FORM IV

Disclaimer

Under Section 29(2) of the Competition Act, 2002, the Competition Commission of India, if it is of the prima facie opinion that the combination has, or is likely to have, an appreciable adverse effect on competition, shall direct the parties to the said combination to publish details of the combination for bringing it to the knowledge or information of the public and persons affected or likely to be affected by such combination. In accordance with the provisions of Section 29(2) of the Act, the Hon’ble Commission requires Agrium, Inc. and Potash Corporation of Saskatchewan, Inc. to publish details of the proposed combination. The contents given herein do not represent in any manner the views of the Commission and do not prejudice the view that the Commission may take of the proposed combination. The Commission is not responsible for any incorrect or misleading information contained herein.

Details of combination under subsection (2) of Section 29 of the Competition Act, 2002

I. The Competition Commission of India (“Commission”) is investigating the combination between Agrium Inc., having its principal place of business at 13131 Lake Fraser Drive S.E., Calgary, Alberta, Canada T2J 7E8 and Potash Corporation of Saskatchewan, Inc., having its principal place of business at Suite 500, 122 - 1 st Avenue, South Saskatoon, Saskatchewan, Canada S7K 7G3.

II. The details of the combination in form of the summary, as provided by the parties to the combination under column 1 of Form II are as under:

Introduction / Parties to the Combination

1. The present combination relates to the proposed transaction pursuant to a Plan of Arrangement entered into on 11 September 2016, (“Arrangement Agreement”) between Agrium Inc. (“Agrium”) and Potash Corporation of Saskatchewan, Inc. (“PotashCorp”, together with Agrium, the “Parties”). Pursuant to the Arrangement, the Parties have agreed to merge their operations to create a diversified, low-cost wholesale supplier of fertilizers and retail supplier of agricultural products, services, and solutions to growers (“Proposed Transaction”).

2. Agrium is a publicly traded company, incorporated under the laws of Canada and listed on the Toronto and New York Stock Exchanges. It is a producer of crop nutrients and a direct-to-grower distributor of crop inputs, services, and solutions. Agrium is the parent company of its group of companies and is not part of any larger group. Agrium does not have any physical presence in India. It does not sell potash in India and does not have any subsidiary in India. However, Agrium is a shareholder in an export joint venture i.e., Canpotex, which operates independently of its shareholders/members and sells potash to Indian purchasers.

3. PotashCorp is a publicly traded company, incorporated under the laws of Canada and listed on the Toronto and New York Stock Exchanges. It produces and supplies
fertilizers and related products. PotashCorp does not have any physical presence or any subsidiary in India, and does not sell potash in India. However, PotashCorp is a shareholder in an export joint venture i.e., Canpotex, which operates independently of its shareholders/members and sells potash to Indian purchasers. It also has minority interests in other companies (i.e. Israel Chemicals Limited or “ICL”, Sociiedad Quimica y Minera de Chile or “SQM”, and Arab Potash Company or “APC”) which sell potash to Indian purchasers.

**Nature of the Proposed Combination**

4. On 11 September 2016, the Parties entered into a Plan of Arrangement under the Canada Business Corporations Act, pursuant to which they have agreed to merge their operations to create a diversified, low-cost wholesale supplier of fertilizers and retail supplier of agricultural products, services, and solutions to growers.

5. Agrium and PotashCorp will incorporate a Canadian corporation ("New Parent"), which post transaction will serve as the new parent of the combined company. The former PotashCorp Shareholders will own approximately 52% of the shares in New Parent and the former Agrium Shareholders will hold approximately 48% of New Parent. The board of directors of New Parent will be composed of 16 members, initially being 8 nominees of Agrium (including Chief Executive Officer and the Lead Independent Director) and 8 nominees of PotashCorp (including the Executive Chair).

**Area of activities of the parties to the combination**

Agrium:

6. Agrium is a producer of primary crop nutrients and a direct-to-grower distributor of crop inputs, services and solutions, headquartered in Calgary, Alberta, Canada, and listed on the Toronto and New York Stock Exchanges. Agrium carries on business through two business units, i.e., wholesale and retail. The retail unit distributes crop nutrients, crop protection products, seed, merchandise, and services directly to growers through a network over 1,400 retail locations in North America, South America, and Australia. The wholesale unit operates in North and South America, Europe and North Africa (through a 26% equity interest in Misr Oil Processing Company) producing, distributing and marketing crop nutrients and in Europe purchasing, distributing, and marketing crop nutrients. Additional information about Agrium is available at [http://www.agrium.com](http://www.agrium.com).

PotashCorp:

7. PotashCorp is a global fertilizer company headquartered in Saskatoon, Saskatchewan, Canada. It employs approximately 5,000 people and has business interests in seven countries, including Canada, Chile, China, Israel, Jordan, Trinidad and Tobago, and the United States. PotashCorp was a Crown corporation owned by the Government of Saskatchewan until 1989, when its shares were offered to the public in an initial public offering on the Toronto and New York Stock Exchanges. PotashCorp produces and supplies agricultural fertilizers around the world. PotashCorp produces and supplies agricultural fertilizers around the world. Additional information about PotashCorp is available at [www.potashcorp.com](http://www.potashcorp.com).
Canpotex:

8. Potash produced by the Parties is sold to customers in India exclusively by Canpotex, a Canadian integrated export sales, logistics and distribution services corporation established over four decades ago. Canpotex operates independently of its shareholders, which do not sell potash outside of the United States and Canada. Control of Canpotex is currently divided equally among its three shareholders, PotashCorp, Agrium, and Mosaic. Following the completion of the Proposed Transaction, Canpotex will be controlled by New Parent and Mosaic.

The market(s) in which the combination will have or is likely to have an impact

9. The Parties do not have sales of potash in India. However, the Parties are shareholders in Canpotex (an export joint venture), which operates independently of its shareholders/members and sells potash to Indian purchasers. In addition, PotashCorp has minority interests in other companies (APC, ICL, and SQM) that sell potash to Indian purchasers. The Proposed Transaction will not have any impact on competition in India because neither Agrium nor PotashCorp sell potash in India. Although Canpotex sells potash in India, the Proposed Transaction will not affect Canpotex.

Relevant Market

10. The relevant market for the purposes of the Proposed Transaction is the market for potash, at least on an India-wide basis.

Information with reference to sub-section (4) of Section 20 of the Competition Act, 2002 (from the Parties’ perspective)

Actual and potential level of competition through imports in the market; Extent of effective competition likely to sustain in a market

11. There is significant competition for the supply of potash to customers in India from players such as Uralkali, Belaruskali, APC, ICL, K+S, and SQM, among others. Additional competition from new entrants like EuroChem will further intensify this competition. A brief description about each of these suppliers is set out below:

a. Uralkali (Russia)
   i. A low-cost potash producer that operates five mines and six production facilities and exports potash worldwide, including to India.
   ii. In 2015, produced 11.4 million tonnes of potash and sold 11.2 million tonnes, including 9.2 million tonnes of potash exported to customers outside of Russia.
   iii. In August 2016, signed a contract to supply 650,000 tonnes of potash to India over the August 2016 – July 2017 period.
   iv. For more information, see www.uralkali.com.

b. Belaruskali (Belarus)
   i. Operates six mines and four processing plants and exports potash to customers worldwide, including to India.
ii. In 2015, produced 10.5 million tonnes of potash.
iii. In June 2016, signed a contract to supply 700,000 tonnes of potash to India over the agricultural year starting July 2016.
iv. For more information, see www.kali.by/en.

c. **K+S Group** (Germany and Canada)
   i. German potash supplier operating six mines in Germany that extract potash and magnesium salts, with the capacity to produce up to 7 million tonnes per year.
   ii. In 2015, produced 3.2 million tonnes of MOP and 3 million tonnes of SOP.
   iii. In August 2016, announced that its newest mine, Legacy, located in Canada, would begin producing potash in the second quarter of 2017, ultimately with 2.9 million tonnes/yr capacity.
   iv. For more information, see www.k-plus-s.com or www.ks-potashcanada.com.

d. **Israel Chemicals Ltd. ("ICL")** (Israel)
   i. Israeli chemical company with potash operations in Israel, Spain, and the United Kingdom.
   ii. In 2015, produced and sold approximately 4.2 million tonnes of potash.
   iii. For more information, see www.icl-group.com.

e. **EuroChem** (Russia)
   i. One of the world’s largest fertilizer companies, manufacturing nitrogen and phosphate fertilizers. In 2017, will enter the global potash industry when it completes the construction of its Volgakaliy and Usolskiy potash mines, located in Russia.
   ii. Potash mines, with plans to build up to 8 million tonnes of capacity, are expected to be amongst the lowest cost potash mines worldwide.
   iii. For more information, see http://www.eurochemgroup.com.

**Market share in the relevant market of the persons or enterprise in a combination, individually and as a combination**

12. In the relevant market for import of potash into India, Canpotex’s share is about 25-30%, according to CRU in August 2016. The Proposed Transaction does not result in any increase in market share in India.

**Likelihood that the combination would result in the removal of a vigorous and effective competitor or competitors in the market**

13. The Proposed Transaction will not result in the removal of any vigorous and effective competitor or competitors, which would restrain full and effective competition. The Parties do not compete in India.

14. Canpotex is not the only player in the relevant market for imports of potash into India, and existing competitors will continue to pose a competitive constraint on Canpotex.
Therefore, the Proposed Transaction will not give rise to an appreciable adverse effect on competition in any potential relevant market.

Likelihood that the combination would result in the parties to the combination being able to significantly and sustainably increase prices or profit margins

15. The Proposed Transaction will not result in any increment in market share in potash, and therefore it will not provide any ability for Canpotex to significantly and sustainably increase prices or profit margins in the relevant market.

16. The supply of potash to India is extremely competitive given the multiple alternative suppliers of potash to customers in India today, including Uralkali, Belaruskali, APC, ICL, K+S, and SQM, among others. Additionally, there is significant excess capacity in the marketplace and even more capacity is coming online. Completely new entrants, such as EuroChem, will further add to the competition. According to CRU, in 2015, total global production was approximately 62 million tonnes representing approximately 76% of global nameplate capacity of 82 million tonnes. Within three years, worldwide nameplate capacity is expected to increase to over 95 million tonnes, and within five years the worldwide nameplate capacity is expected to exceed 100 million tonnes.

17. Furthermore, large purchasers in India exercise substantial buyer power that constrains prices and contract terms for the sale of potash to Indian customers. As a result of this intense competition, Indian potash buyers receive among the best pricing and terms and conditions for the supply of potash globally.

Nature and extent of innovation

18. Crop nutrients are commodities. Companies active in the production and supply of potash typically innovate to improve mines and manufacturing operations, and product quality. The Parties and their competitors continuously develop new or improved production processes, to increase mines and other production facilities’ efficiency, as well as to promote better environmental performances. The Parties expect the Proposed Transaction to increase the merged company’s ability to innovate and offer better products to customers.

Whether the benefits of the combination outweigh the adverse impact of the combination, if any

19. Given that there will be no change in the supply of potash to India, the Proposed Transaction will not have any impact on any relevant market in India and therefore, the question of whether efficiencies would outweigh any potential appreciable adverse effect on competition should not arise. However, the Proposed Transaction will result in significant synergies.

Expected time frame for completion of various stages of the Proposed Combination

20. The exact timing of each of the steps towards closing has not been determined. However, the Parties expect to close the Proposed Transaction by mid-2017.
Inviting Comments on the Proposed Transaction

III. In order to determine whether the combination has or is likely to have an appreciable adverse effect on competition in the relevant market in India, the Commission invites comments/objections/suggestions in writing, from any person(s) adversely affected or likely to be affected by the combination, to submit in writing, as provided under sub-section (3) of section 29 of the Act within fifteen working days from the date of this publication, to be addressed to:

The Secretary,
Competition Commission of India
The Hindustan Times House
7th Floor, 18-20, Kasturba Gandhi Marg
New Delhi – 110001.
Email: secy@cci.gov.in

IV. The comments/objections/suggestions shall state:

a. name, address and contact details (including email ids, telephone numbers, title/designation) of the person(s) writing to the Commission, and
b. with supporting documents, how such a person(s) is adversely affected or is likely to be affected by the combination, keeping in view the relevant provisions of the Act/factors provided under sub-section (4) of Section 20 of the Act.

The Commission is not likely to consider unsubstantiated objections.