

Symbol: POT  
Listed: TSX, NYSE

SASKATOON, Jan. 19, 2016 /CNW/ - Potash Corporation of Saskatchewan Inc. (PotashCorp) announced today that it is taking the difficult but necessary step to indefinitely suspend its Picadilly, New Brunswick potash operations. The suspension is expected to result in a workforce reduction of approximately 420-430 people in New Brunswick. A core crew of approximately 35 employees will be retained at Picadilly to keep the operation in care-and-maintenance mode.

"This is a very difficult day for our employees and our company," said PotashCorp President and Chief Executive Officer Jochen Tilk. "While these are important steps in running a sustainable business and positioning the company to best meet the needs of its many stakeholders over the long term, such decisions are never easy. We understand the significant impact to our people in New Brunswick and the surrounding communities, and are committed to helping those affected through this challenging time."

With an aim of minimizing the impact to jobs, more than 100 open positions will be available for New Brunswick employees to join the company's Saskatchewan operations, along with relocation assistance. We are committed to making this transition the best it can be under the circumstances. Employees who do not remain at Picadilly or who choose not to relocate to Saskatchewan will be provided severance and assistance packages.

To assist employees and local residents, PotashCorp will also be establishing a CDN\$5 million community investment fund which will include funding streams to:

- Help employees with job transition assistance, including skills training and educational support;
- Provide financial support to local businesses; and
- Support local charitable organizations.

We will work with local partners, including employees and local leaders, in the coming months on details of the fund.

#### Rationale

Amidst a challenging macroeconomic backdrop, the suspension of our New Brunswick operations helps position the company to:

- Optimize production to our lower-cost potash operations;
- Realize meaningful capital savings;
- Maintain long-term operational flexibility; and
- Preserve jobs across the company over the long term.

By optimizing our production, we expect to increase our competitiveness and reduce cost of goods sold by \$40-\$50 million in 2016, although this will be partially offset by severance and transition costs.

The suspension of potash operations at Picadilly will also eliminate significant capital expenditures, including capital of approximately \$50 million in 2016 and \$135 million in 2017/18.

PotashCorp's international customers that were historically served by New Brunswick will now be served from Saskatchewan through Canpotex. PotashCorp's storage and loading facilities at the port of St. John's; including capacity of up to 2.5 million tonnes per year; will be made available to Canpotex. East Coast transportation costs; including rail costs and ocean freight; are expected to approximate levels currently realized through West Coast delivery. The company's volume entitlement within Canpotex will increase by 750,000 tonnes, representing an approximate 51.5 percent allotment beginning in 2016.

The Picadilly mine will be placed in care-and-maintenance mode at an estimated annual cost of \$20 million in 2016 and \$15 million in subsequent years. Should the company decide to resume operations at Picadilly, it would require a period of about one year.

#### Timeline and other details

Given that New Brunswick operations has been on inventory adjustment shut down since the end of November, the suspension of operations will be effective immediately. In addition to the core crew of people who will continue to be employed for care-and-maintenance, we anticipate up to 100 employees will remain in place through a transitional period of approximately 4 months.

As originally planned, environmental remediation work and care-and-maintenance at Cassidy Lake will continue, as will

decommissioning at Penobsquis.

Severance and transition costs associated with the suspension of potash operations are expected to approximate \$35 million and will be reflected in our first quarter 2016 earnings. We are currently reviewing the carrying value of our affected assets and will provide an update in our January 28, 2016 earnings release.

PotashCorp is the world's largest crop nutrient company and plays an integral role in global food production. The company produces the three essential nutrients required to help farmers grow healthier, more abundant crops. With global population rising and diets improving in developing countries, these nutrients offer a responsible and practical solution to meeting the long-term demand for food. PotashCorp is the largest producer, by capacity, of potash and one of the largest producers of nitrogen and phosphate. While agriculture is its primary market, the company also produces products for animal nutrition and industrial uses. Common shares of Potash Corporation of Saskatchewan Inc. are listed on the Toronto Stock Exchange and the New York Stock Exchange.

This release contains "forward-looking statements" (within the meaning of the US Private Securities Litigation Reform Act of 1995) or "forward-looking information" (within the meaning of appropriate Canadian securities legislation) that relate to future events or our future performance. These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical fact. These statements often contain words such as "should," "could," "expect," "may," "anticipate," "believe," "intend," "estimates," "plans" and similar expressions. These statements are based on certain factors and assumptions as set forth in this document, including with respect to: foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, and effective tax rates. While we consider these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are subject to risks and uncertainties that are difficult to predict. The results or events set forth in forward-looking statements may differ materially from actual results or events. Several factors could cause actual results or events to differ materially from those expressed in forward-looking statements including, but not limited to, the following: variations from our assumptions with respect to foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, and effective tax rates; fluctuations in supply and demand in the fertilizer, sulfur, transportation and petrochemical markets; changes in competitive pressures, including pricing pressures; costs and availability of transportation and distribution for our raw materials and products, including railcars and ocean freight; risks and uncertainties related to operating and workforce changes made in response to our industry and the markets we serve, including mine and inventory shutdowns; risks and uncertainties related to our international operations and assets; failure to prevent or respond to a major safety incident; adverse or uncertain economic conditions and changes in credit and financial markets; the results of sales contract negotiations within major markets; economic and political uncertainty around the world; risks associated with natural gas and other hedging activities; changes in capital markets; unexpected or adverse weather conditions; catastrophic events or malicious acts, including terrorism; changes in currency and exchange rates; imprecision in reserve estimates; adverse developments in new and pending legal proceedings or government investigations; our prospects to reinvest capital in strategic opportunities and acquisitions; our ownership of non-controlling equity interests in other companies; the impact of further technological innovation; increases in the price or reduced availability of the raw materials that we use; security risks related to our information technology systems; strikes or other forms of work stoppage or slowdowns; timing and impact of capital expenditures; rates of return on, and the risks associated with, our investments and capital expenditures; changes in, and the effects of, government policies and regulations; certain complications that may arise in our mining process, including water inflows; our ability to attract, retain, develop and engage skilled employees; risks related to reputational loss; earnings; and the decisions of taxing authorities, 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 and Operations and Financial Condition" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and in other documents and reports subsequently filed by us with the US Securities and Exchange Commission and the Canadian provincial securities commissions. Forward-looking statements are given only as of the date hereof and we disclaim any obligation to update or revise any forward-looking statements in this release, whether as a result of new information, future events or otherwise, except as required by law.

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