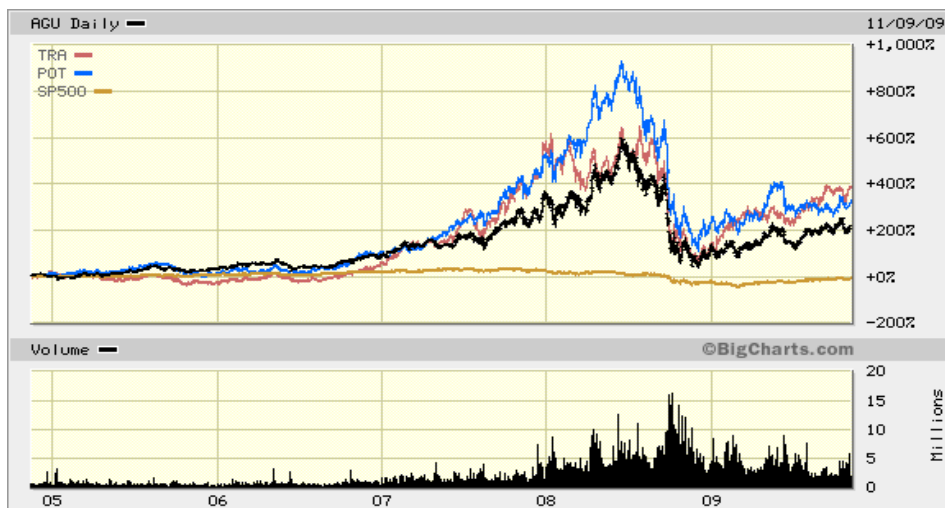


Agrium Inc. (AGU) 11/9/09

AGU operates as a producer and marketer of agricultural chemicals including; nitrogen, potash, and phosphate. The company is run in three different business segments with the following income percentages; Wholesale with 70%, Retail with 29%, and Advanced Technologies at 1%. AGU was founded in 1931 and is headquartered in Calgary, Canada.

Current Price	\$51.85
52 Week High	\$57.63
52 Week Low	\$22.08
One Yr Target	n/a
Market Cap (in billions)	\$8.14
P/E (Trailing)	10.23
P/E(1 Yr Forward)	10.33
P/E/G	0.75
ROA	4.23%
ROE	10.49%
EPS	\$5.07
Beta	1.87
Annualized Dividend	\$0.11
Dividend Yield	0.21%
Analyst Consensus	2.80
Debt to Equity	1.17



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Annual EPS

2005	\$2.16	
2006	\$0.25	-88.51%
2007	\$2.77	1017.26%
2008	\$8.23	196.86%
2009E	\$5.07	-38.41%

Annual Revenue (in millions)

2005	\$3,294.00	
2006	\$4,193.00	27.29%
2007	\$5,270.00	25.69%
2008	\$10,031.00	90.34%

Annual Net Income (in millions)

2005	\$283.00	
2006	\$33.00	-88.34%
2007	\$438.00	1227.27%
2008	\$1,292.00	194.98%

Free Cash Flows (in millions)

2005	\$275.00	
2006	-\$54.00	-119.64%
2007	\$40.00	174.07%
2008	\$538.00	1245.00%

Required Rate of Return

15.83%

Dividend Growth Model

Present Value of 2014 Price	\$1.02
Holding Period Return (5 years)	-43.04%

Expected Annualized Return Model

Present Value of 2014 Price	\$127.96
Holding Period Return (5 years)	19.20%

Residual Income Model

Intrinsic Stock Price	\$59.69
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Analysis

Positives

Low PEG ratio suggests that company will see continued growth for the near future

Stock price is undervalued according to the EAR and RI valuation models

Negatives

Upcoming year's EPS is expected to decline from 2008 high

Stock price is overvalued according to the DG valuation model

Financial Statements

Balance Sheet is great except for recent increase in debt in 2008

Income Statement is great with 2008 highs but are expected to fall somewhat in 2009/2010

Cash Flows are good but have large Capital Expenditures

Industry Analysis

Company operates in the Ag. Chemicals industry which is cyclical and

Company's financial ratios are slightly better than industry averages

Summary

AGU is a good company in an industry that should be poised to see some nice growth in the coming years. AGU's financial ratios are all good but not outstanding and about par for the industry. Its financial statements are generally very good with 2008 having been a fantastic year, yet the company took on a lot more debt for whatever reason. AGU has a nice product mix of the big three fertilizer products, a distinct advantage over some competitors. The Ag. Chemicals industry should be looking to grow as the business cycle starts to favor most cyclical industries. Profit margins should be helped from increased demand from emerging economies, increasing populations, and possible ethanol demand. Overall AGU should certainly see some price appreciation but probably not as much as larger competitors who have a larger global presence such as Monsanto.