</b>
<b>Goodwill</b>	<b>1,804</b>	<b>1,794</b>	<b>1,801</b>
<b>Investment in equity investees</b> (note 6)	<b>367</b>	<b>330</b>	<b>370</b>
<b>Other assets</b>	<b>52</b>	<b>98</b>	<b>95</b>
	<b>10,401</b>	<b>10,301</b>	<b>9,785</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Bank indebtedness (note 7)	134	293	106
Accounts payable and accrued liabilities	3,072	3,269	2,475
Current portion of long-term debt (note 7)	125	-	-
	<b>3,331</b>	<b>3,562</b>	<b>2,581</b>
<b>Long-term debt</b> (note 7)	<b>1,574</b>	<b>1,614</b>	<b>1,699</b>
<b>Other liabilities</b>	<b>398</b>	<b>347</b>	<b>381</b>
<b>Future income tax liabilities</b>	<b>504</b>	<b>701</b>	<b>521</b>
<b>Non-controlling interests</b>	<b>12</b>	<b>13</b>	<b>11</b>
	<b>5,819</b>	<b>6,237</b>	<b>5,193</b>
<b>Shareholders' equity</b>	<b>4,582</b>	<b>4,064</b>	<b>4,592</b>
	<b>10,401</b>	<b>10,301</b>	<b>9,785</b>

See accompanying notes.

**AGRIUM INC.**

Consolidated Statements of Comprehensive Income and Shareholders' Equity  
(Millions of U.S. dollars, except share data)  
(Unaudited)

	Millions of common shares	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (note 8)	Total shareholders' equity
<b>December 31, 2009</b>	157	1,969	8	2,662	(47)	4,592
Net loss				(7)		(7)
Available for sale financial instruments <sup>(a)</sup>					(29)	(29)
Foreign currency translation					23	23
Comprehensive income						(13)
Stock options exercised		3				3
<b>March 31, 2010</b>	<b>157</b>	<b>1,972</b>	<b>8</b>	<b>2,655</b>	<b>(53)</b>	<b>4,582</b>
<b>December 31, 2008</b>	157	1,961	8	2,313	(172)	4,110
Net loss				(60)		(60)
Cash flow hedges <sup>(b)</sup>					(1)	(1)
Available for sale financial instruments <sup>(c)</sup>					14	14
Foreign currency translation					(1)	(1)
Comprehensive income						(48)
Stock options exercised		2				2
<b>March 31, 2009</b>	<b>157</b>	<b>1,963</b>	<b>8</b>	<b>2,253</b>	<b>(160)</b>	<b>4,064</b>

(a) Net of tax of \$18-million.

(b) Net of tax of nil.

(c) Net of tax of \$9-million.

See accompanying notes.

**AGRIUM INC.**  
Summarized Notes to the Consolidated Financial Statements  
For the three months ended March 31, 2010  
(Millions of U.S. dollars, except per share amounts)  
(Unaudited)

**1. SIGNIFICANT ACCOUNTING POLICIES**

The Company's accounting policies are in accordance with accounting principles generally accepted in Canada and are consistent with those outlined in the annual audited financial statements except where stated below. These interim consolidated financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2009. In management's opinion, the interim consolidated financial statements include all adjustments necessary to present fairly such information. The Company has evaluated events subsequent to the date the consolidated financial statements were issued.

The agricultural products business is seasonal in nature. Sales are concentrated in the spring and fall planting seasons, while produced inventories are accumulated ahead of the application season. Cash collections generally occur after the planting seasons in North and South America.

Certain comparative figures have been reclassified to conform to the current year's presentation.

**2. BUSINESS ACQUISITION**

**CF Industries Holdings, Inc.**

On March 11, 2010, the Company announced that it would no longer pursue an acquisition of CF Industries Holdings, Inc. ("CF") and allowed its offer for CF to expire on March 22, 2010. Acquisition costs of \$45-million, previously recorded in prepaid expenses and deposits, were expensed on expiry of the offer. In March 2010, the Company sold its investment in CF, consisting of 1.2 million common shares, and recorded a pre-tax gain in other expenses of \$52-million. Unrealized gains on the shares had previously been recorded in other comprehensive income.

**3. OTHER EXPENSES**

	Three months ended March 31,	
	2010	2009
Stock-based compensation	33	10
Loss on derivative financial instruments	68	69
Acquisition costs	45	-
Gain on disposal of marketable securities	(52)	-
Environmental remediation and accretion of asset retirement obligations	(2)	6
Interest income	(8)	(12)
Foreign exchange loss	4	6
Bad debt expense	6	5
Other	2	(5)
	<b>96</b>	<b>79</b>

**AGRIUM INC.**  
Summarized Notes to the Consolidated Financial Statements  
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**4. LOSS PER SHARE**

	Three months ended March 31,	
	2010	2009
Numerator		
Net loss	(7)	(60)
Denominator		
Weighted-average number of shares outstanding for basic loss per share	157	157
Dilutive instruments – stock options <sup>(a)</sup>	-	-
Weighted-average number of shares outstanding for diluted loss per share	157	157
Basic loss per share	(0.04)	(0.38)
Diluted loss per share	(0.04)	(0.38)

(a) For diluted loss per share, conversion or exercise is assumed only if the effect is dilutive to basic loss per share.

**5. INVENTORIES**

	As at March 31,		As at December 31,
	2010	2009	2009
Raw materials	247	268	231
Finished goods	405	442	359
Product for resale	2,336	3,076	1,547
	2,988	3,786	2,137

**AGRIUM INC.**

Summarized Notes to the Consolidated Financial Statements

For the three months ended March 31, 2010

(Millions of U.S. dollars, except per share amounts)

(Unaudited)

**6. INVESTMENT IN EQUITY INVESTEEES**

		<b>As at March 31,</b>		<b>As at December 31,</b>
	<b>Interest</b>	<b>2010</b>	2009	2009
MISR Fertilizer Production Company, S.A.E. ("MOPCO") a private company operating in Egypt	<b>26.0%</b>	<b>274</b>	254	270
Hanfeng Evergreen Inc. ("Hanfeng"), 11.9 million common shares	<b>19.5%</b>	<b>89</b>	72	87
Other		<b>4</b>	4	13
		<b>367</b>	330	370

	<b>Three months ended March 31,</b>	
<b>Earnings from equity investees</b>	<b>2010</b>	2009
MOPCO	<b>4</b>	4
Hanfeng	<b>1</b>	2
Other	<b>4</b>	-
	<b>9</b>	6

	<b>As at March 31,</b>		<b>As at December 31,</b>
<b>Cumulative undistributed earnings</b>	<b>2010</b>	2009	2009
MOPCO	<b>24</b>	4	20
Hanfeng	<b>10</b>	6	9
Other	<b>-</b>	-	2
	<b>34</b>	10	31

<b>Assets, liabilities and results of operations of the above equity investees</b>	<b>As at March 31,</b>		<b>As at December 31,</b>
	<b>2010</b>	2009	2009
Net sales	<b>103</b>	65	437
Net earnings	<b>36</b>	10	105
Assets	<b>1,508</b>	235	1,364
Liabilities	<b>479</b>	24	382
Shareholders' equity	<b>1,029</b>	211	982

**AGRIUM INC.**  
Summarized Notes to the Consolidated Financial Statements  
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**7. DEBT**

	As at March 31,			As at
	Total	Unutilized	Utilized	December 31, 2009
				Utilized
<b>Bank indebtedness</b>				
North American revolving credit facilities expiring 2012 <sup>(a)</sup>	775	775	-	-
European credit facilities expiring 2010 to 2012 <sup>(b)</sup>	236	125	111	74
South American credit facilities expiring 2010 to 2012	81	58	23	32
	<b>1,092</b>	<b>958</b>	<b>134</b>	<b>106</b>
<b>Current portion of long-term debt</b>				
8.25% debentures due February 15, 2011			125	-
<b>Long-term debt</b>				
<b>Unsecured</b>				
Floating rate bank loans due May 5, 2013			460	460
Floating rate bank loans due 2011 to 2012			26	26
6.75% debentures due January 15, 2019			500	500
7.125% debentures due May 23, 2036			300	300
7.7% debentures due February 1, 2017			100	100
7.8% debentures due February 1, 2027			125	125
8.25% debentures due February 15, 2011			-	125
<b>Secured</b>				
Other			73	73
			<b>1,584</b>	<b>1,709</b>
Unamortized transaction costs			<b>(10)</b>	<b>(10)</b>
			<b>1,574</b>	<b>1,699</b>

	Three months ended March 31,	
	2010	2009
<b>Accounts receivable securitization</b>		
Cumulative proceeds from securitization, beginning of period	-	200
Proceeds from sales of receivables	-	200
Securitization reduction payments	-	(200)
Cumulative proceeds from securitization, end of period	-	200

- (a) Outstanding letters of credit issued under the Company's revolving credit facilities at March 31, 2010 were \$82-million, reducing credit available under the facilities to \$693-million.
- (b) The facilities bear interest at various base rates plus a fixed or variable margin. Of the total, \$11-million is secured (December 31, 2009 – \$137-million). Security pledged for the utilized balance includes inventory, accounts receivable and other items with a total carrying value of \$4-million (December 31, 2009 – \$87-million). The utilized balance includes Euro-denominated debt of \$40-million (December 31, 2009 – \$31-million).

**AGRIUM INC.**  
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**8. ACCUMULATED OTHER COMPREHENSIVE INCOME**

	As at March 31,		As at December 31,
	2010	2009	2009
Cash flow hedges, net of tax	2	5	2
Available for sale financial instruments, net of tax	-	14	29
Foreign currency translation	(55)	(179)	(78)
	<b>(53)</b>	<b>(160)</b>	<b>(47)</b>

**9. EMPLOYEE FUTURE BENEFITS**

	Three months ended March 31,	
	2010	2009
<b>Defined benefit pension plans</b>		
Service cost	1	1
Interest cost	3	2
Expected return on plan assets	(3)	(2)
Net amortization and deferral	1	1
Net expense	2	2
<b>Post-retirement benefit plans</b>		
Service cost	-	1
Interest cost	1	1
Net expense	1	2
<b>Defined contribution pension plans</b>	<b>8</b>	<b>9</b>
<b>Total expense</b>	<b>11</b>	<b>13</b>

**AGRIUM INC.**  
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**10. FINANCIAL INSTRUMENTS**

**Risk management**

In the normal course of business, the Company's financial position, results of operations and cash flows are exposed to various risks. On an annual basis, the Board approves a strategic plan that takes into account the opportunities and major risks of the Company's business and mitigation factors to reduce these risks. The Board also reviews risk management policies and procedures on an annual basis and sets upper limits on the transactional exposure to be managed and the time periods over which exposures may be managed. The Company manages risk in accordance with its Exposure Management Policy. The objective of the policy is to reduce volatility in cash flow and earnings.

Sensitivity analysis to risk is provided where the effect on net loss or shareholders' equity could be material. Sensitivity analysis is performed by relating the reasonably possible changes in the risk variable at March 31, 2010 to financial instruments outstanding on that date while assuming all other variables remain constant.

**Market risk**

(a) Currency risk

U.S. dollar denominated transactions in our Canadian operations generate foreign exchange gains and losses on outstanding balances which are recognized in net loss. The net U.S. dollar denominated balance in Canadian operations is \$146-million. A strengthening or weakening of \$0.01 in the U.S. dollar against the Canadian dollar would have an immaterial effect on net loss.

<b>Balances in non-U.S. dollar subsidiaries (in U.S. dollar equivalent)</b>	<b>Canadian dollars</b>	<b>Euro</b>
Cash and cash equivalents	65	9
Accounts receivable	173	106
Bank indebtedness	-	(111)
Accounts payable and accrued liabilities	(533)	(36)
	<b>(295)</b>	<b>(32)</b>

A foreign currency translation adjustment is recognized in other comprehensive income upon translation of our Canadian and European operations to U.S. dollars. A strengthening or weakening of \$0.01 of the Canadian dollar against the U.S. dollar, or the Euro against the U.S. dollar, would have an immaterial effect on comprehensive income.

(b) Commodity price risk

For natural gas derivative financial instruments outstanding at March 31, 2010, an increase or decrease of \$0.10 per MMBtu would have an immaterial effect on net loss.

**AGRIUM INC.**  
Summarized Notes to the Consolidated Financial Statements  
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(c) Interest rate risk

The Company's cash and cash equivalents include highly liquid investments with a term of three months or less that earn interest at market rates. The Company manages its interest rate risk on these investments by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash and cash equivalents do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments.

**Credit risk**

There were no significant uncollectible trade receivable balances at March 31, 2010.

<b>Allowance for doubtful accounts</b>	<b>Three months ended March 31,</b>		<b>Twelve months ended December 31,</b>
	<b>2010</b>	<b>2009</b>	<b>2009</b>
Balance, beginning of period	46	36	36
Additions	10	8	47
Write-offs	(2)	(1)	(37)
Balance, end of period	54	43	46
Balance as a percent of trade accounts receivable (%)	4	3	4

The Company may be exposed to certain losses in the event that counterparties to short-term investments and derivative financial instruments are unable to meet their contractual obligations. The Company manages this counterparty credit risk with policies requiring that counterparties to short-term investments and derivative financial instruments have an investment grade or higher credit rating and policies that limit the investing of excess funds to liquid instruments with a maximum term of one year and limit the maximum exposure to any one counterparty. The Company also enters into master netting agreements that mitigate its exposure to counterparty credit risk. At March 31, 2010, all counterparties to derivative financial instruments have maintained an investment grade or higher credit rating and there is no indication that any counterparty will be unable to meet their obligations under derivative contracts.

<b>Maximum credit exposure based on derivative financial instruments in an asset position</b>	<b>As at March 31,</b>		<b>As at December 31,</b>
	<b>2010</b>	<b>2009</b>	<b>2009</b>
Foreign exchange contracts	2	-	1
Natural gas, power and nutrient contracts	3	16	8
	5	16	9

**Liquidity risk**

The Company's accounts payable and accrued liabilities generally have contractual maturities of six months or less.

**AGRIUM INC.**  
Summarized Notes to the Consolidated Financial Statements  
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**Classification and fair values of financial instruments**

<b>Financial instrument</b>	<b>Classification</b>	<b>Carrying value</b>
Cash and cash equivalents	Held for trading	Fair value
Accounts receivable <sup>(a)</sup>	Loans & receivables	Amortized cost
Accounts receivable – derivative financial instruments <sup>(c)</sup>	Held for trading	Fair value
Marketable securities	Available for sale or held for trading	Fair value
Other assets	Loans & receivables	Amortized cost
Other assets – derivative financial instruments <sup>(c)</sup>	Held for trading	Fair value
Bank indebtedness <sup>(a)</sup>	Other liabilities	Amortized cost
Accounts payable and accrued liabilities <sup>(a)</sup>	Other liabilities	Amortized cost
Accounts payable and accrued liabilities – derivative financial instruments <sup>(c)</sup>	Held for trading	Fair value
Long-term debt <sup>(b)</sup>	Other liabilities	Amortized cost
Other liabilities	Other liabilities	Amortized cost
Other liabilities – derivative financial instruments <sup>(c)</sup>	Held for trading	Fair value

(a) Carrying value approximates fair value due to their short-term nature.

(b) The fair value of floating-rate loans approximates their carrying value.

(c) Fair value is recorded at the estimated amount the Company would receive or pay to terminate the contracts.

<b>Long-term debt including current portion</b>	<b>As at March 31,</b>		<b>As at</b>
	<b>2010</b>	<b>2009</b>	<b>December 31,</b>
			<b>2009</b>
Fair value of long-term debt (level 2)	<b>1,833</b>	1,473	1,805
Carrying value of long-term debt (amortized cost)	<b>1,707</b>	1,625	1,709
Weighted-average effective interest rate on long-term debt (%)	<b>6</b>	6	6

<b>Fair value of financial instruments</b>	<b>As at March 31, 2010</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Netting</b>	<b>Total</b>
<b>Cash and cash equivalents</b>	<b>907</b>	-	-	<b>907</b>
<b>Accounts receivable</b>				
Foreign exchange derivative financial instruments	-	<b>2</b>	-	<b>2</b>
Gas, power and nutrient derivative financial instruments	<b>47</b>	<b>5</b>	<b>(50)</b>	<b>2</b>
<b>Marketable securities</b>				
Other (held for trading)	<b>6</b>	-	-	<b>6</b>
<b>Other assets</b>				
Gas, power and nutrient derivative financial instruments	<b>26</b>	<b>6</b>	<b>(31)</b>	<b>1</b>
<b>Bank indebtedness</b>	<b>134</b>	-	-	<b>134</b>
<b>Accounts payable and accrued liabilities</b>				
Foreign exchange derivative financial instruments	-	<b>(1)</b>	-	<b>(1)</b>
Gas, power and nutrient derivative financial instruments	<b>(93)</b>	<b>(8)</b>	<b>51</b>	<b>(50)</b>
<b>Other liabilities</b>				
Gas, power and nutrient derivative financial instruments	<b>(72)</b>	<b>(5)</b>	<b>30</b>	<b>(47)</b>

**AGRIUM INC.**  
Summarized Notes to the Consolidated Financial Statements  
For the three months ended March 31, 2010  
(Millions of U.S. dollars, except per share amounts)  
(Unaudited)

Fair value of financial instruments	As at March 31, 2009			
	Level 1	Level 2	Netting	Total
<b>Cash and cash equivalents</b>	86	-	-	86
<b>Accounts receivable</b>				
Gas, power and nutrient derivative financial instruments	20	5	(22)	3
<b>Marketable securities</b>				
Investment in CF (available for sale)	88	-	-	88
<b>Other assets</b>				
Gas, power and nutrient derivative financial instruments	45	2	(34)	13
Other (available for sale)	28	-	-	28
<b>Bank indebtedness</b>	293	-	-	293
<b>Accounts payable and accrued liabilities</b>				
Foreign exchange derivative financial instruments	-	(14)	-	(14)
Gas, power and nutrient derivative financial instruments	(84)	(11)	22	(73)
<b>Other liabilities</b>				
Gas, power and nutrient derivative financial instruments	(58)	(2)	34	(26)

Fair value of financial instruments	As at December 31, 2009			
	Level 1	Level 2	Netting	Total
<b>Cash and cash equivalents</b>	933	-	-	933
<b>Accounts receivable</b>				
Foreign exchange derivative financial instruments	-	1	-	1
Gas, power and nutrient derivative financial instruments	35	6	(36)	5
<b>Marketable securities</b>				
Investment in CF (available for sale)	113	-	-	113
Other (held for trading)	1	-	-	1
<b>Other assets</b>				
Gas, power and nutrient derivative financial instruments	26	3	(26)	3
Other (available for sale)	25	-	-	25
<b>Bank indebtedness</b>	106	-	-	106
<b>Accounts payable and accrued liabilities</b>				
Gas, power and nutrient derivative financial instruments	(44)	(6)	36	(14)
<b>Other liabilities</b>				
Gas, power and nutrient derivative financial instruments	(47)	(4)	26	(25)

## AGRIUM INC.

Summarized Notes to the Consolidated Financial Statements  
For the three months ended March 31, 2010  
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### 11. CAPITAL MANAGEMENT

The Company's primary objectives when managing capital are to provide for: (a) an appropriate rate of return to shareholders in relation to the risks underlying the Company's assets; and, (b) a prudent capital structure for raising capital at a reasonable cost for the funding of ongoing operations, capital expenditures, and new growth initiatives.

The ratios outlined in the table below are monitored by the Company in managing its capital.

	As at March 31,		As at December 31,
	2010	2009	2009
Net debt to net debt plus equity (%) <sup>(a)</sup>	17	31	16
Interest coverage (multiple) <sup>(b)</sup>	8.2	16.1	7.5

- (a) Net debt includes bank indebtedness and long-term debt, net of cash and cash equivalents. Equity includes shareholders' equity.
- (b) Interest coverage is the last twelve months net earnings before interest expense, income taxes, depreciation, amortization and asset impairment divided by interest, which includes interest on long-term debt plus other interest.
- (c) The measures of debt, equity and net earnings described above are non-GAAP financial measures which do not have a standardized meaning prescribed by Canadian GAAP and therefore may not be comparable to similar measures presented by other issuers.
- (d) The Company's strategy for managing capital is unchanged from December 31, 2009.

The Company's revolving credit facilities require the Company maintain specific interest coverage and debt to capital ratios as well as other non-financial covenants as defined in the debt agreement. The Company was in compliance with all covenants at March 31, 2010.

**AGRIUM INC.**  
Summarized Notes to the Consolidated Financial Statements  
For the three months ended March 31, 2010  
(Millions of U.S. dollars, except per share amounts)  
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**12. SEGMENTATION**

	Three months ended March 31,	
	2010	2009
<b>Consolidated net sales</b>		
Retail		
Crop nutrients	371	437
Crop protection products	462	426
Seed	191	148
Services and other	36	40
	<b>1,060</b>	<b>1,051</b>
Wholesale		
Nitrogen	239	229
Potash	181	42
Phosphate	115	113
Product purchased for resale	205	266
Other	49	45
	<b>789</b>	<b>695</b>
Advanced Technologies	63	67
Other <sup>(a)</sup>	<b>(114)</b>	<b>(60)</b>
	<b>1,798</b>	<b>1,753</b>
<b>Consolidated inter-segment sales</b>		
Retail	5	1
Wholesale	99	42
Advanced Technologies	10	17
	<b>114</b>	<b>60</b>
<b>Consolidated net loss</b>		
Retail	<b>(72)</b>	(94)
Wholesale	140	57
Advanced Technologies	(1)	1
Other <sup>(a)</sup>	<b>(88)</b>	(20)
Loss before interest and income taxes <sup>(b)</sup>	<b>(21)</b>	(56)
Interest on long-term debt	23	25
Other interest	4	6
Loss before income taxes <sup>(b)</sup>	<b>(48)</b>	(87)
Income taxes	<b>(41)</b>	(27)
	<b>(7)</b>	<b>(60)</b>

(a) The Other segment is a non-operating segment for inter-segment eliminations and corporate functions. Net sales between segments are accounted for at prices that approximate fair market value.

(b) Net of non-controlling interests.

**AGRIUM INC.**  
**Results by Segment**  
(Unaudited – millions of U.S. dollars)

**Schedule 1**

	Three months ended March 31,									
	Retail		Wholesale		Advanced Technologies		Other		Total	
	<u>2010</u>	2009	<u>2010</u>	2009	<u>2010</u>	2009	<u>2010</u>	2009	<u>2010</u>	2009
<b>Net Sales – external</b>	<b>1,055</b>	1,050	<b>690</b>	653	<b>53</b>	50	-	-	<b>1,798</b>	1,753
– inter-segment	<b>5</b>	1	<b>99</b>	42	<b>10</b>	17	<b>(114)</b>	(60)	-	-
<b>Total net sales</b>	<b>1,060</b>	1,051	<b>789</b>	695	<b>63</b>	67	<b>(114)</b>	(60)	<b>1,798</b>	1,753
<b>Cost of product sold</b>	<b>898</b>	909	<b>572</b>	578	<b>48</b>	57	<b>(81)</b>	(64)	<b>1,437</b>	1,480
<b>Gross profit</b>	<b>162</b>	142	<b>217</b>	117	<b>15</b>	10	<b>(33)</b>	4	<b>361</b>	273
<b>Gross profit (%)</b>	<b>15</b>	14	<b>28</b>	17	<b>24</b>	15			<b>20</b>	16
<b>Selling expenses</b>	<b>200</b>	198	<b>9</b>	8	<b>6</b>	1	<b>(4)</b>	(3)	<b>211</b>	204
<b>EBITDA <sup>(1)</sup></b>	<b>(45)</b>	(68)	<b>175</b>	79	<b>3</b>	6	<b>(86)</b>	(18)	<b>47</b>	(1)
<b>EBIT <sup>(2)</sup></b>	<b>(72)</b>	(94)	<b>140</b>	57	<b>(1)</b>	1	<b>(88)</b>	(20)	<b>(21)</b>	(56)

(1) Net earnings (loss) before interest expense, income taxes, depreciation, amortization and asset impairment.

(2) Net earnings (loss) before interest expense and income taxes.

**AGRIUM INC.**  
**Product Lines**  
**Three months ended March 31**  
(Unaudited – millions of U.S. dollars)

**Schedule 2a**

	2010							2009						
	Net Sales	Cost of Product Sold <sup>(1)(2)</sup>	Gross Profit	Sales Tonnes (000's)	Selling Price (\$/Tonne)	Cost of Product Sold (\$/Tonne)	Margin (\$/Tonne)	Net Sales	Cost of Product Sold <sup>(1)(2)</sup>	Gross Profit	Sales Tonnes (000's)	Selling Price (\$/Tonne)	Cost of Product Sold (\$/Tonne)	Margin (\$/Tonne)
<b>Wholesale</b>														
Nitrogen	239	167	72	732	327	229	98	229	174	55	673	340	258	82
Potash	181	75	106	534	339	140	199	42	21	21	76	553	277	276
Phosphate	115	97	18	250	460	388	72	113	87	26	202	559	430	129
Product purchased for resale	205	193	12	677	303	285	18	266	264	2	883	301	299	2
Other	49	40	9	174				45	32	13	145			
	<b>789</b>	<b>572</b>	<b>217</b>	<b>2,367</b>	<b>333</b>	<b>241</b>	<b>92</b>	<b>695</b>	<b>578</b>	<b>117</b>	<b>1,979</b>	<b>351</b>	<b>292</b>	<b>59</b>
<b>Retail<sup>(3)(4)</sup></b>														
Crop nutrients	371	308	63					437	419	18				
Crop protection products	462	393	69					426	349	77				
Seed	191	176	15					148	123	25				
Services and other	36	21	15					40	18	22				
	<b>1,060</b>	<b>898</b>	<b>162</b>					<b>1,051</b>	<b>909</b>	<b>142</b>				
<b>Advanced Technologies</b>														
Turf and ornamental Agriculture	44	34	10					43	37	6				
	19	14	5					24	20	4				
	<b>63</b>	<b>48</b>	<b>15</b>					<b>67</b>	<b>57</b>	<b>10</b>				
<b>Other inter-segment eliminations</b>	<b>(114)</b>	<b>(81)</b>	<b>(33)</b>					<b>(60)</b>	<b>(64)</b>	<b>4</b>				
<b>Total</b>	<b>1,798</b>	<b>1,437</b>	<b>361</b>					<b>1,753</b>	<b>1,480</b>	<b>273</b>				

(1) Wholesale includes an inventory and purchase commitment write-down for product purchased for resale of nil (2009 - \$18-million):

(2) Includes depreciation of \$36-million (2009 - \$24-million):

(a) Wholesale has \$34-million (2009 - \$21-million): \$18-million for nitrogen (2009 – \$11-million), \$4-million for potash (2009 – \$4-million), \$11-million for phosphate (2009 - \$5-million) and \$1-million for other (2009 - \$1-million)

(b) Advanced Technologies has \$2-million (2009 - \$3-million)

(3) International Retail net sales were \$27-million (2009 – \$20-million) and gross profit was \$5-million (2009 – \$4-million)

(4) Comparative figures have been reclassified to conform to the current year's revised categories.

**AGRIUM INC.**  
**Selected Wholesale Volumes and Sales Prices**  
(Unaudited)

Schedule 3

	Three months ended March 31,			
	2010		2009	
	Sales Tonnes (000's)	Selling Price (\$/Tonne)	Sales Tonnes (000's)	Selling Price (\$/Tonne)
<b>Nitrogen</b>				
<b>Domestic</b>				
Ammonia	143	353	141	361
Urea	321	354	359	355
Other	178	246	117	284
<b>Total domestic nitrogen</b>	<b>642</b>	<b>324</b>	617	343
International nitrogen	90	353	56	311
<b>Total nitrogen</b>	<b>732</b>	<b>327</b>	673	340
<b>Potash</b>				
Domestic	349	387	19	751
International	185	250	57	479
<b>Total potash</b>	<b>534</b>	<b>339</b>	76	553
<b>Phosphate</b>	250	460	202	559
<b>Product purchased for resale</b>	677	303	883	301
<b>Other</b>				
Ammonium sulfate	90	198	106	224
Other	84		39	
<b>Total other</b>	<b>174</b>		145	
<b>Total Wholesale</b>	<b>2,367</b>	<b>333</b>	1,979	351