



Phosphate

MORE FLEXIBILITY

Plants need phosphate to help energy transfer, photosynthesis, cell division and speed of maturity. Manufacturers need the industrial form of this mineral for everything from cola drinks and metal brighteners to pharmaceuticals.

PotashCorp has the flexibility to meet those needs, as the high quality of our rock reserves enables us to make the widest range of phosphate products: solid and liquid fertilizers, animal feed ingredients and purified phosphoric acid used by industry.

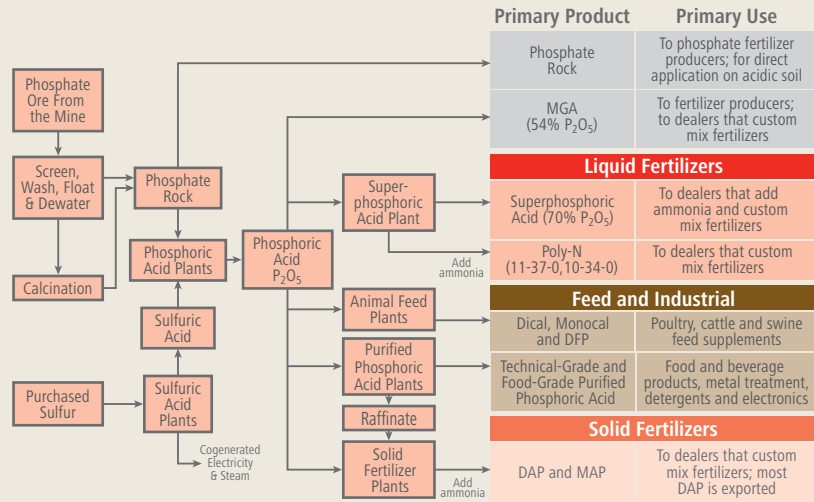
Phosphate

How Phosphate Products Are Made

Phosphate rock is mined from underground ore deposits and dissolved in a mixture of phosphoric and sulfuric acids. This produces additional phosphoric acid, which is a feedstock for other products.

It can be combined with ammonia and granulated to produce the solid fertilizers DAP and MAP, or evaporated to produce liquid fertilizers such as merchant-grade phosphoric acid (MGA) or superphosphoric acid (SPA).

It may also be combined with limestone or phosphate rock to produce animal feed products, or purified by solvent extraction to make industrial-grade phosphoric acids.



Source: PotashCorp

> MAJOR PHOSPHATE ROCK-PRODUCING COUNTRIES

Phosphate

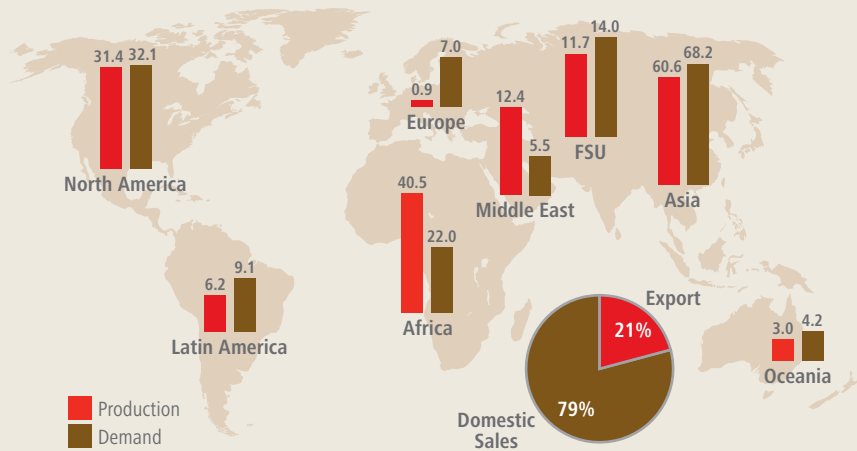
Ownership of Rock Reserves Is Concentrated

The top five rock-producing countries account for almost 80 percent of total phosphate rock production.

China is the largest producer and consumes virtually all of its supply internally. The US is the second largest producer and consumer, although its production has declined by approximately 10 million tonnes (25 percent) since the beginning of the decade. Morocco, is the third largest producer – and world’s largest exporter.

Access to low-cost, long-term rock reserves is key to success in the phosphate industry.

Million Tonnes Product

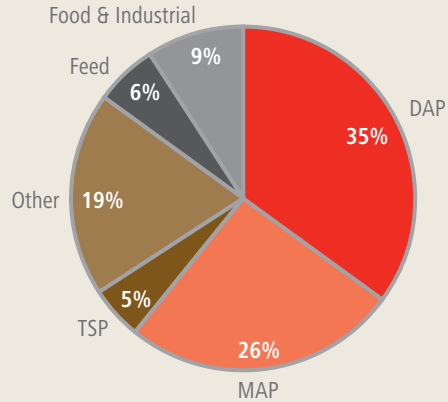


Source: Fertecon, PotashCorp

> WORLD PHOSPHORIC ACID USES

Most Phosphoric Acid Is Used in Solid Fertilizers

Phosphoric acid can be sold in its intermediate form or further upgraded into many downstream products. Most of the world's phosphoric acid is upgraded, with approximately two-thirds used to produce the concentrated solid phosphate fertilizers DAP, MAP and TSP. About 15 percent goes into feed, food and industrial products.

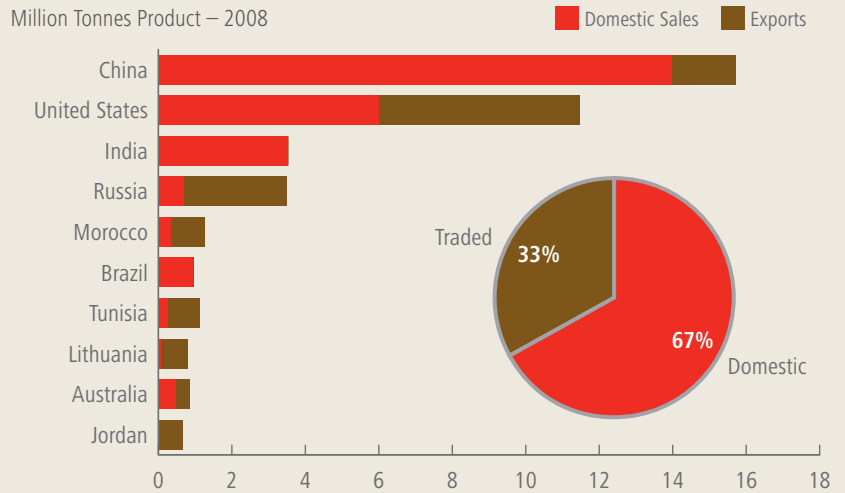


Source: Fertecon, British Sulphur, PotashCorp

> WORLD DAP AND MAP PRODUCTION AND TRADE

US DAP/MAP Exports Lead Global Trade

Approximately one-third of global DAP and MAP production is traded. China is the biggest producer, but because of its large internal needs, only 11 percent of its production reaches the export market. The US is the second largest producer and the largest exporter. In 2008, it accounted for 38 percent of world trade.



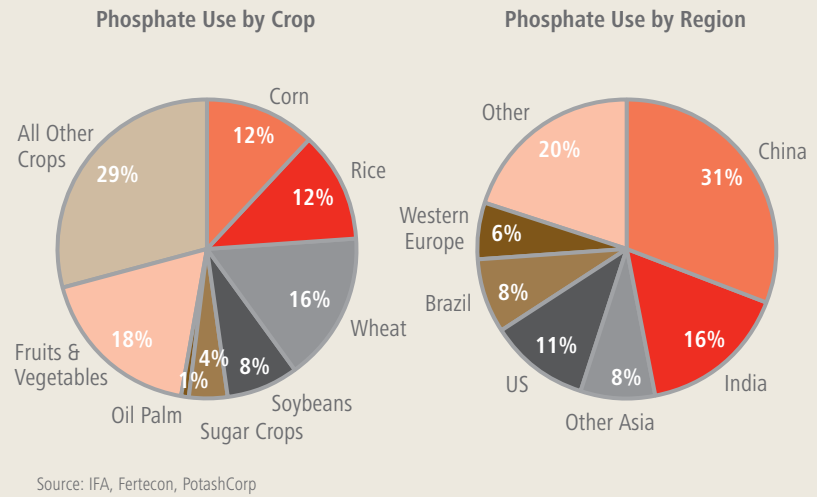
Source: Fertecon

Phosphate

Many Crops and Countries Rely on Phosphate Fertilizers

Phosphate fertilizers are used on a wide variety of crops, though cereals account for nearly half of what is applied. Fruits and vegetables, soybeans, cotton, sugar and other crops consume the remainder. The diversity means that global phosphate demand is not highly dependent on the market fundamentals of any single crop or growing region.

The top four phosphate-consuming countries are China, India, the US and Brazil, which together account for approximately two-thirds of world consumption.

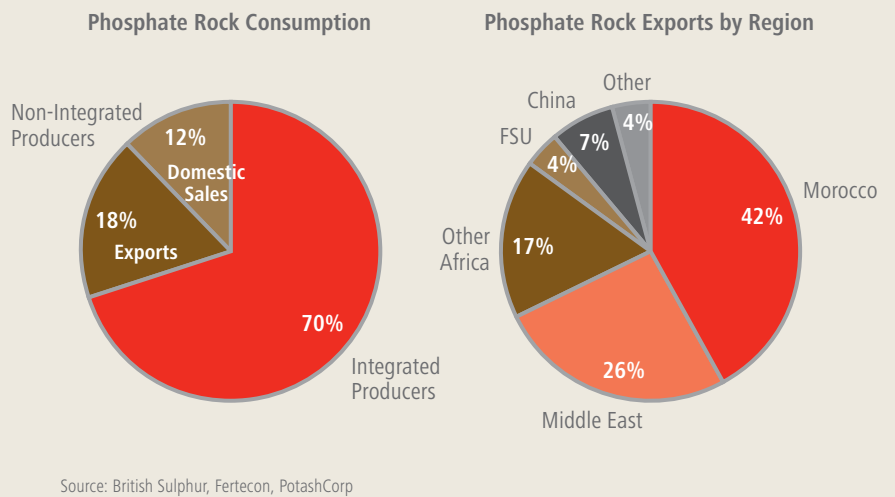


Phosphate

Morocco Is the Largest Rock Exporter

Globally, 70 percent of phosphate rock is consumed by integrated producers that own their supply. Non-integrated producers obtain their rock domestically or import it. All of India's DAP producers are non-integrated, and must import all the rock they use in making phosphate products. One-quarter of China's DAP and MAP producers are non-integrated and buy rock domestically.

Producers required to purchase rock from non-domestic sources rely heavily on Morocco, the major player in the global phosphate rock export market. It provides 42 percent of exports.

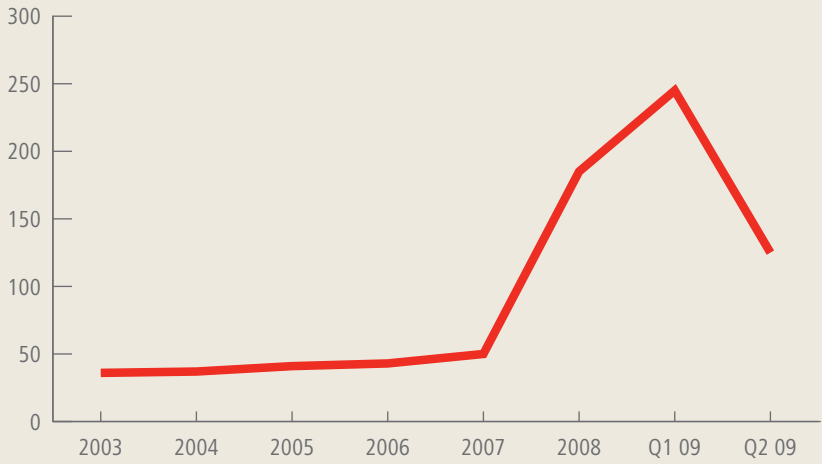


Rock Prices Above Historical Levels

Export prices for phosphate rock roughly tripled for 2008 deliveries, but the disappearance of demand due to the economic crisis and the plummeting solid phosphate fertilizer prices started a downward decline. Still, prices remain well above historical levels.

Higher rock prices have a major impact on production costs for non-integrated producers, as 1.7 tonnes of rock are generally needed to produce one tonne of DAP.

\$US/Tonne Rock FOB Casablanca 70-72% BPL

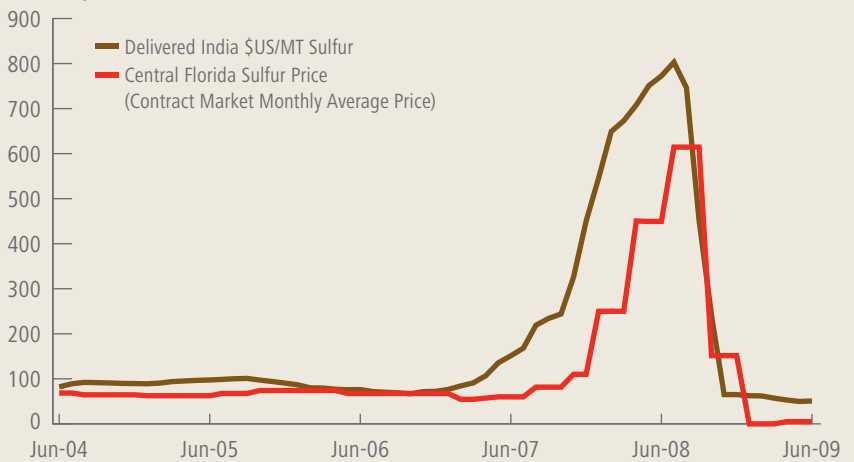


Source: Fertecon, Industry Publications

Unprecedented Sulfur Markets in 2008

Prices for sulfur, which is primarily a byproduct of oil and natural gas refining and is essential in transforming phosphate rock into phosphoric acid, increased dramatically in 2007 and the first three quarters of 2008. This was due to unexpected US refinery outages, ongoing project delays around the world and strong demand from the fertilizer industry. Prices declined sharply with a rapid slowdown in demand, which started with China's phosphate sector and spread globally under the weight of the economic upheaval. Sulfur market balances going forward will depend on completion dates for new refineries and renewal in demand from the phosphate sector.

\$US/Long Ton



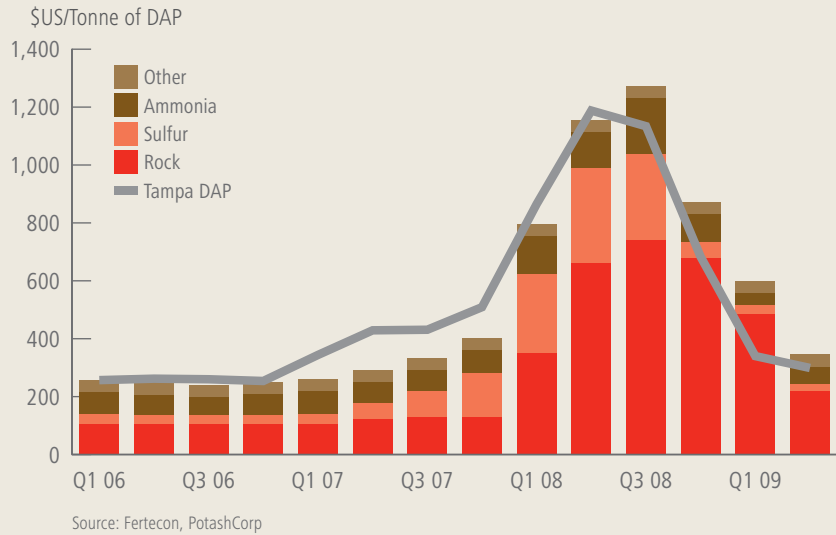
Source: Fertecon

Phosphate

> NON-INTEGRATED PHOSPHATE PRODUCER COST

DAP Prices Tied to Marginal Producer Costs

Historically, the selling price of DAP has closely followed the costs of the non-integrated, highest cost producer. In early 2008, prices of raw materials (phosphate rock, sulfur and ammonia) increased dramatically, pushing up marginal producer costs. Combined with strong agricultural demand and supported by high crop prices, DAP prices surged. As these trends reversed, and excess supply temporarily defined the market, DAP prices fell below marginal producer costs, a situation that is not expected to be sustained with normalized demand.



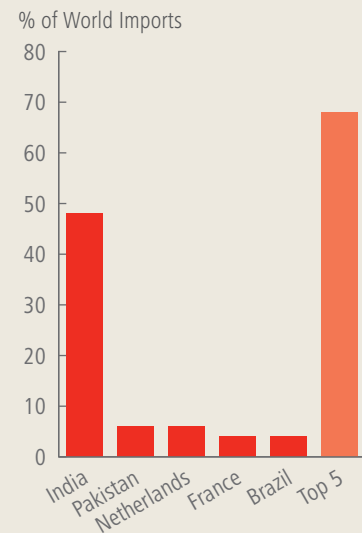
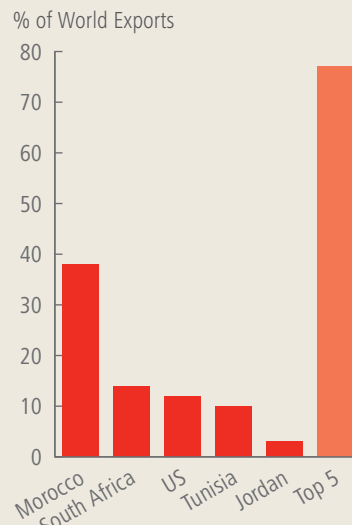
Phosphate

> WORLD PHOSPHORIC ACID MARKET STRUCTURE

India Imports Almost Half of Traded Phosphoric Acid

India is a very large consumer of phosphate products and unique within the industry. With limited indigenous rock supply, it has gradually built the capability to process the raw material phosphate rock or the intermediate product phosphoric acid into solid fertilizers. It can also buy finished products, such as DAP.

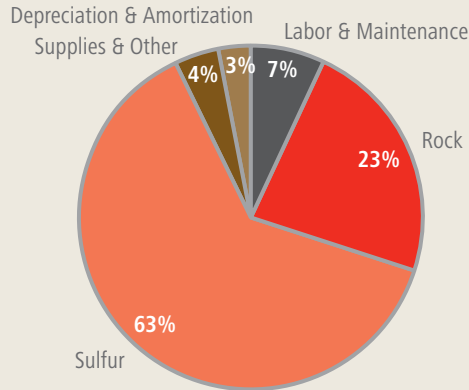
The top five acid-producing countries account for 77 percent of world exports. About 12 percent of global production is traded.



Cost to Produce a Tonne of Phosphoric Acid (2008)

PotashCorp has the benefit of two large, world-class production facilities with integrated phosphate rock supplies. As a result, rock represents a comparatively smaller portion of our total per-tonne costs than for many other producers. The significant increase in sulfur prices through most of 2008 made it the largest component of our cost structure, but due to the decline, it has dropped to a much smaller proportion. Our 2009 phosphoric acid production costs are expected to be split evenly between fixed and variable.

2008 Cost to Produce a Tonne of Phosphoric Acid



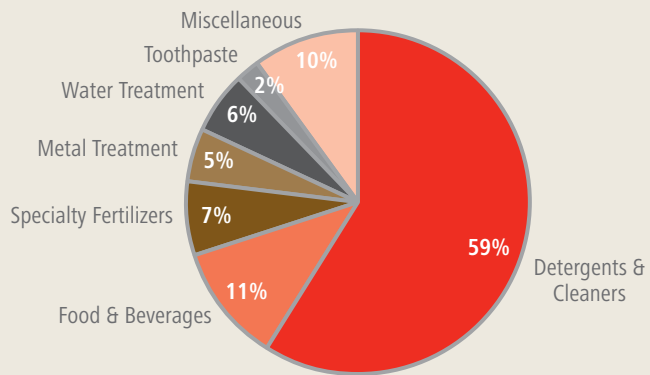
Source: PotashCorp

Industrial and Food Phosphates Have Many Uses

While most phosphoric acid is used to produce fertilizers, some goes into industrial and food uses.

The world market for industrial and food phosphates is approximately 2.7 million tonnes P₂O₅, the majority of which goes into making detergents and cleaners and the rest into the food and beverage industry, specialty fertilizers, metal and water treatment and toothpaste.

PotashCorp is a major supplier of industrial acid to these markets in North America, which represents 18 percent of global demand.



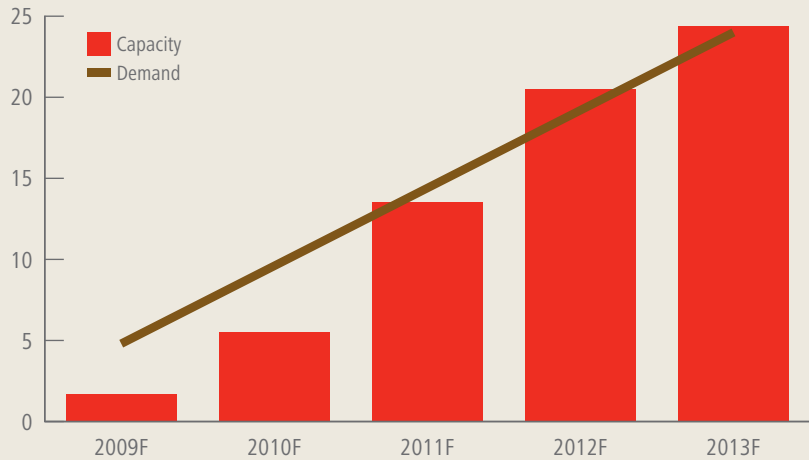
Total = 2.72 MMT P₂O₅
Source: British Sulphur

Well-Balanced World Rock Market

The global phosphate rock market began to tighten in 2007 and contracted further in the first half of 2008 because of strong demand for phosphate fertilizer and limited additions of capacity.

Rock markets are expected to remain balanced to tight over the medium term, driven by the anticipated growth in global phosphate demand. Other than a project in Peru that is expected to become operational in 2011, few new projects are scheduled to come online to add export rock capacity.

Million Tonnes Rock, Cumulative Growth



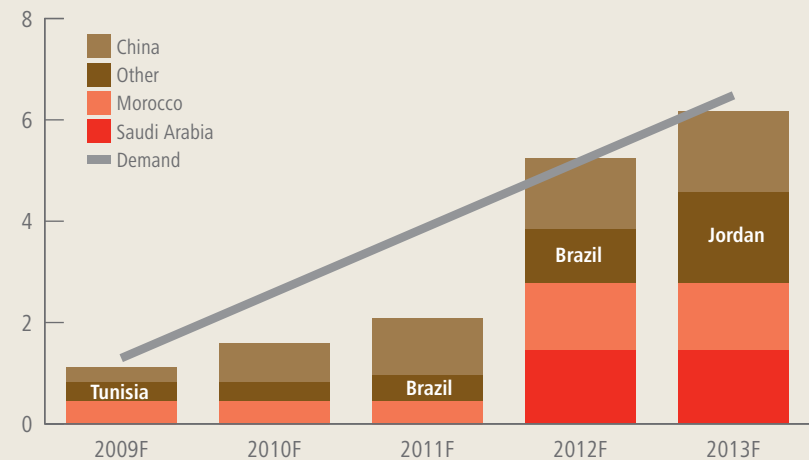
Source: Fertecon, British Sulphur, FMB, PotashCorp

Medium-Term, Phosphate Markets Should Be Balanced

With the return to normal demand conditions, we expect global phosphoric acid markets to remain relatively tight to balanced for at least the next three years.

We believe new capacity will be limited in that time, with small expansions expected in China, Brazil, Morocco, Tunisia and Jordan. Industry consultants expect the Ma'aden project in Saudi Arabia to start in 2012, with a slow ramp-up as it completes a railway linking its phosphate rock mine in the country's north with its DAP plant on the Arabian Gulf. If the plant is available before the rock supply, the company may be able to import rock or acid to feed it.

Million Tonnes P₂O₅, Cumulative Growth



* Capacity includes several projects classified by sources as uncertain, and excludes projects classified as unlikely

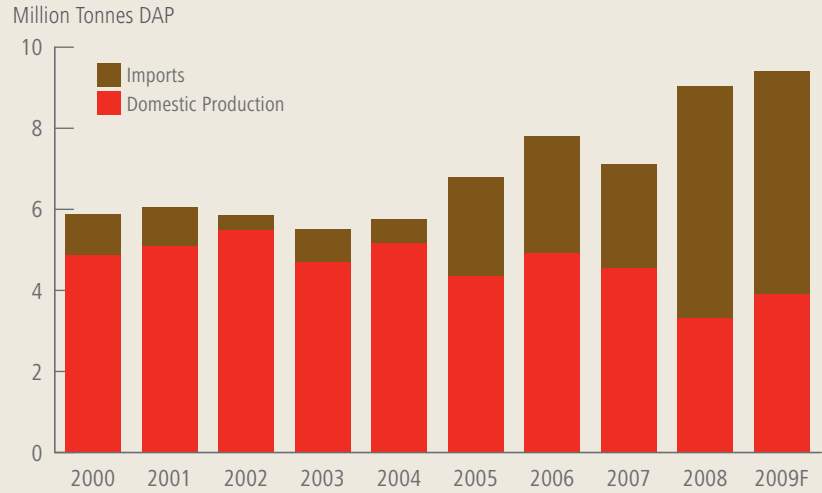
Source: British Sulphur, Fertecon, FMB, PotashCorp

> INDIA DAP IMPORTS

Indian Import Growth Drives DAP Market

The rapid growth in Indian DAP imports, due to strong demand and raw material constraints on domestic production, was a major driver of the world DAP market in 2008. It imported 5.7 million tonnes, nearly double the 2007 level and 41 percent of global DAP/MAP trade. In 2009, imports of 5-6 million tonnes are expected, well above historical levels.

The Indian government subsidizes all fertilizers. Subsidized DAP prices have remained unchanged for several years, insulating farmers from international market price fluctuations.

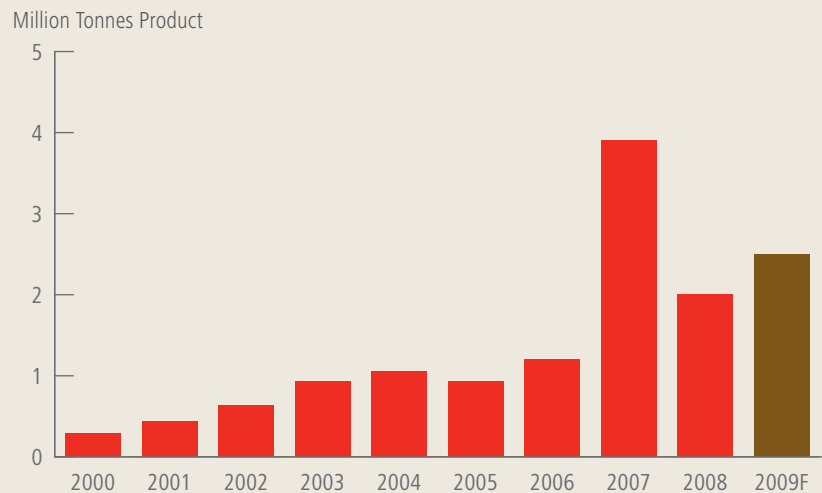


Source: FAI, Fertecon, PotashCorp

> CHINA DAP AND MAP EXPORTS

China's Export Volumes Dependent on Tax Policy

China exported record DAP and MAP volumes in 2007. In April 2008, the government implemented a special 100 percent export tax on top of the existing 35 percent tax, effectively curtailing exports. In November 2008, the export tax policy was revised to set the tax at 10 percent during the off-season months. During the peak demand season (February-May, September-October), a 110 percent tax will make exports unlikely. If it is economic to do so, under this structure China could export more DAP and MAP than in 2008, but likely less than 2007 record levels.



Source: Fertecon, PotashCorp

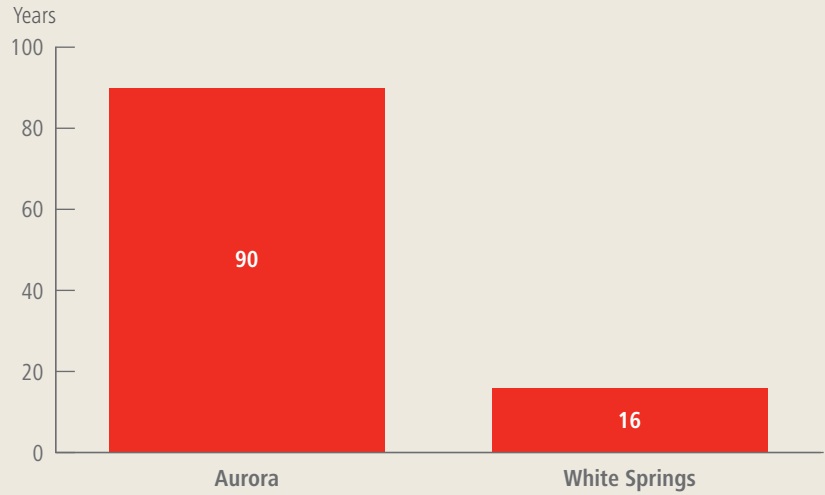
Phosphate

> POTASHCORP PHOSPHATE ROCK RESERVE LIFE*

Long-Term Phosphate Rock Reserves

PotashCorp is the third largest phosphate company in the world by capacity. We have abundant rock deposits which are higher in quality and closer to our processing facilities than those of our North American competitors, providing a cost advantage.

With new mining permits recently obtained, our largest phosphate operation in Aurora, NC can mine until 2045, with significant resource potential beyond that time frame.



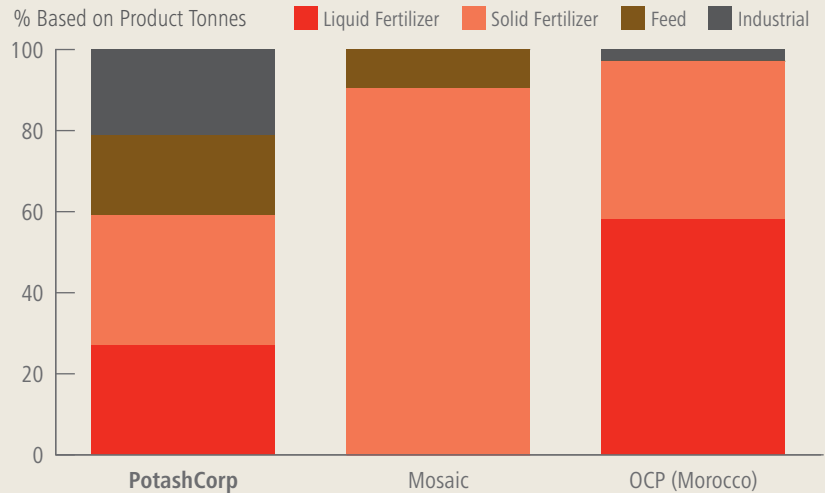
* Subject to necessary permitting approvals
 Reserves as of December 31, 2008
 Mine life is based on 3 year average annual production rate
 Source: PotashCorp

Phosphate

> PRODUCT DIVERSIFICATION ADVANTAGE

2008 Phosphate Sales Distribution: Flexibility Reduces Volatility

Our high-quality rock gives us an unmatched ability to produce fertilizer, feed or industrial products. Our diversified production is split almost evenly among our four product segments: liquids, solids, feed and industrial. We optimize our phosphoric acid allocation, using our production flexibility to maximize segment gross margin and minimize volatility.

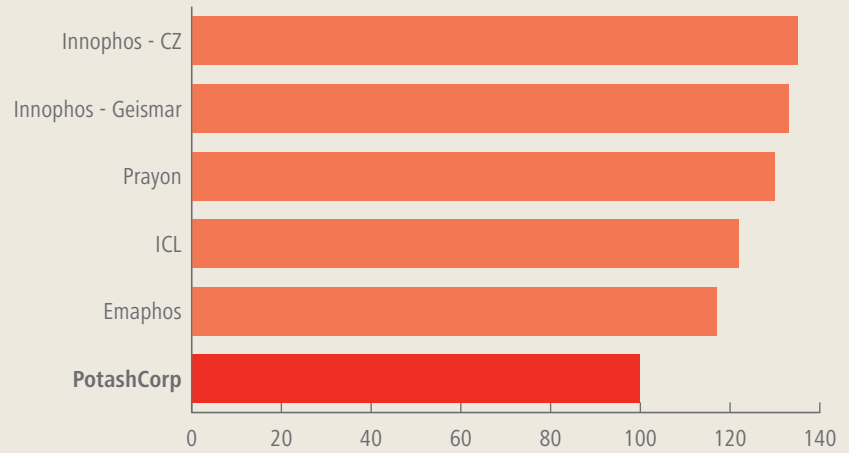


Source: Fertecon, Mosaic, PotashCorp

**Low-Cost Production Benefits
PotashCorp Industrial Phosphates**

In addition to our low-cost rock, PotashCorp has two other significant advantages in producing industrial phosphates. First is our exceptional rock quality at Aurora, which enables us to produce purified phosphoric acid. Few companies globally have rock of sufficient quality to profitably produce purified acid. Second, we use the economical wet acid method of production, and have expanded our purified acid capacity to gain market share as competitors closed high-cost, energy-intensive plants.

Indexed Cost, Landed East Coast US



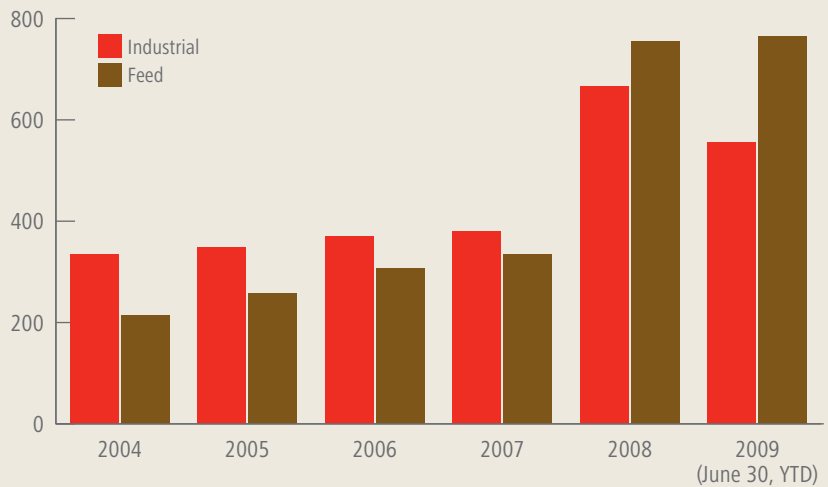
Source: British Sulphur, PotashCorp

**Industrial and Feed Phosphate
Businesses Provide More Stability**

Feed and industrial sales have historically been less seasonal and cyclical, and therefore less volatile, than fertilizer sales. However, they were not immune to the global economic crisis, particularly feed phosphates as meat producers and processors endured a difficult 2008 and 2009.

In spite of these challenges, PotashCorp feed phosphate netbacks in 2008 more than doubled compared to 2007 and almost tripled since 2004. Industrial phosphate netbacks increased by 76 percent year over year and have doubled since 2004.

\$US/Tonne Product



Source: PotashCorp