POTASH CORP OF SASKATCHEWAN INC
Form 424B2
April 29, 2009

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-148023

CALCULATION OF REGISTRATION FEE

	Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Debt Securities	5.25% Notes due 2014	$ 500,000,000	$ 27,900
Debt Securities	6.50% Notes due 2019	$ 500,000,000	$ 27,900

Prospectus Supplement
April 28, 2009
(To Prospectus dated December 12, 2007)

$1,000,000,000

Potash Corporation of Saskatchewan Inc.

$500,000,000 5.25% Notes due 2014

$500,000,000 6.50% Notes due 2019

Potash Corporation of Saskatchewan Inc. is offering $500 million aggregate principal amount of 5.25% Notes due 2014 and $500 million aggregate principal amount of 6.50% Notes due 2019. Interest on the notes will be paid semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2009. The Notes due 2014 will mature on May 15, 2014, and the Notes due 2019 will mature on May 15, 2019.

We may redeem the notes of either series in whole or in part at any time and from time to time at the applicable redemption price described under Description of the Notes Optional Redemption in this prospectus supplement. If a Change of Control Triggering Event (as defined herein) occurs with respect to a particular series of notes, we will be required to offer to purchase such series of notes from holders on the terms described in this prospectus supplement.

The notes will be our senior unsecured obligations and will rank equally with our existing and future unsecured senior indebtedness. The notes of each series will be issued only in registered book-entry form and in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the notes involves risks. See Risk Factors beginning on page S-7 of this prospectus supplement.

	Per Note due 2014	Total	Per Note due 2019	Total
Public offering price(1)	99.757%	$ 498,785,000	99.916%	$ 499,580,000
Underwriting discounts	0.600%	$ 3,000,000	0.650%	$ 3,250,000
	99.157%	$ 495,785,000	99.266%	$ 496,330,000

Offering proceeds to PotashCorp before expenses(1)

(1) Plus accrued interest from May 1, 2009, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes to investors on or about May 1, 2009 only in book-entry form through the facilities of The Depository Trust Company.

Joint Book-Running Managers

Banc of America Securities LLC

HSBC

RBC Capital Markets

Co-Managers

Scotia Capital

BMO Capital Markets

Mitsubishi UFJ Securities

CIBC World Markets

Rabo Securities USA, Inc.

Comerica Securities

SOCIETE GENERALE

Goldman, Sachs & Co.

UBS Investment Bank

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of the date on the front cover of this prospectus supplement only. Our business, financial condition, results of operations and prospects may have changed since that date.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part is the prospectus dated December 12, 2007, which is part of our Registration Statement on Form S-3 (Registration No. 333-148023).

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in Where You Can Find More Information in this prospectus supplement.

These securities will not be offered or sold in Canada or to any individual or company in Canada in contravention of the securities laws of Canada or any province or territory thereof. Each underwriter has agreed that it will not distribute any material related to these securities in Canada in contravention of the securities laws of Canada or any province or territory thereof.

To the extent any underwriter that is not a U.S.-registered broker-dealer intends to effect sales of notes in the United States, it will do so through one or more U.S.-registered broker-dealers in accordance with the applicable U.S. securities laws and regulations.

Except as otherwise indicated, all references in this prospectus supplement to we, us, our, PotashCorp and the Company refer to Potash Corporation of Saskatchewan Inc. and its consolidated subsidiaries.

PRESENTATION OF FINANCIAL INFORMATION

We present our financial statements in U.S. dollars and in accordance with accounting principles generally accepted in Canada, or Canadian GAAP. For a discussion of certain significant differences between Canadian GAAP and accounting principles generally accepted in the United States, or U.S. GAAP, as they relate to us, we refer you to Note 33 to our audited financial statements as of and for the fiscal year ended December 31, 2008, which are incorporated by reference into this prospectus supplement from our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

All references to $ and dollars in this prospectus supplement and the accompanying prospectus are to United States dollars and, except where noted, all financial information is presented in accordance with Canadian GAAP.

Except where noted, all references to per-share amounts pertain to diluted net income per share.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to future events or our future financial performance. Statements containing words such as anticipate, believe, could, estimate, expect, intend, may, similar expressions constitute forward-looking statements. These statements are based on certain factors and assumptions as set forth in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein, including foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, and effective income tax rates. We consider these factors and assumptions to be reasonable based on information currently available.

We disclaim any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Forward-looking statements are subject to important risks and uncertainties that are difficult to predict. The results or events predicted in forward-looking statements may differ materially from actual results or events. Some of the factors that could cause actual results or events to differ from current expectations include the following, some of which are described in greater detail in the documents that are incorporated by reference into this prospectus supplement and the accompanying prospectus:

- variances from our assumptions with respect to foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities and effective income tax rates;

- fluctuations in supply and demand for fertilizer, including fluctuations as a result of economic or political conditions in our markets, which, among other things, can cause volatility in the prices of our fertilizer products;

- fluctuations in the prices and availability of other raw materials, including sulfur, which is a primary input in our phosphate operations;

- fluctuations in the cost and availability of transportation and distribution for our raw materials and products, including ocean freight;

- changes in competitive pressures, including pricing pressures;

- the current global financial crisis and changes in credit markets;

- the results of negotiations with China and India;

- timing and amount of capital expenditures;

- volatility in the price of natural gas, which is the primary raw material used for our nitrogen products, and risks associated with our continued ability to manage natural gas costs in the United States through hedging activities;

changes in capital markets and corresponding effects on the Company s investments, and changes in currency and exchange rates;

unexpected or adverse weather conditions, which can impact demand for fertilizer and timing of fertilizer sales during the year;

unexpected geological conditions, including water inflows;

imprecision in reserve estimates;

the outcome of legal proceedings;

strikes or other forms of work stoppage or slowdown;

changes in, and the effects of, government policy and regulations, including environmental regulations and regulations and actions affecting our transportation and sale of natural gas, which could increase our costs of compliance and otherwise affect our business;

acquisitions we may undertake in the future; and

earnings, exchange rates and the decisions of taxing authorities, all of which could affect our effective tax rates.

These risks and uncertainties are discussed in more detail under the headings Risk Factors and Management s Discussion and Analysis of Results of Operations and Financial Condition in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and in other documents and reports filed by us with the Securities and Exchange Commission, or the Commission, and the Canadian provincial securities commissions. You may obtain copies of these documents and reports as described under the headings Where You Can Find More Information and Incorporation by Reference in this prospectus supplement.

As a result of these factors, we cannot assure you that any of the events or results anticipated by forward-looking statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus will occur or, if they do, what impact they will have on our business or on our results of operations and financial condition.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. We urge you to read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including the historical financial statements and notes to those financial statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus. Please read Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 for more information about important risks that you should consider before investing in the notes.

Potash Corporation of Saskatchewan Inc.

Potash Corporation of Saskatchewan Inc. (NYSE: POT; TSX: POT) is the world s largest integrated fertilizer and related industrial and feed products company. We are the largest producer of potash worldwide by capacity. In 2008, we estimate our potash operations represented 17% of global production and 22% of global potash capacity. We are the third largest producer of phosphates worldwide by capacity. In 2008, we estimate our phosphate operations produced 5% of world phosphoric acid production. We are the third largest nitrogen producer worldwide by ammonia capacity. In 2008, we estimate our nitrogen operations produced 2% of the world s ammonia production.

Our potash is produced from six mines in Saskatchewan and one mine in New Brunswick. Of these mines, we own and operate five in Saskatchewan and one in New Brunswick. Our phosphate operations include the manufacture and sale of solid and liquid phosphate fertilizers, animal feed supplements and industrial acid, which is used in food products and industrial processes. We believe that our North Carolina facility is the world s largest integrated phosphate mine and processing plant. We also have a phosphate mine and two mineral processing plant complexes in northern Florida and six phosphate feed plants in the United States. We can produce a variety of phosphate products at our Geismar, Louisiana facility. Our nitrogen operations involve the production of nitrogen fertilizers and nitrogen feed and industrial products, including ammonia, urea, nitrogen solutions, ammonium nitrate and nitric acid. We have nitrogen facilities in Georgia, Louisiana, Ohio and Trinidad.

We are organized under the laws of Canada. Our principal executive offices are located at 122 1st Avenue South, Suite 500, Saskatoon, Saskatchewan, Canada S7K 7G3, and our telephone number is (306) 933-8500.

Recent Developments

On April 23, 2009, we issued a news release announcing our preliminary unaudited financial results for the first quarter ended March 31, 2009. We announced net income of $308.3 million, or $1.02 per share, compared to $566.0 million, or $1.74 per share, for the first quarter of 2008. Net income in the first quarter of 2009 included income tax adjustments of $166.8 million, or $0.55 per share.

Gross margin for the first quarter of 2009 was $229.6 million compared to $856.0 million for the first quarter of 2008, with almost three-quarters of the 2009 total attributable to potash. A sharp decline in sales volumes significantly impacted first-quarter potash gross margin, which fell to $166.6 million from $514.6 million in the same quarter of 2008. Sales volumes to North American customers declined 86 percent, while offshore volumes fell 78 percent. Only 0.5 million tonnes were sold in the first quarter of 2009, compared to 2.5 million tonnes in first-quarter 2008. Average realized potash prices in first-quarter 2009 were almost $250 per tonne higher than in the same quarter last year because of price increases during 2008. We anticipate lower potash sales volumes through at least the first half of

2009. With customers drawing down inventories in all major markets, we expect a more normal second half of 2009 followed by increased demand in 2010.

Phosphate gross margin of $8.8 million in the first quarter of 2009 was 94 percent lower than the $156.0 million for the same period last year. Our total phosphate sales volumes were 36 percent lower than in

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the first quarter of 2008, largely because of lower liquid fertilizer, feed and industrial volumes. Compared to the first quarter of 2008, prices for solid fertilizer declined 48 percent, while prices for liquid fertilizer, feed and industrial products increased 25 percent, 35 percent and 72 percent, respectively. We believe profitability in our solid fertilizer business will be challenged in the near term. However, we expect to benefit from our flexible production capabilities at Aurora by focusing on higher-margin, non-fertilizer markets.

Nitrogen gross margin of $54.2 million in the first quarter of 2009 was 71 percent lower than the $185.4 million for first-quarter 2008. Although total nitrogen sales volumes were down 5 percent from last year s first quarter, fertilizer volumes increased 32 percent. Nitrogen prices were down sharply from last year s first quarter. We expect that global demand for nitrogen could weaken after the spring planting season in the Northern Hemisphere, and industrial demand is likely to stay depressed throughout 2009. However, we expect that lower US natural gas prices relative to other major producing regions will limit imports from some offshore competitors and keep the US market relatively balanced.

Due primarily to our potash capacity expansion projects in Saskatchewan and New Brunswick, capital expenditures on property, plant and equipment were $366.1 million in the first quarter of 2009, up 86 percent from the same quarter last year. All of our expansion projects are continuing as scheduled.

	For the Three Months Ended March 31, 2009	
	2009	2008
	(in millions) (unaudited)	
Statements of Operations and Cash Flow Data:		
Sales	$ 922.5	$ 1,890.6
Interest expense	23.2	11.2
Income before income taxes	195.2	737.8
Net income	308.3	566.0
Cash provided by operating activities	98.7	442.3
Other Financial Data:		
EBITDA(1)	292.4	828.9
Adjusted EBITDA(1)	292.4	872.0
Free cash flow(2)	(194.4)	250.5

	As at	
	March 31, 2009	December 31, 2008
	(in millions) (unaudited)	

Financial Position Data:		
Cash and cash equivalents	$ 255.1	$ 276.8
Short-term debt and current portion of long-term debt(3)	539.1	1,324.1
Long-term debt(3)	2,824.7	1,739.5
Shareholders equity	4,909.0	4,588.9

(1) EBITDA and adjusted EBITDA are non-GAAP financial measures. Set forth below is a reconciliation of EBITDA and adjusted EBITDA to net income, the most directly comparable financial measure calculated and presented in accordance with Canadian GAAP.

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	Three Months Ended March 31, 2009	2008
	(in millions) (unaudited)	
Net income	$ 308.3	$ 566.0
Income taxes	(113.1)	171.8
Interest expense	23.2	11.2
Depreciation and amortization	74.0	79.9
EBITDA	292.4	828.9
Provision for auction rate securities		43.1
Adjusted EBITDA	$ 292.4	$ 872.0

EBITDA is calculated as earnings before interest, income taxes, depreciation and amortization. Adjusted EBITDA is calculated as earnings before interest, income taxes, depreciation and amortization, and impairment charges. We use EBITDA and adjusted EBITDA as supplemental financial measures of our operational performance. Management believes EBITDA and adjusted EBITDA to be important measures as they exclude the effects of items which primarily reflect the impact of long-term investment decisions, rather than the performance of our day-to-day operations. As compared to net income according to GAAP, these measures are limited in that they do not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our business, or the non-cash charges associated with impairments. Management evaluates such items through other financial measures such as capital expenditures and cash flow provided by operating activities. We believe that these measurements are useful to measure a company s ability to service debt and to meet other payment obligations or as a valuation measurement.

(2) Free cash flow is a non-GAAP financial measure. Set forth below is a reconciliation of free cash flow to cash provided by operating activities, the most directly comparable financial measure calculated and presented in accordance with Canadian GAAP.

	Three Months Ended March 31, 2009	2008
	(in millions) (unaudited)	
Free cash flow	$ (194.4)	$ 250.5
Additions to property, plant and equipment	366.1	196.5
Purchase of long-term investments		174.5
Other assets and intangible assets	11.2	4.0
Changes in non-cash operating working capital	(84.2)	(183.2)

Cash provided by operating activities	$ 98.7	$ 442.3

We use free cash flow as a supplemental financial measure in our evaluation of liquidity and financial strength. Management believes that adjusting principally for the swings in non-cash operating working capital items due to seasonality, additions to property, plant and equipment, purchases of long-term investments, and changes to other assets assists management in the long-term assessment of liquidity and financial strength. We also believe that this measurement is useful as an indicator of our ability to service our debt, meet other payment obligations and make strategic investments. Readers should be aware that free cash flow does not represent residual cash flow available for discretionary expenditures.

(3) Effective January 21, 2009, our 364-day credit facility was amended to increase available borrowings to $1,500.0 and to extend the maturity date to May 28, 2010. The amount available under the credit facility was again increased on March 5, 2009 to $1,850.0. As the credit facility was extended for a period greater than one year, draws made under it during the first quarter of 2009 have been classified as long-term debt obligations. Outstanding borrowings at March 31, 2009 were $555.0. Draws of $1,000.0 under this pre-amended facility at December 31, 2008 were classified as short-term debt.

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The Offering

Issuer	Potash Corporation of Saskatchewan Inc.
Securities Offered	$1,000,000,000 aggregate principal amount of notes consisting of: $500,000,000 aggregate principal amount of 5.25% Notes due 2014; and $500,000,000 aggregate principal amount of 6.50% Notes due 2019.
Maturity Date	May 15, 2014 for the Notes due 2014. May 15, 2019 for the Notes due 2019.
Interest Rate	The Notes due 2014 will bear interest from May 1, 2009 at the rate of 5.25% per annum. The Notes due 2019 will bear interest from May 1, 2009 at the rate of 6.50% per annum.
Interest Payment Dates	Interest on the notes is payable semi-annually on May 15 and November 15 of each year, beginning on November 15, 2009.
Ranking	The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our existing and future senior unsecured indebtedness.
Covenants	We will issue the notes under an indenture containing covenants that restrict our ability to: incur debt secured by liens; and engage in certain sale and leaseback transactions. These covenants are subject to important exceptions and qualifications. For more information on these covenants, please see the information under the caption Description of Debt Securities Certain Covenants in the accompanying prospectus.
Change of Control	Upon the occurrence of both (1) a change of control and (2) a downgrade of a particular series of notes below an investment grade rating by each of Moody s Investors Service, Inc. and Standard & Poor s Ratings Services within a specified period, we will be required to make an offer to purchase such series of notes at a price equal to 101% of the aggregate principal amount of such notes, plus accrued and unpaid interest to the date of repurchase. See Description of the Notes Change of Control in this prospectus supplement.
Optional Redemption	We may redeem the notes of either series, in whole or in part, at our option at any time and from time to time at a redemption price equal to the greater of:

100% of the principal amount of the notes to be redeemed; and

the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed on the redemption date (not including any portion of any payments of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a

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360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined herein) plus 50 basis points for the Notes due 2014 and 50 basis points for the Notes due 2019.

We will also pay any accrued and unpaid interest on the notes to the redemption date. See Description of the Notes Optional Redemption in this prospectus supplement. **Additional Amounts** Payments made by us with respect to the notes will be made without withholding or deduction for Canadian taxes, unless we are required to withhold or deduct Canadian taxes by law. If we are required to withhold or deduct for Canadian taxes with respect to any payment made regarding the notes, we will pay such additional amounts as may be necessary so that the net amount received by the holders of the notes after such deduction or withholding is not less than the amount such holders would have received in the absence of the withholding or deduction. See Description of Debt Securities Certain Covenants Additional Amounts in the accompanying prospectus. **Use of Proceeds** We estimate the net proceeds from the sale of the notes to be approximately $991.8 million after deducting underwriting discounts and commissions and expenses of the offering. We intend to use the net proceeds to repay outstanding indebtedness under our $1,850.0 million revolving credit facility maturing May 28, 2010 and our $750.0 million revolving credit facility maturing May 31, 2013, and for general corporate purposes. See Use of Proceeds in this prospectus supplement. **Risk Factors** You should carefully read and consider the information set forth in Risk Factors beginning on page S-7 of this prospectus supplement and the risk factors set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, before investing in the notes. **Trustee** The Bank of Nova Scotia Trust Company of New York. **Form and Denomination** Each series of notes will be represented by one or more global notes, deposited with the trustee as custodian for The Depositary Trust Company, or DTC, and registered in the name of Cede & Co., as the nominee of DTC. Beneficial interests in the global notes will be in denominations of $2,000 and integral multiples of $1,000 in excess thereof. See Description of the Notes Book-Entry System in this prospectus supplement. **Governing Law** The indenture governing the notes is, and the notes will be, governed by, and construed in accordance with, the laws of the State of New York.

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Summary Historical Consolidated Financial Data

The following financial information is only a summary and you should read it in conjunction with the historical consolidated financial statements of PotashCorp and the related notes contained in reports and other information that PotashCorp has previously filed with the Commission. The following summary historical consolidated financial data as of and for each of the three years ended December 31, 2008, 2007 and 2006 have been derived from PotashCorp s audited consolidated financial statements. PotashCorp s consolidated financial statements are prepared in accordance with Canadian GAAP. For a discussion of certain significant differences between Canadian GAAP and U.S. GAAP, as they relate to PotashCorp, see Note 33 to PotashCorp s audited consolidated financial statements as of and for the fiscal year ended December 31, 2008, which are incorporated by reference in this prospectus supplement and the accompanying prospectus from our Annual Report on Form 10-K for the fiscal year ended December 31, 2008. See Incorporation by Reference in this prospectus supplement.

	As of and for the Year Ended December 31,		
	2008	**2007**	**2006**
	(in millions except per share data)		
Statement of Operations Data:			
Canadian GAAP			
Total sales	$ 9,446.5	$ 5,234.2	$ 3,766.7
Operating income	4,635.1	1,588.5	875.5
Income before income taxes	4,572.3	1,519.8	789.9
Net income	3,495.2	1,103.6	631.8
Net income per share:			
Basic	11.37	3.50	2.03
Diluted	11.01	3.40	1.98