PotashCorp

2004 Sustainability Report

A Shared Vision

Our ability to sustain ourselves as a growing business depends on how we interact with and respond to our key stakeholders — the groups that will shape and influence our future. These include our customers and investors, our suppliers and partners, and our neighbors and employees. ■ When we listen to and understand their needs and concerns — when we see the world from their perspectives — we position ourselves to respond with better products, better service and improved performance across all dimensions of our activities: financial, economic, social and environmental. In this way, our success becomes their success. ■ One of our commitments last year was to survey each of the company's key stakeholder groups to measure our effectiveness and solicit their feedback. ■ A major part of this year's Sustainability Report describes these efforts to engage our stakeholders — and provides insight into how we are working toward a shared vision of a sustainable future.

PotashCorp: A Vital Link in the Global Food Chain

We are the largest producer of the three essential nutrients needed by every living thing — Nitrogen, Phosphate and Potash. Our products are used as crop and animal nutrients around the world, and we provide several essential chemicals that keep industry moving. ■ As the world's population continues to grow, so too do our operations. Today, we have facilities and investments in eight countries, and we conduct business in more than 40 nations spanning six continents. ■ Food systems and people around the world rely on our unmatched resources — and our ability to manage them in a sustainable manner.

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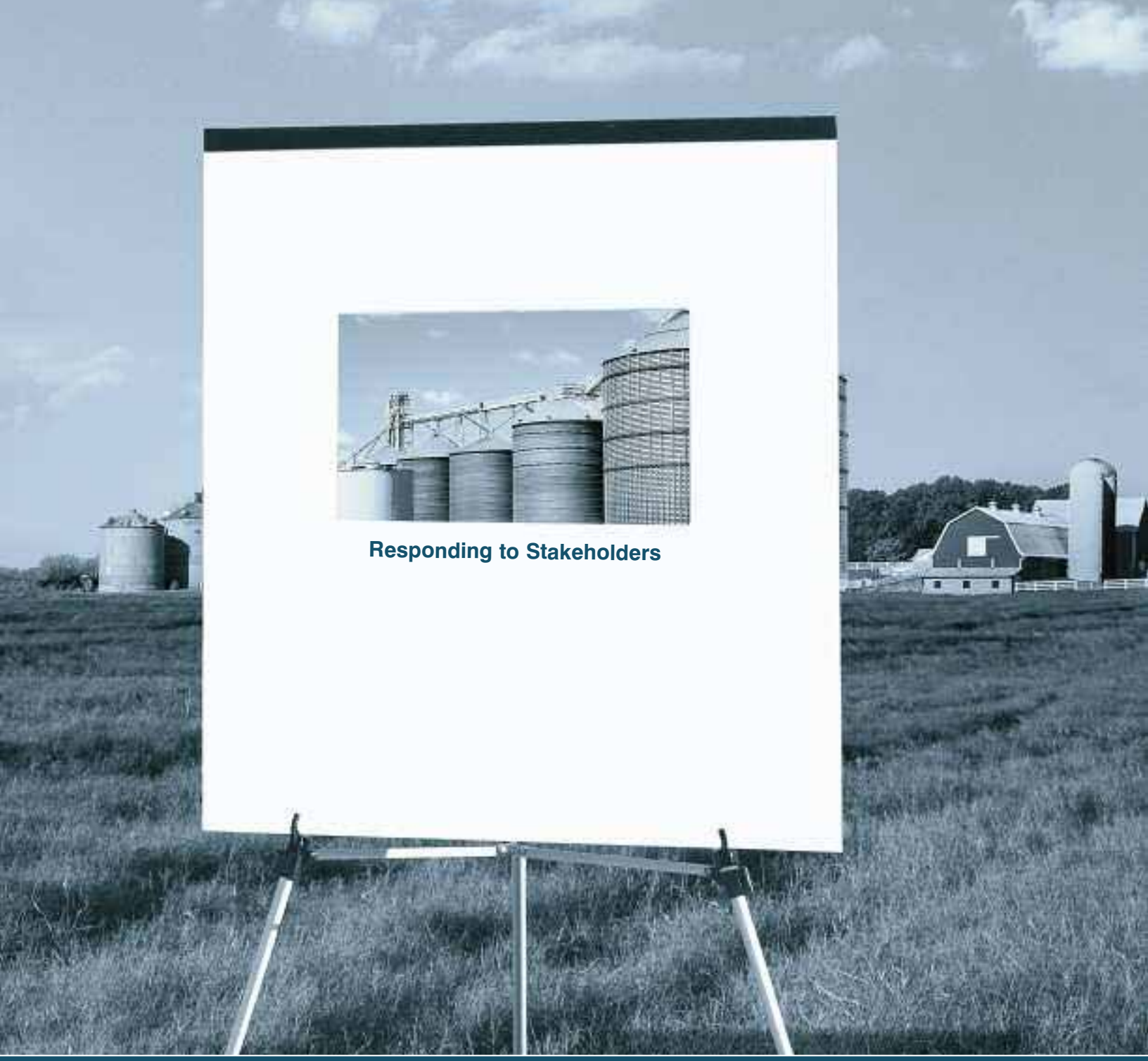
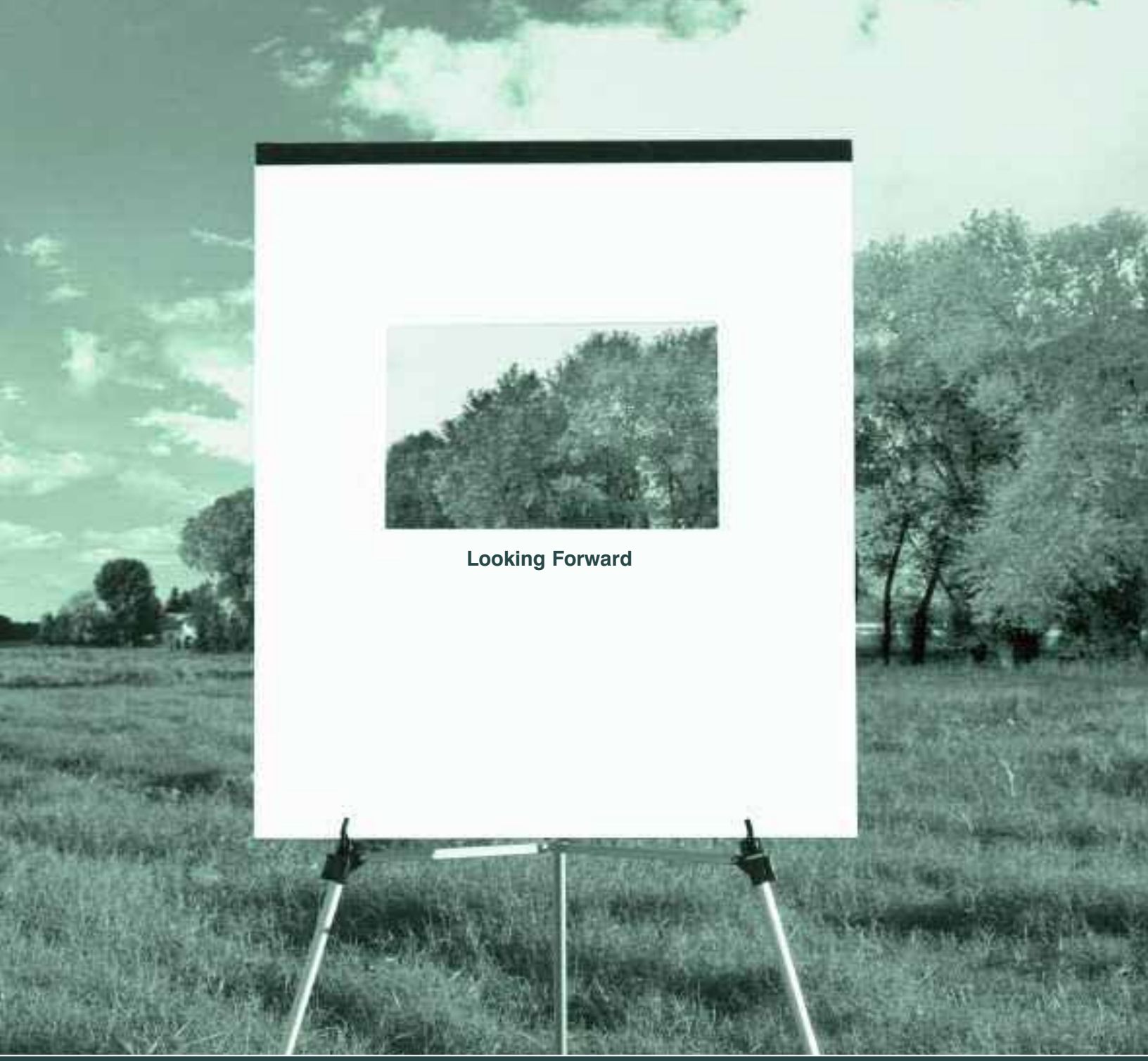
Listening and Learning

PotashCorp engages its stakeholders in many ways. Some examples: ■ PotashCorp conducts annual customer-survey interviews to gauge their level of satisfaction with PotashCorp at every point of contact with the organization — from sales, to order entry, to production, to delivery — and how we compare with our competitors. ■ The company's engagement with investors occurs during one-on-one meetings, analyst conferences, and conference calls. Feedback is ongoing throughout the year and is an important factor in decision-making. Buy-side and sell-side analysts were surveyed by an international investor relations firm in August 2004. ■ PotashCorp conducted its first employee engagement survey in 2004. ■ PotashCorp interacts with its communities across its operations. Some sites have set up Community Advisory Panels. We hold meetings and conduct interviews and surveys with community leaders. We host meetings with local neighbors. During 2004, PotashCorp participated in or held more than 2,200 meetings with community stakeholders. ■ PotashCorp recognizes that critics of commercial fertilizers reflect a variety of perspectives that need to be understood and responded to accordingly.



Responding to Stakeholders

This report documents actions we have taken as a company to respond to stakeholder feedback. For example: ■ We responded to customer concerns about potash supply in 2004 by ramping up production. A fourth shift was added at two mines, enabling them to operate around the clock and increase output by 1.2 million tonnes. ■ PotashCorp is countering investor perceptions that fertilizer is a cyclical investment by increasing production and sales of products with higher and more stable margins and by focusing its acquisitions on potash — the nutrient with the best growth potential. ■ When local residents complained about excessive noise from a production unit at the Aurora phosphate operation, we installed a scrubber stack silencer in 2004. This has been much appreciated by area residents. ■ PotashCorp also recognizes that environmentalists' concerns no longer focus on production alone, but also address the product life cycle. Since excessive use of fertilizers can result in environmental harm, the company works to educate the users of its products on proper application and effective use.



Looking Forward

We recognize that as stakeholder expectations continue to increase, our approach to stakeholder engagement must adapt to stay relevant. To this end: ■ We will widen and deepen our relations with existing stakeholders and explore new ways of engagement. ■ We will enhance the tools we use for stakeholder engagement in order to gather better information, increase our understanding, identify material issues earlier, and foresee potential risks before problems arise. ■ We will use the feedback we gather from our stakeholders to influence our decision-making, support organizational learning and shape corporate strategy. ■ We will ensure that each of our operations has the ongoing support, training and tools it needs to engage more effectively with local communities.

By listening, engaging and responding to stakeholders, we build a stronger, more successful company.

a message from the

President and CEO

This is PotashCorp's third Sustainability Report, and I am pleased that it clearly demonstrates that our sustainability commitments are taking root and showing results.

This report emphasizes the company's relationships with stakeholders, a core element in our approach to sustainability. Our ability to deliver long-term results depends on having the confidence and support of our major stakeholders — customers, investors, employees, unions, suppliers and the communities where we do business. By listening, engaging and responding to stakeholders, we are able to build a stronger, more successful company — and our success becomes their success.

I am proud of PotashCorp's 2004 sustainability achievements:

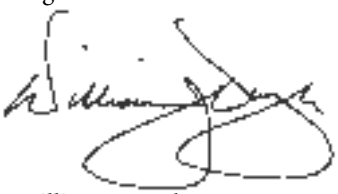
- Employees reduced the company's recordable injury and lost-time injury rates to record lows.
- Our phosphate operation in Aurora won the North Carolina Mining Stewardship Award for its reclamation efforts.
- Our New Brunswick potash operation was awarded the John T. Ryan Trophy, the Canadian mining industry's most prestigious safety honor.
- In White Springs, Florida, our phosphate operation received the Sentinels of Safety Award for the safest open pit mine in the United States.
- Our Geismar facility received the Louisiana Chemical Association's award for distinguished achievement in both safety and environmental performance.
- Our second annual sustainability report won the Canadian Institute of Chartered Accountants' Award of Excellence. CICA also presented PotashCorp with Awards of Excellence for our website and annual report, and the overall Award of Excellence for the best corporate reporting program in Canada.
- We committed $1 million to tsunami relief efforts in Southeast Asia, including $250,000 to match donations from our employees.
- Shareholders benefited from a 92% increase in our share price on the New York Stock Exchange, compared with an average increase of 67% by other companies in our sector.
- In mid-2005, we took a significant step that extends our global reach. Our purchase of 9.99% of Sinofert gives PotashCorp a delivery pipeline directly into the world's largest fertilizer market — China. Through this partnership, which has provision for growth, we are making our first substantial footprint in the world's most populous country.

Our commitment to sustainability is anchored in a simple proposition: Sustainability is good business. Our sustainability practices are helping us improve safety, reduce risks, increase productivity and lower operating costs. For example, paying attention to environmental and social issues lowers the company's risk profile. Successful efforts to improve energy efficiency have reduced costs and made us more competitive. When we foster a culture of fairness and provide opportunities for training and development, our employees become engaged and committed to the company.

Reporting our sustainability practices also has business benefits. Greater transparency and disclosure enhance the quality of information we provide to all stakeholders, including investors. Better information generates trust, and trust is becoming a key driver of earnings quality, which shapes valuation and contributes to shareholder return.

You will see a significant improvement in the quantity and quality of the information that we report this year. This reflects our belief that our progress will be enhanced by shared information, open dialogue and best practices. We are pleased with what we have accomplished, but we also see that much more can be done. PotashCorp's sustainability achievements, while significant in total, are uneven across plants and divisions. We plan to build on our SHE management framework, and to develop a common set of sustainability expectations that will apply to all company locations.

I look forward to another year on our journey to excellence. The path is clear. Our managers and employees are engaged and committed, and I thank them for their significant contribution to the company's success. Together we will achieve much more in the years ahead.



William J. Doyle
President and CEO
PotashCorp
August 1, 2005

PotashCorp Sustainability Committee

James F. Dietz
Executive Vice President
and Chief Operating Officer

Betty-Ann Heggie
Senior Vice President,
Corporate Relations

John R. Hunt
Vice President,
Safety, Health and
Environment

Barbara Jane Irwin
Senior Vice President,
Administration

connecting with our stakeholders

a letter from the

Sustainability Committee

In 2004, PotashCorp continued to make steady progress in incorporating sustainability as part of the way we do business.

First and foremost, we took steps to ensure that we live up to our sustainability commitments. As a result of the efforts of employees throughout the company, we achieved, and in some cases exceeded, most of the sustainability goals set for 2004. For the first time, we met our commitment to introduce plant level sustainability targets. We stepped up our communications about sustainability with local communities, and aligned company charitable donations with our sustainability priorities.

We reduced injury frequency rates by more than the targeted 10%, and cut customer complaints by more than our 5% target. We also avoided any major adverse incidents.

Accountability for sustainability starts at the top. Our CEO's compensation is determined, in part, by his meeting specific sustainability goals and objectives. These include achieving improvements in all safety indicators, fostering a culture of integrity and social responsibility and providing leadership for the company with all stakeholder groups.

Values are an important part of PotashCorp's way of doing business. In 2004, we developed a set of guiding principles that link our corporate values to our commitment to sustainability. These principles — set out on page 16 — are designed to help employees understand our commitments and implement them every day.

At the 2005 Annual Meeting, we recognized eight employees not only for what they have done for the company, but also for helping create a culture of excellence to ensure that we live up to our values.

Part of living up to our commitment to sustainability means dealing with problems that inevitably emerge in a large business. We have not shied away from facing these problems or making tough decisions. For example, in 2004 management acted swiftly to deal with a situation that tested our resolve to enforce the *Code of Conduct*. We decided to exit the ammonium

PotashCorp achieved, and in some cases exceeded, most of its sustainability goals set for 2004.

nitrate fertilizer business because the risks are outside the tolerance level of our risk management framework. When water wells began drying up in Penobsquis, New Brunswick — near one of our potash operations — we immediately began working with the community to address water supply needs. We continue to work with the community and government officials to identify the cause of this problem and develop a long-term solution.

Our efforts to understand and work with stakeholders strengthened in 2004. One of our key performance activities last year was to survey PotashCorp's key stakeholder groups to measure the effectiveness of current engagement levels and to solicit feedback. This report documents the many actions we have taken in response to that feedback.

Our commitment to sustainability means being more transparent. We have tried in this report to significantly increase the disclosure of our sustainability processes, practices and performance. We have developed new data and provided more time series so stakeholders can readily see trends. For example, we have added significantly to our disclosure of trends in social and environmental performance, and in energy use. We have expanded employee and community relations information from each of our sites so local stakeholders can better understand our operations.

Our efforts are bearing fruit. We are seeing buy-in from our employees, who told us in a 2004 survey that PotashCorp's integrity was a primary reason for their job satisfaction and why they liked working for the company. We see support from our communities and customers. Large investment funds that recognize sustainability as a measure of value understand us better. Together, these contribute to company performance and shareholder returns.

We will continue our efforts to earn the respect of all stakeholders and our commitment to making sustainability an intrinsic and enduring part of the company. Not only is sustainability the right thing to do, it is also good business.

About This Report

The purpose of this report is to outline progress made in 2004 in the many areas of sustainability and to present our plans for the future.

The report describes the management and governance systems that have been put in place to guide and implement our commitment to sustainability.

Detailed performance data have been provided to illustrate economic impacts and achievements, social performance, and safety, health and environmental performance. Wherever possible, this information reflects the guidelines established by the Global Reporting Initiative (GRI).

Except where noted, all dollar figures are stated in US dollars.

In addition to company-wide performance data that apply to all of our operations, a section of this report is dedicated to describing operations and performance on a site-by-site basis.

Our Sustainability Goals

We believe accountability means more than simply reporting our performance.
It means establishing clear targets and reflecting on whether those targets were met.

Governance Goals and Targets

● = Achieved ◑ = Partially Achieved ○ = Not Achieved

Goal: To be a leader in corporate governance.

2004 Targets	2004 Results	2005 Targets
- Conduct a review of governance policies and principles to identify most recent best practices.	● The company engaged outside governance experts both in Canada and the United States to review its governance principles and implemented best practices, accordingly.	1. The Board of Directors will set for itself key sustainability targets.
- Take a leadership role in establishing a Saskatchewan Chapter of the Institute of Corporate Directors and share knowledge and experience on corporate governance issues.	● Saskatchewan Chapter was established.	2. Establish procedures for board review of compliance with commitments made to stakeholders. 3. Begin a formal board education process that will include crisis communications training. 4. Present results of key stakeholder surveys to the board. 5. Remain in the top quartile of governance practices, as measured by external reviews.

Goal: To have effective stakeholder engagement processes.

2004 Targets	2004 Results	2005 Targets
- Survey each of the company's major stakeholder groups to measure the effectiveness of current engagement levels, and to solicit feedback.	● Engagement surveys were conducted with investors, customers and 1,800 employees. In addition, community leaders were surveyed in Saskatoon. Leaders were selected from seven distinct sectors: known and respected, business, health care, education, media, government and NGO.	1. Continue to survey each of our key stakeholder groups annually. 2. Each PotashCorp production facility will participate in at least one community meeting during the year.
- Deliver presentations to external audiences regarding sustainable development and its value to society.	● A number of speeches on sustainability were given by senior management to external audiences.	

Goal: Refine corporate management systems to achieve sustainability goals.

2004 Targets	2004 Results	2005 Targets
- PotashCorp's Chief Operating Officer will visit all of the company's facilities to speak to employees about their role in sustainability and to outline sustainability targets for each plant.	● COO visited all facilities and spoke to employees about their role in sustainability and the value and business case for sustainable business practices.	1. Develop a common set of sustainability expectations for all divisions and sites. 2. Develop a consolidated database on all PotashCorp policies, along with appropriate communications and educational materials for employees. 3. Begin developing site-specific sustainability plans that include SHE, social, energy, community, training and local sourcing goals.

Economic Goals and Targets

Goal: To meet customer needs and expectations.

2004 Targets	2004 Results	2005 Targets
- Continue to be the preferred supplier as measured by customer surveys.	● Customers evaluated PotashCorp as No. 1 on a series of sales criteria, and the company outperformed its competition.	1. Implement enterprise-wide customer complaint system to facilitate tracking and resolution. 2. Outperform competitors on quality and service as measured by customer surveys. 3. Expand computer applications' e-mail capabilities to improve communications with customers and vendors. 4. Provide quarterly reports on customer feedback program to monitor customer attitudes about quality and service.
- Reduce the number of customer complaints by 5%.	● PotashCorp reduced the number of customer complaints by 10%.	
- Begin ongoing customer feedback with survey cards issued by the customer service department.	● Customer Satisfaction Cards accompany all orders delivered by truck. Customers are asked for feedback on product quality and customer service.	

Economic Goals and Targets *continued*

● = Achieved ◑ = Partially Achieved ○ = Not Achieved

Goal: To ensure that employees share in the company's economic success.

2004 Targets	2004 Results	2005 Targets
- Reinstate a company contribution to the employee savings plans that includes a performance contribution, subject to the achievement of key business performance measures.	● Company contribution to the employee savings plans was reinstated with a performance contribution.	1. Develop communications to increase employee understanding of newly implemented and existing incentive and benefit plans.
- End wage freeze for management employees and senior executives.	● Wage freeze ended.	

Goal: To promote sustainability by leveraging supplier relationships.

2004 Targets	2004 Results	2005 Targets
- Identify key supplier relationships that have the potential for broader engagement across the company.	● Identified and pursued four significant supplier relationships for broader engagement across the company.	1. Ensure that key service vendors meet PotashCorp's SHE expectations.

Goal: To meet the needs and expectations of our providers of capital.

2004 Targets	2004 Results	2005 Targets
- To maintain the positive perceptions of the financial community as measured by investor surveys.	● Received positive feedback from investor surveys. Engagement with the financial community also included a major analyst meeting conducted in Toronto in September 2004.	1. Be at the top of our earnings guidance range. 2. Continue to emphasize the company's "Potash First" strategy.

Goal: To improve the socio-economic well-being of local communities.

2004 Targets	2004 Results	2005 Targets
- Align charitable donations with sustainability priorities. - Survey community leaders regarding their perceptions of the company.	● Corporate grants are now aligned with sustainability priorities. ● Community leaders were surveyed in Saskatoon. Leaders were selected from seven distinct sectors: known and respected, business, health care, education, media, government and NGO.	1. Continue to seek viable opportunities for more local sourcing at each site. 2. Be engaged with community support projects at each of our plants and offices. 3. Achieve a 10% increase in individual participation in the matching gift program and a 20% increase in total donations. 4. Initiate meetings with aboriginal representatives in Saskatchewan to address job opportunities and skill requirements. 5. Formalize corporate-donations guidelines with a written policy and post it on the company's website. 6. Survey community leaders at three of our larger production sites.

Social Goals and Targets

● = Achieved ◑ = Partially Achieved ○ = Not Achieved

Goal: To have motivated and productive employees committed to the company's long-term goals.

2004 Targets	2004 Results	2005 Targets
- Conduct the company's first employee research survey using a web-based, interactive system with guaranteed confidentiality.	● Employee survey was conducted with a 78% response rate of those surveyed.	1. Integrate key corporate performance metrics into regular employee reviews, providing managers with greater discretion to reward individual achievement.
- Implement employee incentives that tie compensation more directly to the achievement of key corporate financial performance measures.	● Designed performance-based stock option plan that was approved by shareholders in May 2005. Introduced performance-based company contribution to 401(k) and Savings Plans.	2. Proactively improve orientation programs for new employees and career development processes for existing employees.
- Complete implementation of succession management and employee development processes to improve focus on key talent and critical shortages.	◑ Succession management continued at the board level. Identification of key talent, critical positions and development is now an ongoing component of senior management discussions.	

Goal: To promote sustainability through the supply chain management process.

2004 Targets	2004 Results	2005 Targets
- To begin engaging major suppliers regarding their human rights policies by requesting a description or copy of their *Code of Conduct* and human rights performance indicators.	○ This initiative was delayed by one year.	1. To begin engaging major suppliers regarding their human rights policies by requesting a description or copy of their *Code of Conduct* or human rights performance indicators.

Goal: To strengthen relationships with local communities.

2004 Targets	2004 Results	2005 Targets
- Develop plant-specific community brochures that share the company's commitments to sustainability.	● Templates for site-specific community brochures were developed and distributed to local management.	1. Be in the top quartile of responses in a survey of community leaders.
- Develop and distribute additional tools to further promote the company's community outreach activities.	● Additional community outreach materials were developed and distributed. Nearly 5,000 CDs, brochures and flyers promoting the outreach program were given to various stakeholder groups.	2. Encourage each production site to formally engage with its local community.

SHE Goals and Targets

Goal: To have no harm to people, no accidents and no damage to the environment.

2004 Targets	2004 Results	2005 Targets
- Reduce recordable and lost-time injury frequency rates by 10%.	● Recordable injury frequency rate dropped 13% and lost-time injury rate fell 21%.	1. Reduce recordable and lost-time injury frequency rates by 10%.
- Reduce the number of environmental releases and permit excursions by 10%.	○ Environmental releases and permit excursions were higher due to problems at Lima's nitric acid plant.	2. Reduce the number of environmental releases and permit excursions by 25%.
- Implement security plans at PotashCorp facilities.	● All high-risk facilities have security plans in place.	3. Achieve 100% compliance on all environmental and safety audit items.
- Through the use of effective management processes, continue to avoid major adverse incidents.	● By designing, implementing and auditing safety processes and action plans, PotashCorp avoided major adverse incidents in 2004.	4. Achieve energy efficiency in nitrogen 2% better than in 2004.
- Conduct updated Facility Siting Studies at Aurora and White Springs.	● Facility Siting Studies were conducted at both facilities.	5. Establish a senior management Safety Leadership Team.
		6. Establish a set of proactive SHE key performance metrics and incorporate them into the company's 2006 targets and performance measurements.

guiding dialogue with our stakeholders

PotashCorp's

Governance Structure and Management Systems

Governance and Sustainability

For PotashCorp, governance, value creation and sustainability entwine intimately. Governance deals with roles and relationships among management, boards, shareholders and other stakeholders. Good governance recognizes that a successful business must respond to stakeholder interests. When governance fails, the repercussions hit a wide range of stakeholders, including shareholders.

To be sustainable, a company must clearly define board and management roles and responsibilities and its relationships with stakeholders. Recognized for leadership in governance, PotashCorp is committed to remaining a leader.

Structure and Governance

The company continues to strengthen its corporate framework for implementing its commitment to sustainability and managing its sustainability performance. Its governance practices, management systems and efforts to engage stakeholders are designed to embed sustainability within the company.

Board of Directors

Role of the Board

The Board of Directors oversees the management of PotashCorp's global business, including its commitment to sustainability. It has the authority and obligation to protect and enhance company assets in the interests of shareholders.

In pursuing the company's best interests, the board considers employees, customers, investors, suppliers and the communities and environment where PotashCorp does business, recognizing that each is essential to success.

The board has adopted comprehensive governance principles that address such issues as board independence and integrity, functions, selection and composition, and committees. A charter sets out its responsibilities and the limits to management's responsibilities. The board is charged with:

- Ongoing oversight and approval of the company's business strategy
- Appointment of the Chief Executive Officer and monitoring his or her performance

Governance and Sustainability Awards in 2004

- Canadian Institute of Chartered Accountants (CICA) presented PotashCorp with Awards of Excellence for its website and annual report, and the overall Award of Excellence for Canada's best corporate reporting program. Annual reports, sustainability reports, websites and corporate governance materials of 113 companies traded on the Toronto Stock Exchange were evaluated.
- CICA also awarded PotashCorp its 2004 Award of Excellence for sustainability reporting.

Summary of Governance Principles

Board Independence and Integrity: Each director must have the requisite integrity, experience and skill to be effective. No more than two employees shall serve as directors at any time, and at present the CEO is the only employee on the board. All members of the audit, compensation and corporate governance and nominating committees shall be independent.

Functions of the Board: The board's charter sets out its responsibilities and the limits to management's responsibilities.

Selection and Composition of the Board: All directors are elected each year at the annual shareholders meeting. Directors who fail to receive a majority in favor of the votes cast and withheld must tender their resignation. The corporate governance and nominating committee recruits and proposes new nominees for director. Shareholders may nominate director candidates.

Board Leadership: The board has determined that the company is best served by dividing Chair and Chief Executive Officer responsibilities. The Chair is independent and chosen by the full board.

Performance Evaluation and Compensation: Board policies require annual assessment of the board, committees, the Chair, committee chairs and each director. The board is assessed against its charter. It believes that directors' economic interests should be aligned with those of shareholders, so all directors are expected to hold company shares and/or deferred share units.

Meeting Procedures: Directors are expected to attend all board meetings. One meeting a year is held at a production facility, with site visits and meetings with facility senior management. Independent directors meet in executive session at every board meeting.

Board Committees: The board has established executive, audit, corporate governance and nominating, compensation and safety, health and environment committees, with charters. It elects committee members and chairs annually.

Evaluation of Chief Executive Officer Performance; Succession Planning: The compensation committee annually reviews the Chief Executive Officer's performance against goals and objectives. The board must ensure that a succession plan is in place for the Chief Executive Officer and other management.

Access to Management and Outside Advisors: All directors have unfettered access to company management. The board and its committees have the right at any time to retain independent outside legal, financial or other advisors.

Options: The company has adopted a policy of not reissuing or re-pricing stock options after their grant.

Communication from and with Shareholders: Any security holder may contact the board by e-mail at directors@potashcorp.com, or by writing in care of the Corporate Secretary.

The complete text of PotashCorp's Governance Principles can be found on the company's website: www.potashcorp.com.

- Approving the appointment of corporate officers
- Establishing standards for management and monitoring performance
- Approving procedures for strategy implementation; overseeing the identification and management of risks; ensuring the integrity of internal control and management information systems; monitoring compliance with internal policies and procedures, external legal requirements and high ethical and moral standards
- Accurately reporting business performance to current and prospective shareholders.

Responsibility for Sustainability

Board committees are responsible for sustainability issues in their areas of oversight, ensuring that all aspects of sustainability are addressed in an ongoing basis.

- The corporate governance committee recommends to the Board of Directors corporate governance principles for the company.
- The compensation committee annually reviews the Chief Executive Officer's performance against established goals and objectives, some of which relate to sustainability performance (including improvement in safety, fostering a culture of integrity and social responsibility, and providing leadership for the company with stakeholder groups).
- The audit committee helps the board fulfill its oversight responsibilities for the integrity of the company's financial statements and compliance with legal requirements.
- The safety, health and environment committee's mandate is to review and, as appropriate, recommend changes to the company's safety, health, environmental and security policies and monitor compliance with them and applicable legislation and regulations.

Board Composition and Expertise

PotashCorp's board has 12 members, residents of Canada, the United States and the Dominican Republic. Women comprise 25%.

Other than the CEO and one outside director, all board members are independent directors. The board has adopted categorical independence standards modeled after New York Stock Exchange rules. An affirmative determination of the independence of each director or nominee is made in accordance with those rules. The basis for such determination is disclosed in the company's annual proxy circular.

Although directors may be elected to bring special expertise or a point of view to board deliberations, they are not chosen to represent a particular constituency. The best interests of the company and its shareholders are always paramount.

Directors receive training to fulfill their obligations. The board has adopted a New Director Orientation Policy designed to provide each new director with a baseline of knowledge about PotashCorp that will serve as a basis for informed decision-making. To facilitate ongoing director education, the company will fund each director's attendance at one seminar or conference of interest and relevance each year, and each committee Chair at one additional seminar or conference.

Risk Management

Risk management is an important element of sustainability. A company is only as sustainable as its ability to withstand events that challenge its prosperity.

Management reports annually to the board on the risks the company faces, the risk response options and how risks are being managed.

In 2004, PotashCorp introduced an integrated risk management framework that made possible comprehensive evaluation of risks across all company segments. It focuses on identifying risks that could interfere with successful implementation of company strategy. Risks were grouped into six categories: market/business, distribution, operational, financial/IT, regulatory and integrity/empowerment. Mitigation activities were identified to help the company manage these risks by lowering either their expected frequency or their consequences.

Managing Risks to PotashCorp's Strategy

Risks	*Mitigation Activities in 2004*
Potash Production Shortfalls	PotashCorp has increased potash production, via additional shifts, reduced shutdown time and expansion and debottlenecking initiatives in Saskatchewan.
Market Risks from Structural and Cyclical Imbalances	The company mitigates these risks by bringing on new potash supply only to meet market demand; idling high-cost US nitrogen facilities facing competitive ammonia imports and expanding our operations in Trinidad; and diversification of phosphates into feed and industrial markets.
Political Risks	Because PotashCorp's new investments outside Canada are in areas with elements of risk, the company evaluates its exposure to determine if political risk insurance is justified.
Transportation Risks	Since railcar and ocean freight shortages affect distribution costs, shipping reliability and customer satisfaction, PotashCorp manages these risks with accurate forecasting to the railroads, balanced shipping patterns, additional storage to reduce seasonal shipping, long-term charters and other measures.
Security Risks	Risks to company facilities and use of its products for criminal acts or terrorism are mitigated by maintaining strict controls, standards and operating procedures while increasing security and intrusion measures at facilities and distribution channels.
Risks to Reputation	PotashCorp mitigates risk to its reputation by building goodwill, using best practices, ensuring transparency and communicating with stakeholders. Its commitment to sustainability helps reduce environmental and social risks that could affect economic performance.

Residual risks identified by management that could affect the successful implementation of company strategy, and mitigation activities, are set out above.

Codes and Policies

PotashCorp has embedded sustainability considerations into its corporate vision, which states that the company constantly links its financial performance with areas of extended responsibility — the environment, its economic and social stakeholders, and all who depend on it.

PotashCorp board members are from Canada, the United States and the Dominican Republic.

PotashCorp's Code of Business Conduct

This vision is supported by its core values of safety, integrity, listening, sharing, accountability and continuous improvement.

The company's sustainability commitment is supported by codes and policies that apply to all its operations.

- The *Code of Business Conduct* contains the company's commitments to integrity, sustainability and the need to avoid conflicts of interest.
- Its *Safety, Health and Environmental Policy* provides a framework for continuous improvement in safety performance through the involvement of every employee. It also commits PotashCorp to drive down the environmental and health impact of its operations by reducing waste, emissions and discharges and using energy efficiently. In addition, it requires the company to produce quality products that can be used safely.
- The *Respect in the Workplace Policy* forbids any unwelcome conduct or harassment in the workplace that is based on an individual's race, color, religion, gender, national origin, age, disability or sexual orientation.
- PotashCorp has a comprehensive *Purchasing Policy* that links procurement to sustainability considerations, such as implications for local community development and the safety, health and environmental performance of the supplier.

In 2004, the sustainability elements in these codes and policies were integrated into PotashCorp's *Commitment to Sustainability*.

Mandate of Sustainability Committee

- To oversee the development of a sustainability framework at PotashCorp.
- To take responsibility for public reporting on sustainability.
- To foster the sustainability process within PotashCorp.
- To report to other members of senior management and the board on progress in implementing sustainable business practices.

PotashCorp's Guiding Principles to Sustainability

Our Sustainability Vision

In pursuing the best interests of the corporation, we consider our impact on investors, customers, employees, suppliers and the communities and environment where we do business. All are essential to PotashCorp's long-term success.

Our Sustainability Commitments

Health and Safety: Our goal is no harm to people, no accidents.

Integrity: We operate with integrity and respect for human rights and the rule of law.

Governance: We are committed to being a leader in corporate governance, recognizing it as the cornerstone of a sustainable organization.

Financial Performance: We will manage our financial performance to maximize long-term value for shareholders.

Environmental Responsibility: Our goal is no damage to the environment.

Energy: We will use energy efficiently and constantly strive to improve.

Employees: We are committed to respect for human dignity and fairness in the workplace.

Stakeholder Engagement: We listen to all stakeholders.

Community Development: One measure of our success is the economic activity we generate in the communities where we operate.

Customers and Business Partners: We work to create mutual advantage in all our relationships.

Management of Sustainability

Senior management is responsible for the oversight, implementation and audit of PotashCorp's sustainability commitment. The CEO is accountable to the board for sustainability performance.

The COO and three other senior executives comprise the Sustainability Committee, charged with overseeing the development of a sustainability framework for the company and reporting to the public. Committee meetings often include the Vice President and General Counsel and the Vice President of Internal Audit.

PotashCorp has a Vice President with responsibility for safety, health and the environment (SHE). The Director of Industrial Relations and People Development is responsible for performance management, succession planning, career development and corporate-wide training coordination.

At production sites, the plant General Manager is responsible for implementing sustainable business practices and identifying opportunities to advance the company's sustainability goals.

Stakeholder Engagement

PotashCorp recognizes that stakeholder engagement is a key performance driver for the company and that it must have the confidence of its employees, customers, investors, suppliers and communities to deliver long-term results.

Major Stakeholders

Major stakeholders are those who are essential to a successful business, including employees, customers, investors, suppliers, regulators and communities where PotashCorp operates.

Approaches to Consultation

One of PotashCorp's core values is that it listens to all stakeholders, through customer and investor surveys, meetings with investors, employee and union consultation, community meetings, political engagement and responding to critics.

Examples of Dialogue with Key Stakeholders

These examples illustrate company interaction with key stakeholder groups and how the information gleaned has shaped corporate decisions.

Customers: PotashCorp surveys customers annually to gauge their satisfaction with the company at every point of contact and compared with competitors. These extensive one-hour interviews provide valuable information on how to better meet customer needs. The company has responded in several ways.

- Given the importance of product quality and service to customers, a 2005 goal is to continue to outperform competitors in both areas, as measured by customer surveys.
- In response to concerns about potash supply, the company swiftly ramped up production in 2004. A fourth shift was added at two Saskatchewan mines, enabling them to operate around the clock and increase annual production by 1.2 million tonnes. Production capacity is being expanded to meet long-term demand.
- Recognizing that environmental and social performance influences customers' buying decisions, PotashCorp will continue to differentiate itself from competitors by strengthening its sustainability performance, especially in safety, health, environment and community engagement.

Investors: The company engages with investors through one-on-one meetings, analyst conferences and conference calls. The ongoing feedback is important in decision-making. Buy-side and sell-side analysts were surveyed by an international investor relations firm in August 2004. Key findings include:

- PotashCorp is responding to concerns about fertilizer as a cyclical investment by increasing production and sales of potash, purified phosphoric acid and Trinidad nitrogen products, with their higher, more stable margins.
- It is responding to concerns about earnings quality by reducing earnings volatility with its Potash First strategy. It is pursuing sustainability goals that increase corporate transparency and reduce perceptions of risk.
- Responding to concerns about investments outside potash, management stresses that more than 90% of acquisitions in the last six years have been in potash, with its low volatility and high growth potential.

Communities: PotashCorp interacts broadly with its headquarter and production site communities, participating on community advisory panels, hosting meetings with neighbors and surveying community leaders in Saskatoon in 2004.

During 2004, it participated in or held more than 2,200 external engagement meetings, which promote healthy dialogue and help the company better understand and respond to stakeholder concerns. For example:

- In response to concerns about excessive noise from Aurora's DFP plant, an Aeroacoustic "Silentflow"® scrubber stack silencer was installed in 2004, at a cost of more than

We have ramped up potash production in light of unprecedented growth in world-wide demand.

Our White Springs phosphate plant continures to reclaim thousands of acres of land that it has mined.

$200,000. People within a five-mile radius greatly appreciate the peace and quiet.

- White Springs is working with county officials regarding development opportunities on lands reclaimed from mining activities.
- Augusta used a community advisory panel meeting to address local concerns about its flares and stacks, and the vapors emitted by the facility and reassure people about their impact.
- The company is working with the community of Penobsquis, New Brunswick, near one potash operation, and government officials to learn why water wells are drying up and to develop a long-term solution.

Employees: PotashCorp has a history of constructive relations with its employees and unions. It is formulating actions and goals to address issues raised in a 2004 employee survey.

The company values employees' input and resourcefulness. In 2003, employees in Aurora's mining division approached management with a $250,000 idea: using purchased and salvaged parts to construct a mobile dike builder that would conserve process water through better control of sand placement. Local management gave the proposal the green light, and the 36-foot-tall, 61-foot-long, 300,000-pound unit has been working successfully since 2004, benefiting the environment.

Critics: Modern agriculture's use of commercial fertilizers is under pressure, primarily due to environmental and safety concerns. PotashCorp has responded in several ways:

- Since some concerns are based on misconceptions and inaccurate information, it developed Fertile Minds, a public education program that separates myth and reality about the use and benefits of commercial fertilizers. In 2004, the program was donated to The Fertilizer Institute's Nutrients for Life Foundation.
- PotashCorp recognizes that environmental protection cannot focus only on production processes, but must cover the product life cycle. Its sustainability initiatives are responding accordingly. For example, since excessive fertilizer use may result in environmental harm, the company educates users of its products on proper application, stressing the need to avoid using more than is necessary.

Political Engagement: PotashCorp engages with elected officials and regulators through meetings; financial contributions by a US subsidiary's Political Action Committee (contributions limited to United States only); and trade associations.

In Saskatchewan, it worked with other fertilizer companies in 2004 to address the provincial resource tax regime that was constraining growth. As a result, the Saskatchewan government changed the potash tax structure in 2005, significantly improving the economics of new expansion projects. The changes enabled PotashCorp to proceed with major projects at Lanigan and Allan.

Overarching Policies and Management Systems

PotashCorp has management systems to execute its commitment to sustainability and manage its sustainability performance.

Precautionary Approach

The company sees the key element of the precautionary approach as prevention rather than cure. It is more cost-effective to act early to

POTASHCORP BOARD MEMBER AMONG FIRST ACCREDITED DIRECTORS

Mary Mogford, a PotashCorp director since 2001, can add class valedictorian to her long list of accomplishments. She achieved this honor as a member of the Corporate Governance College's first graduating class to earn accreditation from the Institute of Corporate Directors (ICD). The college is operated by ICD in partnership with the Rotman School of Management at the University of Toronto. The educational program is part of a movement to improve the quality of leadership on corporate boards.

ensure that irreversible environmental or social damage does not occur.

Products are assessed for safety, health and environmental hazards and risks prior to marketing and distribution.

- New products are assessed for safety, health and environmental hazards and risks associated with normal use and foreseeable misuse.
- All manufactured and re-branded products are periodically reassessed, including review of any adverse effects experienced in handling.
- Up-to-date information on safety, health and environmental risks associated with the use, storage, handling, transport and disposal of products is available to the workforce, customers and others. Material Safety Data Sheets, labels and other information are developed and issued to handlers and users in accordance with legislative, regulatory and customer requirements, and as information changes.

PotashCorp is part of a fertilizer industry task force addressing the illicit use of anhydrous ammonia to make methamphetamine.

In 2004, the company permanently stopped producing agricultural-grade ammonium nitrate due to risks of its illegal conversion to an explosive material.

Voluntary Standards

PotashCorp adheres to a variety of voluntary codes.

- Its Lima and Augusta facilities are ISO 9001 certified to quality management standards because they serve industrial customers. Lima is also registered as an ISO 14001 production site, meaning that it has implemented internationally recognized environmental management systems.
- PotashCorp worked with The Fertilizer Institute to establish a *Security Code of Management Practices*, and adopted this risk-based approach to identify, assess and address security vulnerabilities.
- The company's Lima and Aurora facilities are OSHA Voluntary Protection Program (VPP) Star Sites. According to OSHA, "approval into VPP is OSHA's official recognition of the outstanding efforts of employers and employees who have achieved exemplary occupational safety and health".

PotashCorp's Membership in Key Industry and Trade Associations

Through membership in industry and lobbying associations, PotashCorp actively supports political and public policy advocacy efforts.

- The Conference Board
- The Corporate Leadership Council
- National Association of Corporate Directors (United States)
- Institute of Corporate Directors (Canada)
- American Society of Safety Engineers
- The Fertilizer Institute (United States)
- Canadian Fertilizer Institute
- International Fertilizer Industry Association
- Potash & Phosphate Institute
- International Feed Industry Federation
- Saskatchewan Potash Producers Association
- Saskatchewan Mining Association
- New Brunswick Mining Association
- Point Lisas (Trinidad) Energy Association
- Trinidad and Tobago Chamber of Industry and Commerce
- Council for Sustainable Florida
- Florida Minerals and Chemical Council
- Florida Audubon Society
- Louisiana Chemical Association
- Process Gas Consumers Group
- The Fluid Fertilizer Foundation
- Canadian Industrial Transportation Association
- National Industrial Transportation League
- The Executives' Club of Chicago

Managing External Impacts

The company is committed to developing programs and procedures that help it better manage its economic, environmental and social performance, from upstream suppliers to its products' downstream impacts.

- Ongoing programs aim at eliminating negative impacts from operations or products. Programs and procedures evolve as opportunities for improvement are identified.
- To promote social responsibility and good environmental performance throughout its business, PotashCorp works with suppliers and contractors to support human rights standards and sound environmental practices.
- It recognizes that producers are now expected to have life-cycle accountability for their products. As a primary manufacturer, PotashCorp has direct control only at the front end and must rely on distribution partners for downstream accountability. The CEO has addressed this issue in presentations to retailers at industry association meetings. PotashCorp looks for

Our Augusta nitrogen plant is ISO 9001 certified.

PotashCorp sets annual safety, health and environmental performance goals, financial goals and sustainability goals.

credible organizations it can trust, partners that share its values and commitment to responsible fertilizer use and who will build long-term relationships with their customers and communities. Only in this way can the industry protect its license to operate.

Sustainability Programs and Procedures

Management systems continue to evolve in response to the challenge of developing good sustainability practices.

Building Awareness: Senior management leads initiatives aimed at promoting awareness and training about sustainability.

The COO spoke on sustainability to all plant managers and over 900 employees in 2004. He discussed what being a sustainable company means; why PotashCorp considers it important to be a sustainable company; the business cases for sustainability; and why it is a long-term company commitment.

Sustainability was a major topic at the 2004 Best Practices Workshop attended by all plant managers and other members of senior management. The CEO spoke on the company's core values and the principles that must underpin its continuing success. The COO addressed sustainability and sustainable business practices. The President of PCS Phosphate discussed increased and effective community involvement.

The CEO's core values presentation was converted to DVD and distributed to all locations for employees to see. Stakeholders can view it on the company's website.

Senior management made four presentations on PotashCorp's sustainability initiatives to external audiences in 2004.

Targets: PotashCorp has long had financial and safety, health and environmental performance targets. It is now setting annual goals and targets for other areas of sustainability, designed to:

- Continue to move toward its long-term goal of no harm to people, no accidents and no damage to the environment
- Improve the socio-economic well-being of its communities
- Maintain its leadership in corporate governance.

Corporate sustainability goals and targets are listed in each Annual Report and Sustainability Report. (See page 10.) Individual production sites set annual targets for safety, customer satisfaction, environment, community and economic performance.

SHE Expectations: The SHE Management System outlines requirements for managing:

- Safety and accident prevention & reporting
- Plant and equipment integrity
- Pollution prevention & reporting
- Energy conservation
- Personal, occupational & environmental health
- Personal/physical security
- Product stewardship
- Sustainable development.

Training: Long-standing training initiatives ensure PotashCorp's workforce has the skills to work competently in a safe, healthy and environmentally sound manner. New and transferred employees, contractors and visiting personnel undergo appropriate site orientation/induction training that covers SHE rules and emergency procedures.

Best Practices: This program takes facilities' successful safety, environmental and production initiatives and develops them as company-wide best practices. As a result, more and more operating sites have implemented Adopt-a-School programs; emergency management and community advisory panels and standardized emergency management and crisis communications procedures.

Performance Monitoring and Review: PotashCorp's CEO is regularly assured of effective implementation of the SHE commitment and expectations. Along with the requisite external corporate SHE assessments, each facility assesses itself annually against these expectations.

The board's safety, health and environment committee reviews environmental compliance audits, facility SHE assessments and company safety, health and environmental policies.

PotashCorp's SHE Management System Guide

GRI Governance Performance Indicators		PotashCorp's Governance Performance 2004
Governance Structure		
GRI 3.1	Governance structure of the organization, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organization	The Board of Directors is responsible for supervising the successful management of the company's global business. In pursuing the best interest of the company, the board considers PotashCorp's customers, employees, suppliers and the communities and environment where it does business; recognizing that all are essential to a successful business. The board adopted a comprehensive statement of governance principles in 2003. Highlights are presented on page 14. All five board committees have responsibility for sustainability issues. These are the executive committee, corporate governance and nominating committee, safety, health and environment committee, compensation committee and audit committee. More information is provided on page 14.
GRI 3.2	Percentage of the board of directors that are independent, non-executive director	10 of the 12 board members are independent directors. Only the CEO and one outside director are not independent directors. The board's definition of an "independent" director is one who has no material relationship to the company. The board has adopted categorical standards to assist in making independence determinations.
GRI 3.3	Process for determining the expertise board members need to guide the strategic direction of the organization, including issues related to environmental and social risks and opportunities	The corporate governance and nominating committee conducts an annual review of the board's "needs matrix." This review includes consideration of whether there is an appropriate mix of talent on the board. Although directors may be elected to bring special expertise or a point of view to board deliberations, they are not chosen to represent a particular constituency but rather the best interests of the company and its shareholders. The board facilitates ongoing director education.
GRI 3.4	Board-level processes for overseeing the organization's identification and management of economic, environmental and social risks and opportunities	The audit committee oversees the company's major policies with respect to risk assessment and risk management. Management reports annually in September to the board, at a meeting convened for that purpose, on the nature of the risks faced by the company, the risk response options and how risks are being managed. In 2004, PotashCorp introduced a new integrated risk-management framework that focuses on identifying risks that could interfere with the successful implementation of the company's strategy. See page 15.
Executive Compensation and Sustainability Performance		
GRI 3.5	Linkage between executive compensation and achievement of the organization's financial and non-financial goals (e.g., environmental performance, labor practices)	The compensation committee annually reviews the Chief Executive Officer's performance in light of previously established goals and objectives, a number of which relate to sustainability performance (including improvement in all safety indicators, fostering a culture of integrity and social responsibility and providing leadership for the company with all stakeholder groups). Safety and environmental performance are factors in determining bonus awards to eligible managers at PotashCorp's production sites.
Organization Structure		
GRI 3.6	Organizational structure and key individuals responsible for oversight, implementation and audit of economic, environmental, social and related policies	The CEO is accountable to the board for PotashCorp's sustainability performance. PotashCorp has established a sustainability committee (composed of the COO and three other senior executives) to oversee the development of a sustainability framework for the company and take responsibility for public reporting on sustainability. The company has a corporate Vice President with specific responsibility for safety, health and the environment (SHE) and a Director of People Development. The company also has a Corporate Donations Committee.

GRI Governance Performance Indicators		PotashCorp's Governance Performance 2004
Codes and Policies		
GRI 3.7	Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental and social performance and the status of implementation	Sustainability considerations are embedded in PotashCorp's corporate vision and supported by specific codes and policies. PotashCorp's vision, values, codes of conduct, and specific policies that shape its sustainability performance are summarized on page 15. In 2004, the specific sustainability elements in these various codes and policies were integrated into a concise statement of PotashCorp's *Commitment to Sustainability*.
Shareholder Resolutions		
GRI 3.8	Mechanisms for shareholders to provide recommendations or direction to the board of directors	The company has a process for security holders to communicate with the board. Further details can be found on page 26 of the most recent proxy circular. *The Canada Business Corporation Act* (section 137) provides a mechanism for shareholders who meet basic eligibility criteria to submit proposals for consideration at the company's annual meeting of shareholders. More information is provided in the company's proxy circular. Access to the company's directors is also available through PotashCorp's website (www.potashcorp.com) or by e-mail at directors@potashcorp.com.
Stakeholder Engagement		
GRI 3.9	Basis for identification and selection of major stakeholders	PotashCorp identifies major stakeholders as those that are essential to a successful business. Major stakeholders include employees, unions, customers, investors, suppliers, local communities, regulators and also critics.
GRI 3.10	Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group	One of PotashCorp's *Core Values* stresses that the company listens to all stakeholders. PotashCorp undertakes many types of stakeholder engagement. These include customer surveys, meetings with investors, investor surveys, employee consultation, union-management meetings, community meetings and political engagement.
GRI 3.11	Type of information generated by stakeholder consultations	Examples of types of information gathered from stakeholders include investor perceptions about PotashCorp, customer satisfaction, customer needs, employee perceptions and community issues. More information is provided on page 17.
GRI 3.12	Use of information resulting from stakeholder engagements	Examples of how stakeholder feedback is processed within the company and how it has influenced specific decisions on policy or operations are provided on page 17.
Overarching Policies and Management Systems **Precautionary Approach/Approach to Risk Management**		
GRI 3.13	Explanation of whether and how the precautionary approach or principle is addressed by the organization	PotashCorp's approach to product responsibility stresses that its products are assessed for safety, health and environmental hazards and risks prior to marketing and distribution. The company completes risk assessments and manages risk through the use of appropriate mitigation measures. In 2004, for example, it chose to permanently stop producing ammonium nitrate for agricultural use due to the associated risks. PotashCorp also recognizes that environmental protection no longer focuses on production processes alone, but must cover the product life cycle. Its sustainability initiatives are responding accordingly. Among these initiatives are educational programs which stress the proper application of the company's fertilizer products. For more information, see page 18.

GRI Governance Performance Indicators		PotashCorp's Governance Performance 2004
Voluntary Standards		
GRI 3.14	Externally developed, voluntary economic, environmental and social charters, sets of principles or other initiatives to which the organization subscribes or which it endorses	Two facilities, Augusta and Lima, are ISO 9001 certified and one, Lima, is also ISO 14001 certified. The company's Lima and Aurora facilities are OSHA Voluntary Protection Program (VPP) Star Sites. PotashCorp subscribes to and endorses The Fertilizer Institute's *Security Code of Management Practices*.
Memberships in Business and Industry Associations		
GRI 3.15	Principal memberships in industry and business associations, and/or national/international advocacy organizations	PotashCorp has membership in a number of industry and lobbying associations. A listing can be found on page 19.
Managing External Impacts		
GRI 3.16	Policies and/or systems for managing upstream and downstream impacts, including supply chain management and product stewardship	PotashCorp is committed to developing and supporting programs and procedures that enable it to better manage its economic, environmental and social performance from its upstream suppliers to the downstream impacts created by its products. More information is provided on page 19.
GRI 3.17	Organization's approach to managing indirect economic, environmental and social impacts resulting from its activities	Impacts are managed through sustainable business practices throughout the organization; educational programs addressing responsible product use; and stakeholder engagement, particularly with respect to social and environmental issues.
Major Operational Decisions		
GRI 3.18	Major decisions during the reporting period regarding the location of, or changes in, operations	Major operational decisions in 2004 included: - Adding extra shifts at Lanigan and Allan and continuing a production expansion at Rocanville, all designed to increase potash production. - Major expansions were approved for Trinidad in 2004 which will add a total of 270,000 tonnes of ammonia capacity. - The company continued the indefinite shutdown of nitrogen production at Memphis and of ammonia and nitrogen solutions production at Geismar. - The property of the Kinston phosphate feed plant in North Carolina, which ceased operations in 2003, was sold. - The 16-acre site of a former fertilizer blending facility that ceased operations in 1996 was sold to the City of Macon, Georgia. - PotashCorp concluded the sale of 100% of its shares in PCS Yumbes in Chile to SQM and increased its ownership share in SQM from 20% to 25%. For more information see PotashCorp's 2004 Annual Report.
Sustainability Programs and Procedures		
GRI 3.19	Programs and procedures pertaining to economic, environmental and social performance	Key elements of PotashCorp's management systems for sustainability include: goal setting at the corporate and site levels; defining clear expectations under the SHE management system; awareness training and skill development programs; a Best Practices program; and performance monitoring and review. See page 20.
Certification		
GRI 3.20	Status of certification pertaining to economic, environmental and social management systems	Augusta nitrogen plant is ISO 9001 certified. Lima nitrogen plant is ISO 9001 certified. Lima nitrogen plant is also ISO 14001 certified.

PotashCorp's

Economic Performance

creating alliances with our stakeholders

Doug Wonnacott is head of supply for the largest distributor of crop nutrients in North America. His biggest concern is having a stable, long-term supply of product. Which is why he considers PotashCorp to be his best fertilizer supplier.

A Relationship Built To Last

Stakeholder Engagement Leads To Partnership With Largest Fertilizer Distributor in North America

When we sat down with Doug Wonnacott — head of supply for the largest crop input distributor in North America — it was the middle of the fast-paced and always hectic spring fertilizer season.

It was also during a time of unprecedented global demand for potash, which was creating challenges for producers and buyers alike.

So no one would fault him if he were focused only on his short-term, immediate distribution needs.

But to Wonnacott, Vice President of Supply and Logistics at Agriliance, meeting his customers' fertilizer requirements is as much about time-tested relationships and mutual success as it is about trucks, trains, and barges.

"The most important thing any fertilizer producer can do for me is offer security of supply — for the long term," he says. "Beyond reliability, I need suppliers who communicate very well."

It is because Wonnacott places such a premium on sustainable business practices and stakeholder engagement, that he considers PotashCorp to be his best crop nutrient supplier.

"No one communicates better, and they've configured their assets in such a way that they're going to be a long-term player."

"PotashCorp is the most professional organization in the fertilizer industry — there's no question about it," says Wonnacott, who works with dozens of crop nutrient suppliers. "They're as close to being a partner as we have."

Wonnacott's extended view is not surprising when you consider the major role Agriliance plays in keeping North America fed. The St. Paul-based organization is the only full-service agronomy company in the United States. It can provide all crop inputs and equipment, as well as a full complement of technical services. Last year its customers purchased $3.5 billion in products and services, and that included eight million tons of N, P and K.

In Wonnacott's view, the strong ties between Agriliance and PotashCorp are the result of common strengths, mutual trust, and shared values.

"PotashCorp is a producer I'm very comfortable with in terms of security of supply because they have a rock-solid strategy," he says. "They've made good acquisitions, they're managing their assets well, and they have a good understanding of how those assets can contribute to their business overall.

"If I were sitting in PotashCorp's offices, I would be doing the same thing they're doing."

Engaged Every Day, At Every Level

Beyond an ability to meet Agriliance's product needs far into the future, Wonnacott believes PotashCorp demonstrates a willingness to listen to their needs every day.

"Looking at PotashCorp, and observing how they operate, I can definitely see a culture of engagement there," he says. "Before this interview, I made a point to survey several people here, and the common theme that emerged is that of all the fertilizer suppliers we have, PotashCorp gets the highest marks for communication."

Moreover, as Wonnacott points out, the lines of communication are not limited to discussing only good news.

"We're not shy about sharing with PotashCorp where we have challenges, and they share their challenges, too. We don't always agree, but we do respect each other."

Listening, Even When It's News You Don't Want to Hear

This candor was put to the test in 2004 when a sudden surge in global potash consumption left suppliers and buyers alike scrambling to keep pace. Few people were unaffected by the spike in demand. None were happy, including Wonnacott and Agriliance.

"Fertilizer producers were caught flat-footed, plain and simple," says Wonnacott. "As a result, everyone was forced to go on back order. We let PotashCorp know we were disappointed."

Since supplies became tight, PotashCorp has moved to 24-hour, seven-day-a-week production and announced $275 million in capital spending, which will bring back 1.9 million tonnes of idle production capacity. The company also has leased 1,200 more railcars to expand the distribution pipeline between Canada and the United States.

"They're not burying their heads in the sand, hoping some of these industry issues will just go away," Wonnacott says. "They're exploring different scenarios on how to address the problem long term. In many ways, they are the most creative producer out there."

"The true test of a company's character is not whether it can avoid problems altogether," says Wonnacott. "Rather, it's how well it responds when problems do arise, because they always will. I see PotashCorp making a genuine effort to help us serve our customers, and I give them credit for doing as much as they can. Is it enough? Not yet, but it's more than we're getting from any other supplier."

All of which has Wonnacott admiring PotashCorp's greatest natural resource of all: "At the end of the day it comes down to the people, and PotashCorp has some of the best," he says.

The Importance of Economic Sustainability

Sustainable economic performance and growth make it possible for PotashCorp to generate long-term value for all stakeholders — investors, customers, employees, suppliers, communities and host governments.

To be sustainable in a commodity business, PotashCorp must take a long-term view. This means managing natural resources responsibly and maintaining the respect and support of stakeholders. It must also take steps to minimize the inherent volatility of its businesses and position itself as the gross margin leader in the products it sells and the markets it serves.

In pursuing sustainability, PotashCorp contributes to local, regional and national prosperity by providing ongoing direct and indirect employment to employees and suppliers, who in turn contribute to the tax base. Economic sustainability also enables the company to pay taxes and royalties.

PotashCorp Production Assets

In 2004, PotashCorp had potash operations in Canada, phosphate operations in the United States and Brazil and nitrogen plants in the United States and Trinidad.

Market Positioning

With many years of high-quality deposits of potash and phosphate, and long-term gas contracts for nitrogen production in Trinidad, PotashCorp has an asset base unmatched in its industry.

Its potash capacity is the world's largest, its phosphate capacity is third largest and its nitrogen capacity fourth.

The company acts strategically to ensure that existing and new operations maintain low production costs and low competitive pressures, allowing it to enjoy a strong and profitable market position in its core businesses.

- *Potash* is the company's cornerstone and provides the best opportunity for growth. Not only is PotashCorp the world's largest potash company, it is a low-cost producer with abundant capacity. With the rest of the industry operating near full capacity, it is in a good position to use its excess capacity to capture the new growth in demand, especially in the developing world. Higher volumes will lower per unit production costs.
- In *phosphate*, PotashCorp tries to maximize the benefits of its long-term rock position, multi-year mining permits and high-quality ore. Together, these enable low-cost production and product diversity. Product diversification and high-quality rock have allowed the company to produce less diammonium phosphate (DAP) and more feed supplements and purified acid, which have higher and more stable margins. Specialized sales teams support this strategy.
- *Nitrogen* is a regional business. PotashCorp supplies its primary market, North America, through a combination of Trinidad production, US production and volumes purchased for resale, always seeking the source of supply with the highest margins. With ongoing high US natural gas prices, Trinidad has been the highest margin contributor. Multiple port facilities, a warehouse and distribution network, dedicated sales and customer service teams and associated infrastructure help the company serve its customers from its flexible production base.

PotashCorp Production Assets 2004

Potash	- Five mines and mills, and mining rights to potash at a sixth location, all in Saskatchewan
	- One mine and two mills in New Brunswick
Phosphate	- Mine and processing plants in North Carolina
	- Mine and processing plants in Florida
	- Processing plant in Louisiana
	- Phosphate feed plants in five US states and one in Brazil
	- Two industrial phosphoric acid plants in North Carolina and Ohio
Nitrogen	- Four plants in the states of Georgia, Louisiana, Ohio and Tennessee
	- Large-scale operations in Trinidad, encompassing four ammonia plants and one urea operation

PotashCorp has 86% of the world's excess capacity of potash.

PotashCorp's Strategies for Economic Sustainability

PotashCorp's strategy is to maximize shareholder wealth by increasing sales of products with more stable and higher margins. It seeks earnings growth and quality in order to build value with reduced volatility. Because it is perceived as a long-term growth company with lower risk, capital markets have assigned a higher multiple to its earnings.

The company is well positioned to benefit from long-term market growth. While many factors influence its economic performance, the following are particularly important.

Reducing Volatility

PotashCorp strives to reduce volatility in its business with a Potash First strategy, as potash is the most stable of the three nutrients, with the highest margins and the best long-term growth potential. To capture the benefits of its low-cost production base and excellent reserves, the company brings on new production in a way that seamlessly matches new supply with accelerating growth in global demand.

Being the Low-Cost Supplier On a Delivered Basis

Its access to low-cost, high-quality reserves and feedstocks gives PotashCorp a strong cost position in all three nutrients compared to world competitors. However, as a producer of bulk commodities that are traded globally in large volumes, its success also requires an efficient transportation and distribution system. It operates its own transportation department, with a distribution network of approximately 175 terminal and warehouse facilities and a fleet of approximately 6,000 railcars. The company also operates a liquid sulfur ocean vessel and has three long-term ammonia vessel charters.

Meeting Customer Needs

Customers are the lifeblood of PotashCorp's business. It seeks to become the preferred supplier to high-volume, high-margin customers with the lowest credit risk. In a mature and competitive marketplace, price competitiveness, product quality and customer service retain customers and grow markets.

Expanding Capacity

The pressures of recent years have pushed the fertilizer industry toward consolidation. PotashCorp has the financial strength to explore acquisition opportunities and the cash flow to pay down debt quickly, and has used these resources to finance expansions and acquisitions. More than 90% of acquisitions in the last six years have been potash, with its growth promise.

The company will continue to build on its strengths by acquiring low-cost, high-quality capacity that complements existing assets, improving its capability for sustainable economic performance. In all cases, cash flow returns must materially exceed the cost of capital.

Maximizing Margins

The company seeks to maximize gross margins by focusing on its highest margin products, namely potash, industrial phosphoric acid and Trinidad nitrogen products.

IN THE CORNER OF YOUTH BOXING EVENT

As a sponsor of the Ringside Augusta National Junior Boys-Girls Summer Boxing Classic in June, PotashCorp supports a tournament in which young boxers ages 9 through 16 compete against their peers from across the United States. The Third Annual Classic, held in June 2005, attracted more than 200 athletes and coaches who put on an exciting spectacle.

Sponsored by the Augusta Boxing Club, which has been supported by PotashCorp for five years, the Summer Boxing Classic has brought an estimated $200,000 into Augusta each year. As well as offering young boxers a chance to show their stuff, it's a knockout in boosting Augusta business.

Meeting Investor Needs

Strong relations with investors are an essential part of ensuring the company's future. Maintaining good relationships and ensuring transparency with the investment community can increase the price/earnings multiple and reduce the cost of capital. Over the last 10 years, PotashCorp's stock price has consistently outperformed other fertilizer companies listed on the New York Stock Exchange and the larger group of companies in the Dow Jones US Basic Materials Index. The company has earned investment-grade bond ratings from Moody's, Standard & Poor's and the Dominion Bond Rating Service.

PotashCorp's Economic And Financial Impacts

This section describes PotashCorp's economic impacts on its customers, employees, suppliers, providers of capital, host governments and communities. Additional information about economic and financial performance can be found in the 2004 Annual Report.

PotashCorp's Economic Footprint

The company's economic footprint reflects its total economic impacts — direct and indirect — on its stakeholders.

This report, however, focuses on the direct economic impacts of PotashCorp's production and marketing operations. It does not include the economic impact of its investments in Arab Potash Company in Jordan, Israel Chemicals Ltd. or SQM in Chile, or attempt to quantify indirect economic impacts.

Direct Impacts

Direct impacts refer to a company's contribution to wealth creation through employment, investments and the supply chain. It includes impacts on the public sector and communities through taxes and charitable donations.

Indirect Impacts

Indirect impacts describe the affect of a company's operations and investments on the economic activities and performance of others. For example, salaries and supplier income spent locally or paid as tax multiply through the community and induce more economic activity, job creation and wealth creation.

PotashCorp is not yet able to present information on its indirect impacts, beyond noting that, as a major contributor to world food production, such impacts are considerable.

Overview of PotashCorp's Direct Economic Impacts

$ millions

	2002	2003	2004
Spending on Contractors and Suppliers*	1,163.9	1,602.0	1,712.8
Remuneration to Regular Employees**	328.4	352.1	386.7
Taxes to Governments	100.8	115.8	172.5
Distributions to Debtholders	83.1	91.3	84.0
Distributions to Shareholders	52.0	52.3	56.1
Donations to Community	1.7	1.7	3.0
Total	**1,729.9**	**2,215.2**	**2,415.1**

** Does not include capitalized items.*
*** Including benefits.*

Source: PotashCorp

Sales and Markets

Customers

In North America, PotashCorp sells fertilizer products to retailers, cooperatives and distributors that provide storage and application services to farmers, the end users. Offshore customers are governments and private importers that tend to buy under contract, while spot sales are more prevalent in North America. Industrial customers are served primarily by the company's phosphate and nitrogen divisions.

Sales

Fertilizers are sold primarily for spring and fall application in both northern and southern hemispheres. Potash, phosphate and nitrogen are also used as inputs for producers of animal feed and industrial products. Feed and industrial sales are more evenly distributed throughout the year than fertilizer sales, and are primarily by contract.

Excluding transportation and distribution costs, PotashCorp sold products worth $2.9 billion in 2004, an increase of 30% since 2000. The growth is the result of increased production of potash and phosphates and higher prices for potash and nitrogen products.

Net Sales by Business Segment

$ millions

	2000	2001	2002	2003	2004
Potash	582.1	531.8	544.5	619.1	894.8
Phosphate	785.2	653.6	636.8	781.9	876.6
Nitrogen	870.4	895.4	747.4	1,064.8	1,130.0
Total	**2,237.7**	**2,080.8**	**1,928.7**	**2,465.8**	**2,901.4**

Nitrogen products accounted for the largest share of company net sales (39%), followed by potash (31%) and phosphate (30%). However, potash generated the bulk of gross margin.

A five-year average shows potash generated 27% of net sales but produced 62% of gross margin, while phosphate and nitrogen together generated 73% of net sales and 38% of gross margin.

Customer Satisfaction Survey

Supplier of Choice: PotashCorp seeks to become the preferred supplier to high-volume, high-margin customers with the lowest credit risk.

To help achieve that goal we regularly conduct customer satisfaction surveys across all operating divisions. In 2005, an independent research firm conducted hour-long qualitative surveys with more than 120 of our largest customers to gauge our 2004 performance.

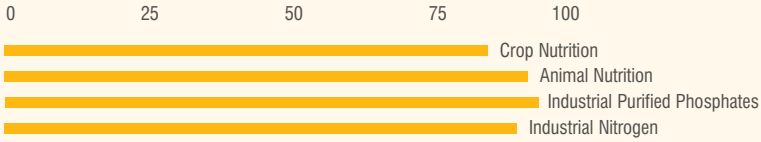
Key among the findings is that customers in each sector ranked product quality as the single most important criterion for selecting a supplier. We then asked customers to rank our product quality on a scale of 1 to 100 — with 100 representing the best score.

On average, we received scores ranging from 86 to 95.

Customers were also asked whether a company's sustainability performance affected their purchasing decisions. A majority of customers indicated that they give consideration to a company's economic and safety, health and environmental (SHE) performance in deciding whether to do business with it. These findings support PotashCorp's sustainability program and the strategy of pursuing markets that require the company's more stringent specifications in both product quality and service.

Another key finding to emerge from this research is that PotashCorp is perceived as the company that does the best job communicating with its crop nutrient customers.

Product Quality Scores by Operating Division

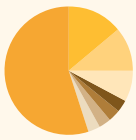


PotashCorp customers recently ranked our product quality on a scale of 1 to 100, with 100 being the best. Scores ranged from 86 to 95.

Customers Rank Best Communicators

Percentage of Respondents

Which of your fertilizer suppliers is doing the best job communicating to you?



PCS Sales	55%	Company D	3%
Company A	14%	Company E	3%
Company B	11%	Company F	3%
Company C	8%	Other	3%

In a recent customer survey, PotashCorp fertilizer customers named the company the best communicator among suppliers.

Top Purchasing Criteria

Percentage of Respondents

What is the single most important criteria you use to judge a supplier overall?

Quality	30%	Delivery	15%
Pricing	26%	Customer Service	9%
Reliability	18%	Other	2%

Beyond price, customers said in a recent survey that quality is the most important factor driving their buying decisions.

Sustainability's Role in Customer Buying Decisions

Percentage of Respondents

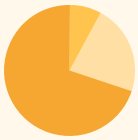
Does a company's economic sustainability affect your decision to do business with it?

Yes	50%
Somewhat	31%
No	19%

Does a company's social performance, in terms of community relations or employee relations, affect your decision to do business with it?

Yes	42%
Somewhat	12%
No	46%

Does a company's safety, health and environmental performance affect your decision to do business with it?



Yes	70%
Somewhat	8%
No	22%

PotashCorp's customers share the company's belief in the benefits of sustainable business practices, and often consider economic, social and SHE performance in their buying decisions.

Markets

The bulk of sales are made in North America. In 2004, 93% of nitrogen sales, 65% of phosphate sales and 35% of potash sales went to the United States alone.

Offshore markets are growing rapidly. These markets are very important for potash sales, accounting for 61% of total sales of this nutrient. China, Brazil, Indonesia, India, Malaysia and Japan are the main export customers for potash. Offshore markets account for 27% of phosphate sales, with China, Brazil and India the main markets. Offshore nitrogen sales remain small.

Impact on Suppliers

Purchasing Policy

PotashCorp's purchasing policy directs purchasing managers to choose vendors that offer an optimum combination of 18 criteria, including competitive prices, excellence in safety, health and environmental performance, reliability and reputation.

The company seeks to promote sustainability through the supply chain management process, and is developing a better understanding of its major suppliers' commitment to sustainability.

Gross Margin by Business Segment

$ millions

	2000	2001	2002	2003	2004
Potash	307.4	248.1	218.0	203.7	422.8
Phosphate	76.8	64.5	41.9	(16.5)	15.8
Nitrogen	104.7	94.7	47.4	193.2	242.8
Total	**488.9**	**407.3**	**307.3**	**380.4**	**681.4**

Geographic Breakdown of Markets by Volume

	2002	2003	2004
Potash	37% to United States 4% to Canada 59% to other countries	35% to United States 6% to Canada 59% to other countries	35% to United States 4% to Canada 61% to other countries
Phosphate	75% to United States 10% to Canada 15% to other countries	75% to United States 9% to Canada 16% to other countries	65% to United States 8% to Canada 27% to other countries
Nitrogen	92% to United States 1% to Canada 7% to other countries	94% to United States 1% to Canada 5% to other countries	93% to United States 0.2% to Canada 6.8% to other countries

A Shared Value System

The Andersons and PotashCorp Have a Lot More Than Crop Nutrients in Common

The Andersons is a company that has always been slightly ahead of the curve when it comes to business trends.

For example, in addition to being one of the largest fertilizer distributors in the Midwest, The Andersons was one of the early developers of the unit train concept for grain shipments from the eastern Corn Belt to the Gulf of Mexico and the East Coast. In addition, the company developed one of the first large-scale home improvement stores, located in its headquarters area of Maumee, Ohio.

The $1.2-billion publicly traded company is also somewhat of a trendsetter when it comes to triple-bottom-line business practices. In fact, it embraced the values of "sustainability" long before the term was ever coined.

The company's mission statement clearly asserts their intention to focus, in a balanced way, on the needs of customers, employees and communities, as well as owners.

So it's no small compliment when the company's senior management speaks with admiration about PotashCorp's sustainable business practices. "When you talk about engagement, well, that's Bill Doyle (President and CEO of PotashCorp)," says Denny Addis, President of The Andersons' Plant Nutrient Division. "He's just that kind of person. He wants to know more than just your name and what you do. Bill has taken the time to know me personally, and to know my family. He shares our belief in the value of relationships. And he has instilled that value into the whole company at PotashCorp."

Denny Addis, President of The Andersons Plant Nutrient Division

Mike Anderson, President and CEO of The Andersons, also sees a similar business philosophy between the two companies. "Looking at their sustainability efforts, it is clear to me that PotashCorp is a company that we share a value system with. I look at the focus of their company — its commitment to relationships and communities, that their word is their bond — and I feel good about working with them."

TAX INCENTIVES TO LEAD TO LONG-TERM GROWTH

Government is a critical stakeholder when it comes to sustaining a prosperous economy — and company. Accordingly, PotashCorp values its communications with governments at all levels in the countries where it conducts business.

For example, our dialogue with the Province of Saskatchewan helped create a 10-year base payment holiday on new potash production projects of more than 200,000 tonnes in April 2005.

As a result, we are investing $275 million to bring back 1.9 million tonnes of idle production capacity. The tax change represents a true "win-win" by encouraging increased potash production, which in turn will spur economic growth in the province.

Goods, Services and Materials Purchased*

$ millions

	2000	2001	2002	2003	2004
Potash	157.6	182.3	214.1	277.8	292.8
Phosphate	472.1	358.8	358.8	563.9	608.5
Nitrogen	650.3	681.3	562.1	724.5	763.4
Corporate	46.9	40.6	28.9	35.8	48.1
Total	**1,326.9**	**1,263.0**	**1,163.9**	**1,602.0**	**1,712.8**

** Does not include capitalized items.*

Additions to Property, Plant and Equipment

$ millions

	2000	2001	2002	2003	2004
Potash	45.5	34.7	35.5	50.9	92.2
Phosphate	104.5	61.1	126.3	51.0	55.9
Nitrogen	23.0	413.8*	47.0	44.1	62.9
Corporate	12.6	4.1	3.4	4.7	9.5
Total	**185.6**	**513.7**	**212.2**	**150.7**	**220.5**

** Includes approximately $384.0 million for the buyout of Trinidad leases.*

Goods and Services Purchased

The total value of goods, materials and services purchased in 2004 for operating activities was just over $1.7 billion.

Production feedstocks, such as natural gas and sulfur, account for a significant portion of annual procurement. Other major goods, services and materials purchased include freight, electricity, materials for maintenance and repair, and contract services.

Capital Expenditures

Additions to property, plant and equipment totaled $220.5 million in 2004, with 57% for sustaining current operations and the balance used to finance facility expansions.

Major Suppliers

PotashCorp's major suppliers of goods are mainly in the United States, Canada, Trinidad and Venezuela.

PotashCorp's 10 Biggest Suppliers*

	Supplier	Product(s)
1.	National Gas Company, Trinidad	Natural Gas
2.	CN Railway Company	Rail Transportation
3.	Overseas Marine Services	Ocean Transport
4.	Sequent Energy Management LLC	Natural Gas
5.	Koch Nitrogen	Nitrogen Products
6.	Norfolk Southern Railway	Rail Transportation
7.	CSX Transportation	Rail Transportation
8.	IBE Trade Corporation	Ammonia
9.	BP Energy Company	Natural Gas
10.	BG LNG Services	Natural Gas

** Based on dollar value.*

Local Purchasing

PotashCorp balances cost, proximity and performance in choosing suppliers. It recognizes the value of local suppliers with materials, services and personnel readily available at competitive rates. Fostering a nearby supplier base helps sustain the local economy.

In addition to price and quality, the company purchasing policy requires consideration of potential contribution to the local economy and vendor accessibility. Each production site has developed procedures to implement this policy.

The company is now measuring local purchasing across its operations, and recent assessments suggest that, excluding raw materials and energy, 50% – 60% of purchases are made locally.

Local Purchasing

	2002	2003	2004
% of total purchases* made locally	55%	52%	60%

** Excluding raw materials and energy.* *Source: PotashCorp*

Impact on Employees

Employment

PotashCorp has 4,906 regular employees. More than half are in the United States (54%), 36% in Canada, 8% in Trinidad and 1.6% in Brazil. In 2004, three employees worked at Arab Potash Company in Jordan and eight at a now discontinued operation in Chile.

The company also had 739 contract employees in 2004.

Employment by Country

	2000	2001	2002	2003	2004
United States	3,051	2,705	2,823	2,639	2,668
Canada	1,641	1,654	1,687	1,692	1,753
Trinidad	354	336	397	395	395
Chile	215	220	218	99	8
Brazil	77	82	74	76	79
Jordan	0	0	0	3	3
Total Employees	**5,338**	**4,997**	**5,199**	**4,904**	**4,906**

Source: PotashCorp

Payroll

Many of PotashCorp's facilities are located in small towns where it is often a dominant employer.

In 2004, the total payroll (including benefits) for the regular workforce was $386.7 million. Payments to contract employees totaled approximately $60 million.

Salaries and Benefits for Regular Workforce

$ millions

	2002	2003	2004
Total Salaries	234.1	237.4	290.6
Benefits	94.3	114.7	96.1
Total Payroll	**328.4**	**352.1**	**386.7**

Source: PotashCorp

Helping Suppliers Form Strategic Alliances

Not surprisingly, the Cdn $112-million expansion at our Rocanville potash facility was welcome news to businesses throughout Saskatchewan. The size of the investment was important, of course, but so was our well-known commitment to purchase locally whenever possible.

In all, more than 72% of the goods and services needed for this capital improvement came from Saskatchewan businesses — and more than $78 million flowed directly into the provincial economy.

In achieving this economic impact, our purchasing team engaged with virtually every one of our local suppliers, identifying opportunities — and creating new ones. For example, we helped Standard Machine of Saskatoon form a strategic alliance with the German compactor manufacturer, Koppern Equipment Inc. Compactors compress potash particles that are too small to be of value and convert them into granular particles that are suitable for farmers.

In contracting with Koppern for three compactors, PotashCorp proposed that Standard Machine help build and eventually maintain the machines. Our agreement to purchase eight more compactors has created more subcontracting work for the precision manufacturing and gear company. The alliance will allow both companies to better meet our compactor needs, and will help Standard Machine grow by nearly 15% by 2006.

Greg Porter, President of Standard Machine, projects that in addition to increasing his revenues by 15%, he will create 15 new full-time positions by the end of next year.

PotashCorp was proud to help Saskatoon-based Standard Machine win the subcontracting for maintenance of compactors like this one.

"PotashCorp recognizes its ability to have a significant impact on the local economy," he says. "And, thankfully for us, they are committed to supporting local businesses."

Buy-side and sell-side analysts were surveyed by an international investor relations firm in August 2004.

Distributions to Providers of Capital

Total Distributions

In 2004, PotashCorp paid $85.8 million in interest on its long-term debt. Dividend payments were $59.9 million.

Distributions to Providers of Capital

$ millions

	2003	2004
Interest Expenses on Long-term Debt	87.7	85.8
Dividend Payments	52.3	56.1
Total	**140.0**	**141.9**

Source: PotashCorp

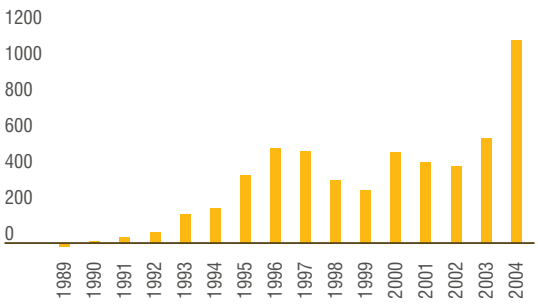
Shareholders

On July 21, 2004, the Board of Directors of PCS approved a split of the company's outstanding common shares on a two-for-one basis. The stock split was effected in the form of a stock dividend of one additional common share for each share owned by shareholders of record at the close of business on August 11, 2004. The company also increased its quarterly dividend commencing November 2004 to 15 cents per share from 12.5 cents. Shareholders have benefited greatly from stock price appreciation. In 2004 alone, the stock rose by 92% on the New York Stock Exchange, while the Dow Jones US Basic Materials Index increased by 10.5% and stock of other companies in the sector an average of 67%.

Since PotashCorp went public in 1989, its cumulative total shareholder return is 1,084%, while the sector averaged 235%.

Total Shareholder Return 1989-2004

Cumulative Percentage Return



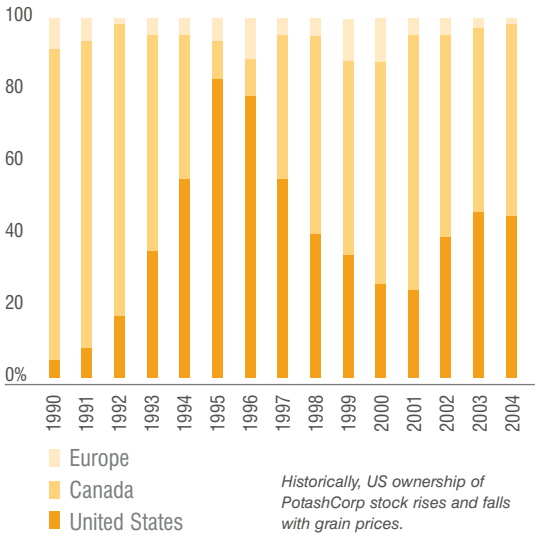
TSR cumulative to December 31, 2004 *Source: Bloomberg*

Ownership Profile

Institutional shareholders own 93% of shares. Shareholders are primarily in the United States and Canada.

PotashCorp Share Ownership

Geographic Distribution Percentage



Source: Citigate

Debtholders

PotashCorp paid $84.0 million in interest on all debt in 2004. Interest on long-term debt was $85.8 million. Interest on short-term debt was $4.8 million, offset by interest income of $6.6 million generated from cash and cash equivalents.

Distributions to Debtholders

$ millions

	2003	2004
Net Interest Expense on Short-Term Debt	3.6	(1.8)
Interest Expense on Long-Term Debt	87.7	85.8
Total Interest Expense	**91.3**	**84.0**

Source: PotashCorp

Retained Earnings

Including net income of $298.6 million, less $59.9 million in declared dividends, retained earnings increased from $462.8 million at the end of 2003 to $701.5 million one year later.

Cash Flow

Over the last five years, despite weak markets, PotashCorp generated $1.9 billion in cash flow from operations. Positive cash flow provides the means to invest in new opportunities, pay down debt or return value to shareholders through a share buyback or special dividend. It has been used, in part, to finance recent expansions and acquisitions. The company strives to keep its debt-to-capital ratio between 35% and 40%.

Return on Capital

Return on capital and return on assets are alternative measures of the efficiency of PotashCorp's operations. They show a strong rebound in 2004 after three difficult years.

Distributions to Governments And Communities

Taxes Paid

PotashCorp paid almost $173 million in taxes in 2004, mostly to provincial and federal governments in Canada. The potash profits tax, surtax and base payments tax together totaled $91.4 million.

Subsidies

PotashCorp receives no subsidies at any location.

Community Donations

In 2004, PotashCorp contributed more than $3 million in cash and non-cash donations to its host communities and other worthy causes. Charitable cash donations totaled almost $1.7 million and non-cash donations exceeded $1.3 million.

Company employees contributed $420,000 to charitable organizations, the most significant being the United Way.

The community and charitable contributions by PotashCorp and its employees are described in greater detail in the Social Performance section.

Other Donations

PotashCorp donated its Fertile Minds educational program and extensive collateral materials to The Fertilizer Institute's Nutrients for Life Foundation. The value of this donation is estimated to be $5 million.

Charitable Donations

$ millions

	2003	2003	2004
Corporate Charitable Cash Donations	1.0	1.1	1.7
Corporate Charitable Non-Cash Donations	0.7	0.6	1.3
Charitable Donations by Employees	0.32	0.36	0.42
Total	**2.02**	**2.06**	**3.42**

Source: PotashCorp

Return on Assets and Capital

	2000	2001	2002	2003	2004
Return on Assets	4.8%	2.6%	1.1%	(2.8%)	5.8%
Return on Capital Employed	8.4%	5.0%	2.8%	(1.8%)	8.4%

Source: PotashCorp

Taxes Paid

$ millions

	2000	2001	2002	2003	2004
Canada					
Income Taxes	7.8	37.8	(1.2)	21.4	14.2
All Other Taxes	20.6	16.6	16.4	21.3	25.6
Potash Profits Tax, Surtax and Base Payment Tax	75.3	66.3	64.7	54.7	91.4
Canada Total	**103.7**	**120.7**	**79.9**	**97.4**	**131.2**
United States					
Income Taxes	1.1	0.3	1.3	1.2	1.2
All Other Taxes	18.1	16.7	15.3	16.9	21.9
United States Total	**19.2**	**17.0**	**16.6**	**18.1**	**23.1**
Trinidad					
Income Taxes	3.1	2.2	2.7	(0.6)	17.1
All Other Taxes	0.0	0.0	0.0	0.0	0.0
Trinidad Total	**3.1**	**2.2**	**2.7**	**(0.6)**	**17.1**
All Other Countries					
Income Taxes	1.4	1.2	1.6	0.8	1.0
All Other Taxes	0.0	0.0	0.0	0.1	0.1
Total	**1.4**	**1.2**	**1.6**	**0.9**	**1.1**
Total Taxes					
Income Taxes	13.4	41.5	4.4	22.8	33.5
All Other Taxes	38.7	33.3	31.7	38.3	47.6
Potash Profits Tax, Surtax and Base Payment Tax	75.3	66.3	64.7	54.7	91.4
Total Taxes Paid	**127.4**	**141.1**	**100.8**	**115.8**	**172.5**

Source: PotashCorp

GRI Economic Performance Indicators		PotashCorp's Economic Performance 2004	
Customers			
EC1	Net sales	Net sales in 2004	$ 2.9 billion
		Breakdown of sales by nutrient	
		Potash	30.8%
		Phosphate	30.2%
		Nitrogen	39.0%
EC2	Geographic breakdown of markets by volume	Potash markets	35% United States 4% Canada 61% Other
		Phosphate markets	65% United States 8% Canada 27% Other
		Nitrogen markets	93% United States 0.2% Canada 6.8% Other
Suppliers			
EC3	Cost of all goods, materials and services purchased	Total cost of goods purchased	$ 1.7 billion
		Principal goods and services purchased	
		Natural gas	$ 562.7 million
		Sulfur/sulfuric acid	$ 129.3 million
		Electricity	$ 108.7 million
		Freight services	$ 238 million
		Contract services	$ 115 million
EC4	Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements	Typically, 98% of our payables are current (i.e. payable within 30 days of the invoice date) and 2% are delayed. Delayed invoices are normally due to disputes on quantity, price or delivery.	
EC11	Supplier breakdown by organization and country	Top 10 supplier organizations*	
		1. National Gas Co.	natural gas
		2. CN Railway Co.	rail transportation
		3. Overseas Marine Services	ocean transport
		4. Sequent Energy Management LLC	natural gas
		5. Koch Nitrogen	nitrogen
		6. Norfolk Southern Railway	rail transportation
		7. CSX Transportation	rail transportation
		8. IBE Trade Corp.	ammonia
		9. BP Energy Co.	natural gas
		10. BG LNG Services	natural gas
		Main supplier countries are Trinidad, the United States, Canada and Venezuela.	
		* Based on dollar value.	

GRI Economic Performance Indicators		PotashCorp's Economic Performance 2004	
Employees			
EC5	Total remuneration to employees, including benefits	Total compensation for 4,906 regular employees	$ 386.7 million in 2004
		Compensation for 739 contract employees	$ 60 million
		Country breakdown of regular employment	
		United States	2,668
		Canada	1,753
		Trinidad	395
		Brazil	79
		Chile	8
		Jordan	3
Providers of Capital			
EC6	Distributions	Total interest expense	$ 84.0 million
		Net short-term debt	($ 1.8 million)
		Long-term debt	$ 85.8 million
		Dividend payments	$ 56.1 million
EC7	Increase/decrease in retained earnings at end of period	Net increase in retained earnings	$ 238.7 million
Public Sector			
EC8	Total sum of taxes of all types paid broken down by country	Total taxes paid	$ 172.5 million
		Country breakdown	
		Canada	$ 131.2 million
		United States	$ 23.1 million
		Trinidad	$ 17.1 million
		All other countries	$ 1.1 million
EC9	Subsidies received broken down by country or region	No subsidies were received.	
EC10	Donations to community, civil society and other groups broken down in terms of cash and in-kind donations	Total charitable community donations	$ 3.4 million
		PotashCorp's cash donations	$ 1.7 million
		PotashCorp's non-cash donations	$ 1.3 million
		Employee cash donations	$ 0.4 million

PotashCorp's

Social Performance

sharing with our stakeholders

Kraig Naasz, President of The Fertilizer Institute and the Nutrients For Life Foundation

For the Greater Good

Can your competitors also be your stakeholders? They can if you share a common challenge. In our case, public misunderstanding and fear of fertilizers has challenged our industry for years.

PotashCorp has worked diligently to set the record straight about fertilizers, health and the environment. In fact, we launched a public education initiative called Fertile Minds, which is designed to dispel myths surrounding the fertilizer industry.

Fertile Minds became so popular throughout agribusiness that PotashCorp donated the program to the fertilizer industry — including its competitors. On September 14, 2004, Fertile Minds became part of the Nutrients for Life Foundation, which is supported by the top fertilizer companies around the world.

"PotashCorp's donation of Fertile Minds provides a big jump-start for our foundation," says Kraig R. Naasz, President of The Fertilizer Institute and the Nutrients for Life Foundation. "This gift provides the entire fertilizer industry with the tools to be better engaged with the news media, the general public and policymakers."

The Strategic Importance Of Social Sustainability

Social sustainability is a PotashCorp priority, for a strong commitment to society builds stakeholder trust. Greater participation and dialogue with those it affects and who affect it cement long-term relationships that enhance the company's sustainability.

PotashCorp works with many key stakeholders — the communities where it does business, its investors, customers, employees and suppliers. These relationships are important, not only economically, but because they help guide the company's values and principles and make it accountable.

Strong social performance helps PotashCorp attract and retain a productive workforce, build strong, efficient operations and earn the respect and goodwill of internal and external stakeholders.

Strategies for Social Sustainability

Strategies to implement social sustainability focus on employees, communities and respect for human rights within the company and society.

Being an Employer of Choice

Long-term success depends on attracting and retaining talented and committed employees.

PotashCorp provides an attractive working environment, free from discrimination and governed by fair and safe working practices. Through socially responsible labor practices, it strives to be an employer of choice for people wanting long-term careers with a progressive company.

Earning the Support of Communities

Healthy communities are important for strong, efficient operations. PotashCorp's commitment to local programs and initiatives builds goodwill and support for long-term growth.

In every community where it operates, the company supports local causes that improve the overall quality of life through monetary donations, volunteered expertise, material and time.

Respecting Human Rights

Respect for fundamental human rights earns the respect and support of employees, the communities where the company operates and society at large.

Its *Code of Business Conduct* sets out PotashCorp's commitment to respect individuals' rights wherever it does business.

PotashCorp's Social Performance in Review

Employment

Workforce Characteristics

At the end of 2004, PotashCorp had 4,906 full-time regular and 739 contract employees worldwide. See page 33 for employment breakdown by country.

Most are full-time, hourly employees. Temporary or contract employees (13%) are mainly in the nitrogen operations where maintenance and other responsibilities are outsourced. Trinidad hires employees in training roles on contract before they join its full-time workforce.

On average, hourly employees make up over 64% of operating divisions' regular workforce. Others are salaried staff.

Employment Creation

PotashCorp's regular workforce fell by over 400 between 2000 and 2003, stabilizing at year-end 2004 with a net increase of 2 jobs.

Employment declined mainly in the United States and Chile.

- In the United States, the company improved its cost position through workforce reductions and shutdowns of phosphate and nitrogen facilities.
- Employment in Chile declined significantly after PotashCorp decided to sell its interest in PCS Yumbes.

The Canadian and Trinidad workforces increased, and Brazil was stable.

Number of PotashCorp Employees by Division and Status 2004

Division	Regular Employees	Contract Employees
Potash	1,607	164
Phosphate	2,221	28
Nitrogen	640	527
Corporate/Sales	438	20
Subtotal	**4,906**	**739**
% of Total Workforce	**87%**	**13%**

Source: PotashCorp

Breakdown of Hourly Employees by Operating Division 2004

Division	Total Regular Workforce	Hourly Employees	Hourly as % of Regular Workforce
Potash	1,607	1,177	73%
Phosphate	2,221	1,598	72%
Nitrogen	640	388	61%

Source: PotashCorp

Layoffs and Hiring in 2004

Company decisions resulted in layoffs at three US feed plants in 2004.

- Nine employees were laid off at Weeping Water.
- Six were laid off at Joplin.
- Marseilles had nine layoffs.

Most of those laid off volunteered to retire with severance packages.

Whenever possible, PotashCorp provides alternate opportunities for employees facing layoffs. If an employee has the skills for a job opening at another nearby company site, he or she is offered the opportunity to take that position.

If layoffs cannot be avoided, due to logistics and/or lack of job openings, severance packages are provided. Employees who would benefit are offered outplacement services.

Most 2004 hiring took place at the Canadian potash mines and some US facilities.

Employee Turnover

More new hires, retirements and layoffs raised average employee turnover to 7.7% in 2004.

Employee Benefits

In each country where PotashCorp operates, benefit programs complement and supplement the benefits provided or mandated by the government.

Employee Turnover at PotashCorp

	2002	2003	2004
Average Employee Turnover	<5%	5.9%	7.7%

Source: PotashCorp

Benefit programs are designed to be attractive and competitive in local labor markets. Benefits provided by the company beyond those legally mandated are medical and disability insurance, maternity, education and retirement benefits.

In Canada, PotashCorp sponsors a flexible benefits plan that offers non-union, hourly and staff employees different levels of medical, life and disability coverage. It is funded by company and employee contributions, with the employee cost determined by the benefit level elected. Accidental death and dismemberment, an Employee Assistance Program, vacation time and compensation on sick days are above legal requirements.

Similar programs are in place in the United States and other countries where PotashCorp operates.

Differences in benefit plans between countries reflect different government policies, entitlements and competitive practices.

Labor-Management Relations

PotashCorp has 22 locations, including corporate centers in Saskatoon, Saskatchewan (Canada) and Northbrook, Illinois (United States). Nine are unionized.

Company policies and procedures require that all employees are treated with respect, work in a safe and discrimination-free environment and receive fair and competitive compensation.

Unionization

PotashCorp respects workers' right to enter into collective bargaining relationships.

Grievances

Unionized employees filed 131 grievances in 2004, a rate of 7.9 per 100 unionized employees — down significantly since 2000.

Joint Committees

PotashCorp workers participate in employee-management committees, including occupational

health and safety committees and others as determined locally. Many collective bargaining agreements provide for such committees.

Employee Information and Consultation
Employees are informed of workplace changes through direct correspondence and meetings, including:

- Small employee meetings
- General meetings led by senior executives
- One-on-one meetings and Q&As with Human Resources personnel to answer an individual's questions about his or her situation.

At unionized operations, information sharing and discussions take place with the unions, often through joint committees.

Ongoing communication with employees occurs through newsletters, bulletin board postings and an employee intranet website introduced in 2001 that now covers all US and Canadian sites. Information technology restrictions exclude Trinidad and Brazil operations from the company's internal network, preventing access to the intranet website.

Several divisions and plants maintain intranet sites about their operations. Since intranet access is limited to employees with computers, written copies of all postings are provided to employees without intranet capabilities.

PotashCorp senior management conducts periodic employee meetings at offices and plants. The CEO participates in all safety milestone celebrations.

Training and Education
Training is critical to most technical jobs at PotashCorp, for a well-trained workforce performs more productively and safely. The company invests in training for these reasons and because it believes employees will stay with a company that helps them develop their skills and build a career. Additional information regarding training, education and tuition reimbursement may be found on the GRI table on page 47.

Diversity and Opportunity

PotashCorp does not allow discrimination in hiring, promotion, termination or compensation of employees.

Workforce Demographics
Although company policy supports non-discrimination on the basis of gender, the workforce is predominantly male. This is largely due to the preponderance of mining and manufacturing jobs, which men have historically filled.

Union Membership at PotashCorp

	2000	2001	2002	2003	2004
Union Members	1,662	1,412	1,621	1,639	1,664
Total Employees	5,338	4,997	5,199	4,904	4,906
Unionization as % of Total	**31%**	**28%**	**31%**	**33%**	**34%**

Source: PotashCorp

Grievances by Unionized Employees (United States and Canada)

	2000	2001	2002	2003	2004
# of Grievances	212	163	172	125	131
Union Membership	1,662	1,412	1,621	1,639	1,664
Grievance Rate (per 100 union members)	12.8	11.5	10.6	7.6	7.9

Source: PotashCorp

GIVING SPIRIT FINDS A HOME IN HABITAT FOR HUMANITY

PotashCorp volunteers help construct a home during an August 2004 Habitat for Humanity event.

Thirty-six employees from our Saskatoon and Northbrook offices helped low-income working families get closer to owning their own homes by joining in the Saskatoon Habitat for Humanity 2004 Cameco Women Build. The employees applied their carpentry, painting, drywalling and other skills during a full day of satisfying volunteerism. Families helped by Habitat for Humanity receive their own homes through volunteer work and an interest-free mortgage. As one PotashCorp employee who rolled up her sleeves that day observed, "We had a great time, but what stayed with us was knowing that we helped a family in need."

Tuition Reimbursements 2004

Country	Number of Employees	Total Disbursements
Canada	33	$ 18,463
United States	48	$125,637
Trinidad	75	$ 53,727
Total	**156**	**$197,827**

Source: PotashCorp

Gender Diversity by Country 2004*

	# of Male Employees	# of Female Employees	Total Employees	Female Employees as % of total
Canada	1,630	123	1,753	7.0
United States**	2,431	228	2,659	8.5
Trinidad	359	36	395	9.1
Brazil	64	15	79	19.0
Total	**4,484**	**402**	**4,886**	**8.2**

** Does not include Jordan or Chile.* *Source: PotashCorp*
*** As of filing with US Equal Employment Opportunity Commission on September 16, 2004.*

Just over 8% of PotashCorp's workforce is female, ranging from 7% in Canada to 19% in Brazil. Gender diversity is highest in sales and administration (35% female) and lowest in potash mining operations.

Company policy does not allow racial discrimination in hiring, promotion, termination or compensation of employees. All major demographic groups are represented at its US operations.

Workforce demographics are tracked only in the United States, where they must be reported annually to the federal government.

POTASHCORP JOINS WORLD IN PROVIDING TSUNAMI AID

The destruction wrought in South Asia by December 2004's deadly tsunami touched us all. Through a US $1-million donation pledge, PotashCorp reached out to the people in the countries affected — many of which we have helped in developing their food production systems. That brought the tragedy closer to home. The American Red Cross, Canadian Red Cross and CARE each received $200,000 from PotashCorp, Direct Relief International received $140,000 and Doctors Without Borders $10,000. The remaining $250,000 will come through our Matching Gift program, to which employees have generously responded.

Diversity on the Board of Directors

Women comprised 25% of the 12-member Board of Directors in 2004. Seven directors are Canadian residents, four are US residents and one resides in the Dominican Republic.

Women in Management

Ten percent of the 215 managers eligible for the annual bonus plan in 2004 were women, who held 38% of key senior management positions.

Human Rights

Key Policies

PotashCorp policies and procedures reflect a commitment to human rights internally and externally. These policies define its vision, guidelines and rules about human rights.

- The *Statement of Core Values* and *Code of Business Conduct* (the *Code*) require all directors, employees and company representatives to conduct business with integrity and respect for human dignity and individual rights wherever PotashCorp does business. The *Code* is enforced at all levels and violations can result in dismissal. The full text is available on the company's website, www.potashcorp.com.
- The *Respect in the Workplace Policy* prohibits discrimination, harassment and other forms of unacceptable behavior in the workplace.

Complaint Procedures

The handling of concerns and complaints is an important aspect of business ethics and compliance with business-conduct guidelines. PotashCorp's *Code, Respect in the Workplace Policy* and other employee and vendor policies all provide a process for reporting policy violations.

The *Code* forbids retaliation against an employee for raising a concern in good faith. To provide an even more secure method for raising anonymous grievances, PotashCorp introduced *ComplianceLine* in 2004. It addresses the fact that in certain circumstances an employee may feel uncomfortable making a direct complaint. Anonymous callers are given a "follow-up date" when a *ComplianceLine* communication specialist can share any response or feedback the company has made to the originally reported issue.

Procurement Decisions

Increasingly, PotashCorp is involving its suppliers and vendors in its strategic vision. Business partners are evaluated on the basis of purchasing criteria and the *Code*, which require vendors to adhere to certain standards. Human rights issues are considered during purchasing decisions.

Non-Discrimination

The *Code* states that PotashCorp will not tolerate any form of discrimination or harassment directed at an individual or group. The company follows all laws and regulations regarding the protection of employees from discriminatory hiring and promotions and unfair treatment in the workplace.

Information regarding freedom of association, child labor, forced labor and indigenous peoples may be found in the GRI table on page 48.

Society and Community

Community Relations

PotashCorp is a vital member of many communities in the countries where it operates.

It keeps communication lines open with local officials and interested residents and organizations so they can understand how the company impacts their community. Many plants hold annual open houses or facility tours. Company-wide, PotashCorp hosted or participated in about 2,200 external engagement meetings in 2004. These included: community meetings, meetings with community leaders and organizations and direct engagement with elected officials.

Community Contributions

PotashCorp supports charitable causes through corporate grants, matching contributions and in-kind donations. The company and its

Workforce Demographics at PotashCorp's US Operations

	2000		2001		2002		2003		2004	
White	2,539	82.5%	2,221	82.9%	2,111	83.3%	2,219	83.4%	2,223	83.2%
Black	498	16.2%	427	15.9%	394	15.6%	410	15.4%	413	15.4%
Hispanic	28	0.9%	21	0.8%	20	0.8%	19	0.7%	23	0.9%
Asian	7	0.2%	5	0.2%	5	0.2%	7	0.3%	9	0.3%
American Indian	6	0.2%	5	0.2%	5	0.2%	5	0.2%	5	0.2%
Total	**3,078**	**100%**	**2,679**	**100%**	**2,535**	**100%**	**2,660**	**100%**	**2,673**	**100%**

Source: PotashCorp filings with US Equal Employment Opportunity Commission on September 16, 2004

Women in Management at PotashCorp

	2002	2003	2004
% of Senior Management Positions Held by Women	29%	31%	38%
% of Management Positions Held by Women	10%	10%	10%

Fossil Collectors 'Dig' Aurora Facility

For 36 years, researchers from the Smithsonian and other museums and universities, as well as fossil clubs and amateur paleontologists, have been hunting for fossils in the phosphate mine at PotashCorp's Aurora, NC operation. The results are often impressive.

For example, paleontologists have excavated an entire fossilized manatee skeleton and, in 2001, they unearthed the bone of a fin-foot bird — a rare find for any fossil hunter.

"More will be learned about the species [vertebrate fossils] from the Aurora mine than any other area of the world," says Clayton Ray, a retired Smithsonian curator and leading fossils expert.

PotashCorp hosts two mine-site dig seasons, which draw nearly 1,400 fossil hunters a year. The annual Fossil Festival in Aurora was a huge success in 2004, drawing more than 15,000 people from around the world. Visitors moved intently through the town's fossil museum, searched for fossils in excavated earth and toured the mine to learn how we excavate phosphate ore and reclaim land after mining.

In June 2005, we took a little of the Aurora fossil experience to Saskatoon for the Northern Saskatchewan International Children's Festival. About 7,500 children hunted for fossils in earth we had trucked over 2,200 miles from the Aurora mine.

Saskatchewan families experience a fossil dig courtesy of materials trucked up from our Aurora facility.

From facility tours, to participating in community events, to working with elected officials, PotashCorp was involved in about 2,200 external meetings in 2004.

employees provided cash and in-kind donations worth over $3.4 million in 2004.

- Corporate grants to community projects totaled nearly $1.7 million. A Donations Committee reviews requests for financial assistance and determines recipients.
- The company encourages community involvement through its Matching Gift Program, by which it matches employees' and directors' annual contributions to eligible charitable organizations up to a limit of $3,000. It also matches employee contributions to US and Canadian United Way organizations. In 2004, matching donations totaled $442,527.
- PotashCorp and its employees support their communities through company-sponsored volunteerism and non-cash donations of goods and services. This totaled $1.3 million in 2004.

The company responded to the devastation caused by the tsunami that struck South Asia in December 2004 with a $1-million donation to relief efforts. See story on page 42.

Community Donations 2004

Corporate Grants		
Education	$99,244	5.9%
Arts/Culture	$31,177	1.8%
Health Care	$18,904	1.1%
Charities	$59,463	3.5%
Sports	$57,864	3.4%
Local Community	$135,151	8.0%
Industry-Related	$66,845	4.0%
Major Commitments	$1,225,314	72.3%
Total – Corporate Grants	**$1,693,962**	**100%**
Matching Donations		
Arts/Culture	$5,277	1.2%
Education	$35,694	8.1%
Charities	$59,903	13.5%
Local Community	$47,974	10.8%
United Way	$293,679	66.4%
Total – Matching Donations	**$442,527**	**100%**
Total – In-kind Donations	**$1,300,000**	**100%**

Source: PotashCorp

Scholarships

PotashCorp provides college scholarships for selected children of employees at all locations.

Scholarships awarded in 2004 totaled $60,000, with 24 one-time $1,000 divisional scholarships and 12 corporate awards of $3,000 annually for four years. Including first-time awards and corporate awards made in the preceding three years, $162,000 was disbursed.

All scholarship winners receive the same divisional or corporate monetary award, regardless of country of residence.

Bribery and Corruption

The *Statement of Core Values* and *Code of Business Conduct* expressly forbid bribery and corruption. The *Code* states that PotashCorp will

"Growing Dreams" Of Better Health Care

Royal University Hospital, Saskatoon

Quality health care is key to a community's physical and economic health. Thus, our $1.5-million matching-pledge donation to Saskatoon's Royal University Hospital (RUH) Foundation's Royal Care campaign. Funds matched by the company's pledge will be directed toward medical research, training and patient care. The improvements should help to attract and retain leading medical professionals to Saskatchewan.

"We believe issues that are important to our communities are important to our company," says Wayne Brownlee, PotashCorp Senior Vice President and Chief Financial Officer. "One of our corporate goals is to improve the quality of life in the places where we work and live. Joining forces with the RUH Foundation aligns perfectly with that goal."

By partnering with the community, we will help raise as much as $3 million and stimulate the local economy through job creation and training. PotashCorp's Growing Dreams program, launched to support the RUH Foundation's $15-million fund-raising initiative, made the donation possible. Under the program, we will match donations from individuals and small businesses — from $1 to $10,000 — up to the $1.5-million pledge, as a way of showing our support for the causes that are important to our stakeholders.

never offer, pay, solicit or accept bribes in any form. This includes transactions sometimes known as "facilitation payments."

Competition and Pricing

The *Code* states that PotashCorp must never contravene anti-trust or competition laws in the jurisdictions in which it does business.

Product Responsibility

Customer Health and Safety

Product analysis, education and labeling, and customer service are at the core of PotashCorp's efforts in customer health and safety.

All products are assessed for safety, health and environmental risks before leaving the plant. They are periodically reassessed for any changes resulting from new information about the product or new uses and markets.

Products are also assessed during use, and reports of adverse effects that could be related to company products are collected and analyzed.

PotashCorp informs customers of potential hazards associated with products and the best ways to use those products. They require careful storage, handling and application whether used for crop fertilization, livestock nutrition or industrial applications. Through product literature, safety videos and Material Safety Data Sheets (MSDS), thorough guidance is provided for the proper use of products. Product information, including MSDS, is available on-line at www.potashcorp.com/customer_service/msds.

No instances of non-compliance concerning customer health and safety have occurred, and regulators have upheld no customer health and safety complaints.

Information regarding labeling, advertising and customer privacy may be found in the GRI table on page 49.

Political Activity

Given PotashCorp's significant role in the business of modern agriculture, it is important that it participate in business discussions and public policy debates. Through active trade association memberships and public affairs activities, it is a leader in many such discussions.

In the United States, it supports The Fertilizer Institute's lobbying of federal lawmakers and regulators. It takes a similar approach in Canada with the Canadian Fertilizer Institute. It uses registered lobbyists in North Carolina and Florida for local and state lobbying.

In 2003, a US subsidiary created the PCS Administration (USA), Inc. Political Action Committee (the PotashCorp PAC). It is funded by US employees and makes federal, state and local political contributions as determined by an executive steering committee. Its bylaws state that candidates who receive contributions must be "constructively interested in the fertilizer, mining or chemical industries."

In 2004, the company's PAC contributions in the United States totaled $26,250, including $21,250 directly to candidates. The remainder was transferred to The Fertilizer Institute's PAC, which made political contributions.

EXCHANGING CARE PACKAGES FOR SCHOOLBOOKS FOR IRAQI CHILDREN

Iraqi children pose for the camera after receiving care packages of school supplies from PotashCorp.

When PCS Phosphate White Springs offered care packages to its employees stationed with the US Army in Iraq, Sgt. Harold Lanier, a first-class mechanic at White Springs, serving with his son, Specialist Brian Lanier, and Sgt. Scott Boyd, both flagmen at the plant, suggested sending school supplies instead. Employees at our Northbrook office joined White Springs in assembling 130 packages for appreciative Iraqi schoolchildren. The goodwill gesture helped a school that had been without many supplies for an extended period.

GRI Social Performance Indicators		PotashCorp's Social Performance 2004
Employment and Decent Work		
LA1	Breakdown of workforce by region/country, status (employee/ non-employee), employment type (full time/part time), etc.	PotashCorp had 4,906 full-time regular employees at the end of 2004. In addition, 739 contract employees provided services to the company. The workforce is located mainly in the United States, Canada, Trinidad and Brazil. See page 33 for country breakdown. Most PotashCorp employees are hourly employees.
LA2	Net employment creation and average turnover	PotashCorp's employment increased by two net jobs between the end of 2003 and the end of 2004. Employee turnover averaged 7.7% in 2004.
LA12	Employee benefits beyond those legally mandated	PotashCorp complements and supplements those benefits provided or mandated by governments. Supplementary employee benefits include medical, life and disability insurance coverage, maternity benefits and education and retirement benefits.
Labor/Management Relations		
LA3	Percentage of employees represented by independent trade union organizations, broken down geographically	34% of PotashCorp's regular employees were unionized in 2004. Geographic distribution of union members Canada 54% United States 42% Brazil 4%
LA4	Policy and procedures involving information, consultation and negotiation with employees over changes in the reporting organization's operations (e.g., restructuring)	PotashCorp informs employees of changes in the workplace through employee meetings, direct correspondence and through their unions. In its union agreements, PotashCorp is required to advise the union well in advance of any job elimination or introduction of new technology that could result in termination of union members.
LA13	Provision for formal worker representation in decision-making or management, including corporate governance	Workers at all PotashCorp operations participate in various employee-management committees. At many unionized sites there are provisions for committee participation in the collective bargaining agreement.
Health and Safety		
LA5	Practices on recording and notification of occupational accidents and diseases. How they relate to the International Labor Organization's (ILO) Code of Practice on recording and notifying occupational accidents and disease	The PotashCorp Safety, Health and Environmental (SHE) Management System prescribes specific, timely reporting requirements for all SHE events. It is substantially in compliance with the reporting and recording requirements of the ILO. PotashCorp is also subject to specific reporting and notification requirements in the host countries where it operates and follows those requirements.
LA6	Description of formal joint health and safety committees	There are 42 joint committees across PotashCorp's operations that are involved in health and safety. Some are plant safety committees, some are BAPP* steering committees and others are occupational health and safety committees. *Behavioral Accident Prevention Process®

GRI Social Performance Indicators		PotashCorp's Social Performance 2004
Health and Safety *continued*		
LA7	Standard injury, lost day and absentee rates and number of work-related fatalities	PotashCorp's employees reduced the company's recordable injury and lost-time injury rate to record lows in 2004. For more information see page 59.
LA8	Description of policies and programs on HIV/AIDS	Under its *Code of Business Conduct* and *Respect in the Workplace* policy, PotashCorp does not discriminate or tolerate discrimination or harassment against employees or job applicants on any grounds including HIV status. In order to maintain a safe and healthy environment for all employees, the company provides training on the prevention of transmission of blood-borne pathogens to all employees with job duties that would place them in the position of being exposed to bodily fluid.
LA14	Evidence of substantial compliance with ILO Guidelines for occupational health management systems	PotashCorp's SHE management system is in substantial compliance with all the key elements of the ILO Guidelines for occupational health management systems.
LA15	Description of formal agreements covering workplace health and safety with trade unions or employee representatives	All PotashCorp operations have joint employee-management occupational health and safety committees. At most plants, the company has Plant Safety Committees and BAPP steering committees with employee representatives.
Training and Education		
LA9	Average hours of training per year per employee by category of employee	Employees received an average of 134 hours of training in 2004. The main types of training included safety training, skills development, operations training, apprenticeships, crisis/emergency response training, orientation training, hazardous materials training and environmental training.
LA16	Programs to support the continued employability of employees and to manage career endings	The company pays tuition costs for employees to take certain university and college programs which will enhance their ability to advance their careers. Outplacement services are provided for those employees who would benefit from this type of assistance.
Diversity and Opportunity		
LA10	Description of equal opportunity policies or programs and monitoring systems	PotashCorp does not allow any discrimination in the hiring, promotion, termination or compensation of employees. PotashCorp tracks workforce demographics only in the United States.
LA11	Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity	The Board of Directors has seven Canadian residents, four US residents and one resident of the Dominican Republic. Women comprise 25% of the Board of Directors. Women hold 38% of the senior management positions at PotashCorp.
Human Rights		
Strategy and Management		
HR1	Description of policies, guidelines, corporate structure and procedures to deal with all aspects of human rights relevant to operations	PotashCorp's *Code of Conduc*t and *Respect in the Workplace* policy provide guidance and rules for respecting human dignity and the rights of the individual. The *Code* is enforced at all levels and violations can result in dismissal.
Non-Discrimination		
HR4	Description of global policy, procedures or programs preventing all forms of discrimination in operations	PotashCorp's *Code of Business Conduct* states that the company will not tolerate any form of discrimination or harassment directed at any individual or group.

GRI Social Performance Indicators		PotashCorp's Social Performance 2004
Human Rights *continued*		
Collective Bargaining		
HR5	Description of freedom of association policy and extent to which this policy is universally applied independent of local laws	PotashCorp respects a worker's right to freedom of association. More than one-third of the company's workforce is unionized.
Child Labor and Forced Labor		
HR6	Description of policy excluding child labor, as well as description of procedures/programs to address this issue	Consistent with PotashCorp's commitment in its *Code of Business Conduct* to respect the rights of the individual, the company does not use child labor at any of its operations.
HR7	Description of policy to prevent forced and compulsory labor as well as description of procedures/ programs to address this issue	Consistent with its commitment to respect the rights of the individual, PotashCorp does not use forced labor at any of its operations.
Disciplinary Practices		
HR9	Description of appeal practices including, but not limited to, human rights issues. Describe the representation and appeals process.	PotashCorp has written policies regarding procedures for problem resolution.
HR10	Description of non-retaliation policy and effective, confidential employee grievance system	The *Code of Business Conduct* states that no retaliation will be taken against any employee for raising any concern in good faith. In 2004, PotashCorp introduced *ComplianceLine* to provide a secure method for employees to make an anonymous complaint.
Indigenous Rights		
HR12	Description of policies, guidelines and procedures to address the needs of indigenous people.	PotashCorp has no specific policy or procedures governing relationships with indigenous populations.
Society and Community		
SO1	Description of policies and procedures/programs to manage impacts on communities	PotashCorp actively participates in periodic community meetings to address concerns, alert the public to changes at its operations and foster open communications with stakeholders. In 2004, the company hosted or participated in about 2,200 external engagement meetings.
SO2	Description of the policy, procedures and compliance mechanisms addressing bribery and corruption	The company's *Code of Business Conduct* expressly forbids the giving or taking of bribes.
SO3	Description of the policy, procedures and compliance mechanisms for managing political lobbying and contributions	Political lobbying takes place primarily through public affairs activities; through the activities of the fertilizer associations in the United States and Canada; and through registered lobbyists in the states of North Carolina and Florida. The PotashCorp Political Action Committee (PAC) was created in 2003, and is funded by US employees, to make specific political contributions at the federal, state and local levels. See page 45.
SO5	Amount of money paid to political parties and institutions whose prime function is to fund political parties or candidates	In 2004, the PotashCorp PAC made contributions in the United States totaling $26,250. Of this, $21,250 went directly to political candidates and $5,000 was a transfer to The Fertilizer Institute's PAC, which in turn made political contributions.

GRI Social Performance Indicators		PotashCorp's Social Performance 2004
Society and Community *continued*		
Competition and Pricing		
SO7	Description of policy and procedures for preventing anti-competitive behavior	The PotashCorp *Code of Business Conduct* states that the company must never act in contravention of antitrust or competition laws in the jurisdictions in which it does business.
SO6	Court decisions regarding anti-trust and monopoly behavior	A civil case was filed against PotashCorp and other potash producers in the late 1980s and was ultimately dismissed.
Product Responsibility		
Customer Health and Safety		
PR1	Description of policy for preserving customer health and safety during use of products	Product analysis, education, labeling and customer service are at the core of PotashCorp's efforts toward customer health and safety. The company provides customers with safe-handling videotapes for certain products.
PR4	Number and type of instances of non-compliance with regulations concerning customer health and safety	There have been no instances of non-compliance concerning customer health and safety.
PR5	Number of complaints upheld by regulators	There have been no customer health and safety complaints upheld by regulators.
Products and Services		
PR2	Description of policy and procedures related to product information and labeling	PotashCorp is subject to feed and fertilizer labeling requirements in most jurisdictions where it makes or sells its products. Product labels are reviewed regularly to ensure they comply with all laws and regulations.
PR7	Number and type of non-compliance with regulations related to product information and labeling	There have been rare cases of "stop sale" orders if a label is missing or a bag of fertilizer is found to be mislabeled.
PR8	Description of policy and procedures related to customer satisfaction, including results of surveys measuring customer satisfaction	PotashCorp conducts annual customer surveys. The information provides the basis for setting targets for improvement in areas of customer satisfaction. See page 30 for more details.
Advertising		
PR9	Description of policies and procedures for adherence to standards and voluntary codes related to advertising	The company's long-standing practice is to ensure that all advertising undergo extensive internal review for technical accuracy and legal compliance.
PR10	Number and types of breaches of advertising regulations	There have been no instances of breaches of advertising regulations by PotashCorp.
Privacy		
PR3	Description of policy and procedures for customer privacy	The PotashCorp *Code of Business Conduct* states that the company collects, uses and discloses personal information only with the knowledge and permission of the affected individual, unless required by law. The PotashCorp *Code of Customer Commitment* states that all information shared with the company is always kept in the strictest confidence.
PR11	Number of substantiated complaints regarding breaches of customer privacy	PotashCorp has had no complaints regarding breaches of customer privacy.

PotashCorp's

Safety, Health and Environmental Performance

building trust with our stakeholders

Cherie Killian Berry is Commissioner of Labor for North Carolina. She considers the strong relationship between her office and PotashCorp a major reason why the mining industry is thriving in North Carolina.

Worker Safety: More Than Just Compliance

PotashCorp Teams with Department of Labor to Create North Carolina's Most Successful Training Programs

As Commissioner of Labor for North Carolina, Cherie Killian Berry could be viewed in some business circles as the most feared woman in the state.

She, however, just wants to be known as "Coach."

In five years in office, Berry has brought a culture of openness and cooperation to the Department of Labor (DOL). It's a business style that promotes stakeholder engagement and trust. PotashCorp couldn't be more pleased.

"I'm trying to redefine the role of Labor Commissioner — from being a cop to being a coach," says Berry, who is responsible for the health, safety and general well-being of more than 4 million workers. "I would much rather have companies spend their money safeguarding lives than paying fines. So we're building greater trust and dialogue between this department and the businesses of this state."

The results of this unconventional approach are undeniable: In Berry's first four years in office, worker injury and illness fell to

the lowest rate ever in North Carolina — which now possesses the third best safety performance in the United States.

"And we're just getting started," says Berry, who became North Carolina's first female labor commissioner, and the first female Republican elected to a statewide office, on January 6, 2001.

As she reinvents the way state government and commerce work together, she points to her relationship with PotashCorp's phosphate operations in Aurora as the model for continued progress.

"I wish all companies were as engaged as PotashCorp," she says. "When other businesses start out hesitant to work with us, we point to PotashCorp as a company to emulate. Quite frankly, if all companies were like them I doubt we'd even need a labor commissioner at all."

Working together, the 1,045 employees at Aurora and the DOL's 425 staff have developed three programs that Berry considers the hallmark of her tenure:

- The state's first safety-accreditation program dedicated exclusively to the mining industry.
- A vibrant apprenticeship training program, in which PotashCorp has participated more than any other company in the state.
- An advanced-studies apprenticeship program.

"None of these programs would have been possible without PotashCorp working with us at every level of this department," Berry says. "Not only do they want to help, but they are incredibly open with both their facilities and their expertise."

North Carolina's Latest Safety "Star"

Early in her tenure, Berry established award and recognition initiatives aimed at reducing on-the-job injuries and fatalities. Companies that can demonstrate self-sufficiency in their ability to control hazards at their worksites can qualify for the "Carolina Star," which exempts recipients from regularly scheduled safety and health inspections for three years.

Berry calls the "Carolina Star" the highest award the state can give.

In 2001, she expanded this popular program with the creation of industry-specific Star awards. First was the Building Star — focused solely on the construction industry.

With more than 480 mines and quarries employing 4,875 workers, it became clear to her that North Carolina also needed a Mining Star — a safety program exclusive to the mining industry.

Beginning in November 2001, PotashCorp opened its Aurora facilities to the DOL and made company experts available to help draft compliance criteria for the Mining Star. In March 2003, it became the first company to receive Mining Star accreditation.

"That's a perfect example of how open and transparent PotashCorp is," Berry says. "We interviewed virtually every employee at the Aurora site before granting PotashCorp its Star.

"For us to develop safety standards for a specific industry, we first needed a company willing to train us on worksite conditions unique to that industry. We also needed a company that we both respected and trusted. To us, PotashCorp was the logical choice to help us establish the Mining Star. And they came through for us, as usual."

"It's also a reflection of the value PotashCorp and all its employees place on safety. The workers were so genuinely proud to win the award that when we presented them with the Mining Star flag, several employees immediately ran out and sent it up the flagpole."

To Berry, the programs she and PotashCorp work on together are not simply about doing good. They are good for business and for the citizens of North Carolina.

"When you truly care like PotashCorp does, employees want to give back, neighbors want you to succeed and government wants to help," she says. "That is what PotashCorp has achieved in North Carolina."

The Importance of Safety, Health and Environmental Sustainability

PotashCorp's commitment to safety, health and the environment reduces risk, lowers costs, improves operational efficiency, safety and facility performance and produces a cleaner environment. It therefore strengthens stakeholder trust, helps preserve the company's reputation and makes it a leader in its global business.

PotashCorp's Commitment and SHE Management System

Goals and Strategy

The company has three long-term goals for safety, health and the environment: no harm to people; no accidents; no environmental damage. Therefore, it:

- Emphasizes safety at all locations and levels. Its disciplined safety systems process is based on best practices and uses the Behavioral Accident Prevention Process (BAPP®).
- Lessens operations' environmental and health impact by reducing waste, emissions and discharges and using energy efficiently.

Safety, Health and Environmental Management System

A safety, health and environmental management framework supports the planning, implementation and review of programs in these areas.

The SHE Management System integrates 88 performance expectations into 13 accountability elements. It is designed to help managers focus on critical SHE needs, forecast and allocate resources, set strategy and consistently improve performance.

Accountability rests with facility or site leaders who must put appropriate systems and processes in place and ensure continuing progress toward PotashCorp's annual SHE targets and long-term goals.

Employees receive ongoing training to support the implementation and operation of the management system. Procedures have been developed for suppliers and contractors, and emergency plans are regularly tested.

Periodic external and internal audits and assessments examine key internal controls, and are reviewed by the Board of Directors' safety, health and environment committee.

Compliance

A SHE goal is compliance with government regulations and company guidelines designed to protect the environment, workers and the public.

Compliance is improving, but occasionally the company does not fully meet regulatory requirements. Management investigates every violation to determine the cause, takes corrective measures and develops an action plan to prevent recurrence.

Our SHE Management System employs 88 performance expectations to help managers consistently improve performance.

PotashCorp's Environmental Activities

Environmental Expenditures

In 2004, PotashCorp spent almost $99 million to address environmental issues.

Operating expenses for compliance with environmental laws and regulations are rising, reaching $91.3 million in 2004. Capital expenditures to meet pollution prevention and control objectives are falling, and were $7.4 million.

Environmental Expenditures

$ millions

	2001	2002	2003	2004
Operating Costs	68.3	66.5	73.4	91.3
Capital Costs	27.8	15.5	13.1	7.4
Total	**96.1**	**82.0**	**86.5**	**98.7**

Source: PotashCorp

The phosphate division accounted for 61% of 2004 environmental expenditures, potash 25% and nitrogen 14%. Operating expenditures represented more than 90% of division totals. Potash operating expenditures have increased steadily to $23.5 million, almost twice the 2001 level.

Environmental Expenditures by Division

$ millions

	2001	2002	2003	2004
Potash	16.4	14.4	18.4	25.1
Phosphate	60.0	51.3	53.1	60.0
Nitrogen	19.7	16.3	15.0	13.6
Total	**96.1**	**82.0**	**86.5**	**98.7**

Source: PotashCorp

Environmental Expenditures by Category

$ millions

	2001	2002	2003	2004
Environmental Monitoring	10.0	10.9	11.3	14.4
Environmental Assessment	1.4	1.4	1.9	1.8
Site Reclamation	19.2	13.8	15.1	21.6
Restoration of Habitat	0.3	0.7	0.6	0.7
Pollution Abatement - Operating Expenditures	20.0	20.9	24.4	28.9
Pollution Abatement - Capital Expenditures	8.1	4.7	3.9	4.3
Pollution Prevention - Operating Expenditures	12.7	13.7	16.0	17.5
Pollution Prevention - Capital Expenditures	19.3	10.3	8.2	3.8
Other (administration, training, permits, fines)	5.1	5.6	5.1	5.7
Total	**96.1**	**82.0**	**86.5**	**98.7**

Source: PotashCorp

POTASHCORP'S CORPORATE REPORTING RECEIVES HIGHEST HONOR

PotashCorp's 2003 Sustainability Report, including expanded SHE and site performance data, received an Award of Excellence.

Our emphasis on meeting the communication needs of our stakeholders was recognized by the Canadian Institute of Chartered Accountants, which gave PotashCorp its 2004 Award of Excellence for Corporate Reporting.

"It is part of our culture that we will share information and ensure we remain accessible and accountable to our stakeholders," says Wayne Brownlee, the company's Senior Vice President and Chief Financial Officer.

In addition to the overall award, we were recognized in the following categories:

- Award of Excellence for Corporate Reporting in the Mining Sector
- Award of Excellence for Electronic Disclosure
- Award of Excellence for Sustainability Reporting
- Honorable Mention for Annual Report.

Environmental Expenditures by Category

The major 2004 categories were:

- Operating expenditures for pollution abatement and control, and waste management, mainly in phosphate, $28.9 million.
- Site reclamation costs, $21.6 million, mainly in phosphate (75%) and potash.
- Operating costs for pollution prevention, $17.5 million, including processes, practices, materials and products that avoid or minimize the creation of pollutants or waste. Potash accounted for over half.
- Environmental monitoring costs, including equipment, supplies, labor and purchased services required to monitor pollutants emitted, $14.4 million, mainly in phosphate and nitrogen.

Remediation Obligations

PotashCorp restores and reclaims sites after mining, averaging $17 million annually over the past four years.

In some cases, remediation is not possible until a mine closes. At the end of 2004, $85 million had accrued for remediation obligations.

The major categories of asset retirement obligations are:

- Reclamation and restoration costs at phosphate and potash mines
- Reclamation costs related to gypsum stack capping
- Tailings management
- Land reclamation and re-vegetation
- Decommissioning of underground and surface operations
- Post-closure care and maintenance.

PotashCorp incurs costs and liabilities related to past waste disposal practices at some sites previously owned by other companies.

It is engaged in site assessment and/or remediation activities at some facilities, including those it no longer owns. It works with regulatory authorities to ensure compliance.

Spills and Other Incidents

PotashCorp's aim is that all incidents are reported and addressed quickly, and their occurrence reduced.

Incidents are categorized in *Flash Reports* prepared at the operating site within 24 hours. The SHE categories include:

- Major incident
- Lost-time injury
- Recordable injury
- High-potential incident
- Environmental incident
- Distribution incident
- Security incident
- Reliability incident.

A root-cause investigation and remedial actions follow every incident. In all categories, the number of incidents is declining.

Fines

Fines for infringement of environmental regulations in 2004 totaled $4,970.

Environmental Awards 2004

- Aurora won the North Carolina Mining Stewardship award for reclamation at Whitehurst Creek, which enhanced the aquatic culture and stream system. The area is again home to fish, birds and wildlife.
- Geismar received the 2004 Louisiana Chemical Association's award for distinguished achievement in environmental performance, specifically facility environmental performance improvement that reduced TRIs and air permit deviations.

Impact on Land and Biodiversity

Use of Materials

The principal raw materials used in PotashCorp's operations are mined potash and phosphate ores, natural gas in nitrogen production and sulfur, ammonia and limestone in phosphate products.

Few recycled materials and wastes are used, except recovered sulfur (a byproduct of oil refining or natural gas production) in producing phosphoric acid.

TEACHING HAZMAT SAFETY FOR 10 YEARS

PotashCorp employees train Chicago firefighters in 2004.

Since 1994, our HAZMAT training car has educated an estimated 10,000 employees, customers and municipal "first responders" on the proper procedures for handling an anhydrous ammonia leak or spill from a railcar.

During the past decade, we trained stakeholders in 24 US states as well as in Calgary and Saskatoon, Canada. In 2004 alone, the car traveled to 13 cities.

"Our main goal is to be prepared for an emergency in the event of a chemical release," says Deborah Allen, our Director of Product Stewardship and Security. "We also believe PotashCorp has a responsibility to share its expertise in handling chemicals with others who may come in contact with them."

Land Used

In 2004, PotashCorp conducted production and mining activities on 69,437 hectares of company-owned land. Phosphate operations had 55,893 hectares, 1% of it impermeable (covered by roads, buildings or other fixed structures). Nitrogen operations totaled 574 hectares (15% impermeable) and potash 12,970 hectares (1% impermeable).

No operations are located in biodiversity-rich habitats, protected or sensitive areas.

Initiatives to Restore Habitats

Many potash mines plant trees extensively for shelterbelts and wildlife habitat. The White Springs

Environmental Events

	2001	2002	2003	2004
US Federal Reportable Quantities	51	15	16	18
Permit Excursions	81	39	23	31
Provincial Incident Reports	7	8	18	4

Source: PotashCorp

Initiatives to Protect and Restore Ecosystems

Rocanville	1,400 hectares preserved as natural aspen parklands. Developing wetland with Ducks Unlimited as waterfowl marsh.
Patience Lake	Two wetlands being preserved.
Lanigan	800 hectares converted to permanent grasslands. Over 9,000 trees and shrubs planted. Developed wetland area attracting waterfowl.
Allan	Tree planting program.
Cory	240 hectares maintained naturally as wildlife habitat. Over 2,000 trees planted.
White Springs	35 reclamation projects cover more than 4,050 hectares. About half the projects, and one-fourth of the area, involve wetlands restoration. Approximately 7 million trees planted.
Aurora	Considerable effort spent on land reclamation and wetland mitigation, covering 2,352 hectares over the years. About 2.1 million trees planted.

Source: PotashCorp

phosphate operation has reclaimed more land than was mined over the past decade. More than half of the 4,500 hectares reclaimed are designated for public use, largely hunting, fishing and hiking. The Florida Game & Fish Commission supervises a Wildlife Management Area that uses 1,620 hectares. A commercial recreational hunting and fishing business operates on some reclaimed land.

As part of land reclamation, PotashCorp plants 30,000-40,000 trees annually across its operations. The number can increase significantly during various reclamation phases.

Initiatives to restore habitats at individual sites are set out above.

Solid Wastes Produced

Phosphogypsum (gypsum) is a waste byproduct of phosphoric acid production. White Springs, Geismar and Aurora have gypsum stacks.

Aurora no longer adds to its gypsum stack. In a unique reclamation process, it blends new gypsum and old gypsum stack material with soil and clay, safely returning gypsum to the soil while whittling down the stack.

Potash production's waste product is predominantly common salt tailings that are contained in managed storage areas. The New Brunswick operation returns nearly all waste to mined areas underground.

Its small surface impact is the major environmental benefit of New Brunswick's waste management system. With no surface salt tailings, slime and brine ponds, the potential for surface environmental impact is negligible. Costs exceeding conventional surface waste disposal are partially offset by greater recovery of the potash ore and lower future reclamation costs.

Nitrogen operations produce no solid wastes.

Non-process wastes from PotashCorp facilities include paper, oil, batteries, spent catalysts, paint, printer cartridges, light bulbs and many other materials. More than half, by volume, is recycled. Disposal procedures are based on US or Canadian regulations.

PotashCorp 'Lands' Awards for Creek Restoration

The Aurora facility is committed to wetland reclamation.

Respect for the environment drives our efforts to return surface-mined land to its natural state. Recently, these efforts at PCS Phosphate Aurora have received considerable recognition.

For its 2004 reclamation efforts at Whitehurst Creek, Aurora won two major environmental awards. In January 2005, the creek project won the North Carolina Mining Stewardship Award in the Reclamation category. In April, it received the Interstate Mining Compact Commission's Kenes C. Bowling National Mine Reclamation Award in the non-coal category.

Both organizations praised PotashCorp for going above and beyond the statutory requirements.

"Prior to mining the area, the creek was approximately 10 feet wide and not much more than a drainage canal," says Ross Smith, Aurora's Environmental Affairs Manager. "After mining, our primary goal was not only to restore this land, but to enhance the aquatic habitat of the area. The result is a 110-foot-wide creek and floodplain that now support a richly biodiverse ecosystem."

Impact on Water

Water Consumption and Recycling

PotashCorp uses 1 billion to 1.2 billion cubic meters of water annually, and 84% is recycled.

Phosphate accounts for 95% of water used by the three operating divisions. Water is used to separate phosphate ore from clay and sand, and most is recycled. The ore is mixed with the recycled water into slurry that is pumped to the processing plant where it is screened to remove coarse materials, washed to remove clay and floated to remove sand.

Impact on Water Sources

Significant portions of PotashCorp's phosphate reserves at Aurora are located in wetlands. The permit to mine these areas requires mitigation of wetland impact. Land has been acquired adjacent to the facility for mitigation purposes.

In Florida, wetlands must be reclaimed at least acre for acre. PotashCorp's permits and related agreements with federal, state and local regulatory authorities require additional mitigation through preservation of certain sensitive lands from mining, assistance with wetland enhancement or restoration on public lands, granting of conservation easements, off-site mitigation and defined contributions for public acquisition of environmentally sensitive lands in the region.

Phosphoric acid production creates gypsum, which is normally stored in above-ground stacks. Regulations often require companies to close stacks to reduce seepage into groundwater. In Florida, stacks must be closed once they reach the end of their useful lives or if groundwater standards are not being met. Closure includes capping, re-sloping, water management and long-term care, specified by regulation. The inactive portions of the gypsum stacks at Geismar in Louisiana are capped, with water management systems in place.

Wastes to Water

The most significant waste that PotashCorp discharges to water is salt as brine, discharged by the New Brunswick potash operation into the Bay of Fundy.

Solid Wastes

000s tonnes

	2001	2002	2003	2004
Gypsum	6,741	6,438	7,995	8,564
Waste Salt to Storage	7,664	7,922	7,592	8,581
Clay Waste (slimes)	611	683	637	812
Waste Salt and Clay to Mine	1,484	1,417	1,659	1,819
Salt as Brine Injection Well	1,606	1,540	3,084	3,579

Source: PotashCorp

Non-Process Wastes

000s tonnes

	2001	2002	2003	2004
Solid Waste Off-Site	5.496	6.286	6.648	8.648
Solid Waste On-Site	852	821	863	824
Solid Waste Recycled	145	118	93	151
Hazardous Waste Disposal	0.139	0.179	0.320	0.438

Source: PotashCorp

Water Used by Source

million cubic meters

	2001	2002	2003	2004
Well Water	43.5	50.8	140.3	54.5
River Water	133.7	141.9	145.3	109.7
Municipal Water*	7.7	7.8	7.4	7.2
Recycled Water	974.8	879.6	908.5	925.4
Total	**1,159.7**	**1,080.1**	**1,201.5**	**1,096.8**

** Including desalinated*

Source: PotashCorp

Water Used by Division

% of total

	2001	2002	2003	2004
Potash	0.7	0.9	0.8	0.8
Phosphate	94.9	94.5	95.4	94.7
Nitrogen	4.4	4.6	3.8	4.5
Total	**100.0**	**100.0**	**100.0**	**100.0**

Source: PotashCorp

Emissions to Water

000s tonnes

	2001	2002	2003	2004
Salt as Brine to Sea	351.6	372.8	364.3	417.5
Nitrogen as N	0.397	0.484	0.490	0.520
Fluoride	0.124	0.120	0.193	0.238
Phosphorus	0.206	0.275	0.189	0.276
Methanol	0.065	0.072	0.058	0.048

Source: PotashCorp

Impact on Air

Greenhouse Gas Emissions

Fertilizer manufacture requires significant natural gas and other inputs for feedstock and energy, thereby generating greenhouse gas (GHG) emissions, primarily CO_2.

Direct Greenhouse Gas Emissions

000s tonnes

	2001	2002	2003	2004
Carbon Dioxide (flue)	3,956	3,972	3,918	3,424
Carbon Dioxide (process)	2,883	2,654	2,486	2,279
Nitrous Oxide	690	827	787	751
Methane	1.11	1.18	1.11	1.13
Total GHGs (as CO_2 equivalent)*	**8,829**	**8,760**	**8,400**	**7,488**

** GHG emissions require a conversion factor to reach reported totals as CO_2 equivalents.* *Source: PotashCorp*

Normalized GHGs by Division

tonnes GHGs/tonne of production

	2001	2002	2003	2004
Potash	0.08	0.08	0.07	0.065
Phosphate	0.27	0.35	0.27	0.23
Nitrogen	0.20	0.21	0.22	0.25

Source: PotashCorp

Criteria Air Pollutants

000s tonnes

	2001	2002	2003	2004
Nitrogen Oxides	8.637	8.706	7.969	7.036
Carbon Monoxide	8.702	9.177	8.860	8.931
Particulate (dust)	4.666	5.031	4.318	4.381
Sulfur Dioxide	7.956	8.499	8.751	8.643

Source: PotashCorp

Other Significant Air Emissions

000s tonnes

	2001	2002	2003	2004
Volatile Organic Compounds	1.598	1.533	1.560	1.608
Ammonia	6.362	6.730	7.234	5.737
Hydrogen Sulfide	1.690	1.754	1.400	1.370
Sulfuric Acid Mist	0.083	0.065	0.141	0.107

Source: PotashCorp

In 2004, PotashCorp's GHG emissions (as CO_2 equivalent) totaled 7,488,300 tonnes, from four main sources:

- Carbon dioxide in flue gases
- Carbon dioxide in process gases
- Nitrous oxide emissions
- Methane emissions.

Normalized GHGs

Between 2001 and 2004, greenhouse gas emissions declined on a normalized basis (adjusted for production increases) at PotashCorp's potash and phosphate operations. They increased at its nitrogen operations on a unit of production basis, but decreased by 18.5% of total reported emissions due to indefinite shutdown of ammonia and urea operations at Memphis and Geismar.

The normalized GHG decrease at the potash operations results from their participation in the *Canadian Industry Plan for Energy Conservation*, a voluntary program designed to help Canada meets its international commitments to stabilize greenhouse gas emissions.

Indirect Greenhouse Gas Emissions

GHG emissions due to purchased electricity used by PotashCorp operations are not tracked.

Criteria Air Pollutants

The US EPA and other national agencies regulate criteria air pollutants which can injure health, harm the environment and damage property. The current criteria pollutants are carbon monoxide, nitrogen oxides, particulate matter, sulfur dioxide, lead and ozone.

PotashCorp produces limited quantities of four of these. (See table at left.)

Other Significant Air Emissions

Small quantities of other air emissions are produced, including substances on US federal and state regulatory lists and/or regulated locally.

PotashCorp produces no ozone-depleting substances. It uses small amounts of chlorofluorocarbons (CFCs) in refrigeration and cooling systems. As these systems are upgraded, the company is eliminating CFC use.

Indirect Environmental Impacts

Environmental Impacts Of Transportation

PotashCorp's operations involve three transportation activities with environmental impact: receiving materials from suppliers; distributing product to customers; and transportation used in the course of conducting business. Their environmental impact is not monitored.

Environmental Performance Of Suppliers

Pre-qualification, selection and retention criteria are established for contractors, service providers and suppliers, including a system for assuring their compliance with PotashCorp's SHE expectations.

If an environmental or other incident occurs as a result of a contractor's activities, a *Flash Report* is issued immediately. It includes corrective actions which the contractor is responsible for implementing. The incident is recorded in the contractor's file.

PotashCorp's Safety Performance

Employees reduced PotashCorp's recordable injury and lost-time injury rates to record lows in 2004.

The recordable injury rate fell by 41% in four years, from 3.26 per 200,000 work hours in 2001 to 1.91 in 2004. This results from a company-wide focus on the key causes of accidents, and the commitment of employees and contractors.

Management and Reporting Systems

PotashCorp's SHE management system prescribes specific, timely reporting requirements for SHE events.

It complies substantially with the key elements of the International Labor Organization (ILO) guidelines for occupational health management systems and ILO reporting and recording requirements. PotashCorp also follows reporting and notification requirements in the countries where it operates.

Standardized safety programs and procedures are implemented across the company. Central to these is the Behavioral Accident Prevention Process (BAPP®) which involves all employees in continuous improvement. BAPP provides one of several data streams that track exposure before an injury occurs.

Joint Health and Safety Committees

Across PotashCorp operations, 42 joint committees are involved in health and safety.

- All operations have employee-management occupational health and safety committees.
- Most locations have plant safety committees and BAPP steering committees with cross-functional employee representatives.

PotashCorp's 2004 Safety Awards

- The New Brunswick potash operation earned the John T. Ryan Safety Award for Select Mines from the Canadian Institute of Mining, Metallurgy and Petroleum. It was overall winner of the New Brunswick/Nova Scotia Mine Rescue Competition.
- Lanigan, Cory and Rocanville potash mines won Saskatchewan Mining Association Safety Awards for above-average safety performance measured against provincial standards.
- Allan won the Saskatchewan Mining Association Safety Award for achieving a zero lost-time injury frequency for the second consecutive year.
- White Springs received a Certificate of Honor from the Joseph A. Holmes Safety Association for working almost 700,000 hours without a lost-time injury, and the Sentinels of Safety Award for the safest open pit mine in the United States.
- Weeping Water feed plant received a Gold Award of Honor with distinction from the Safety and Health Council of Greater Omaha and a Safety Achievement Award from the Nebraska Safety Council.
- The Geismar nitrogen and phosphate plant received the Louisiana Chemical Association's 2004 award for distinguished achievement in improving contractor safety performance.

Injury Frequency Rates

per 200,000 work hours

	2001	2002	2003	2004
Lost-Time Injury Frequency	0.36	0.37	0.28	0.22
Recordable Injury Frequency	3.26	2.68	2.21	1.91

Source: PotashCorp

Site Safety Milestones in 2004*

Allan	1 million hours
Aurora	2 million hours
Cassidy Lake	7 years
Geismar	15 years
Joplin	2 years
Lanigan	1 million hours
Lima	5 years
Marseilles	1 year
New Brunswick	4 years
Savannah Terminal	9 years
Trinidad	4 million hours
White Springs	1 million hours

** Lost-time, injury-free achievement.*

PotashCorp's Health Policy

Policy on HIV/AIDS

Under its *Code of Business Conduct* and *Respect in the Workplace Policy*, PotashCorp does not discriminate or tolerate discrimination or harassment against employees or job applicants on any grounds, including HIV status. To maintain a safe and healthy environment for all employees, those employees whose duties could expose them to bodily fluids are trained to prevent transmission of blood-borne pathogens.

Health Programs

Employee health is of paramount importance at PotashCorp. Its health risk management process:

- Identifies health risks whenever business operations change
- Monitors health effects attributable to company operations
- Promotes healthy lifestyles and disease prevention
- Provides subsidized medical care.

CONTRACTOR PASSES ALONG SAFETY DISCOUNT

Geismar marine terminal

Avoiding workplace accidents requires teamwork by everyone involved. That's one reason we're so proud of our relationship with the James Construction Group (JCG) which works on-site at our Geismar facility. In the past fifteen years, it has experienced no lost-time or recordable incidents. The result is lower insurance rates for JCG, which it has passed on to PotashCorp in recognition of the joint nature of this commitment to safety.

Security

Recognizing the importance of safeguarding the security of its operations and transportation of its products to market, PotashCorp has been a leader within The Fertilizer Institute in establishing security guidelines for the North American fertilizer industry. US operations have implemented "The Security Code of Management Practices for the Fertilizer Industry" produced in 2002.

The company routinely assesses facility security, and appointed a Director of Security and Product Stewardship in 2002.

Numerous efforts ensure that products are used only to benefit society. Because anhydrous ammonia can be misused in the illegal production of the drug methamphetamine, PotashCorp guards against its theft internally and advises shippers and customers, including agricultural products dealers and farmers, on how to thwart such thefts.

In 2004, all Security Vulnerability Assessments were completed in voluntary compliance with TFI's Security Code. Security plans were developed and implemented at all US facilities and Trinidad. Third-party verification of comprehensive security procedures was conducted at Augusta and Geismar.

PotashCorp's Energy Use

PotashCorp uses energy in its mining and milling processes, its chemical manufacturing operations and in transportation.

Direct Energy Use

The company's operations are energy-intensive. This is particularly the case in nitrogen where more than 30 million BTU of natural gas are required to produce one ton of ammonia.

Total direct energy used in 2004 at all PotashCorp operations was 163,000 tera joules. The nitrogen operations accounted for 75% of this energy consumption.

Total energy consumption has fallen since 2001, due mainly to lower ammonia and urea production since the indefinite shutdown of operations at Memphis and Geismar in 2003.

Indirect Energy

Indirect energy is the energy loss incurred by the utilities supplying PotashCorp with electricity. The company does not track this energy loss.

Energy Efficiency

Between 2001 and 2004, energy efficiency improved 18% per tonne of production at PotashCorp potash facilities. Over the same period, energy efficiency fell 9% at the phosphate operations and improved 2% at the nitrogen plants.

Products with Environmental Benefits

Products	Uses/Users
I. Emission Control Products	
- Urea	Used by coal-burning power plants
- Aqua Ammonia - Urea Liquor (50% Urea) - NO_xOUT-A™	Used at industrial sites requiring NO_x reduction
II. Water Treatment Products	
- Green Phosphoric Acid - Phosphoric Acid - Polyphosphate	Used for water treatment at: - Pulp and paper mills - Refineries - Chemical plants
- Hydrofluorasilic Acid	Used by municipalities to add fluoride to water supplies
III. Heavy Metal Remediation Products	
- Phosfil	Prevents leaching of heavy metals through the soil or river/lake bottoms
- Amber Phosphoric Acid	Used for roadway heavy-metal remediation

Source: PotashCorp

Direct Energy Use

000 TJ

	2001	2002	2003	2004
Total Energy Used	183.7	183.4	170.7	163.0

Source: PotashCorp

Firemen's 'Rodeo' Rides Wave of Community Support

PotashCorp and Lanigan firefighters play a game of fire hose soccer during the annual Fireman's Rodeo.

Every September, fire departments from neighboring communities ride into Lanigan, Saskatchewan for a "rodeo" that combines real-world training, community relations . . . and a lot of fun. Events like these are a key way to build support between communities and our plants.

"We get some good training because of PotashCorp," says Barry Hooper, Chief of Lanigan's volunteer fire department. "About half the members of the department are PCS employees and are on both the emergency response team and the mine rescue team at the Lanigan or Rocanville facilities."

We take emergency preparedness seriously. Each of our emergency responders undergoes over 120 hours of annual training. We're also committed to communication, training and even equipment sharing with local departments. There is also an economic benefit for our neighboring communities based on the resources we're able to provide.

Energy Use by Division

% of total

	2001	2002	2003	2004
Potash	6	6	7	7
Phosphate	11	12	15	18
Nitrogen	83	82	78	75
Total	**100%**	**100%**	**100%**	**100%**

Source: PotashCorp

Energy Efficiency by Division

TJ/000 tonnes of production

	2001	2002	2003	2004
Potash (KCl)	2.07	2.02	1.87	1.70
Phosphate (P_2O_5)	6.87	7.46	7.15	7.47
Nitrogen (Ammonia)	26.4	25.5	24.7	25.9

Source: PotashCorp

Sources of Energy Used

000 TJ

	2001	2002	2003	2004
Purchased Electricity	13.0	12.9	13.6	14.1
Carbon Fuels	69.7	69.9	63.0	58.9
Natural Gas Feedstock	86.8	86.3	75.9	71.8
Waste Heat Recovery	14.2	14.3	18.2	18.2
Total	**183.7**	**183.4**	**170.7**	**163.0**

Source: PotashCorp

Examples of Cogeneration and Waste Heat Recovery at PotashCorp

White Springs	This Florida phosphate operation has 46 MW of daily cogeneration capacity. It uses the waste heat from operations to generate enough electricity to supply nearly all its chemical manufacturing operations.
Aurora	This North Carolina facility has 42 MW of daily cogeneration capacity.
Augusta	Heat from gas turbine exhaust is recovered at this Georgia plant for both process and steam use internally. The mechanical power developed is equivalent to 19 MW daily.
Lima	The design of this plant uses a gas turbine driver to eliminate 12,000 hp of electrical energy. Waste heat energy from exhaust gases are recovered in the reforming step.
Trinidad	A generator produces all the electrical needs (11 MW) of the 04 plant at this four-plant facility.
Cory	This Saskatchewan potash plant takes steam from a nearby cogeneration plant (SaskEnergy/Atco joint venture) that produces electricity and steam. The purchased steam replaces a less efficient direct-fired boiler and reduces greenhouse gas emissions.

Energy Costs

$ millions

	2001	2002	2003	2004
Total Energy Costs	**563**	**489**	**608**	**680**

Source: PotashCorp

Since 1996, the company's Canadian potash facilities have voluntarily participated in the Canadian Industry Plan for Energy Conservation designed to help Canada meet its international commitments to stabilize greenhouse gas emissions. Each site committed to an action plan that involves setting goals and targets, and developing and implementing an energy efficiency improvement strategy. The potash operations are estimated to have improved energy efficiency by more than 1% per year, on average, since 1990.

Trinidad's 03 nitrogen plant completed an expansion project in early 2005 that increased its ammonia output while reducing energy per ton of production by more than 11%. Similar projects to be completed in 2006 at the 04 and 01/02 plants will achieve projected energy savings of 1.5% and 4%, respectively, per ton of production.

The White Springs phosphate facility is being modified to capture more waste heat and generate an additional 2.5 MW of electricity per day, a 9.5% increase. This project will be completed in 2005.

Sources of Energy

The major types of energy used by PotashCorp are natural gas feedstock and carbon fuels (80.2%), cogeneration and waste heat recovery (11.1%) and purchased electricity (8.7%).

Energy from Cogeneration and Waste Heat Recovery

PotashCorp has taken several initiatives to generate electricity or power by capturing the waste heat from its operations. It has also taken advantage of cogeneration opportunities.

Energy Costs

Despite declining energy consumption at its operations, PotashCorp's energy costs have increased over the past four years. This reflects the higher prices paid for natural gas, carbon fuels and electricity.

GRI Safety, Health and Environment Performance Indicators		PotashCorp's Performance 2004
Energy Use		
EN3	Direct energy use segmented by primary source	Total direct energy used by PotashCorp at all of its operations was 163,000 tera joules in 2004. The dominant sources of energy were natural gas (80.2%), cogeneration/waste heat recovery (11.1%) and purchased electricity (8.7%).
EN4	Indirect energy use	Indirect energy, such as that consumed by power companies and energy consumed in transporting products to market, is not tracked at present by the company.
EN 17	Initiatives to use renewable energy and increase energy efficiency	Since 1996, all potash operations in Canada have been voluntary participants in the Canadian Industry Plan for Energy Conservation. Each plant has committed to an action plan that involves setting goals and targets and developing and implementing an energy efficiency improvement strategy. A number of plants have cogeneration and waste heat recovery programs that together contribute 11.1% of PotashCorp's total energy needs. See page 62 for more details.
Environmental Expenditures		
EN 35	Total environmental expenditures by type	Total environmental expenditures in 2004 were $98.7 million. Operating expenses were $91.3 million. Capital expenditures totaled $7.4 million. See page 54 for more details.
Environmental Impacts		
Materials Demand		
EN1	Total materials used	The principal raw materials used in PotashCorp's operations are mined potash ores, mined phosphate ores, natural gas in nitrogen production, and sulfur, ammonia and limestone in phosphate products.
EN2	Percentage of materials used that are wastes from other organizations	Recovered sulfur (a byproduct of oil refining or natural gas production) is used by PotashCorp in the production of phosphoric acid.
Impact on Air		
EN8	Greenhouse gas emissions	In 2004, PotashCorp's emissions of total GHGs (as CO_2 equivalent)* totaled 7,488,300 tonnes. Carbon dioxide emissions totaled 5,703,500 tonnes. Nitrous oxide emissions totaled 751,699 tonnes. Methane emissions totaled 1,137 tonnes. * GHG emissions require a conversion factor to reach reported totals of CO_2 equivalents. See *Site Performance* section for data on GHG emissions from individual production sites for the past three years.
EN9	Use and emissions of ozone-depleting substances	The company uses small amounts of chlorofluorocarbons (CFCs) in refrigeration and cooling systems. This substance is phased out when systems are upgraded.

GRI Safety, Health and Environment Performance Indicators		PotashCorp's Performance 2004
Impact on Air *continued*		
EN10	Other significant air emissions	In 2004, emissions of Criteria Air Pollutants from PotashCorp operations were as follows Nitrogen oxides 7,036 tonnes Carbon monoxide 8,931 tonnes Particulates (dust) 4,381 tonnes Sulfur dioxide 8,643 tonnes Other air emissions in 2004 were Volatile organic compounds 1,608 tonnes Ammonia 5,737 tonnes Hydrogen sulfide 1,370 tonnes Sulfuric acid mist 107 tonnes See *Site Performance* section for data on air emissions by PotashCorp's individual production sites for the past three years.
EN30	Indirect GHG emissions	The company does not track or monitor indirect GHG emissions.
Impact on Water		
EN5	Total water use	Total water used in 2004 was 1,097 million cubic meters. Municipal water 7 million cubic meters Well water 55 million cubic meters River water 110 million cubic meters Recycled water 925 million cubic meters Phosphate operations account for nearly 95% of total water used.
EN7	Major impacts on biodiversity in freshwater and marine environments	PotashCorp's major wetland disturbances occur in phosphate mining. Significant portions of its phosphate reserves in Aurora, North Carolina are located in wetlands, as are the phosphate operations at White Springs, Florida. All lands, including wetlands, are being reclaimed to meet or exceed regulatory requirements.
EN12	Significant discharge to water by type	Emissions to water in 2004 Salt as brine to sea 417,500 tonnes Nitrogen as N 520 tonnes Fluoride (F) 238 tonnes Phosphorus 276 tonnes Methanol 48 tonnes See *Site Performance* section for data on emissions to water by PotashCorp's individual production sites for the past three years.
EN20	Water sources and related ecosystems or habitats significantly affected by use of water	Water used by PotashCorp's operating sites does not significantly affect any ecosystems or habitats.
EN22	Total recycling and re-use of water	About 84% of the total water used at PotashCorp's operations is recycled. Recycling occurs at all sites, but most extensively at the phosphate operations.
Impact on Land and Biodiversity		
EN6	Location and size of land owned, leased or managed in biodiversity-rich habitats	PotashCorp does not have any operations in/near biodiversity-rich habitats. It does not have operations in/near IUCN (International Union for the Conservation of Nature and Natural Resources) category I-IV designated areas.

GRI Safety, Health and Environment Performance Indicators		PotashCorp's Performance 2004
Impact on Land and Biodiversity *continued*		
EN7	Major impacts on biodiversity in terrestrial environments	PotashCorp's activities have no major impacts on biodiversity in terrestrial environments.
EN23	Total amount of land owned, leased or managed for production	PotashCorp conducted production and mining activities on 69,437 hectares of company-owned land. A significantly less amount of land was leased.
EN24	Amount of impermeable surface as percentage of land owned/leased	Land used by the phosphate and potash divisions had approximately 1% of impermeable surface. Impermeable surface at nitrogen operations was 15%.
EN27	Objectives, programs and targets for protecting and restoring ecosystems and species	All lands affected by PotashCorp's operations are ultimately reclaimed and restored. For examples of initiatives at individual production sites to protect and restore ecosystems, see page 56.
Production of Wastes		
EN11	Total amount of waste by type and destination	Solid wastes produced in 2004 Gypsum 8,564,000 tonnes Waste salt to storage 8,581,000 tonnes Clay wastes (slimes) 812,000 tonnes Waste salt and clay to mine 1,819,000 tonnes Salt as brine injection well 3,579,000 tonnes Non-process wastes in 2004 Solid waste off-site 8,648 tonnes Solid waste on-site 824,000 tonnes Solid waste recycled 151,000 tonnes See *Site Performance* section for data on wastes to land by PotashCorp's individual production sites for past three years.
EN13	Significant spills of chemicals/fuels	Ten spills occurred, one in the potash division and nine at phosphate operations.
EN31	All production, transport, import or export of hazardous waste	Hazardous waste disposal in 2004 was 438 tonnes.
Indirect Environmental Impacts		
EN15	Percentage of product weight that is reclaimable at end of its useful life and percentage actually reclaimed	Fertilizer products provide nutrients to the land and are used by plants. None of these are reclaimable. Products sold as animal feed and industrial applications are non-reclaimable inputs.
EN 31	Environmental performance of suppliers	Under PotashCorp's SHE Management System, procurement processes must assess the ability of contractors to meet its SHE Expectations. Purchased products and services are, where possible, verified as meeting national/international safety, health and environmental standards.
Compliance		
EN16	Incidents and fines for non-compliance	The number of environmental events and permit excursions in 2004 US federal reportable quantity 18 Permit excursions 31 Provincial incident reports 4 There were 24 hazardous materials incidents in 2004, eight of which were non-accidental releases. A non-accidental release is the release of a PotashCorp hazardous material from a transportation vehicle (railcar or truck) that was not the result of the vehicle being involved in an accident. Total fines paid during the year for environmental infringements were $4,970.

fostering understanding with our stakeholders

PotashCorp's

Site Performance

It is at the local level that PotashCorp's commitment to sustainability lives every day. With our local stakeholders in mind, PotashCorp measures performance on a site-by-site basis and reports it that way. The following pages present data from each operating site, as well as information on how to contact management at each facility with questions or comments.

About the measurements

Site highlights report data in the units of measurement used at the particular operation being measured. For example, the company's Canadian potash facilities weigh product and emissions in metric tonnes, while the nitrogen and phosphate facilities use short tons. Energy use is reported in joules, megawatts and British Thermal Units, depending on what is the most appropriate measurement.

Safety is measured in terms of injuries per 200,000 work hours.

Potash Site Highlights

Allan

Allan, Saskatchewan S0K 0C0 | (306) 257-3312 Raoul Gauthier, General Manager | raoul.gauthier@potashcorp.com

Operations, Products and Annual Capacity

Allan mines potash at a depth of 1,040 meters (3,400 feet), producing granular, standard and industrial grade for agricultural and industrial use. It has an annual capacity of 1.9 million tonnes KCl, and set production and productivity records in 2004.

Community Relations

The mine has partnerships with the Saskatchewan Abilities Council and Allan School First Responders, and supports the United Way, the local volunteer fire department and Ducks Unlimited.

Awards

Allan won the Saskatchewan Mining Association Safety Award in 2004 for achieving a zero rating in lost-time injuries. It received the United Way's Quantum Leap award for its significant increase in pledges in 2004. Employees recorded 1 million hours without a lost-time injury.

Environmental Initiatives

In 2004, the last of the buried salts in the "spoils area" north of the plant was excavated and hauled to the Tails Management Area. This spoils area (about 10 hectares) will be contoured and re-vegetated.

Local Procurement

Allan purchased locally 80% of all products and services it used in 2004, a total of Cdn $20 million. Saskatchewan manufacturing companies provided just over half, and the rest came from provincial distributors. Electricity and natural gas purchases from Saskatchewan utilities are not included.

Performance Trends

	2002	2003	2004
Annual Production (tonnes KCl)	863,520	933,971	1,344,017
Employment			
# of employees	272	270	285
Average tenure (years)	21.7	21.7	19.4
Gender ratio (% female/total employees)	3.0%	3.0%	3.0%
Absenteeism rate (% hours absent)	7.0%	5.4%	6.1%
Employee training provided (hrs per employee)	54	55	110
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	1.7	0	0
Recordable frequency (per 200,000 hrs)	8.6	4.5	3.6
Greenhouse Gas Emissions			
GHG emissions (000 tonne CO_2 equivalent)	64.3	62.8	81.2
Normalized GHGs (GHGs/tonnes production)	0.07	0.07	0.06
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	49.8	53.9	68.4
Carbon monoxide	42.4	43.4	58.5
Particulates (dust)	312.7	300.3	352.1
Volatile organic compounds	56.6	53.9	71.1
Waste to Land (000 tonnes)			
Waste salt to storage	1,293	1,079	1,696
Clay waste	120	130	177
Salt in brine injection well	259	647	645
Water Use (000 cubic meters)			
River water	1,233	1,317	1,653
Environmental Expenditures ($Cdn)			
Operating expenditures	$1,060,000	$1,080,000	$2,750,000
Capital expenditures	$905,000	$15,000	$0
Energy			
Energy costs ($Cdn)	$8.8 million	$12.2 million	$14.9 million
Energy use (TJ)	1,405	1,514	1,890
Energy efficiency (GJ/tonne production)	1.6	1.6	1.4
Procurement			
Local purchasing ($Cdn)	$18.3 million	$22.5 million	$20.2 million

MEETING THE DEMAND FOR POTASH

It is a boom time at the Allan facility. Unprecedented worldwide growth in potash demand led us to add a fourth shift and move to a 24-hour, seven-day-a-week production schedule in the fall of 2004. We produced 410,000 more tonnes in 2004 than 2003, adding 29 positions in the process. In addition to achieving a 44% production increase, the facility's training requirements doubled as a result of hiring the new employees.

PCS Potash Allan

Lanigan

Box 3100, Lanigan, Saskatchewan S0K 2M0 | (306) 365-2030 Mark Fracchia, General Manager | mark.fracchia@potashcorp.com

Operations, Products and Annual Capacity

The largest of PotashCorp's potash mines, Lanigan has an annual capacity of 3.8 million tonnes KCl. It produces granular, standard and suspension potash products. Underground mining operations take place at a depth of 1,000 meters (3,300 feet).

Community Relations

The mine held three community meetings in 2004. The General Manager met with the Mayor and Council to discuss opportunities to promote the town. Local organizations supported include the Lanigan and District Heritage Museum, Lanigan Fire Department, Humboldt Broncos Hockey Team, Lanigan Elementary School and the local chapter of Ducks Unlimited.

Awards

Lanigan received the Saskatchewan Mining Association Safety Award in 2004 in recognition of its high standard in safety performance.

Environmental Initiatives

More than 9,000 trees have been planted as part of remediation and beautification at the site.

Local Procurement

Lanigan purchased locally 68% of all products and services it used in 2004, a total of Cdn $18.5 million. Saskatchewan manufacturing companies provided just over half, and the rest came from provincial distributors. Electricity and natural gas purchases from Saskatchewan utilities are not included.

Performance Trends

	2002	2003	2004
Annual Production (tonnes KCl)	1,423,605	1,488,436	2,024,769
Employment			
# of employees	329	333	346
Average tenure (years)	17.3	17.8	16.4
Gender ratio (% female/total employees)	3.6	3.6	3.8
Absenteeism rate (% hours absent)	5.3	5.1	4.9
Employee training provided (hrs per employee)	29.5	40.5	50.3
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0.69	0	0.29
Recordable frequency (per 200,000 hrs)	4.82	5.0	3.5
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO_2 equivalent)	65.8	65.9	78.9
Normalized GHGs (GHGs/tonne production)	0.05	0.04	0.04
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	75.0	68.7	66.5
Carbon monoxide	175.7	111.5	319.1
Particulates (dust)	576.6	596.8	725.0
Volatile organic compounds	94.8	100.5	140.5
Waste to Land (000 tonnes)			
Waste salt to storage	2,834.7	2,637.6	3,507.6
Clay waste	396.0	358.1	496.3
Salt in brine injection well	292.0	875.1	1342.7
Water Use (000 cubic meters)			
Well water	1,299	1,303	1,790
River water	805	849	1,112
Environmental Expenditures ($Cdn)			
Operating expenditures	$1,254,000	$1,544000	$3,381,000
Capital expenditures	$42,000	$311,000	$66,000
Energy			
Energy costs ($Cdn)	$13.8 million	$17.3 million	$19.7 million
Energy use (TJ)	1,924	1,966	2,388
Energy efficiency (GJ/tonne production)	1.35	1.32	1.2
Procurement			
Local purchasing ($Cdn)	$14.5 million	$16.4 million	$18.5 million

KEEPING AN EYE ON SAFETY

ONE MILLION HOURS

The focus of our safety program in 2004 was on continuous improvement in the quality and quantity of safety observations. The site extended this safety practice into the annual summer shutdown period and reached a milestone of 1,000 safety observations during the year. Participating in the process are hourly employees representing every occupation. Each individual is trained in our company-wide behavioral based safety process. The site also saw its 2004 recordable frequency rate drop by over 30% from the 2003 level. Lanigan employees achieved 1 million hours without a lost-time injury during the year.

PCS Potash Lanigan

Cory

Box 1320, Saskatoon, Saskatchewan S7K 3N9 | (306) 382-0525 Rob Bubnick, General Manager | rob.bubnick@potashcorp.com

Operations

Cory is an underground mining operation with an annual capacity of 1.36 million tonnes KCl. It produces white soluble and granular product, chicklets and K-Prills. Industrial product applications include water softeners and ice melt.

Community Relations

Local organizations supported include Eagle Creek Jamboree, Vanscoy and District Agricultural Society, St. John Ambulance, Kidney Foundation and MS Society, as well as local schools and sports teams.

Environmental Initiatives

Instead of fresh water from the South Saskatchewan River, wastewater from the cogeneration plant is now used to wash slimes before disposal. This has reduced fresh water usage by 18%.

Wet centrifuge cake is now used for the refined circuit, reducing energy consumption and the amount of dust produced.

Local Procurement

Cory purchased locally 66% of all products and services it used in 2004, a total of Cdn $14.8 million. Saskatchewan manufacturing companies provided just over half, and the rest came from provincial distributors. Electricity and natural gas purchases from Saskatchewan utilities are not included.

Performance Trends

	2002	2003	2004
Annual Production (tonnes KCl)	677,429	730,097	737,673
Employment			
# of employees	184	195	196
Average tenure (years)	15.2	14.8	14.6
Gender ratio (% female/total employees)	2.7%	2.6%	3.1%
Absenteeism rate (% hours absent)	4.3%	5.3%	6.6%
Employee training provided (hrs per employee)	48	78	80
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0.58	0	0.47
Recordable frequency (per 200,000 hrs)	8.08	1.36	5.58
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO_2 equivalent)	137.1	145.4	139.6
Normalized GHGs (GHGs/tonne production)	0.20	0.20	0.19
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	119.3	126.6	120.9
Carbon monoxide	101.7	108.0	101.7
Particulates (dust)	561.0	643.0	632.0
Volatile organic compounds	9.38	9.96	9.72
Waste to Land (000 tonnes)			
Waste salt to storage	1,293.1	608.2	794.2
Clay waste	123.8	107.0	100.7
Salt in brine injection well	281.1	1,013.2	897.9
Water Use (000 cubic meters)			
River water	1,963	1,698	1,586
Environmental Expenditures ($Cdn)			
Operating expenditures	$4,966,000	$1,440,800	$2,842,900
Capital expenditures	$410,500	$143,600	$392,500
Energy			
Energy costs ($Cdn)	$16.3 million	$24.2 million	$24.3 million
Energy use (TJ)	3,046	3,287	3,166
Energy efficiency (GJ/tonne production)	4.49	4.50	4.29
Procurement			
Local purchasing ($Cdn)	$9.7 million	$9.6 million	$14.8 million

CONSERVING FRESH WATER

18% DECREASE

Our operation used 18% less fresh water from the South Saskatchewan River in 2004 thanks to a new system that uses wastewater from a nearby cogeneration plant instead. Using wastewater to wash slimes from the potash ore can be controlled remotely with automatic valves that regulate the water flow. Washing slimes with water reduces the volume of waste to be stored, also benefiting the environment.

PCS Potash Cory

Cassidy Lake

Box 5005, Sussex, New Brunswick E4E 5L1 | (506) 839-2146 Michael Hogan, General Manager | michael.hogan@potashcorp.com

Operations

The plant upgrades standard potash into granular product, and facilitates brine disposal activities for the New Brunswick division.

Community Relations

Plant management met with local mayors and reviewed division developments and various issues, including the transport of brine by truck from the New Brunswick production site to Cassidy Lake for disposal.

Community partnerships include support for the Hammond River Angling Association Watershed Restoration Committee, a local group involved in maintaining and improving the Hammond River watershed.

Environment

In 2004, major remediation work started on the brine pond dam, with filter drains installed and free-draining gravel placed.

Local Procurement

Cassidy Lake purchased locally 68% of all products and services it used in 2004, a total of Cdn $2.5 million. New Brunswick manufacturing companies provided 47%, and the rest came from provincial distributors. Electricity and natural gas purchases from New Brunswick utilities are not included.

PCS Potash Cassidy Lake

Performance Trends

	2002	2003	2004
Annual Production (tonnes KCl)	202,295	220,592	319,442
Employment			
# of employees	29	29	29
Average tenure (years)	15.4	16.4	17.4
Gender ratio (% female/total employees)	7.4	7.4	7.4
Absenteeism rate (% hours absent)	3.6	2.5	2.3
Employee training provided (hrs per employee)	29	9	17
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	5.6	6.0	0
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO_2 equivalent)	5.7	6.5	8.3
Normalized GHGs (GHGs/tonne production)	0.03	0.03	0.03
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	4.5	5.1	8.0
Carbon monoxide	1.1	1.2	1.6
Particulates (dust)	120.9	123.2	224.6
Volatile organic compounds	0.4	0.4	0.5
Emissions to Water (000 tonnes)			
Salt brine to sea (dry basis)	166	170	154
Water Use (000 cubic meters)			
Well water	76	77	162
Environmental Expenditures ($Cdn)			
Operating expenditures	$233,200	$606,700	$451,500
Capital expenditures	$1,117,700	$1,600,600	$203,400
Energy			
Energy costs ($Cdn)	$2.0 million	$2.4 million	$2.9 million
Energy use (TJ)	154	171	213
Energy efficiency (GJ/tonne production)	0.76	0.77	0.66
Procurement			
Local purchasing ($Cdn)	$1.2 million	$1.1 million	$2.5 million

SPOTLIGHT ON SAFETY

SEVEN YEARS

Our Cassidy Lake facility marked its seventh consecutive year without a lost-time injury in 2004. This milestone comes in the wake of its New Brunswick sister facility winning the John T. Ryan Safety Award from the Canadian Institute of Mining, Metallurgy and Petroleum. "At both sites, it comes down to individual employees and their commitment to safety awareness," said General Manager Michael Hogan. "Everyone looks out for one another, and that is a major reason that we have such a commendable safety record."

New Brunswick

Box 5039, Sussex, New Brunswick E4E 5L2 | (506) 432-8400 Michael Hogan, General Manager | michael.hogan@potashcorp.com

Operations, Products and Annual Capacity

Underground mining operations take place at a depth of between 400 and 700 meters (1,300 to 2,300 feet). The refinery produces sylvite (potash) and halite (salt), with an annual capacity of 0.785 million tonnes KCl and 0.650 million tonnes of salt.

Community Relations

Five community meetings were held in 2004. The General Manager met with local mayors and reviewed highlights of company and division developments. In response to well water problems in nearby Penobsquis, the General Manager met with local politicians and government officials. The company is funding a hydrological assessment to help determine the cause of the problem, and until that is found and corrected is supplying drinking water to neighbors experiencing problems.

Local organizations supported include the Sussex Regional Hospital, Palliative Care Centre, Sussex Vale (a women's transition house), the Salvation Army, Theatre New Brunswick and the Canadian Cancer Society. The company and its employees are major contributors to fund-raising initiatives for needy children.

As part of its support for the Kennebecasis Watershed Restoration Committee, New Brunswick Division co-funded the salary of a summer student who analyzed water from the streams in the watershed.

Awards

The division earned the John T. Ryan Safety Award from the Canadian Institute of Mining, Metallurgy and Petroleum. The site has gone four years without recording a lost-time injury.

Environmental Initiatives

A unique closed loop mining and milling process makes this the only potash operation in the world that returns all of its tailings underground.

Energy

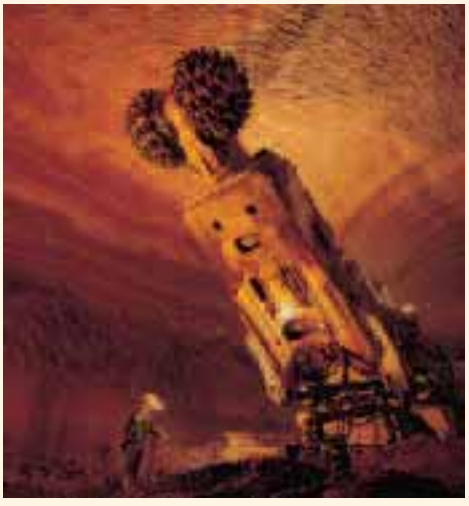
A joint venture with Corridor Resources provides 2,300 giga joules of natural gas energy for the site's boilers and dryers.

Local Procurement

New Brunswick purchased locally 56% of all products and services it used in 2004, a total of Cdn $23.4 million. New Brunswick manufacturing companies provided 24%, and the rest came from provincial distributors. Electricity and natural gas purchases from New Brunswick utilities are not included.

Performance Trends

	2002	2003	2004
Annual Production (tonnes KCl)	599,277	749,103	781,761
Employment			
# of employees	331	329	330
Average tenure (years)	14.4	15.4	16.8
Gender ratio (% female/total employees)	2.1%	2.1%	2.1%
Absenteeism rate (% hours absent)	4.8%	5.3%	5.8%
Employee training provided (hrs per employee)	30	32	51
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	6.86	5.85	3.57
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO_2 equivalent)	54.4	54.0	47.3
Normalized GHGs (GHGs/tonne production)	0.09	0.07	0.06
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	42.3	40.2	46.6
Carbon monoxide	10.6	11.5	37.6
Particulates (dust)	170.7	177.7	166.4
Volatile organic compounds	93.3	149.4	163.9
Waste to Land (000 tonnes)			
Waste salt and clay to mine	1,211.1	1,517.4	1,692.0
Emissions to Water (000 tonnes)			
Salt brine to sea (dry basis)	207	195	264
Water Use (000 cubic meters)			
River water	539.7	548.2	417.4
Environmental Expenditures ($Cdn)			
Operating expenditures	$5,592,000	$11,696,000	$12,636,800
Capital expenditures	$1,801,000	$1,106,400	$657,700
Energy			
Energy costs ($Cdn)	$12.3 million	$13.5 million	$13.4 million
Energy use (TJ)	1,241	1,446	1,423
Energy efficiency (GJ/tonne production)	2.1	1.9	1.8
Procurement			
Local purchasing ($Cdn)	$15.2 million	$13.8 million	$23.4 million



Potash mining underground in New Brunswick.

Patience Lake

Box 509, Saskatoon, Saskatchewan S7K 3L9 | (306) 667-4300 Rob Bubnick, General Manager | rob.bubnick@potashcorp.com

Operations, Products and Annual Capacity

Originally a conventional underground operation, Patience Lake was converted to a solution mine in 1988 after two periods of closure due to flooding. Solution mining dissolves the potash from the ore by circulating brine through the flooded conventional mine workings 1,000 meters (3,300 feet) below the surface. The operation produces white standard, lawn and garden, and granular-grade potash for agriculture, with annual capacity of 1.03 million tonnes KCl.

Community Relations

The mine has partnerships with the Saskatchewan Wildlife Art Association, Hope Cancer Help Centre, the Summer Snack program and several local schools and sports teams.

Environmental Initiatives

Remediation initiatives in 2004 included soil and groundwater sampling, slurry pipeline relocation and cleanup of a brine spill.

The leach ponds created on the west side of the tailings pile have become a well-utilized bird habitat that has attracted a nesting pair of tundra swans, uncommon nesters in the area.

Local Procurement

Patience Lake purchased locally 63% of all products and services it used in 2004, a total of Cdn $2.5 million. Saskatchewan manufacturing companies provided just over half, and the rest came from provincial distributors. Electricity and natural gas purchases from Saskatchewan utilities are not included.

Performance Trends

	2002	2003	2004
Annual Production (tonnes KCl)	229,904	250,683	239,061
Employment			
# of employees	67	67	67
Average tenure (years)	18.3	19.3	20.3
Gender ratio (% female/total employees)	3.0%	3.0%	3.0%
Absenteeism rate (% hours absent)	8.1%	4.7%	4.1%
Employee training provided (hrs per employee)	13	26	30
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	1.76
Recordable frequency (per 200,000 hrs)	10.0	5.4	8.8
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO_2 equivalent)	51.3	38.4	35.9
Normalized GHGs (GHGs/tonne production)	0.22	0.15	0.15
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	42.9	36.7	36.2
Carbon monoxide	36.0	28.0	26.3
Particulates (dust)	583.0	335.1	306.0
Volatile organic compounds	2.7	1.9	2.0
Waste to Land (000 tonnes)			
Waste salt to storage	41.1	37.0	39.7
Waste salt and clay to mine	206.6	141.6	127.9
Water Use (000 cubic meters)			
River water	734	868	1,082
Environmental Expenditures ($Cdn)			
Operating expenditures	$242,000	$201,000	$1,207,600
Capital expenditures	$29,000	$397,000	$451,100
Energy			
Energy costs ($Cdn)	$6.8 million	$7.0 million	$7.2 million
Energy use (TJ)	1,173	908	868
Energy efficiency (GJ/tonne production)	5.10	3.62	3.63
Procurement			
Local purchasing ($Cdn)	$2.5 million	$1.9 million	$2.5 million

FEATHERED FRIENDS FLOCK TO WETLANDS

Bird watchers and naturalists are able to view a pair of tundra swans raise their young cygnets in an area near our plant where we completed remediation work. Fresh water — pumped onto the area to remove salts from surface soils allow vegetation to flourish — turned a once unattractive area into a well-utilized bird habitat. The new wetlands draw common waterfowl, songbirds as well as these less common swans.

PCS Potash Patience Lake

Rocanville

Box 460, Rocanville, Saskatchewan S0A 3L0 | (306) 645-2870 Stephen J. Fortney, General Manager | steve.fortney@potashcorp.com

Operations, Products and Annual Capacity

Rocanville is a conventional underground potash mine, operating at a depth of 960 meters (3,150 feet). It produces granular, coarse and standard product for agricultural use and standard industrial and feed-grade product. Annual capacity is 2.3 million tonnes KCl.

Community Relations

It supports the Rocanville and District Wildlife Federation, area sports facilities and minor sports teams, 4H, Air Cadets, Music Festival and health facilities, as well as local fire departments, Ducks Unlimited, Rocanville School, Rocanville Fall Festival and Riding for Hope.

Awards

Rocanville received a Saskatchewan Mining Association Certificate of Achievement for safety in 2004.

Environmental Initiatives

The facility renewed a five-year agreement with the provincial government to preserve the natural habitat around the site. It also installed additional monitoring devices to determine the optimum use of its tailings areas, and to minimize its impact to the groundwater.

Local Procurement

Rocanville purchased locally 71% of all products and services it used in 2004, a total of Cdn $53.8 million. Saskatchewan manufacturing companies provided just over half, and the rest came from provincial distributors. Electricity and natural gas purchases from Saskatchewan utilities are not included.

Performance Trends

	2002	2003	2004
Annual Production (tonnes KCl)	1,700,269	1,989,352	1,833,787
Employment			
# of employees	324	324	328
Average tenure (years)	17.7	18.7	17.1
Gender ratio (% female/total employees)	5.9	6.2	6.8
Absenteeism rate (% hours absent)	3.7	3.8	3.5
Employee training provided (hrs per employee)	72	84	92
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0.35	0.33
Recordable frequency (per 200,000 hrs)	0.78	2.47	2.01
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO_2 equivalent)	70.6	69.3	61.8
Normalized GHGs (GHGs/tonne production)	0.04	0.03	0.03
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	54.4	57.4	52.5
Carbon monoxide	167.2	491.2	172.4
Particulates (dust)	225.5	261.9	305.6
Volatile organic compounds	5.20	5.77	4.42
Waste to Land (000 tonnes)			
Waste salt to storage	2,459	3,230	2,543
Salt in brine injection well	708	549	694
Clay waste	43.7	42.7	38.1
Water Use (000 cubic meters)			
Well water	1,020	1,037	1,000
Environmental Expenditures ($Cdn)			
Operating expenditures	$4,812,000	$5,455,100	$7,265,300
Capital expenditures	$143,000	$146,000	$389,000
Energy			
Energy costs ($Cdn)	$13.0 million	$16.8 million	$19.1 million
Energy use (TJ)	1,999	2,023	1,863
Energy efficiency (GJ/tonne production)	1.17	1.02	1.02
Procurement			
Local purchasing ($Cdn)	$9.1 million	$10.0 million	$53.8 million

CELEBRATING 100 YEARS OF ROCANVILLE

From sponsoring brunch for 2,500 area residents to using a potash mine truck to pull an employee-built parade float, PCS Rocanville was highly involved in the town's 2004 centennial celebration. In addition to countless hours of employee volunteerism, the facility also made donations toward building an outside, closed-in cooking area and repairing the town ice rink for the celebration. "As a part of the community since 1970, and the largest employer in the area, we were happy to be a major participant in the town's centennial," said General Manager Steve Fortney.

Employees and their children represented the site in the Rocanville Centennial Parade in July 2004.

Phosphate Site Highlights

Aurora

Box 48, Aurora, North Carolina 27806 | (252) 322-4111 Richard C. Atwood, General Manager | ratwood@pcsphosphate.com

Operations, Products and Annual Capacity

Aurora mines phosphate ore and refines it into phosphate rock. Mixing the phosphate with sulfuric acid produces phosphoric acid. It has an annual capacity of 1.325 million tons of phosphoric acid and 0.175 million tons of phosphate feed.

Community Relations

Aurora has an active program of engagement with community leaders and state legislators. In 2004, 980 meetings took place.

The plant is a major sponsor of the area's United Way campaign, Children's Miracle Network, American Cancer Society's Relay for Life, Power of One Mentoring program and Ronald McDonald House. It also supports East Carolina University Educational Foundation and several schools and community colleges.

Awards

In 2004, Aurora received awards for training and community involvement. Ten employees were recognized by the North Carolina Department of Labor as Apprentice Stars, and the plant received the 3-Star Partner award from the American Cancer Society. The facility achieved a safety milestone with 2 million hours without a lost-time injury.

Environmental Initiatives

As a leader in land reclamation, Aurora has received many awards recognizing the effectiveness of its work. Two significant environmental achievements in 2004 were:

- Installation of wet electrostatic precipitators on all six calciners, resulting in a 75% reduction in particulate emissions from these units.
- Installation of a scrubber stack silencer on the DFP plant, significantly reducing noise for concerned neighbors.

Performance Trends

	2002	2003	2004
Annual Production (tons)			
Phosphate rock	3,796	3,393	4,371
Phosphoric acid (P_2O_5)	939	1,013	1,122
Employment			
# of employees	1,016	1,033	1,045
Average tenure (years)	16.0	16.6	13.5
Gender ratio (% female/male employees)	3.9%	4.1%	4.2%
Absenteeism rate (% hours absent)	6.0%	5.6%	4.0%
Employee training provided (hrs per employee)	40	42	66
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0.19	0.28	0.09
Recordable frequency (per 200,000 hrs)	2.08	2.40	1.33
Greenhouse Gas Emissions			
GHG emissions (000 tons CO_2 equivalent)	652.4	626.7	525.3
Normalized GHGs (GHGs/tonne production)	0.8	0.7	0.5
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	738.0	769.8	618.0
Carbon monoxide	n/a	461.7	409.0
Particulates (dust)	499.8	415.0	257.0
Sulfur dioxide	4,748.5	4,726.6	5,780.0
Ammonia	n/a	n/a	492
Hydrogen sulfide	1,934	1,542	1,510
Waste to Land (000 tons)			
Gypsum	5,234	5,642	6,185
Water Use (million gallons)			
River/surface water	20,248	20,954	21,941
Recycled water	103,933	101,137	121,557
Environmental Expenditures ($ million)			
Operating expenditures	$27.6	$27.0	$29.8
Capital expenditures	$4.4	$3.0	$1.7
Energy			
Energy costs ($)	$28.0 million	$30.7 million	$34.9 million
Energy use (BBtu)	13,491	14,844	17,237
Energy efficiency (BBtu/tonne production)	3.9	4.8	4.3
Procurement			
Local purchasing ($)	$46.1 million	$59.7 million	$61.6 million

SHARING WITH THE COMMUNITY

Waste not, want not. In 2004, we donated 71 used computers to local schools valued at more than $21,000. Education is one of our main priorities, and our 1,045 employees are quick to let us know where used computers will do the most good. In-kind donation efforts like this are an important, hands-on way for us to get involved in contributing to the community.

PCS Phosphate Aurora

White Springs

Box 300, 15843 Southeast 78th Street, White Springs, Florida 32096 | (386) 397-8101
Paul Barrett, General Manager | pbarrett@pcsphosphate.com
Keith Thornton, Assistant General Manager | wkthornton@pcsphosphate.com

Operations, Products and Annual Capacity

White Springs mines phosphate ore and refines it into phosphate rock. It has a capacity of 4.0 million tons of phosphate rock, 1.2 million tons of phosphoric acid and 0.410 million tons of phosphate feed. The chemical operations produce 14 products.

Community Relations

The plant meets quarterly with the Hamilton County Commissioners and staff to discuss community issues and concerns. It is working with county officials to find suitable reclaimed land for development.

White Springs is a major supporter of the United Way of Suwannee Valley campaign. It supports the Jasper Kiwanis Club, the March of Dimes, the American Cancer Society, the regional science fair, Council for Sustainable Florida, community revitalization programs and Franklin County Senior Service Center, and partners with several schools.

Awards

White Springs received the Sentinels of Safety Award for being the safest open pit mine in the United States. The site also received the United Way Pacesetters and "Topflight" campaign trophy, and the Florida Commissioner of Education Business Recognition Award. The site has recorded over 1 million hours without a lost-time injury.

Environmental Initiatives

Re-vegetation of 445 acres of reclaimed land took place in 2004.

Energy

The cogeneration plant has 48 megawatts of generating capacity — enough to supply nearly all the chemical manufacturing operations.

Performance Trends

	2002	2003	2004
Annual Production (tons)			
Phosphate rock	1,705,000	2,961,000	3,026,000
Phosphoric acid (P_2O_5)	529,000	856,000	927,000
Employment			
# of employees	878	893	943
Average tenure (years)	22	22	22
Gender ratio (% female/male employees)	7.1%	7.1%	6.6%
Absenteeism rate (% hours absent)	2.0%	2.0%	2.7%
Employee training provided (hrs per employee)	21	28	34
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0.41	0.10	0.37
Recordable frequency (per 200,000 hrs)	1.78	1.61	1.02
Greenhouse Gas Emissions			
GHG emissions (000 tons CO_2 equivalent)	209	212	266
Normalized GHGs (GHGs/tonne production)	0.4	0.2	0.3
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	222	210	229
Carbon monoxide	8	24	70
Particulates (dust)	347	316	348
Sulfur dioxide	2,265	2,964	3,701
Ammonia	n/a	n/a	390
Waste to Land (000 tons)			
Gypsum	1,862	3,171	3,255
Water Use (million gallons)			
Well water/city water	11,008	11,717	12,483
Recycled water	123,492	131,162	118,464
Environmental Expenditures ($ million)			
Operating expenditures	$17.2	$19.8	$25.4
Capital expenditures	$1.6	$1.8	$0.7
Energy			
Energy costs ($)	$38.1 million	$29.7 million	$37.6 million
Energy use (BBtu)	8216	11,968	11,956
Energy efficiency (BBtu/tonne production)	5.3	4.5	4.4
Procurement			
Local purchasing ($)	$46.1 million	$59.7 million	$61.6 million

WHITE SPRINGS JOINS SUWANNEE RIVER PARTNERSHIP

White Springs joined the Suwannee River Partnership in 2004 to support the group's work to improve the environment in North Central Florida. The Partnership is working to enhance the water quality of the Suwannee and Santa Fe Rivers through voluntary incentive-based programs. We like the cooperative, non-regulatory approach of this group of 53 federal, state, regional and local agencies and private associations. We're proud to join the team.

PCS Phosphate White Springs and the Suwannee River

Joplin

Box 225, 301 State Line Avenue, Joplin, Missouri 64802 | (417) 624-5225

Paul Shoup, Operations Manager | poshoup@pcsphosphate.com

Operations, Products and Annual Capacity

This animal feed ingredients plant produces dicalcium phosphate (DCP) and monocalcium phosphate (MCP) feed supplements, with annual capacity of 0.179 million tons.

Community Relations

The plant is a United Way sponsor. It supports the Joplin Area Chamber of Commerce, Associated Industries of Missouri, the Joplin/Jasper County Emergency Planning Committee and the Jasper County Citizen Notification Partnership, and partners with McKinley Elementary School.

Awards

The site received a Bronze Award from the Joplin area United Way for employee contributions.

Environmental Initiatives

Acquired in 2002, the site has since completed major upgrades of equipment and controls to reduce emissions.

Performance Trends

	2002	2003	2004
Annual Production (tons)			
Dicalcium/monocalcium phosphate	115,000	97,000	96,000
Employment			
# of employees	35	35	33
Average tenure (years)	14.4	15.4	16.6
Gender ratio (% female/male employees)	9%	9%	10%
Absenteeism rate (% hours absent)	1.5%	1.8%	3.4%
Employee training provided (hrs per employee)	12	24	18
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	3.18	8.47	0
Greenhouse Gas Emissions			
GHG emissions (000 tons CO_2 equivalent)	36.5	25.2	24.8
Normalized GHGs (GHGs/ton production)	.0003	.0002	.0002
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	12.3	9.5	6.6
Carbon monoxide	7.9	7.7	5.3
Particulates (dust)	51.6	39.5	18.4
Sulfur dioxide	4.4	0	0
Water Use (million gallons)			
River/surface water	0	0	3.6
Well water/city water	74.0	n/a	35.6
Environmental Expenditures ($)			
Operating expenditures	$206,000	$141,000	$944,000
Capital expenditures	$0	$1,114,000	$942,000
Energy			
Energy costs ($)	$1.3 million	$1.2 million	$1.3 million
Energy use (BBtu)	250	171	167
Procurement			
Local purchasing ($)	$1.2 million	$1.5 million	$1.6 million

SPOTLIGHT ON SAFETY

INJURY FREE

For the second consecutive year, the site reported no lost-time injuries in 2004.

Phosphate feed product is loaded into the warehouse.

Marseilles

2660 East US Route 6, Marseilles, Illinois 61341 | (815) 795-5111 Bob Startzer, Operations Manager | bstartzer@pcsphosphate.com

Operations

This feed plant combines limestone and phosphoric acid to manufacture dicalcium phosphate (DCP) and monocalcium phosphate (MCP) animal feed supplements. Its annual capacity is 0.306 million tons.

Community Relations

The plant sponsors fire safety booklets for Marseilles and Seneca elementary schools. It also sponsors the Noon Farm Report on a local radio station and the Ottawa River Rescue Squad. Marseilles and its employees contribute to the United Way. Employees adopted a one-mile stretch of trail on the I&M Canal.

Performance Trends

	2002	2003	2004
Annual Production (tons)			
Dicalcium/monocalcium phosphate	195,000	166,000	152,000
Employment			
# of employees	37	35	34
Average tenure (years)	12	13	14
Gender ratio (% female/male employees)	8%	10%	9%
Absenteeism rate (% hours absent)	2.3%	2.7%	4.0%
Employee training provided (hrs per employee)	11	25	17
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	2.8	0
Recordable frequency (per 200,000 hrs)	0	5.6	8.9
Greenhouse Gas Emissions			
GHG emissions (000 tons CO_2 equivalent)	47.7	40.3	38.0
Normalized GHGs (GHGs/ton production)	.0002	.0002	.0002
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	12.5	10	9.3
Carbon monoxide	10.5	8.4	14.5
Particulates (dust)	44.0	18.9	18.0
Water Use (million gallons)			
Well water/city water	n/a	n/a	13.1
Recycled water	n/a	n/a	4.3
Environmental Expenditures ($)			
Operating expenditures	$88,700	$61,200	$83,300
Capital expenditures	$53,300	$0	$74,500
Energy			
Energy costs ($)	$1.5 million	$1.9 million	$1.9 million
Energy use (BBtu)	289	242	231
Procurement			
Local purchasing ($)	$313,000	$572,000	$508,000

TRAINING, PLANT IMPROVEMENTS HELP NET SAFETY RECORD

ZERO LOST-TIME

Safety training and improvements to the physical plant helped us earn a 2004 safety record to be proud of — a year without any lost-time accidents. Implementation of the Behavioral Accident Prevention Process (BAPP®) coupled with plant improvements at the barge unloading dock and truck/rail shipping platform, helped Marseilles record this significant achievement.

PCS Phosphate Marseilles

Weeping Water

Box 171, Weeping Water, Nebraska 68463 | (402) 267-2915

William Donohue, Operations Manager | bdonohue@pcsphosphate.com

Operations, Products and Annual Capacity

The site mines limestone from an underground mine between 125 and 145 feet below the surface. The plant produces dicalcium phosphate (DCP) and monocalcium phosphate (MCP). After expansion in 2004, its annual capacity is 0.295 million tons.

Community Relations

Management met with Weeping Water City Council and business owners to address concerns about trucks traveling through the city to and from the plant.

The site sponsors the Cass County DARE program, and supports the Weeping Water Chamber of Commerce, City of Weeping Water Restoration Project, Avoca City Hall Restoration Project, the Weeping Water School Foundation and the Cass County Fair.

Awards

Weeping Water received a Gold Award of Honor with Distinction from the Safety and Health Council of Greater Omaha in 2004, and a Safety Achievement Award from the Nebraska Safety Council.

Environmental Initiatives

Three to four times a year, the plant site and the city street entering the plant are swept and vacuumed. Unpaved haul roads are treated with magnesium chloride to reduce suspended particle emissions in the Weeping Water Valley.

Performance Trends

	2002	2003	2004
Annual Production (tons)			
Dicalcium/monocalcium phosphate	182,475	161,830	134,715
Employment			
# of employees	46	45	43
Average tenure (years)	20	20	20
Gender ratio (% female/male employees)	7%	7%	7%
Absenteeism rate (% hours absent)	3.6%	4.9%	3.8%
Employee training provided (hrs per employee)	20	21	22
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	2.33	2.45
Recordable frequency (per 200,000 hrs)	2.18	4.65	2.46
Greenhouse Gas Emissions			
GHG emissions (000 tons CO_2 equivalent)	47.7	40.6	46.4
Normalized GHGs (GHGs/ton production)	.0002	.0002	.0003
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	13	15	12
Carbon monoxide	11	4	4
Particulates (dust)	44	15	25
Water Use (million gallons)			
Well water/city water	n/a	n/a	25.1
Environmental Expenditures ($)			
Operating expenditures	$89,000	$62,000	$48,000
Capital expenditures	$0	$0	$43,000
Energy			
Energy costs ($)	$1.2 million	$1.8 million	$1.7 million
Energy use (BBtu)	278	263	234
Procurement			
Local purchasing ($)	$2.0 million	$1.1 million	$1.8 million

WELCOMING VISITORS TO NEBRASKA LIMESTONE MINE

We offer neighbors the opportunity to tour our limestone mining operations and phosphate feed plant during Weeping Water's annual Limestone Days held each summer. Of the four companies mining limestone in the area, only PotashCorp offers tours, which is greatly appreciated by area residents. Because of its openness, PotashCorp is highly respected by community leaders and its neighbors.

Mining limestone at the Weeping Water facility.

Florida Favorite Fertilizer/PCS Joint Venture Ltd.

Box 8000, Lakeland, Florida 33802 | (863) 688-2442

Jim Bellar, General Manager | jsbellar@favfert.com

Operations, Products and Annual Capacity

The operation is retail only and produces all types of fertilizer for retail: dry blends (bulk and bag), liquid blend and ammoniated (bulk and bag). Storage capacity is 0.085 million tons of fertilizer products.

Community Relations

The states where Florida Favorite operates — Florida, Alabama and Georgia — suffered from four hurricanes in 2004. The production sites and their employees assisted in many ways in their respective communities.

The operation supports the FFA agricultural education program, local schools, 4H and youth development programs.

Environmental Initiatives

Remediation is ongoing at the Lakeland and Moultrie sites to meet EPA standards.

Performance Trends

	2002	2003	2004
Annual Production (tons)			
Fertilizer production	341,171	332,300	312,794
Employment			
# of employees	102	102	106
Average tenure (years)	10	10	12
Gender ratio (% female/male employees)	21	19	20
Absenteeism rate (% hours absent)	3.8	3.3	4.3
Employee training provided (hrs per employee)	n/a	12	15
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0.87	0
Recordable frequency (per 200,000 hrs)	0	3.49	3.2
Criteria/Significant Air Pollutants (tons)			
Particulates (dust)	5.2	3.1	8.0
Ammonia	1.6	1.9	2.2
Water Use (million gallons)			
Well water/city water	2.2	1.8	2.1
Environmental Expenditures ($)			
Operating expenditures	n/a	n/a	$246,850
Capital expenditures	n/a	n/a	$44,810
Energy			
Energy costs ($)	$238,000	$238,000	$356,000
Energy use (BBtu)	10.4	10.5	30.0
Procurement			
Local purchasing ($)	$3.8 million	$4.4 million	$4.7 million

PCS Fosfatos do Brasil Ltda.

Rod. Padre Manoel da Nóbrega KM 286,400,
Samarita São Vicente SP CEP 11301-970, Brasil | 55-133-566-1121

H. Sonny Fernandes, General Manager | hfernandes@pcsfosfatos.com.br

Operations, Products and Annual Capacity

This facility uses imported phosphoric acid and limestone to produce microgranulated dicalcium phosphate (DCP). Its annual capacity is 0.121 million tons of this animal feed supplement.

Community Relations

The plant has partnerships with several local community groups. It supports two day-care facilities for children and the Fundo Social de Solidariedade, a social organization created by São Vicente City Hall that collects warm clothes for distribution through local community centers.

Environmental Initiatives

Since Fosfatos do Brasil was acquired by PotashCorp, major investments have been made to improve environmental emissions. Other environmental initiatives are effluent recycling and planting pine trees.

The plant meets regularly with the local "society for the improvement of the surrounding area." In 2004, there were no complaints about particle material releases.

Performance Trends

	2002	2003	2004
Annual Production (tons)			
Dicalcium phosphate	52,000	56,000	75,000
Employment			
# of employees	74	76	79
Average tenure (years)	2	3	4
Gender ratio (% female/male employees)	23%	23%	23%
Absenteeism rate (% hours absent)	0.3%	0.2%	0.1%
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0.94	2.09	0
Recordable frequency (per 200,000 hrs)	0.94	2.09	0
Procurement			
Local purchasing ($)	$45,000	$60,000	$76,000

Cincinnati

10818 Paddys Run Road, Cincinnati, Ohio 45030 | (513) 738-1261 Dan Having, Plant Manager | dhaving@pcsphosphate.com

Operations, Products and Annual Capacity

The plant produces phosphate products for food and technical applications.

Community Relations

Cincinnati co-sponsors a Community Advisory Panel, which provides an opportunity to discuss topics of concern to the public.

It is a business partner with Crosby Elementary School and Harrison High School and a science partner with Pleasant Run Middle School. It also supports the Hospice of Cincinnati and Crosby Senior Citizens.

Food-grade purified phosphoric acid is the ingredient that gives cola its "bite."

Performance Trends

	2002	2003	2004
Employment			
# of employees	15	15	17
Average tenure (years)	20	19	18
Gender ratio (% female/male employees)	8%	8%	14%
Absenteeism rate (% hours absent)	7.9%	2.6%	1.6%
Employee training provided (hrs per employee)	19	18	23
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	18.3	0
Recordable frequency (per 200,000 hrs)	11.5	24.5	5.9
Greenhouse Gas Emissions			
GHG emissions (000 tons CO_2 equivalent)	2.5	2.4	3.3
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	4.9	4.8	6.4
Carbon monoxide	0.7	0.7	0.9
Particulates (dust)	0.03	0.03	0.04
Sulfur dioxide	0.01	0.01	0.01
Water Use (million gallons)			
Well water/city water	n/a	n/a	12.1
Environmental Expenditures ($)			
Operating expenditures	$0	$0	$162,000
Capital expenditures	$0	$0	$900
Energy			
Energy costs ($)	n/a	n/a	$535,000
Energy use (BBtu)	n/a	n/a	58
Procurement			
Local purchasing ($)	$460,000	$550,000	$655,000

SITE SEES SIGNIFICANT SAFETY IMPROVEMENTS

Involvement at all levels of the plant is the single most attributable factor to this facility's safety turnaround. The employees here accept the responsibility of "looking out for each other," and the results are zero lost-time and one recordable incident in 2004. Our belief is that: "No job or task is so important that we cannot take the time to do it safely."

Savannah Ammonia Terminal

Gate 5 Georgia Port Authority, Garden City, Georgia 31408 | (912) 964-1214 Thomas Tipton, General Manager | ttipton@pcsphosphate.com

Operations, Products and Annual Capacity

This is an anhydrous ammonia storage and distribution facility engaged in the transfer of ammonia from vessels to storage.

Community Relations

The terminal is a member of the Savannah Chamber of Commerce and the US Coast Guard Planning and Exercise Subcommittee. It supports the United Way and Children's Wish Foundation, and is a business partner with Port Wentworth Elementary School.

Awards

The facility has been an OSHA Star Site since 1994.

Performance Trends

	2002	2003	2004
Annual Throughput (tons)			
Ammonia throughput	219,147	418,389	448,142
Employment			
# of employees	7	8	8
Average tenure (years)	18	13	14
Gender ratio (% female/male employees)	0%	0%	0%
Absenteeism rate (% hours absent)	0.8%	1%	1.4%
Employee training provided (hrs per employee)	56	43	54
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	0	0	0
Greenhouse Gas Emissions			
GHG emissions (000 tons CO_2 equivalent)	1.1	1.8	2.5
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	0.9	1.7	2.7
Carbon monoxide	0.2	0.4	0.5
Particulates (dust)	0.08	0.15	4.4
Sulfur dioxide	0.17	0.31	14.8
Water Use (million gallons)			
Well water/city water	n/a	n/a	0.6
Environmental Expenditures ($)			
Operating expenditures	n/a	n/a	$154,000
Capital expenditures	n/a	n/a	n/a
Energy			
Energy costs ($)	$82,000	$203,000	$527,000
Energy use (BBtu)	12.4	22.1	41.8
Procurement			
Local purchasing ($)	$1.1 million	$1.6 million	$1.7 million

The Savannah Ammonia Terminal transferred 448,000 tons of ammonia from ocean vessels into storage in 2004.

SPOTLIGHT ON SAFETY

NINE YEARS

The site celebrated nine years without a lost-time injury in 2004.

Nitrogen Site Highlights

Augusta

23 Columbia Nitrogen Road, Augusta, Georgia 30901 | (706) 849-6100 Warren Stroman, General Manager | warren.stroman@pcsnitrogen.com

Operations, Products and Annual Capacity

The site produces anhydrous ammonia, urea, nitric acid, ammonium nitrate, liquid carbon dioxide and liquid fertilizers. It has an annual capacity of 0.758 million tons of ammonia, and is the largest producer of nitrogen chemical and fertilizer products on the United States east coast.

Community Relations

Augusta has established a Citizens' Advisory Panel that meets with plant management to address local concerns and provide community members with a better understanding of company operations and achievements.

The site is a sponsor of the Augusta Boxing Club (see story on page 28) as well as the area's United Way and Golden Harvest Food Bank. It is on the Board of Directors of the Augusta affiliate of Habitat for Humanity and supports the Aiken, SC, Habitat for Humanity program. It also supports the Medical College of Georgia and University Health Care Foundation, and is an Adopt-A-School sponsor of local schools.

Awards

In 2004, it was recognized by a number of community organizations and educational institutions for its continued financial support.

Environmental Initiatives

In 2004, Augusta removed 380 tons of contaminated soil as part of a groundwater remediation plan with the State of Georgia.

Performance Trends

	2002	2003	2004
Annual Production (000 tons)			
Ammonia	759	722	732
Urea solids	400	368	405
Urea liquid	451	489	491
Nitrogen solutions	250	255	254
Nitric acid/Ammonium nitrate (liquid)	1,837	1,870	1,898
Employment			
# of employees	119	118	112
Average tenure (years)	15.5	16.8	18.3
Gender ratio (% female/male employees)	9.2%	7.3%	8.8%
Absenteeism rate (% hours absent)	2.1%	1.8%	1.6%
Employee training provided (hrs per employee)	233.5	119.3	498.4
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0.63	0.0	0.73
Recordable frequency (per 200,000 hrs)	0.63	0.0	0.73
Greenhouse Gas Emissions			
GHG emissions (000 tons CO_2 equivalent)	1,252	1,212	1,224
Normalized GHGs (GHGs/tonne production)	1.6	1.7	1.7
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	2.51	2.50	2.43
Carbon monoxide	5.50	4.65	4.71
Emissions to Water (tons)			
Ammonia as N	92.2	106.4	180.7
Total nitrogen as N	161.0	276.4	395.3
Water Use (million gallons)			
River/surface water	1,222	1,948	2,055
Recycled water	757	757	757
Environmental Expenditures ($ million)			
Operating expenditures	$2.9	$3.9	$4.3
Capital expenditures	$1.2	$0.1	$0.4
Energy			
Energy costs ($)	$101.2 million	$151.3 million	$177.0 million
Energy use (Bbtu)	27,612	26,277	27,206
Energy efficiency (Bbtu/tonne production)	33.5	34.1	34.8
Procurement			
Local purchasing ($)	$8.5 million	$10.5 million	$14.8 million

SPOTLIGHT ON INNOVATION

PCS Augusta is building a next-generation urea solids plant that will provide our industrial customers with a premium product called urea pastilles. This specialized end product offers unprecedented consistency in both size and shape. The pastilles can be used in pharmaceutical and other demanding applications where uniform product size and superior quality control are critical. When the plant comes on line in 2006, it will produce pastilles in half-round shapes, approximately 4 mm in diameter and 2 mm high. For high-purity assurance, the plant will also feature a self-contained sealed storage dome, bagging and loading facility. Says Project Manager David Jurek, "At a time when nitrogen production is being curtailed throughout the United States, this expansion says a lot about PotashCorp's long-term vision for value-added products and the viability of the Augusta site."

PCS Nitrogen Augusta

Geismar

Box 307, Geismar, Louisiana 70734 | (225) 621-1500 Fred Elliott, General Manager | fred.elliott@pcsnitrogen.com

Operations, Products and Annual Capacity

Geismar produces phosphate fertilizer and industrial products, and is the largest producer of nitric acid in the United States. Production of ammonia and nitrogen solutions has been suspended indefinitely. The annual phosphoric acid capacity is 0.223 million tons.

Community Relations

The plant is a sponsor of the area's United Way campaign.

In response to an appeal from a parents' organization, Geismar joined several other plants and the Ascension Parish Council in donating funds to build the Geismar Community Center, where students in 1st to 8th grade are tutored after school. The facility also provides tutors.

Awards and Recognition

In 2004, Geismar received the Louisiana Chemical Association's award for distinguished achievement in both safety (for contractor safety performance improvement) and environment (for a reduction in TRIs and air permit deviations).

The Capital Area United Way recognized Geismar for its corporate matching program.

Performance Trends

	2002	2003	2004
Annual Production (000 tons)			
Ammonia	407	128	0
Nitrogen solutions	795	276	0
Nitric acid/Ammonium nitrate (liquid)	806	649	575*
Phosphoric acid (P_2O_5)	198	182	188
Employment			
# of employees	203	205	132
Average tenure (years)	15.1	10.9	10.9
Gender ratio (% female/male employees)	11%	14%	15%
Absenteeism rate (% hours absent)	2.82	4.24	3.08
Employee training provided (hrs per employee)	92.0	80.7	117.5
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	0.9	1.5	0
Greenhouse Gas Emissions			
GHG emissions (000 tons CO_2 equivalent)	2,003	1,399	1,057
Normalized GHGs (GHGs/tonne production)	4.9	10.9	n/a
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	1,258	462	167
Carbon monoxide	341	147	160
Emissions to Water (tons)			
Ammonia as N	36.0	22.0	11.2
Total nitrogen as N	117.8	27.7	55.1
Water Use (million gallons)			
River/surface water	2,551	1,026	2,731
Recycled water	2,059	1,927	1,711
Environmental Expenditures ($ million)			
Operating expenditures	$5.1	$5.4	$6.1
Capital expenditures	$4.8	$3.9	$1.9
Energy			
Energy costs ($)	$51.2 million	$33.6 million	$6.4 million
Energy use (Bbtu)	16,790	5,339	1,031
Energy efficiency (Bbtu/tonne production)	37.1	36.7	n/a
Procurement			
Local purchasing ($)	$40.4 million	$28.4 million	$25.0 million

** Nitric acid only*

FEEDBACK KEY TO SAFETY SUCCESS

15 YEARS

Employees here maintain a keen focus on safety. They have worked more than 6.5 million hours, over 15 years, without a lost-time incident. This is largely due to the behavioral based safety process known as Safe Practices Ensures At-Risk Reduction (SPEAR). SPEAR promotes immediate, accurate and positive feedback to employees and contractors through an observation process. It ensures that all employees truly approach safety as though they are their brother's or sister's keepers.

PCS Nitrogen Geismar

Lima

1900 Fort Amanda Road, Lima, Ohio 45805 | (419) 226-1200 Don Johnson, General Manager | don.johnson@potashcorp.com

Operations, Products and Annual Capacity

BP Chemicals operates the Lima facility under an operational agreement with PotashCorp. The site produces ammonia, nitric acid, urea solutions, prill and granular urea, ammonium nitrate solutions and UAN. It has an annual capacity of 0.597 million tons of ammonia. The plant is ISO 9001 and ISO 14001 certified.

Community Relations

The site has a partnership with the Ottawa River Coalition. Under the Adopt-a-Road program, services were provided for three miles of road that border the plant and a recreational bike path along the Ottawa River.

Lima is a sponsor of the area's United Way campaign and partners with Science Enhancement for Science Education.

Awards

In 2004, the plant was awarded the Norfolk Southern Thoroughbred Award for no accidental releases from its shipments in the previous year.

SPOTLIGHT ON SAFETY

ZERO LOST-TIME

The site has not experienced a lost-time injury for more than four years. General Manager Don Johnson credits that success to the use of the Behavioral Accident Prevention Process (BAPP®), which involves employees in continuous improvement. The facility is also a Voluntary Protection Program Star site, in which the US Occupational Safety and Health Administration (OSHA) recognizes exemplary safety and health achievements by employers and employees.

Performance Trends

	2002	2003	2004
Annual Production (000 tons)			
Ammonia	547	562	510
Urea liquid	464	364	305
Urea solids	229	309	263
Nitrogen solutions	137	132	128
Nitric acid/Ammonium nitrate (liquid)	175	174	177
Employment			
# of employees (PotashCorp employees only)	5	5	5
Average tenure (years)	15	15	11
Gender ratio (% female/male employees)	n/a	n/a	20%
Employee training provided (hrs per employee)	n/a	n/a	79
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	0.68	0.74	2.95
Greenhouse Gas Emissions			
GHG emissions (000 tons CO_2 equivalent)	980	1082	995
Normalized GHGs (GHGs/tonne production)	1.8	1.9	2.0
Criteria/ Significant Air Pollutants (tons)			
Nitrogen oxides	1,491	1,604	1,486
Carbon monoxide	250	232	247
Ammonia	806	1091	965
Emissions to Water (tons)			
Total nitrogen as N	42.4	48.7	50.2
Water Use (million gallons)			
Well water	975	1,358	1,036
River water	653	910	694
Recycled water	1,598	1,493	1,455
Desalinated/municipal water	627	597	582
Environmental Expenditures ($000)			
Operating expenditures	$328	$479	$1,014
Capital expenditures	0	0	0
Energy			
Energy costs ($)	$70.5 million	$91.7 million	$120.4 million
Energy use (Bbtu)	21,510	22,705	20,295
Energy efficiency (Bbtu/tonne production)	38.4	37.4	38.9

PCS Nitrogen Lima is operated by BP Chemicals under an agreement with PotashCorp.

Trinidad

Atlantic Avenue, P.O. Bag 201, Point Lisas, Couva, Trinidad, West Indies | (868) 636-2205 Ian E. Welch, Managing Director | iewelch@pcsnitrogen.co.tt

Operations, Products and Annual Capacity

The plant produces ammonia and urea solids. It has an annual capacity of 2.04 million tons of ammonia.

Community Relations

Responding to lack of knowledge among community leaders and neighboring companies about the plant's operations and emergency response systems and procedures, Trinidad held meetings that addressed issues and concerns. Emergency management exercises were conducted with community members.

An ongoing partnership with the local primary school involves support for such initiatives as the school beautification program, the World Environment Day competition, the agricultural program and academic book scholarships.

The plant supports two local steel band orchestras, one composed of physically challenged children.

Awards and Recognition

Trinidad was recognized by the Friends of the Blood Bank and the National Transfusion Service for being the largest contributor of blood among energy sector companies. Employees have recorded over 4 million hours without a lost-time injury.

Environmental Initiatives

The plant is a member of the Environmental Management Committee of the Point Lisas Industrial Estate. Granulation scrubbers at the urea plant were upgraded to further reduce ammonia odors.

Training

The plant operates a Technical Training Center.

Performance Trends

	2002	2003	2004
Annual Production (000 tons)			
Ammonia	1,949	1,939	2,024
Urea solids	743	713	682
Employment			
# of employees	397	395	395
Average tenure (years)	9	10	11
Gender ratio (% female/male employees)	9.9%	9.9%	9.9%
Absenteeism rate (% hours absent)	2.0%	3.5%	3.4%
Employee training provided (hrs per employee)	193	187	295
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	0.92	0.45	0.23
Greenhouse Gas Emissions			
GHG emissions (000 tons CO_2 equivalent)	3,567	3,592	3,719
Normalized GHGs (GHGs/tonne production)	1.7	1.7	1.7
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	1,935	2,208	2,349
Carbon monoxide	3,111	3,264	3,434
Ammonia	4,126	4,440	3,512
Emissions to Water (tons)			
Ammonia as N	329.9	231.3	162.7
Methanol	33.6	32.3	30.9
Water Use (million gallons)			
Desalinated/municipal water	1,407	1,325	1,301
Recycled water	552	552	552
Environmental Expenditures ($000)			
Operating expenditures	$770	$348	$589.3
Capital expenditures	$582	$423	$605
Energy			
Energy costs ($)	$97.8 million	$166.9 million	$219.5 million
Energy use (Bbtu)	78,950	79,394	81,133
Energy efficiency (Bbtu/tonne production)	41.91	42.32	41.95
Procurement			
Local purchasing ($)	$22.3 million	$25.8 million	$25.8 million

SUSTAINING THE LABOR BASE

When scheduling four debottlenecking expansions at our Trinidad ammonia plants, we consulted with neighboring businesses in the Point Lisas Industrial Estate. On some days, the work requires more than 600 additional contract workers and we needed to be sure they were available. "We have an economic impact on the community," said Managing Director Ian Welch. "Through proper regional planning, we sustain a healthy labor market without major peaks and valleys."

All four ammonia plants at our Trinidad facility are undergoing debottlenecking expansions.

Glossary

General Terms

Cogeneration

A secondary step in a process utilizing excess energy produced in a combustion cycle.

Global Reporting Initiative

The Global Reporting Initiative (GRI) is an independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines. Started in 1997 by the Coalition for Environmentally Responsible Economies, the GRI became independent in 2002 and is an official collaborating center of the United Nations Environment Programme. For more information, visit www.globalreporting.org.

Operating Terms

Capacity

The amount of a given nutrient PotashCorp can produce annually.

Feedstock

A basic product that is used to produce several different products.

Salt brine

Water containing dissolved potassium and sodium salts, which may be used to carry undissolved salts as a brine slurry.

Measurements

Short ton

2,000 pounds, used for sales in the US. To convert to metric tonnes, divide by 1.1023.

Tonne

A metric measurement of 2,204.6 pounds, used for sales outside the United States. To convert to short tons, multiply by 1.1023.

British thermal unit (Btu)

A unit of heat equal to the amount of heat required to raise one pound of water one degree Fahrenheit.

Bbtu

Billion British thermal units.

Joule (J)

A unit of energy equal to the amount of work done by a force of one Newton acting through a distance of one meter.

Giga joule (GJ)

One billion joules.

Tera joule (TJ)

One trillion joules.

Watt (W)

A unit of electric, mechanical or thermal power equal to one joule per second.

Megawatt (MW)

One million watts.

Product Terms

Potash

KCl	Potassium Chloride

Phosphate

P_2O_5	Phosphoric Acid
DAP	Diammonium Phosphate, 46% P_2O_5 (solid)
DFP	Defluorinated Phosphate
DCP	Dicalcium Phosphate or Dical
MCP	Monocalcium Phosphate or Monocal

Nitrogen

Anhydrous Ammonia, 82% N (gas, liquid)

Nitric Acid (liquid)

Ammonium Nitrate, 34% N (solid, liquid)

Urea, 46% N (solid)

UAN Nitrogen Solution, 28-32% N (liquid)

Emissions Terms

CH_4	Methane
N_2O	Nitrous Oxide
NPRI	National Pollutant Release Inventory (Canada)

Safety Terms

Frequency

Number of injuries (Recordable or Lost-Time) multiplied by 200,000, divided by total hours worked.

Recordable Injury

Medical Injury or Modified Work Injury or Lost-Time Injury.

Medical Injury

A work-related injury that is a non-lost-time or non-modified work activity but requires medical treatment beyond first aid.

Modified Work Injury

A work-related injury where a Licensed Health Care Provider or the employer recommends that the employee not perform one or more of the routine functions of the job or not work the full workday that the employee would have otherwise worked.

Lost-Time Injury

A work-related injury that causes the injured person to be unable to return to work on his/her next scheduled workday after the day of the injury, because he/she is unfit to perform any duties.

Certain statements in this document are forward-looking and subject to risks and uncertainties. A number of factors could cause actual results to differ materially from those expressed in the forward-looking statements, including, but not limited to: fluctuation in supply and demand in fertilizer, sulfur and petrochemical markets; changes in competitive pressures, including pricing pressures; risks associated with natural gas and other hedging activities; changes in capital markets; changes in currency and exchange rates; unexpected geological or environmental conditions; imprecision in reserve estimates; the outcome of legal proceedings; changes in government policy and regulation; fluctuation in the cost and availability of transportation and distribution for our raw materials and products; and acquisitions the company may undertake in the future. The company sells to a diverse group of customers both by geography and by end product. Market conditions will vary on a quarter-over-quarter and year-over-year basis and sales can be expected to shift from one period to another. The company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by applicable law.

Corporate Information

Corporate Officers and Key Management

William J. Doyle
President and Chief Executive Officer

James F. Dietz
Executive Vice President and Chief Operating Officer

Wayne R. Brownlee
Senior Vice President, Treasurer and Chief Financial Officer

Betty-Ann L. Heggie
Senior Vice President, Corporate Relations

Barbara Jane Irwin
Senior Vice President, Administration

Robert A. Jaspar
Senior Vice President, Information Technology

G. David Delaney
President, PCS Sales

Garth W. Moore
President, PCS Potash

Thomas J. Regan, Jr.
President, PCS Phosphate

Daphne J. Arnason
Vice President, Internal Audit

Karen G. Chasez
Vice President, Procurement

John R. Hunt
Vice President, Safety, Health and Environment

Joseph A. Podwika
Vice President, General Counsel and Secretary

Denis A. Sirois
Vice President and Corporate Controller

Corporate Offices

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For information regarding sustainability initiatives, please contact:

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Director, Corporate and Government Relations
Phone: (847) 849-4297
tcpasztor@potashcorp.com

For more information about management and the Board of Directors, see the company website at www.potashcorp.com/interested_in_potashcorp/management

Board of Directors

Frederick J. Blesi, of Glenview, Illinois, is a retired Chairman and CEO of the Phosphate Chemicals Export Association, Inc. (PhosChem), principal exporter of US phosphate chemicals. (2,5)

William J. Doyle, of Saskatoon, Saskatchewan, is President and CEO of Potash Corporation of Saskatchewan Inc. (1)

John W. Estey, of Glenview, Illinois, is President and CEO of S&C Electric Company. (3,4)

Wade Fetzer III, of Glencoe, Illinois, is Retired Partner with the investment banking firm Goldman Sachs. (2,3)

Dallas J. Howe, of Calgary, Alberta, serves in a management role with GE Medical Systems Information Technology, which now includes the company he formerly owned, BDM Information Systems. He is owner and CEO of DSTC Ltd., a technology investment company. He joined the PCS Inc. Board in 1991 and was elected Chair in 2003. (1,2)

Alice D. Laberge, of Vancouver, British Columbia, is former President and CEO of Fincentric Corporation, a global provider of software solutions to financial institutions. (4,5)

Jeffrey J. McCaig, of Houston, Texas, is Chairman, CEO and a director of Trimac Holdings, a bulk trucking and third-party logistics company. (3,5)

Mary Mogford, of Newcastle, Ontario, a Corporate Director, is a former Ontario Deputy Finance Minister and Deputy Minister of Natural Resources. (2,5)

Paul J. Schoenhals, of Calgary, Alberta, is President of Petroleum Industry Training Service. He was Chairman of Potash Corporation of Saskatchewan, the Crown corporation, from 1987 to 1989. (3,4)

E. Robert Stromberg, QC, of Saskatoon, Saskatchewan, was formerly associated with the Saskatchewan law firm Robertson Stromberg Pedersen. (1,2,4)

Jack G. Vicq, of Saskatoon, Saskatchewan, is Professor Emeritus of Accounting, University of Saskatchewan. (1,5)

Elena Viyella de Paliza, of the Dominican Republic, is President of Inter-Quimica, S.A., a chemicals importer and distributor, Monte Rio Power Corp and Indescorp, S.A. (1,4)

Committees:

(1) Executive Committee

(2) Corporate Governance and Nominating Committee

(3) Compensation Committee

(4) Safety, Health and Environment Committee

(5) Audit Committee

PotashCorp

Helping Nature Provide

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