

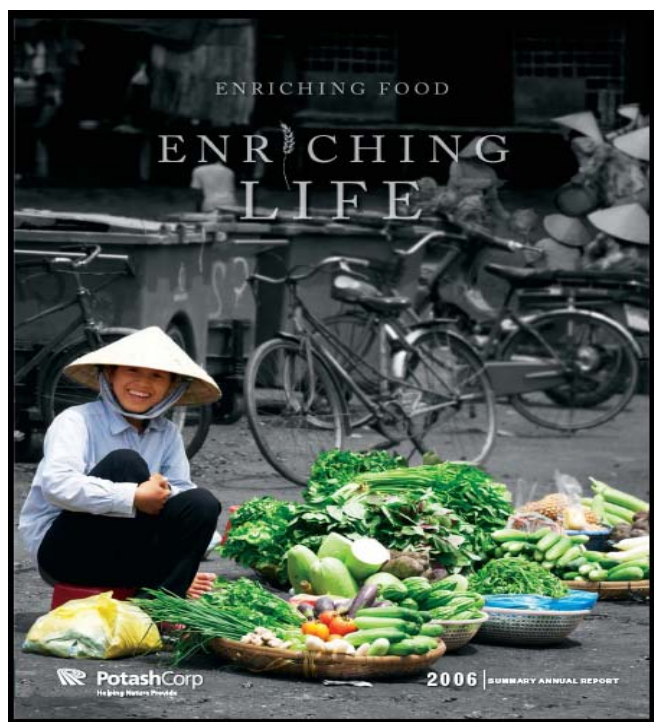
Report of the Month

ReportWatch e.com

August 2007

PotashCorp

Saskatoon, SK, Canada



Report Facts

Company name: Potash Corporation of Saskatchewan Inc.
Fiscal year end: December 31, 2006
Report title: *Enriching Food. Enriching Life.*
Chairman of the Board: Dallas Howe
Chief Executive Officer: William J. Doyle
Number of books (Received): 4
Report length: 38 + 88 + 68 + 88 pages
Auditors: Deloitte & Touche
Design agency: Creative Fire
E-mail: ir@potashcorp.com

Report Rating: ★★★★★(★)

(Rating scale overleaf)

Profile-Mission (Excerpts, as from the report)

PotashCorp is an integrated producer of fertilizer, industrial and animal feed products. We are the world's largest fertilizer enterprise by capacity, producing the three primary plant nutrients –potash, nitrogen and phosphate. Among these, potash -the namesake of our company- delivers the highest quality earnings in the fertilizer universe.

Potash strengthens plant roots and improves water retention

Nitrogen is a building block for proteins and enzymes

Phosphate is critical to energy reactions

(inside front covers and p 1 of summary and annual reports)

Sales: US\$ 3,766.7 million

EBITDA: US\$ 1,117.9 million

Net income: US\$ 631.8 million

Earnings per share: US\$ 5.95

Total assets: US\$ 6,217.0 million

Return on assets: 10.2%

Debt to capital (total): 40.8%

(Source: annual report 2006 only –figures not found through a quick scan are considered NA. All figures for fiscal year 2006)

Report Rating: ★★★★★(★)

Strongest

- > The three nutrients that make up business segments are brilliantly decoded in *Understanding...* pages that even cover main risk factors and their mitigation, as well as cost composition.
- > The *Financial Review* is kicked off with a description of *global success drivers* and markets, continues with objectives and strategies and then goes deep –yet in plain language- though financials.
- > SWOT analyses often remain internal. This company also dares summing up weaknesses and threats.
- > *Key Earnings Sensitivities, Earnings compared to guidance, Indicators to watch* for the coming fiscal year.

Stronger

- > *Peer Performance Summary* stacks up four indicators (including TSR) against six peers.
- > 11-year *Financial Performance Indicators* supplemented with thorough *Reconciliations and Calculations*.

Good too

- > A commitment to making the business -and financials- understandable also demonstrated in a matter-of-fact 38-page *Summary*, a clear structure and an animated report route, also applied to a plainly written MD&A.

Buts

- > Return on equity surprisingly not calculated. And a number of share indicators left out.
- > Governance and remuneration matters pushed into a Proxy and not easiest to go through.

Green?

- > The *Sustainability Report* (publish half-yearly) is as long as the *Financial* one, at least in volume (88 pages). It addresses governance as a primary CSR issue and checks out targets. However, medium-term goals are not made clearest.

Rating Scale

★★★★★: World-class ★★★★★(★): First-rate ★★★★★: Excellent ★★★(★): Fine ★★*: Average

★★(★): Uneven ★★: Ordinary ★(★): Deficient ★: Unsatisfactory (★): Uncompetitive

The rating is based on ReportWatch internal desk research and does not take into account the independent Rating Panel's judgment.

*How does the company report in key areas? What are the main report pluses and minuses?
The **Report Scan** gives an overview of strengths and weaknesses, and scores each item.*

Contact e.com@reportwatch.net

BUSINESS ENVIRONMENT

The fundamental premise that drives the fertilizer industry is as elementary as the basic human need for nutrition:

- With more people to feed, the world's farmers must produce more food.
- Our products help farmers increase yields by replenishing essential nutrients in their soil.

Although the need for fertilizer products is undeniable, success in the fertilizer industry requires a clear sense of evolving markets, a solid asset base, strategies designed to capture value in changing global conditions and an ability to execute those strategies for maximum results.

Six Keys to Understanding Our Business

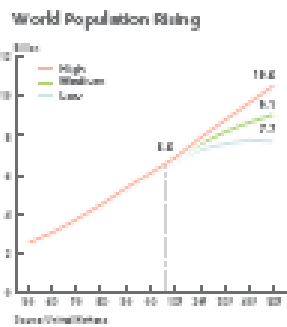
- 1 The world needs more fertilizer
- 2 Potash is the core of our business
- 3 Our strategies emphasize earnings growth and quality
- 4 We are uniquely prepared to meet growing potash demand
- 5 The factors that drive our success are aligning
- 6 We are transparent and accountable

For a complete analysis of our business environment, see our online Annual Report, Keyword: [Business](#)

1 THE WORLD NEEDS MORE FERTILIZER

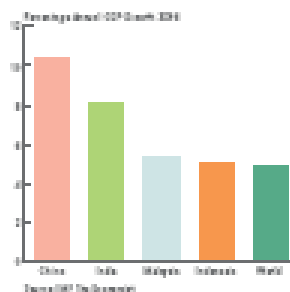
Offshore Markets Are Driving Rising Demand for Food

As recently as 1950, only 2.5 billion people shared the planet and its resources. By 1980, that number had grown to 4.4 billion. In 2007, it is expected to be 50 percent greater at 6.6 billion.



The areas experiencing the most significant increases in population are now also benefiting from rapidly growing economies. Foremost among these are China and India, which enjoyed 2006 economic growth of more than 10 and 8 percent, respectively.

Offshore Economies Growing



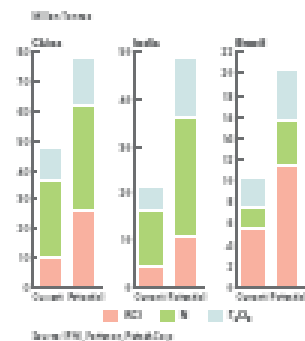
As incomes rise, access to more nutritious food is often the first priority. Many of these nations are moving from low-cost, starch-based food to protein-rich diets with more meat. In the past two decades, meat consumption in China more than tripled to 70 million tonnes and is expected to reach 120 million tonnes by 2030.

The need to feed more people – and produce more animals for food – is driving up the demand for grain, oilseed meal and phosphate and nitrogen feed supplements. All these increase demand for our products.

Fertilizer Application Rates Are Growing

In the past, many of these nations also under-applied fertilizer, particularly potash. Nitrogen has the most immediately visible impact on yield enhancement and was applied first, followed by phosphate. Potash, which has the greatest impact on food quality, was often the last nutrient in the chain. Now farmers around the world are recognizing the need to apply more of all three nutrients and are beginning to respond accordingly.

Fertilizer Growth Potential



China and India could achieve recommended nutrient levels by each applying about 30 million more tonnes of K₂O, N and P₂O₅ annually. Soybeans, Brazil's major crop, draw nitrogen from the air but are hungry for potash.
