

POTASH CORP OF SASKATCHEWAN INC

Form 424B2

April 28, 2009

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

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are part of an effective registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933. We are not using this preliminary prospectus supplement and the accompanying prospectus to offer to sell these securities or to solicit offers to buy these securities in any place where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 28, 2009

Prospectus Supplement

, 2009

(To Prospectus dated December 12, 2007)

\$

Potash Corporation of Saskatchewan Inc.

\$ % Notes due

\$ % Notes due

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

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	Total	Per Note due	Total
Public offering price(1)	%	\$	%	\$
Underwriting discounts	%	\$	%	\$

Offering proceeds to PotashCorp before expenses(1) % \$ % \$

(1) Plus accrued interest from , 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 , 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

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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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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;

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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.

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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 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, December 31, 2009 2008 (in millions) (unaudited)	
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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
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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	<p>\$ aggregate principal amount of notes consisting of:</p> <p>\$ aggregate principal amount of % Notes due ; and</p> <p>\$ aggregate principal amount of % Notes due .</p>
Maturity Date	<p>, for the Notes due .</p> <p>, for the Notes due .</p>
Interest Rate	<p>The Notes due will bear interest from , 2009 at the rate of % per annum.</p> <p>The Notes due will bear interest from , 2009 at the rate of % per annum.</p>
Interest Payment Dates	Interest on the notes is payable semi-annually on and of each year, beginning on , 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	<p>We will issue the notes under an indenture containing covenants that restrict our ability to:</p> <p>incur debt secured by liens; and</p> <p>engage in certain sale and leaseback transactions.</p> <p>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.</p>
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 basis points for the Notes due and basis points for the Notes due .

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 \$ 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 Depository 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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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:			
<i>Canadian GAAP</i>			
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
Dividends per share	0.40	0.35	0.20
<i>U.S. GAAP</i>			
Total sales	\$ 9,446.5	\$ 5,234.2	\$ 3,766.7
Operating income	4,633.8	1,582.5	885.8
Income before income taxes	4,571.0	1,513.8	800.2
Net income	3,395.2	1,061.5	625.8
Net income per share:			
Basic	11.04	3.36	2.01
Diluted	10.70	3.27	1.96
Dividends per share	0.40	0.35	0.20
Financial Position Data:			
<i>Canadian GAAP</i>			
Cash and cash equivalents	\$ 276.8	\$ 719.5	\$ 325.7
Total assets	10,248.8	9,716.6	6,217.0
Short-term debt	1,323.9	90.0	157.9
Long-term debt(1)	1,739.5	1,339.4	1,357.1
Shareholders' equity	4,588.9	6,018.7	2,780.3
<i>U.S. GAAP</i>			
Cash and cash equivalents	\$ 276.8	\$ 719.5	\$ 325.7
Total assets	9,889.4	9,483.6	7,038.9
Short-term debt	1,323.9	90.0	157.9
Long-term debt(1)	1,739.5	1,339.4	1,339.8

Shareholders' equity	4,203.3	5,863.6	3,402.9
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(1) Excludes current portion of long-term debt, which, as of December 31, 2006, included \$400.0 million of 7.125% senior notes that matured on June 15, 2007.

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RISK FACTORS

You should carefully consider all the information included in this prospectus supplement, the accompanying prospectus and the documents filed with the Commission that are incorporated by reference herein and therein and, in particular, the risks described below and the risk factors of PotashCorp in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which is incorporated by reference herein, before making an investment decision. The risks described below or incorporated by reference herein are not the only ones facing PotashCorp. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations and the risks described below and in the documents incorporated by reference may also adversely affect our business in ways we have not described or do not currently anticipate. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. In such case, you may lose all or part of your original investment.

The notes are unsecured and are subordinated to all of our existing and future secured indebtedness.

The notes are unsecured and effectively subordinated in right of payment to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness. The indenture for the notes does not restrict our ability to incur additional indebtedness, including secured indebtedness generally, which would have a prior claim on the assets securing that indebtedness. In the event of our insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up, our assets that serve as collateral for any secured indebtedness would be made available to satisfy the obligations to our secured creditors before any payments are made on the notes. See Description of Debt Securities – General in the accompanying prospectus.

The notes are effectively subordinated to all liabilities of our subsidiaries.

None of our subsidiaries has guaranteed or otherwise become obligated with respect to the notes. Accordingly, our right to receive assets from any of our subsidiaries upon its bankruptcy, liquidation or reorganization, and the right of holders of the notes to participate in those assets, is effectively subordinated to claims of that subsidiary's creditors, including trade creditors.

We have made only limited covenants in the indenture for the notes.

The indenture for the notes does not:

establish a sinking fund for the notes;

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity and, accordingly, does not protect holders of the notes in the event that we incur operating losses;

limit our subsidiaries' ability to incur secured indebtedness generally or indebtedness that would effectively rank senior to the notes;

limit our ability to incur any indebtedness, including secured indebtedness generally or any indebtedness that is equal in right of payment to the notes;

restrict our subsidiaries' ability to issue securities that would be senior to the common stock of our subsidiaries held by us;

restrict our ability to repurchase our securities;

restrict our ability generally to pledge our assets or those of our subsidiaries; or

restrict our ability to make investments or to pay dividends or make other payments in respect of our common shares or other securities ranking junior to the notes.

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The notes have no prior public market and we cannot assure you that any public market will develop or be sustained after the offering.

The notes are new issues of securities with no established trading markets. We do not intend to apply for listing of the notes of either series on any national securities exchange or for quotation of the notes on any automated dealer quotation system. We have been advised by the underwriters that they presently intend to make a market in the notes of each series after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure you that active trading markets for the notes will develop, be maintained or be liquid. If active trading markets for the notes do not develop, are not maintained or are not liquid, the market prices of the notes may be adversely affected.

We may be unable to repurchase the notes upon a Change of Control Triggering Event.

Upon the occurrence of a Change of Control Triggering Event (as defined herein) with respect to a particular series of notes, subject to certain conditions, we will be required to make an offer to repurchase all outstanding notes of such series at 101% of their principal amount, plus accrued and unpaid interest. See Description of the Notes Change of Control in this prospectus supplement. The source of funds for such a repurchase will be our available cash or cash generated from our subsidiaries operations or other potential sources, including borrowings, sales of assets or sales of equity. We cannot assure you that sufficient funds from such sources will be available at the time of any Change of Control Triggering Event to make required repurchases of notes tendered. In addition, the terms of certain of our other existing indebtedness provide that certain change of control events will require us to make an offer to repurchase such outstanding indebtedness. Our future debt instruments may contain similar provisions. It is possible that we will not have sufficient funds at the time of the Change of Control Triggering Event to complete the required repurchase of the notes and, if applicable, our other indebtedness.

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USE OF PROCEEDS

We estimate the net proceeds from the sale of the notes to be approximately \$ 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. As of April 24, 2009, we had \$745.0 million of borrowings outstanding under the \$1,850.0 million credit facility and \$650.0 million of borrowings outstanding under the \$750.0 million credit facility. As of April 24, 2009, the weighted average interest rate applicable to borrowings under the \$1,850.0 million credit facility was 3.50%, and the weighted average interest rate applicable to borrowings under the \$750.0 million credit facility was 0.96%. We used the proceeds from borrowings under the credit facilities for share repurchases, capital expenditures and general corporate purposes.

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Table of Contents**CAPITALIZATION**

The following table sets forth our cash and cash equivalents and consolidated capitalization (including short-term debt) as of December 31, 2008 on an actual basis and on an as adjusted basis to give effect to the sale of the notes and the application of the net proceeds from the sale of the notes. You should read the information in this table in conjunction with PotashCorp's audited consolidated financial statements, which are incorporated by reference into this prospectus supplement and the accompanying prospectus. See "Incorporation by Reference" in this prospectus supplement.

	As of December 31, 2008	
	Actual	As Adjusted
	(in millions)	
Cash and cash equivalents	\$ 276.8	\$
Short-term debt(1)	\$ 1,323.9	\$
Long-term debt, including current portion:		
Notes offered hereby		
5.875% notes due December 1, 2036	500.0	500.0
4.875% notes due March 1, 2013	250.0	250.0
7.75% notes due May 31, 2011	600.0	600.0
Credit facility borrowings(2)	400.0	
Other	(10.3)	(10.3)
Total long-term debt (including current portion of long-term debt)	1,739.7	
Total debt	3,063.6	
Shareholders' equity:		
Common shares (unlimited authorization of common shares without par value; issued and outstanding 295,200,987 shares)	1,402.5	1,402.5
Contributed surplus	126.2	126.2
Accumulated other comprehensive income	657.9	657.9
Retained earnings	2,402.3	2,402.3
Total shareholders' equity	4,588.9	4,588.9
Total capitalization	\$ 7,652.5	\$

(1) PotashCorp has an unsecured line of credit available for short-term financing in the amount of \$55.0 million (net of letters of credit of \$20.0 million). As of December 31, 2008, PotashCorp also had a \$1,000.0 million 364-day credit facility. As of December 31, 2008, \$1,000.0 million of borrowings were outstanding under this facility. In

January 2009, this facility was amended to increase the available borrowings to \$1,500.0 million and extend the maturity date to May 28, 2010. In March 2009, this facility was amended to increase the available borrowings to \$1,850.0 million. As of December 31, 2008, PotashCorp also had \$324.8 million of outstanding commercial paper.

- (2) PotashCorp has two revolving credit facilities that provide for unsecured advances in the amounts of \$750.0 million and \$180.0 million, respectively. As of December 31, 2008, \$220.0 million of borrowings and \$180.0 million of borrowings were outstanding under these facilities, respectively.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our consolidated ratios of earnings to fixed charges computed using amounts reported under Canadian GAAP and U.S. GAAP for the periods indicated below. Earnings for this purpose have been calculated by adding income taxes, fixed charges and distributed income of equity investees to net income, and deducting interest capitalized and income from equity investees. Fixed charges for this purpose consist of the total of interest expensed and capitalized, amortization of capitalized expenses related to indebtedness and an estimate of the interest within rental expense.

	Year Ended December 31,				
	2004	2005	2006	2007	2008
Canadian GAAP	4.06x	6.17x	5.07x	8.80x	24.32x
U.S. GAAP	4.15x	6.22x	5.12x	8.78x	24.32x

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DESCRIPTION OF THE NOTES

The following description of the particular terms of the notes offered by this prospectus supplement adds information to the description of the general terms and provisions of debt securities under the heading **Description of Debt Securities** beginning on page 5 of the accompanying prospectus. As used under **Prospectus Supplement Summary** **The Offering** and under this heading, **Description of the Notes**, all references to **we**, **us**, **our**, **PotashCorp** and the **C** refer to Potash Corporation of Saskatchewan Inc. excluding any of its subsidiaries.

General

We will issue the % Notes due in the aggregate principal amount of \$ and the % Notes due in the aggregate principal amount of \$ pursuant to an indenture dated as of February 27, 2003 between us and The Bank of Nova Scotia Trust Company of New York, the trustee for the notes. The % Notes due will mature on , , and the % Notes due will mature on , . We will issue the notes only in book-entry form, in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The notes will bear interest at the annual rates shown on the cover of this prospectus supplement and will accrue interest from , 2009 or from the most recent date to which interest has been paid (or provided for) to but not including the next date upon which interest is required to be paid.

Commencing , 2009, interest will be payable twice a year, on and , to the person in whose name a note is registered at the close of business on the or that precedes the date on which interest will be paid. Interest on the notes will be paid on the basis of a 360-day year consisting of twelve 30-day months.

As contemplated under **Description of Debt Securities** **Discharge, Defeasance and Covenant Defeasance** on page 14 of the accompanying prospectus, the satisfaction of certain conditions will permit us to discharge some or all of our obligations under the indenture with respect to the notes. In addition, we may discharge our obligations with respect to certain covenants through covenant defeasance. We refer you to the information under **Description of Debt Securities** **Discharge, Defeasance and Covenant Defeasance** in the accompanying prospectus for more information.

Except as described in this prospectus supplement or the accompanying prospectus, the indenture for the notes does not contain any covenants or other provisions designed to protect holders of the notes against a reduction in our creditworthiness in the event of a highly leveraged transaction nor does the indenture for the notes prohibit other transactions that might adversely affect holders of the notes, including the incurrence of additional indebtedness. See **Risk Factors** **We have made only limited covenants in the indenture for the notes** in this prospectus supplement.

Re-opening of the Notes

We are initially offering notes in the aggregate principal amount of \$. We may from time to time, without the consent of the holders of the notes, create and issue further notes of a series having the same terms and conditions in all respects as the notes of such series being offered hereby, except for the issue date, the issue price and, in some cases, the first payment of interest thereon. Additional notes issued in this manner will be consolidated with and will form a single series with the notes of such series being offered hereby.

Optional Redemption

The notes of each series will be redeemable, 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 discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at

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the Adjusted Treasury Rate plus basis points for the Notes due and basis points for the Notes due ,

together with, in each case, accrued interest on the principal amount of the notes to be redeemed to the date of redemption.

In connection with such optional redemption, the following defined terms apply:

Adjusted Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third business day immediately preceding that redemption date) or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Comparable Treasury Issue means the United States Treasury security or securities selected by the Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the series of notes to be redeemed.

Comparable Treasury Price means, with respect to any redemption date, (a) the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if the Independent Investment Banker for the notes obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by us to act as the Independent Investment Banker.

Reference Treasury Dealer means Banc of America Securities LLC and HSBC Securities (USA) Inc. and their respective successors and two other nationally recognized investment banking firms, each of which is a primary U.S. Government securities dealer in New York City (a *Primary Treasury Dealer*) specified from time to time by us; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, we shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding that redemption date.

Remaining Scheduled Payments means, with respect to each note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if that redemption date is not an interest payment date with respect to such note, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to that redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. On and after any redemption date, interest will cease to accrue on the notes or any portion thereof called for redemption. On or before any redemption date, we shall deposit with the trustee or with a paying agent money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on such

date. If less than all of a series of notes are to be redeemed, the notes of such series to be redeemed shall be selected by the trustee at our direction by such method as we and the trustee shall deem fair and appropriate. The redemption price shall be calculated by the Independent Investment Banker and we, the trustee and any paying agent for the notes shall be entitled to rely on such calculation.

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Change of Control

If a Change of Control Triggering Event occurs with respect to a particular series of notes, unless we have exercised our right to redeem such series of notes as described above, we will be required to make an offer to repurchase all, or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof), of each holder's notes of such series pursuant to the offer described below (the *Change of Control Offer*) on the terms set forth in the notes. In the Change of Control Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to the date of purchase (the *Change of Control Payment*).

Within 30 days following any Change of Control Triggering Event with respect to a particular series of notes, we will be required to mail a notice to holders of such series of notes describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase such series of notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the *Change of Control Payment Date*), pursuant to the procedures required by the notes and described in such notice. We must comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the *Exchange Act*), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of a series of notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the notes, we will be required to comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control provisions of the notes by virtue of such conflicts.

On the Change of Control Payment Date, we will be required, to the extent lawful, to:

accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

deliver or cause to be delivered to the trustee the notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being purchased by us.

The paying agent will be required to mail promptly to each holder who properly tendered notes the purchase price for such notes and the trustee will be required to authenticate and mail (or cause to be transferred by book entry) promptly to each such holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; *provided* that each new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof.

For purposes of the foregoing discussion of a repurchase at the option of holders, the following definitions are applicable:

Below Investment Grade Rating Event means the rating on a series of notes is changed from an Investment Grade Rating to below an Investment Grade Rating by each of the Rating Agencies (as defined below) on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the applicable series of notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies).

Change of Control means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger, amalgamation, arrangement or consolidation), in one or a series of related transactions, of all or substantially all of our properties or assets and those of our subsidiaries taken as a whole to any Person other than us or one of our subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger, amalgamation, arrangement or consolidation) the result of which is that any Person becomes the beneficial owner, directly or indirectly, of more than 50% of the total voting power in the aggregate of all classes of our voting stock normally entitled to vote in elections

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of directors; or (3) the first day on which a majority of the members of our Board of Directors are not Continuing Directors.

Change of Control Triggering Event means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

Continuing Directors means, as of any date of determination, any member of our Board of Directors who (1) was a member of such Board of Directors on the date of this prospectus supplement; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

Investment Grade Rating means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

Moody's means Moody's Investors Service, Inc.

Person means any individual, partnership, corporation, limited liability company, joint stock company, business trust, trust, unincorporated association, joint venture or other entity, or a government or political subdivision or agency thereof.

Rating Agencies means (1) each of Moody's and S&P; and (2) if either Moody's or S&P ceases to rate a series of notes or fails to make a rating of a series of notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us (as certified by a resolution of our Board of Directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

The failure by us to comply with the obligations described under *Change of Control* will constitute an event of default with respect to such series of notes.

Book-Entry System

The certificates representing each series of notes will be issued in the form of one or more fully registered global notes without coupons (the *Global Note*) and will be deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as the nominee of DTC. Except in limited circumstances, the notes will not be issuable in definitive form. Unless and until they are exchanged in whole or in part for the individual notes represented thereby, any interests in the Global Note may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee of DTC to a successor depository or any nominee of such successor. See *Legal Ownership of Debt Securities - Global Securities* in the accompanying prospectus.

DTC has advised us that DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants (*Direct Participants*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers

and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a

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custodial relationship with a Direct Participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Commission.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Same-Day Funds Settlement and Payment

Settlement for the notes will be made by the underwriters in immediately available funds. All payments of principal and interest in respect of notes in book-entry form will be made by us in immediately available funds to the accounts specified by DTC.

Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearing houses or next-day funds. In contrast, the notes will trade in DTC's Same-Day Funds Settlement System until maturity, or earlier redemption or repayment, or until the notes are issued in certificated form, and secondary market trading activity in the notes will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

Concerning the Trustee

The Bank of Nova Scotia Trust Company of New York is the trustee under the indenture. An affiliate of the trustee is a lender to us under our \$750.0 million revolving credit facility maturing May 31, 2013 and our \$1,850.0 million revolving credit facility maturing May 28, 2010 and also maintains other normal banking relationships, including the maintenance of depository accounts, with us and certain of our subsidiaries.

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UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Kaye Scholer LLP, our United States tax counsel, has advised that the following is a fair summary of the material U.S. federal income tax consequences to U.S. holders (as defined below) of the acquisition, ownership and disposition of the notes. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), the U.S. Treasury regulations promulgated thereunder, administrative pronouncements and judicial decisions, all as of the date hereof and all of which are subject to change (possibly with retroactive effect) and differing interpretations. Unless otherwise indicated, this summary addresses only notes purchased at original issue at their initial offering price and applies only to beneficial owners that hold the notes as capital assets (generally, property held for investment) within the meaning of section 1221 of the Code.

This summary is intended for general information purposes only and does not address all of the U.S. federal income tax considerations that may be relevant to a particular U.S. holder in light of the holder's individual circumstances or to holders subject to special rules under U.S. federal income tax laws, such as banks and other financial institutions, insurance companies, real estate investment trusts, regulated investment companies, tax-exempt organizations, partnerships (or entities properly classified as partnerships for U.S. federal income tax purposes) or other pass-through entities, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, persons liable for U.S. federal alternative minimum tax, U.S. holders whose functional currency is not the U.S. dollar, persons holding notes as part of a hedging or conversion transaction or a straddle, and holders of 10% or more of our voting shares. The discussion does not address any non-U.S., state, local or non-income tax consequences of the acquisition, ownership or disposition of the notes.

As used in this prospectus supplement, the term "U.S. holder" means a beneficial owner of a note that is:

a citizen or individual resident of the United States for U.S. federal income tax purposes;

a corporation (or other entity properly classified as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state within the United States, or the District of Columbia;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust, if (i) a U.S. court is able to exercise primary supervision over the trust's administration and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust, or (ii) in the case of a trust that was in existence on August 20, 1996 and was validly treated as a domestic trust, a valid election is in place under applicable U.S. Treasury regulations to treat such trust as a domestic trust.

Prospective purchasers of the notes who are not U.S. holders should consult with their own tax advisor regarding the U.S. federal income and other tax consequences of the acquisition, ownership and disposition of the notes.

If a partnership (or other entity properly classified as a partnership for U.S. federal income tax purposes) is a beneficial owner of a note, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A beneficial owner of a note that is a partnership and partners in such partnerships are urged to consult with their own tax advisors about the U.S. federal income and other tax consequences of the acquisition, ownership and disposition of the notes.

This discussion is for general purposes only and should not be construed as tax advice to any holder of the notes. Holders are urged to consult their own tax advisors regarding the application of the U.S. federal income tax laws to their particular situations and the consequences under federal estate or gift tax laws, as well as non-U.S., state, or local laws and tax treaties, and the possible effects of changes in tax laws. We also refer you to Canadian Federal Income Tax Considerations.

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Taxation of Interest

Interest on notes beneficially owned by a U.S. holder generally will be taxable as ordinary interest income at the time it is paid or accrued in accordance with the U.S. holder's regular method of accounting for U.S. federal income tax purposes.

Sale, Exchange or Redemption of the Notes

Upon the sale, exchange, redemption or other taxable disposition of the notes, a U.S. holder generally will recognize gain or loss equal to the difference, if any, between (i) the amount realized upon the sale, exchange, redemption or other taxable disposition, other than amounts attributable to accrued and unpaid interest (which will be taxed as ordinary interest income to the extent such interest has not been previously included in income), and (ii) the U.S. holder's adjusted tax basis in the notes. The amount realized by a U.S. holder is the sum of the cash plus the fair market value of any other property received on such sale, exchange, redemption or other taxable disposition. A U.S. holder's adjusted tax basis in the notes generally will be its cost for the notes.

The gain or loss a U.S. holder recognizes on the sale, exchange, redemption or other taxable disposition of the notes generally will be capital gain or loss. Such gain or loss generally will be long-term capital gain or loss if a U.S. holder has held the notes for more than one year at the time of such sale, exchange, redemption or other taxable disposition. For certain non-corporate U.S. holders (including individuals), under current law, long-term capital gains are generally taxed at a lower rate than ordinary income. The deductibility of capital losses is subject to limitations. U.S. holders are urged to consult their own tax advisors regarding the deductibility of capital losses in light of their particular circumstances.

The gain a U.S. holder recognizes on the sale, exchange, redemption or other taxable disposition of the notes generally will be treated as U.S. source income for U.S. foreign tax credit purposes.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to interest and to the proceeds received on the disposition of the notes paid within the United States (and in certain cases, outside the United States) to U.S. holders that are not exempt recipients (such as corporations). In general, a U.S. holder that is not an exempt recipient will be subject to U.S. federal backup withholding tax at the applicable rate (currently 28%) with respect to payments on the notes and the proceeds of a sale, exchange, redemption or other taxable disposition of the notes, unless the U.S. holder provides its taxpayer identification number to the paying agent and certifies, under penalty of perjury, that it is not subject to backup withholding on an Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder may be allowed as a credit against such U.S. holder's U.S. federal income tax liability and may entitle such U.S. holder to a refund, provided the required information is furnished to the Internal Revenue Service in a timely manner.

If you are not a U.S. holder, in order to avoid information reporting and U.S. federal backup withholding tax requirements you will have to comply with certification procedures to establish that you are not a U.S. person.

The preceding discussion is only a general summary of certain of the U.S. federal income tax implications of an investment in the notes. Prospective investors are urged to consult with their own tax advisors prior to investing to determine the tax implications of such investment in light of each such investor's particular circumstances.

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CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Davies Ward Phillips & Vineberg LLP, our Canadian tax counsel, has advised that the following is a fair summary of the principal Canadian federal income tax consequences under the *Income Tax Act* (Canada) and the regulations thereunder (which we refer to in this section as the *Act* and the *Regulations*, respectively) in effect at the date hereof generally applicable to a holder of the notes who:

acquires the notes pursuant to this prospectus supplement;

holds the notes as capital property (in general the notes will be considered to be capital property to a holder of notes unless the holder holds the notes as inventory in the course of carrying on a business, or the holder acquired the notes in a transaction or transactions considered to be an adventure or concern in the nature of trade);

deals at arm's length with us for purposes of the Act at all times (under the Act, related persons are deemed not to deal at arm's length with each other, and it is a question of fact whether persons not related to each other deal at arm's length);

is neither resident nor deemed to be resident in Canada for purposes of the Act, the Regulations and any applicable tax treaty at any time; and

does not ever use or hold and is not deemed ever to use or hold the notes in connection with a trade or business that the holder carries on, or is deemed to carry on, in Canada at any time.

Such a holder is hereinafter referred to as a *Non-Resident Holder*.

Special rules which are not discussed in this summary may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere.

This summary is based on the current provisions of the Act and the Regulations, all specific proposals to amend the Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (which we refer to in this section as the *Proposals*) and our Canadian counsel's understanding of the current published administrative practices and policies of the Canada Revenue Agency. This summary assumes that the Act and the Regulations will be amended in accordance with the Proposals as so announced although we cannot assure you that this will occur.

This summary does not otherwise take into account or anticipate any changes in law or practice, whether by judicial, governmental or legislative decision or action, nor does it take into account tax legislation of any province, territory or foreign jurisdiction. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation. Non-Resident Holders should be aware that the acquisition, holding and disposition of the notes may have tax consequences in the jurisdiction in which they reside which are not described in this prospectus supplement.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Non-Resident Holder, and no representations with respect to the income tax consequences to any particular Non-Resident Holder are made. Accordingly, you should consult your own tax advisor for advice with respect to the tax consequences to you of acquiring, holding and disposing of notes, including the application and

effect of the income and other tax laws of any country, province, state or local tax authority.

Taxation of Interest and Dispositions

The payment by the Company of interest, premium, if any, or principal on a note to a Non-Resident Holder will not be subject to Canadian withholding tax under the Act. No other taxes on income (including capital gains) will be payable under the Act in respect of the holding, redemption or disposition of the notes, including a disposition as the result of an optional redemption of a note by us.

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The discussion in this section Canadian Federal Income Tax Considerations is a summary of certain material Canadian federal income tax considerations for a holder of notes and does not purport to deal with all aspects of Canadian income taxation. For example, the foregoing is not intended to provide any commentary on the income tax consequences and implications to a holder of notes following (a) any of the events or arrangements summarized under Description of Securities Discharge, Defeasance and Covenant Defeasance beginning on page 14 of the accompanying prospectus; (b) a successor entity assuming the payments under the notes as summarized under Description of Securities Merger, Consolidation or Sale beginning on page 8 of the accompanying prospectus; or (c) assumption of obligations under the notes by any other party. Accordingly, no opinion is expressed as to the applicability of any withholding tax to or the income tax treatment of any payments (including proceeds of disposing of the notes) that may be received by holders of the notes following the events or arrangements described under (a), (b) or (c) above.

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Subject to the terms and conditions contained in an underwriting agreement, we have agreed to sell to the underwriters, for whom Banc of America Securities LLC, HSBC Securities (USA) Inc. and RBC Capital Markets Corporation are acting as representatives, and these underwriters severally have agreed to purchase from us, the principal amount of the notes listed opposite their names below:

Underwriter	Principal Amount of % Notes due	Principal Amount of % Notes due
Banc of America Securities LLC	\$	\$
HSBC Securities (USA) Inc.		
RBC Capital Markets Corporation		
Total	\$	\$

The underwriters have agreed, subject to the terms and conditions of the underwriting agreement, to purchase all of the notes being sold if any of such notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The underwriters have advised us that they propose initially to offer the notes to the public at the public offering prices set forth on the cover page of this prospectus supplement, and to dealers at this price less a concession not in excess of % of the principal amount per Note due and % of the principal amount per Note due. The underwriters may allow, and the dealers may reallow, discounts not in excess of % of the principal amount per Note due and % of the principal amount per Note due to other dealers. After the initial offering of the notes, the public offering price, concessions and discounts may be changed.

The following table summarizes the compensation to be paid by us to the underwriters.

Per Note due	Total	Per Note due	Total
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