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FIRST AMENDMENT TO PARTICIPATION AGREEMENT

This FIRST AMENDMENT TO PARTICIPATION AGREEMENT (this "Agreement"), dated as of February 29, 1996, is among PCS PHOSPHATE COMPANY, INC., a Delaware corporation (formerly Texasgulf Inc.) (the "Lessee"), FLEET NATIONAL BANK OF CONNECTICUT (formerly known as Shawmut Bank Connecticut, N.A. (formerly The Connecticut National Bank)) (in its individual capacity, "Fleet" and, in its capacity as owner trustee, the "Owner Trustee") as successor Owner Trustee under a Trust Agreement dated as of February 1, 1985 for the benefit of Nichimen America Capital Corporation, as successor in interest to Nichimen America Inc., a New York corporation ("Nichimen America") (the "Owner Participant") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK (the "Loan Participant") and WACHOVIA BANK OF NORTH CAROLINA, N.A. (formerly, Wachovia Bank and Trust Company, N.A.), a national banking association, as indenture trustee (the "Indenture Trustee").

RECITALS

- A. Lessee, Fleet, Owner Trustee, Nichimen America, the Loan Participant and the Indenture Trustee entered into a Participation Agreement dated as of February 1, 1985 (as amended, supplemented and otherwise modified from time to time, the "Participation Agreement") and the Participation Agreement (as amended hereby) is in full force and effect.
- B. The Participation Agreement provided for, among other things, the sale by Lessee to Owner Trustee of the Rail Cars (as defined in the Lease) and the leasing of such Rail Cars by Owner Trustee to Lessee pursuant to a Lease Agreement dated as of February 1, 1985 between Owner Trustee and Lessee (as amended, supplemented and otherwise modified from time to time, the "Lease") and the Lease is in full force and effect.
- C. A subsidiary of Potash Corporation of Saskatchewan Inc., a Saskatchewan Corporation, ("Potash") acquired all of the issued and outstanding capital stock of Lessee pursuant to the Stock Purchase Agreement (the "Stock Purchase Agreement") dated as of March 5, 1995, among Elf Acquitaine, Inc., a Delaware corporation ("Elf"), Williams Acquisition Holding Company, Inc., a New Jersey corporation, Potash, Reserveco, a Delaware corporation, and Lessee.
- D. As a condition precedent to the execution and delivery of a guaranty dated as of April 10, 1995 among Potash, Owner Trustee and Fleet (the "Potash Guaranty"), Owner Trustee and Fleet have agreed to release Elf from the Guaranty given by Elf to Owner Trustee and Fleet dated as of February 1, 1984 (the "Original Guaranty") and to terminate the Original Guaranty other than those duties, obligations or liabilities arising from events occurring prior to the April 10, 1995 and the parties have agreed to enter into this Agreement.
- E. Contemporaneously with the execution of this Agreement, Owner Trustee and Lessee are entering into a Second Amendment of Lease dated as of the date hereof (the "Lease Amendment").

F. Contemporaneously with the execution of this Agreement, Owner Trustee and Indenture Trustee are entering into a Second Amendment of Indenture and Security Agreement between Owner Trustee and Indenture Trustee dated as of the date hereof (the "Indenture Amendment").

NOW THEREFORE, in consideration of the mutual promises contained herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, parties hereto agree as follows:

1. Definitions. Each capitalized term used but not otherwise defined herein has the meaning given such term in the Appendix A to the Participation Agreement.

2. Amendments. Effective as of and after the Effective Date, the Participation Agreement is hereby amended as follows:

(a) Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Participation Agreement shall from and after the effective date refer to the Participation Agreement as amended hereby.

(b) The definitions contained in Appendix A to the Participation Agreement are amended by the inclusion of the following:

"Guarantor" shall mean Potash Corporation of Saskatchewan Inc., a Saskatchewan corporation, and its successors and, to the extent permitted by the Guaranty, its assigns.

"Guaranty" shall mean the Guaranty Agreement dated as of April 10, 1995 by the Guarantor for the benefit of the Owner Trustee, the Owner Participant, the Loan Participant and the Indenture Trustee, as the same may be amended, modified or supplemented from time to time.

(c) The definition of "Basic Agreements" contained in Appendix A of the Participation Agreement is amended by the inclusion of the words "the Guaranty," after the word "Agreement," on the third line.

(d) All references to "Lessee" in Sections 6.06 (a) and (b) of the Participation Agreement shall be deemed to be references to "Guarantor".

(e) Schedule I to the Participation Agreement is hereby deleted and replaced with the Schedule I attached hereto.

3. Effective Date. This Agreement shall become effective on the date (the "Effective Date") on which all of the following conditions shall have been satisfied:

(a) The Owner Trustee, the Owner Participant and the Loan Participant shall have received on or before the Effective Date the following, each dated such date, in form and substance satisfactory to the Owner Trustee and the Loan Participant:

(i) copies of the resolutions of the Board of Directors of the Lessee authorizing the execution, delivery and performance of this Agreement and any other documents which may be delivered in connection herewith certified by the Secretary or an Assistant Secretary of the Lessee (which certificate shall state that such resolutions are in full force and effect on the Effective Date);

(ii) a certificate of the Secretary or an Assistant Secretary of the Lessee certifying the names and true signatures of the officers of the Lessee authorized to sign this Agreement;

(iii) copies of the Certificate of Incorporation and By-Laws of the Lessee certified by the Secretary or Assistant Secretary of the Lessee;

(iv) a Certificate of Status issued by the Secretary of State of Delaware as to the legal existence and good standing of the Lessee;

(v) copies of the resolutions of the Board of Directors of Potash authorizing the execution, delivery and performance of the Potash Guaranty and any other documents which may be delivered in connection therewith certified by the Secretary or an Assistant Secretary of Potash (which certificate shall state that such resolutions are in full force and effect on the Effective Date);

(vi) copies of the Articles of Incorporation and By-Laws of Potash, certified by the Secretary or Assistant Secretary of Potash;

(vii) a Certificate of Status issued by the Province of Saskatchewan Ministry of Justice (Corporations Branch) as to the legal existence and good standing of Potash;

(viii) a certificate of the Secretary or an Assistant Secretary of Potash certifying the names and true signatures of the officers of Potash authorized to sign the Potash Guaranty;

(ix) favorable opinions of Arent Fox Kintner Plotkin & Kahn, special counsel to Lessee and Potash, T. Carlton Younger, Jr., General Counsel of the Lessee and of John L.M. Hampton, General Counsel of Potash in a form and as to such matters as the Owner Trustee, the Owner Participant and the Loan Participant may reasonably request;

(x) an executed counterpart of the Lease Amendment and the Indenture Amendment (collectively the "Amendments"), this Agreement and the Potash Guaranty shall have been duly authorized, executed and delivered;

(xi) an Officer's Certificate of Potash, dated the Effective Date, stating that the representations and warranties of Potash contained in the Potash Guaranty are true and accurate on and as of the Effective Date as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date);

(xii) copies of the resolutions of the Board of Directors of Owner Trustee authorizing the execution, delivery and performance of this Agreement, the Amendments and the Potash Guaranty and any other documents which may be delivered in connection therewith certified by the Secretary or an Assistant Secretary of Owner Trustee (which certificate shall state that such resolutions are in full force and effect on the Effective Date);

(xiii) a certificate of the Secretary or an Assistant Secretary of Owner Trustee certifying the names and true signatures of the officers of Owner Trustee authorized to sign this Agreement, the Amendments and the Potash Guaranty;

(xiv) copies of the resolutions of the Board of Directors of Indenture Trustee authorizing the execution, delivery and performance of this Agreement and the Indenture Amendment and any other documents which may be delivered in connection therewith certified by the Secretary or an Assistant Secretary of Indenture Trustee (which certificate shall state that such resolutions are in full force and effect on the Effective Date);

(xv) a certificate of the Secretary or an Assistant Secretary of Indenture Trustee certifying the names and true signatures of the officers of Indenture Trustee authorized to sign this Agreement and the Indenture Amendment; and

(xvi) such other documents, instruments, approvals and opinions as the Owner Trustee, the Owner Participant and the Loan Participant may reasonably request.

(b) No action or proceeding shall have been instituted or threatened for the purpose or with the probable or reasonably likely effect of enjoining or preventing the execution, delivery and performance of this Agreement, the Potash Guaranty or the Amendments or the consummation of the transactions contemplated hereby and thereby.

(c) Any required consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign or of any other person,

individual person, corporation, partnership, trust, joint venture or other entity necessary by or with respect to Lessee or Potash in connection with the execution, delivery or performance of this Agreement by Lessee or the Potash Guaranty by Potash shall have been obtained.

4. Miscellaneous.

(a) Costs, Expenses and Taxes. Lessee agrees to pay on demand all reasonable costs and expenses in connection with the preparation, execution and delivery of this Agreement, the Amendments, the Potash Guaranty and any other documents which may be delivered in connection herewith or therewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Loan Participant, the Owner Participant and the Owner Trustee with respect thereto. In addition, Lessee shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, the Amendments or the Potash Guaranty and agrees to save the Loan Participant, the Owner Participant and the Owner Trustee harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

(b) Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

(c) Effect of Agreement. Except as otherwise expressly provided in this Agreement, which shall be read as one with the Participation Agreement as if fully set forth therein, the Participation Agreement shall remain unchanged and in full force and effect and is hereby confirmed in all respects. In the event of any conflict between the provisions of Section 2 of this Agreement and the Participation Agreement, the provisions of Section 2 hereof shall govern.

(d) Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which, when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(e) Amendments. No term or provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought.

(f) Headings; References. The headings of the various sections of this Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof. All references in this Agreement to Sections,

(g) Governing Law. This Agreement shall in all respects be construed in accordance with and governed by the laws of the State of New York. This Agreement has been delivered in the State of New York.

(h) Authorization. Owner Participant hereby authorizes and directs Fleet National Bank of Connecticut, not individually but solely in its capacity as Owner Trustee, to execute and deliver this Agreement, the Lease Amendment and the Indenture Amendment and to take such other action as may be required by the Owner Trustee hereunder and thereunder and under the Basic Agreements to effectuate the transactions contemplated hereby and thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth herein.

LESSEE:

PCS PHOSPHATE COMPANY, INC.

By: 
Name:
Title: **Barry E. Humphreys**
Treasurer

OWNER TRUSTEE:

FLEET NATIONAL BANK OF CONNECTICUT
individually and as Owner Trustee

By: _____
Name:
Title:

(g) Governing Law. This Agreement shall in all respects be construed in accordance with and governed by the laws of the State of New York. This Agreement has been delivered in the State of New York.

(h) Authorization. Owner Participant hereby authorizes and directs Fleet National Bank of Connecticut, not individually but solely in its capacity as Owner Trustee, to execute and deliver this Agreement, the Lease Amendment and the Indenture Amendment and to take such other action as may be required by the Owner Trustee hereunder and thereunder and under the Basic Agreements to effectuate the transactions contemplated hereby and thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth herein.

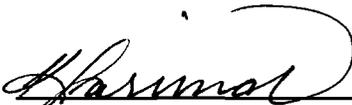
LESSEE:

PCS PHOSPHATE COMPANY, INC.

By: _____
Name:
Title:

OWNER TRUSTEE:

FLEET NATIONAL BANK OF CONNECTICUT
individually and as Owner Trustee

By:  _____
Name: **Kathy A. Larimore**
Title: **Assistant Vice President**

LOAN PARTICIPANT:

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK

By: Charles H. King
Name: _____
Title: **CHARLES H. KING**
VICE PRESIDENT

OWNER PARTICIPANT:

NICHIMEN AMERICA CAPITAL
CORPORATION

By: _____
Name: _____
Title: _____

INDENTURE TRUSTEE:

WACHOVIA BANK OF NORTH CAROLINA,
N.A.

By: _____
Name: _____
Title: _____

LOAN PARTICIPANT:

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK

By: _____
Name:
Title:

OWNER PARTICIPANT:

NICHIMEN AMERICA CAPITAL
CORPORATION

By:  _____
Name: Shigeyuki Watanabe
Title: President

INDENTURE TRUSTEE:

WACHOVIA BANK OF NORTH CAROLINA,
N.A.

By: _____
Name:
Title:

LOAN PARTICIPANT:

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK

By: _____
Name:
Title:

OWNER PARTICIPANT:

NICHIMEN AMERICA CAPITAL
CORPORATION

By: _____
Name:
Title:

INDENTURE TRUSTEE:

WACHOVIA BANK OF NORTH CAROLINA,
N.A.

By:  _____
Name:
Title:

SCHEDULE I

SCHEDULE OF PARTICIPANTS

Owner Participant

Nichimen America Capital Corporation
1185 Avenue of the Americas
New York, NY 10036

Attention: Mr. Hiroaki Tanaka

Loan Participant

Morgan Guaranty Trust Company of New York

Domestic Lending Office

60 Wall Street
New York, NY 10260-0060
Attention: Charles H. King
Fax: 212-648-5336

Euro-Dollar Lending Office

60 Wall Street
New York, NY 10260-0060
Attention: Charles H. King
Fax: 212-648-5336

ADDRESSES FOR PAYMENTS AND NOTICES

Owner Participant

1. All payments to the Owner Participant shall be made by wire transfer of immediately available funds to:

Nichimen America Capital Corporation
1185 Avenue of the Americas
New York, NY 10036

Attention: Mr. Hiroaki Tanaka

with sufficient information to identify the source and application of such funds. Written confirmations of such wire transfers shall also be sent to the above noted address.

2. Phone advice of any wire transfers shall be made to Mr. Hiroaki Tanaka (212) 536-0651 on the day of such transfer.
3. All other notices should be sent to:

Nichimen America Capital Corporation
1185 Avenue of the Americas
New York, NY 10036

Attention: Mr. Hiroaki Tanaka

Loan Participant

1. All payments on account of the Loan Certificates held by Morgan Guaranty Trust Company of New York and J.P. Morgan Delaware should be made by wire transfer in immediately available funds to:

Account No. 122-13-128
Morgan Guaranty Trust Company of New York
60 Wall Street
New York, NY 10260-0060

with sufficient information to identify the source and application of such funds.

2. All notices and written confirmations of such wire transfers making payments on Prime, CD or Euro-Dollar Loan Certificates should be sent to:

Morgan Guaranty Trust Company of New York
c/o J.P. Morgan Services Inc.
500 Stanton Christiana Rd.
Newark, DE 19713
Attention: Unit 80
Fax: 302-634-1091

and

Morgan Guaranty Trust Company of New York
60 Wall Street
New York, NY 10260-0060
Attention: Charles H. King
Fax: 212-648-5336

Owner Trustee

1. All payments to Fleet National Bank of Connecticut, as Owner Trustee, should be made by wire transfer in immediately available funds to:

Fleet National Bank of Connecticut
777 Main Street
Hartford, CT 06115
Attention: Bond and Trustee Administration

with sufficient information to identify the source and application of such funds.

2. All notices and written confirmations of such wire transfers should be sent to:

Fleet National Bank of Connecticut
777 Main Street
Hartford, CT 06115
Attention: Bond and Trustee Administration

Indenture Trustee

Wachovia Bank of North Carolina, N.A.

1. All payments to Wachovia Bank of North Carolina, N.A., as Indenture Trustee should be made by wire transfer in immediately available funds to:

Wachovia Bank of North Carolina, N.A.
P.O. Box 3001
Winston-Salem, NC 27102
Internal Routing Number 5701
Attention: Corporate Trust Department

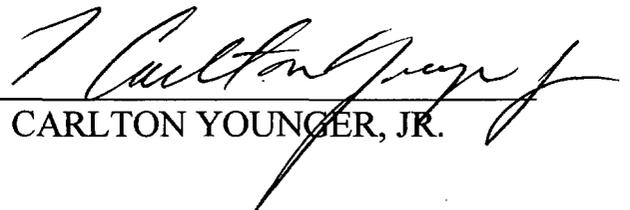
with sufficient information to identify the source and application of such funds.

2. All notices and written confirmations of such wire transfers should be sent to:

Wachovia Bank of North Carolina, N.A.
301 N. Church Street
Winston-Salem, NC 27101
Attention: Corporate Trust Department

State of North Carolina)
) :ss
County of Wake)

I, T. Carlton Younger, Jr., being duly sworn do hereby certify that the attached "First Amendment to Participation Agreement" dated as of February 29, 1996 between PCS Phosphate Company, Inc., Fleet National Bank of Connecticut, Morgan Guaranty Trust Company of New York and Wachovia Bank of North Carolina, N.A. consisting of 13 pages, is a true and complete copy of the original hereof.


T. CARLTON YOUNGER, JR.

Subscribed and Sworn to before me this 28th day of February, 1997.




NOTARY PUBLIC

My Commission expires: August 12, 2000