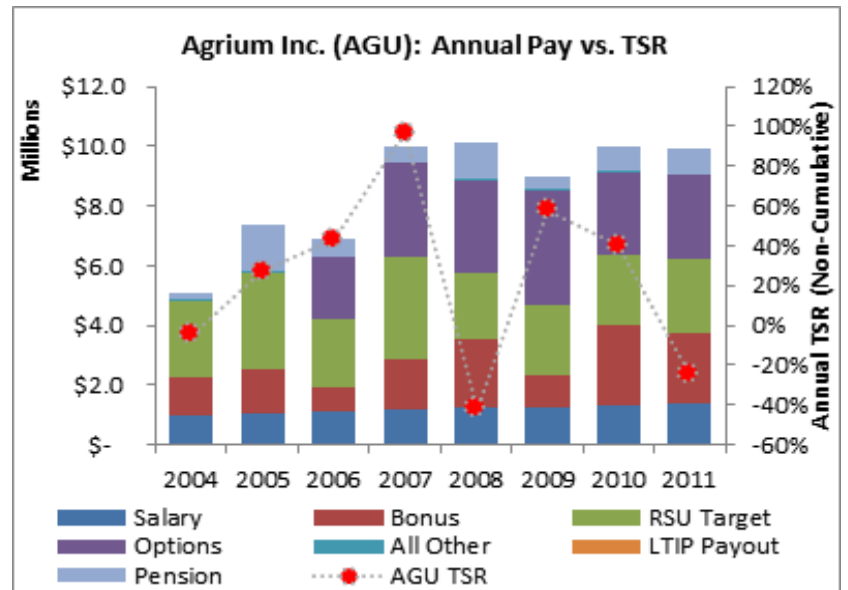
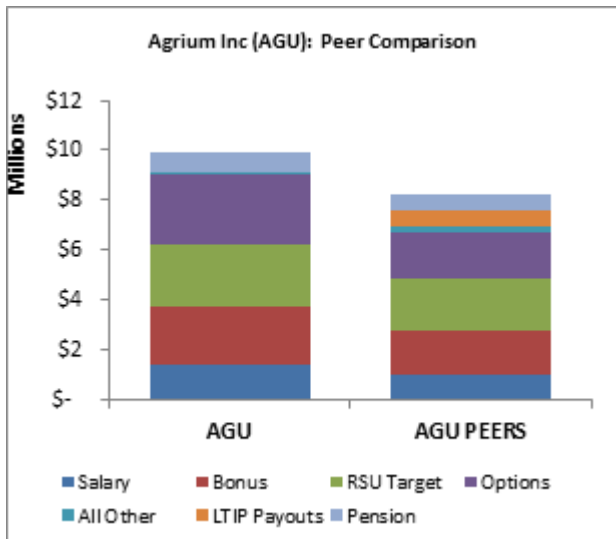


# Agrium Inc (AGU): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 2	4 YEAR = 3	6 YEAR = 5	8 YEAR = 8	TOTAL: 18/24

In 4- 6- and 8-year TSR observations, AGU's share performance has outpaced CEO pay growth. This, combined with close pay/performance alignment has landed AGU the fourth highest Pay for Performance Score on the TSX 60. AGU, like its peers, has a relatively balanced approach to CEO pay. Year-over-year variability is driven primarily by bonus and RSU, and reaction to share performance appears to be delayed by one year.

With this delay in mind, we will monitor AGU's 2012 CEO pay outcomes when available, because pay/TSR alignment in 2011 was noticeably misaligned (-25% TSR, -1% CEO pay), with their TSR raking 8th out of 9 peers. While AGU's ROE and ROA were positive, they ranked in the middle of the pack among their peers. **If AGU's historical pay/performance behaviour continues this year, we expect to see a dip in CEO pay in 2012.**



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
NYSE:AGCO	AGCO Corporation
NYSE:CBT	Cabot Corporation
NYSE:FMC	FMC Corporation
NYSE:MOS	The Mosaic Company
NYSE:CF	CF Industries Holding, Inc.
NYSE:EMN	Eastman Chemical Company
NYSE:SMG	The Scotts Miracle-Gro Company
NYSE:OLN	Olin Corporation

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	NYSE:FMC	8.5%	NYSE:EMN	35.6%	NYSE:CF	17.2%
2	NYSE:CF	7.9%	NYSE:CF	33.9%	NYSE:MOS	11.6%
3	NYSE:OLN	-0.4%	NYSE:FMC	29.4%	NYSE:EMN	10.8%
4	NYSE:EMN	-4.9%	NYSE:OLN	24.5%	NYSE:FMC	10.4%
5	NYSE:SMG	-12.2%	NYSE:CBT	21.4%	<b>TSE:AGU</b>	<b>10.1%</b>
6	NYSE:AGCO	-15.2%	<b>TSE:AGU</b>	<b>20.6%</b>	NYSE:OLN	9.9%
7	NYSE:CBT	-22.6%	NYSE:AGCO	19.5%	NYSE:CBT	9.1%
8	<b>TSE:AGU</b>	<b>-25.0%</b>	NYSE:SMG	17.7%	NYSE:AGCO	8.1%
9	NYSE:MOS	-30.1%	NYSE:MOS	16.1%	NYSE:SMG	5.1%
10						
11						

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	NYSE:AGCO	\$10,189,008	<b>TSE:AGU</b>	<b>\$1,395,066</b>	NYSE:CF	\$2,373,766	<b>TSE:AGU</b>	<b>\$3,713,492</b>	NYSE:EMN	\$6,281,697
2	<b>TSE:AGU</b>	<b>\$9,940,850</b>	NYSE:AGC	\$1,135,650	<b>TSE:AGU</b>	<b>\$2,318,426</b>	NYSE:CF	\$3,362,835	NYSE:AGCO	\$5,471,155
3	NYSE:EMN	\$9,877,423	NYSE:EMN	\$1,010,753	NYSE:MOS	\$2,225,406	NYSE:AGCO	\$3,236,491	<b>TSE:AGU</b>	<b>\$5,342,841</b>
4	NYSE:MOS	\$7,982,848	NYSE:CF	\$989,069	NYSE:AGC	\$2,100,840	NYSE:MOS	\$3,197,990	NYSE:MOS	\$4,259,827
5	NYSE:CF	\$7,617,044	NYSE:SMG	\$989,069	NYSE:FMC	\$1,823,834	NYSE:FMC	\$2,763,449	NYSE:CF	\$3,611,928
6	NYSE:FMC	\$6,261,230	NYSE:MOS	\$972,584	NYSE:EMN	\$1,582,511	NYSE:EMN	\$2,593,263	NYSE:CBT	\$3,464,391
7	NYSE:CBT	\$6,114,520	NYSE:FMC	\$939,616	NYSE:CBT	\$1,285,790	NYSE:CBT	\$2,163,589	NYSE:SMG	\$3,280,130
8	NYSE:OLN	\$5,793,655	NYSE:OLN	\$885,219	NYSE:OLN	\$1,253,348	NYSE:OLN	\$2,138,567	NYSE:FMC	\$2,596,904
9	NYSE:SMG	\$4,648,953	NYSE:CBT	\$877,799	NYSE:SMG	\$0	NYSE:SMG	\$989,069	NYSE:OLN	\$2,443,149
10										
11										

# PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

