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August 15, 2003

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And to:

Denise Brosseau, Secretary
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Sent Via E-mail & Fax

Dear Sirs/Mesdames:

Re: Request for Comments
Changes to Proposed National Instrument 51-102 Continuous Disclosure
Obligations (the “Rule”)

I refer to the revised version of proposed National Instrument 51-102 *Continuous Disclosure Obligations* (the “Rule”) and the Notice and Request for Comments issued by the Canadian Securities Administrators (“CSA”) with respect thereto on June 20, 2003.

In that regard, please find attached on behalf of Agrium Inc. our comment letter in both word and pdf format which we trust is satisfactory. Manual copies of this cover letter as well as our comment letter will be concurrently forwarded to you by fax as well.

As indicated in the attached comment letter, we are hopeful that the views expressed therein will receive further consideration, and in the event that you have any comments or questions in that regard, please do not hesitate to contact me directly.

Yours truly,

/s/ "Bruce G. Waterman"

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BGW/

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British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Newfoundland and Labrador Securities Commission
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territories
Registrar of Securities, Nunavut

Dear Sirs/Mesdames:

Re: Request for Comments
Changes to Proposed National Instrument 51-102 Continuous Disclosure
Obligations (the “Rule”)

I am the Senior Vice President, Finance & Chief Financial Officer of Agrium Inc. (“**Agrium**”) and I am making this submission on behalf of Agrium with respect to the revised version of proposed National Instrument 51-102 *Continuous Disclosure Obligations* (the “**Rule**”) in response to the Notice and Request for Comments issued by the Canadian Securities Administrators (“**CSA**”) on June 20, 2003.

Agrium Inc.

Agrium, headquartered in Calgary, Alberta, is a leading global producer and distributor of fertilizers and other agricultural products and services with substantial operations in Canada, the United States and Argentina.

Agrium is organized under the *Canada Business Corporations Act* (“CBCA”). Its common shares are listed on both the Toronto Stock Exchange (“TSX”) and the New York Stock Exchange (“NYSE”). Agrium is in compliance with the present and proposed corporate governance guidelines applicable to TSX listed issuers and is committed to attaining high standards of corporate governance. Agrium, its management and its Board of Directors, continuously seek to achieve “best practices” in the implementation of good corporate governance.

Introduction

Agrium, its management and its Board of Directors strongly support the initiative of the CSA to develop and implement harmonized continuous disclosure obligations in Canada. We commend the CSA on its efforts in this regard and its continuing work to enhance the quality of corporate governance, disclosure and financial reporting standards in Canada.

However, we would like to express our concern regarding one of the recent revisions to the proposed Rule, being that which would require full Board approval of *interim* financial statements. This proposal would, we suggest, have the effect of repealing Section 2.2(7) of Rule 52-501 *Financial Statements* that explicitly permits the Board of Directors to delegate the review of *interim* financial statements to the Audit Committee of the Board.

OSC Position

On November 27, 2000, the Ontario Securities Commission approved Rule 52-501 *Financial Statements* which came into force on December 12, 2000. That Rule had been similarly published for comment as a result of which the Commission further considered the rule as initially proposed.

In response to a number of comment letters received on the issue of the Board of Directors and Audit Committee involvement in the review of *interim* financial statements, the response of the Commission was as follows:

“The Commission is of the view that the board of directors and audit committee are a key element of the corporate governance process and, as such, they should be involved in the interim financial reporting. The Commission is also of the view that it is appropriate for the board of directors to be able to delegate the responsibility for the review of interim financial statements to the audit committee and, as a result, has modified the Rule accordingly. This will provide issuers with the flexibility to have the interim financial statements reviewed at the committee level while ensuring that the board retains ultimate responsibility for the interim financial statements. The audit committee is viewed by the Commission as being the most appropriate committee of the board to review financial statements due to its independence and expertise.”

We agree with this view expressed by the Commission and would urge the CSA to reconsider its new proposal in light of the customary corporate governance practice for an issuer's Audit Committee to review and approve the interim financial statements.

U.S. Position

It is undoubtedly fair to say that at no time in our history have the roles, responsibilities and obligations of the Board of Directors and its Committees, and in particular the Audit Committee, received more critical scrutiny by securities regulators. This has been the subject of unprecedented rule-making initiatives and recommendations by regulators, particularly in the United States.

It is noteworthy that, notwithstanding the extensive study and scrutiny that has been brought to light on these issues, none of the legislative, regulatory or rule-making bodies in the United States (including the *Sarbanes-Oxley Act*, the SEC and the NYSE) have seen fit to implement a new requirement mandating approval by the full Board of Directors of *interim* financial statements. This continues to be the case with the recently proposed amendments by the New York Stock Exchange to strengthen the corporate governance practices of its listed companies (*SEC Release No. 34-47672, "NYSE Rulemaking: Self-Regulatory Organizations: Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the New York Stock Exchange, Inc. Relating to Corporate Governance" April 11, 2003*). The proposed NYSE rule provides a number of recommendations with respect to the composition, independence and role of Audit Committees, including the requirement for an Audit Committee to have a written charter that addresses the Committee's purpose which includes assisting Board oversight of the integrity of the company's financial statements. The NYSE rule prescribes that the duties of the Audit Committee meeting must be, at a minimum, to "...discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations." Again, it is noteworthy that nowhere in the NYSE proposals or SEC rule-making is a requirement for the full Board of Directors to approve *interim* financial statements.

Role of the Audit Committee

As we understand it, the primary role of the Audit Committee is to oversee the processes related to a company's financial risks and internal controls, the disclosure of financial and related information and the internal and external audit process. While the Audit Committee is not expected to act as an expert on financial or accounting matters, it nevertheless is and should be composed of highly skilled and experienced individuals, all of whom are financially literate and at least one of whom can be designated as a "financial expert" as that term is understood in the context of the SEC rules. We agree with the observations of the OSC that the Audit Committee is the most appropriate Committee of the Board to undertake the detailed review due to its independence and expertise.

Logistical Issues

We are concerned that the new proposal requiring the approval by the full Board of Directors will result in unnecessary logistical constraints and inefficiencies. While our Audit Committee and our Board of Directors meet regularly (Audit Committee - 9 times in 2002; Board – 7 times in 2002), there are times when our Audit Committee meetings are held primarily for the purpose of the review and approval of *interim* financial statements and press releases, which may or may not coincide with the timing of designated Board meetings and availability of the full slate of Directors. Our Board typically consists of 11 –12 Directors (currently 11) which is relatively common for a large cap issuer. Agrium’s extensive operations are throughout North America, and our Board members reside in a number of cities, including New York, Texas, Toronto, Regina, Calgary and Vancouver. Many of our Directors sit on the Boards of other large public corporations as well. Given that the quarterly cycle of the release of interim financial statements typically occurs at about the same time for most publicly traded companies, this can impose a near impossible set of logistical constraints upon Directors during those particularly short windows of time. The authority of the Board of Directors to delegate the review and approval of *interim* financial statements to the Audit Committee, we believe, is appropriate, customary and proper for those corporate Boards that would benefit from that degree of flexibility, and may also serve to better facilitate quarterly reviews by the external auditors by enhancing the opportunities for deliberations and full discussions among the auditors, the Audit Committee and management.

We would urge that this concern not be minimized as extremely difficult scheduling conflicts and near impossible travel arrangements could at times have a potentially serious and needlessly detrimental impact on the efficiency and the fulsomeness of the meetings and communications that are required.

We submit that by continuing to allow Audit Committees to include the review and approval of interim financial statements as a key aspect of their role (via delegation from the Board), this will also better accommodate the availability and time commitments of Audit Committee members, contributing to an increased opportunity for those members to contribute their knowledge and expertise to the fullest extent practical and reflect on the matters before them.

Agrium strongly supports the many corporate governance reforms and new initiatives in securities laws in Canada and the United States which are continuing to enhance best corporate governance practices. However, one of the consequences of these initiatives is the substantial increase in the workload and responsibilities of the Directors. It is becoming increasingly vital that publicly traded issuers attract and retain highly skilled, experienced and committed individuals who are able and motivated to fulfill these challenging responsibilities. By definition, this desirable category of individuals is already in large demand.

Agrium is committed to attracting and retaining individuals to serve as members on its Board and Committees who possess extensive financial experience and strong business acumen. We would like to encourage a regime of best corporate governance practices and the implementation of guidelines and standards that will work together to create strong Boards and enhance the continuing corporate governance reforms.

Submission

We would like to urge the CSA to reconsider its proposal to require full Board approval of *interim* financial statements. We believe that continuing the current practice of permitting the delegation of the review and approval of *interim* financial statements by the Board to the Audit Committee in no way detracts from best corporate governance practices, and in fact, may well enhance that process by ensuring those individuals who are best suited to perform this function are afforded ample opportunity to do so without having to contend with unnecessarily difficult logistical constraints, overly competing priorities and travel conflicts.

We suggest that, subject to the paramount importance of best corporate governance practices, a degree of flexibility should be afforded to Boards and management of companies to develop their systems of governance which best suit their particular circumstances.

We appreciate the opportunity to comment on this initiative and hope that the views expressed herein will receive further consideration. In the event that you have any comments or questions or if you would like to have further discussion in this regard, we would welcome the opportunity to hear from you at your convenience.

Yours truly,

/s/ "Bruce G. Waterman"

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Senior Vice President, Finance & Chief Financial Officer

BGW/