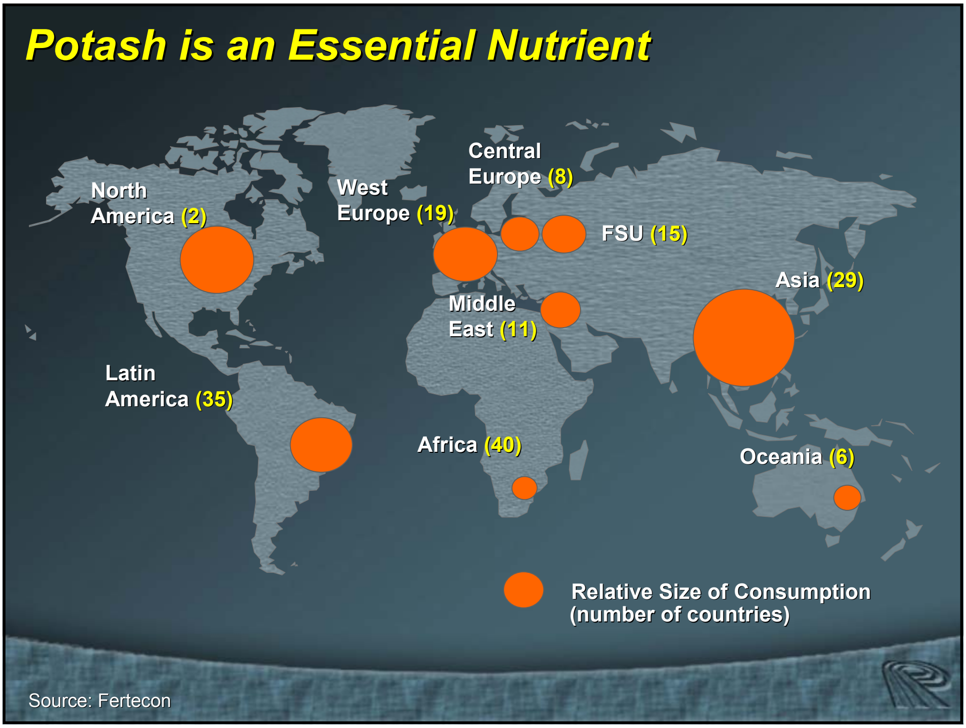
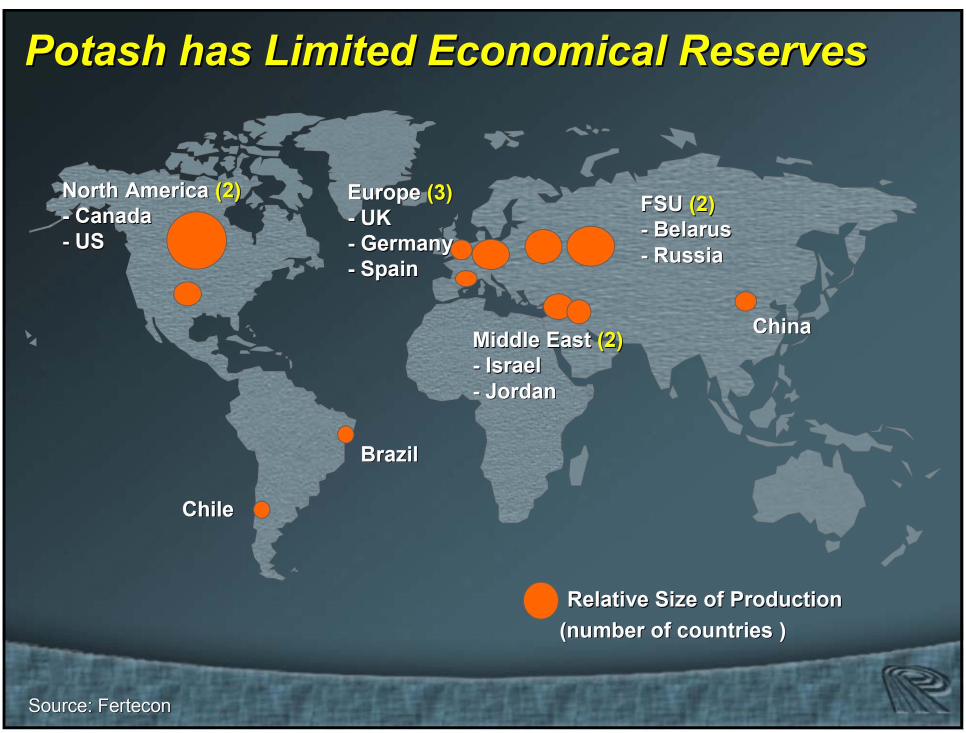
World Potash Outlook

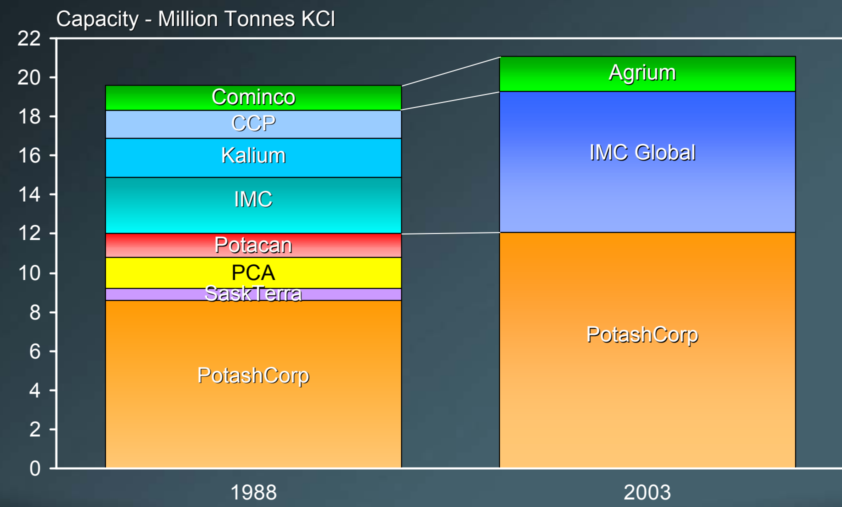
William J. Doyle - President and CEO, PotashCorp

53rd Annual Meeting
The Fertilizer Industry Round Table
Winston-Salem NC
Oct 27-29, 2003


Potash is an Essential Nutrient
North America (2)
West Europe (19)
Central Europe (8)
FSU (15)
Asia (29)
Middle East (11)
Latin America (35)
Africa (40)
Oceania (6)
Relative Size of Consumption (number of countries)
Source: Fertecon

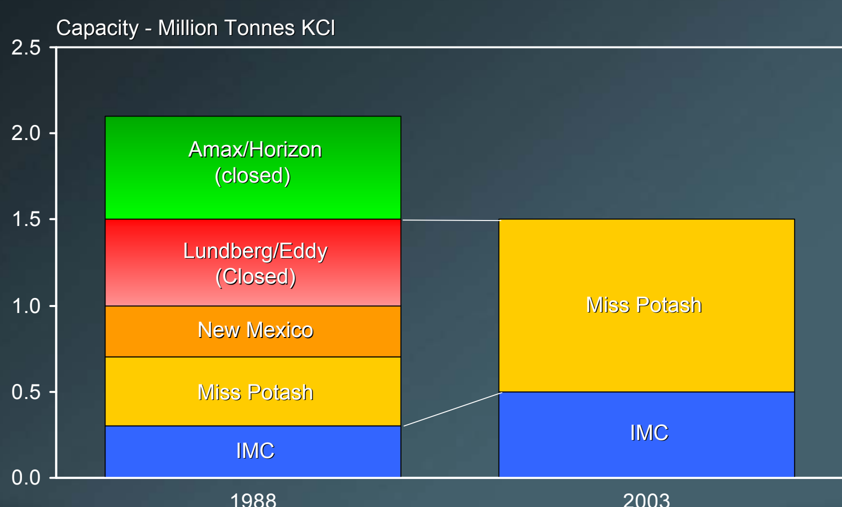

Potash has Limited Economical Reserves
North America (2)
- Canada
- US
Europe (3)
- UK
- Germany
- Spain
FSU (2)
- Belarus
- Russia
China
Middle East (2)
- Israel
- Jordan
Brazil
Chile
Relative Size of Production
(number of countries)
Source: Fertecon

Rationalization and Consolidation in Canada



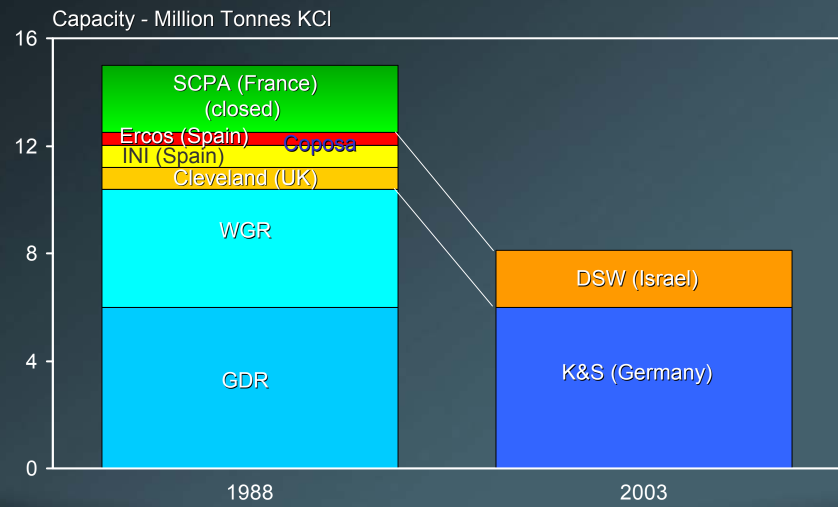
Source: Fertecon, NRCanada and PotashCorp

Rationalization and Consolidation in the US



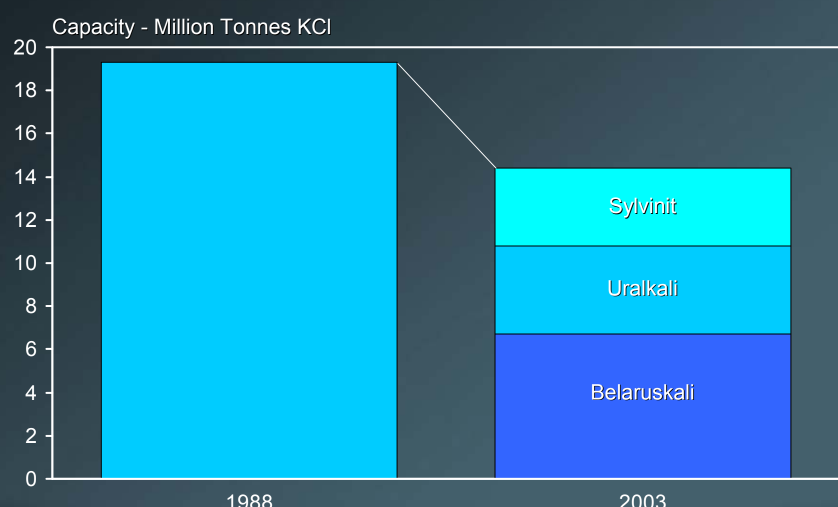
Source: Fertecon, NRCanada & PotashCorp

Rationalization and Consolidation in Europe

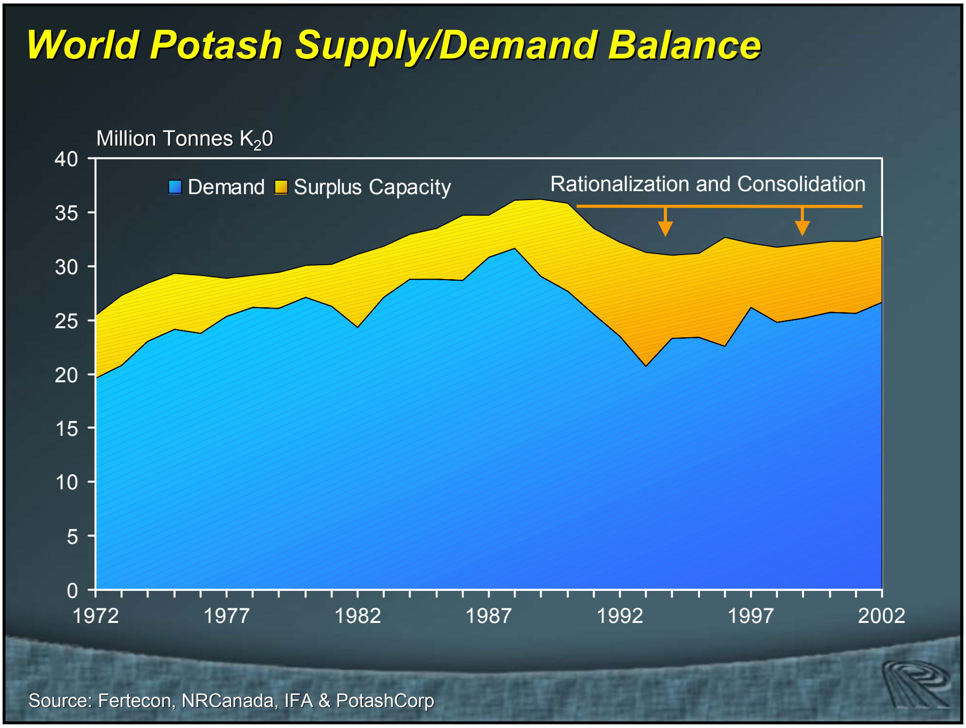


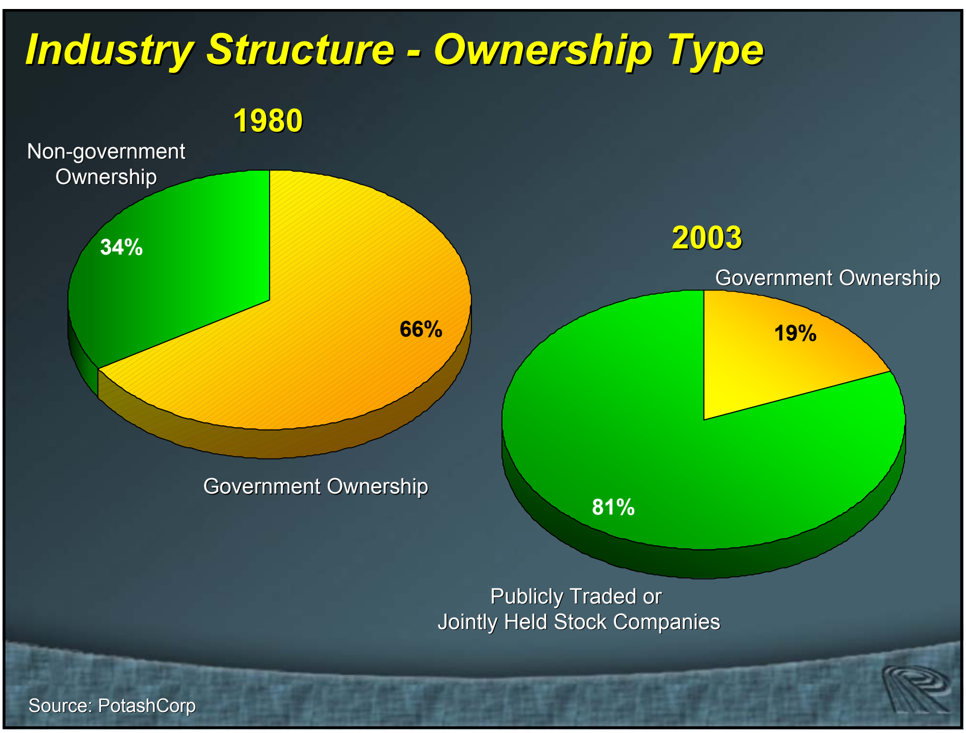
Source: Fertecon, NRCanada & PotashCorp

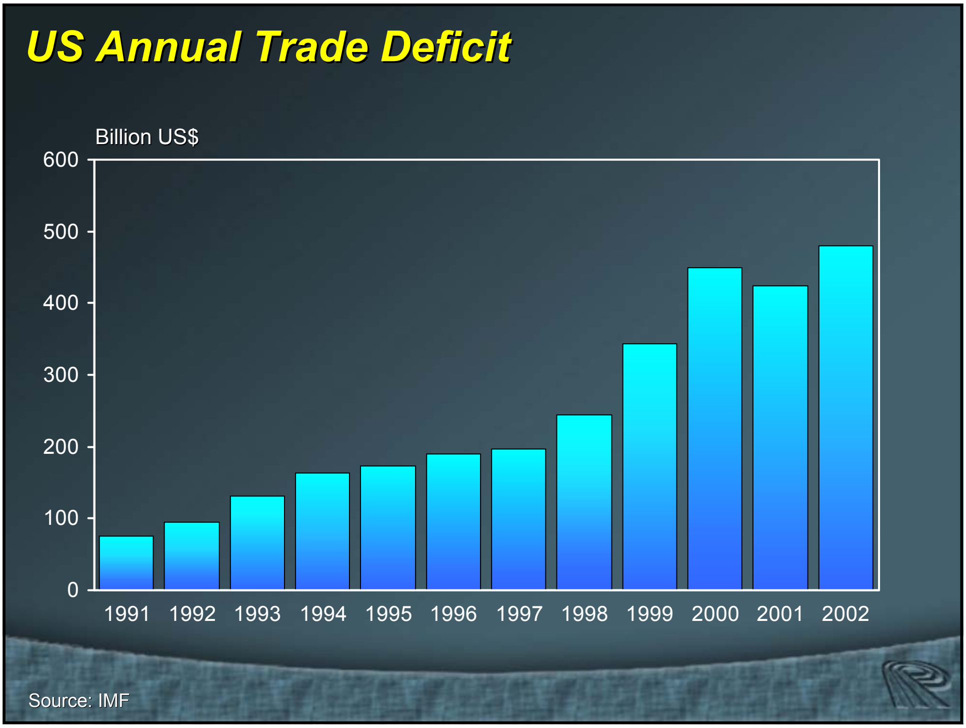
Rationalization in the FSU

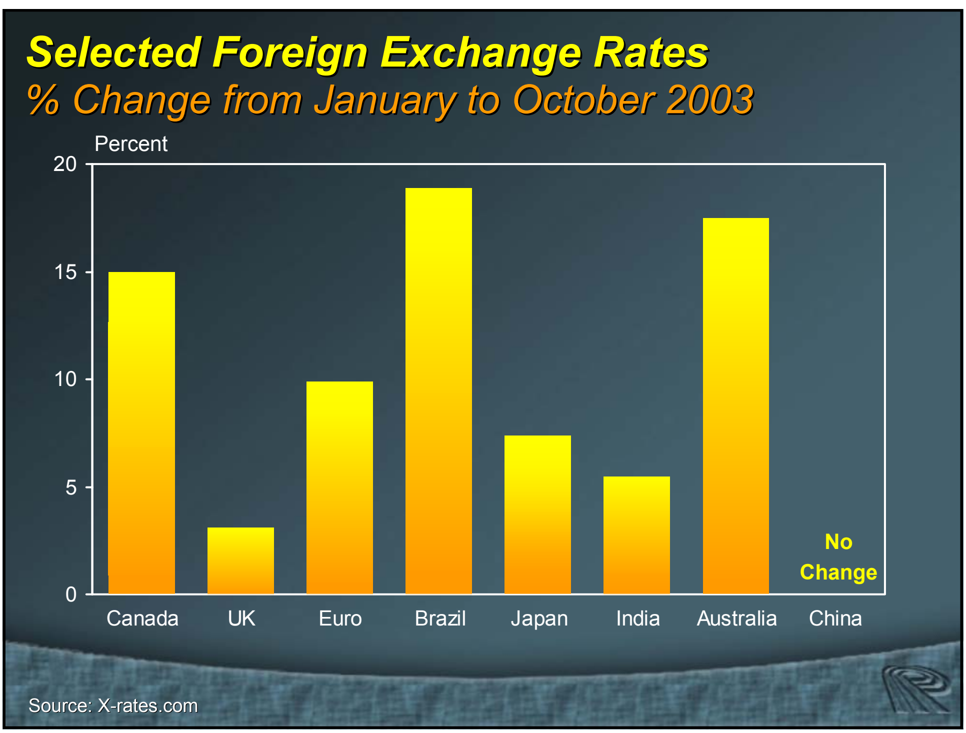


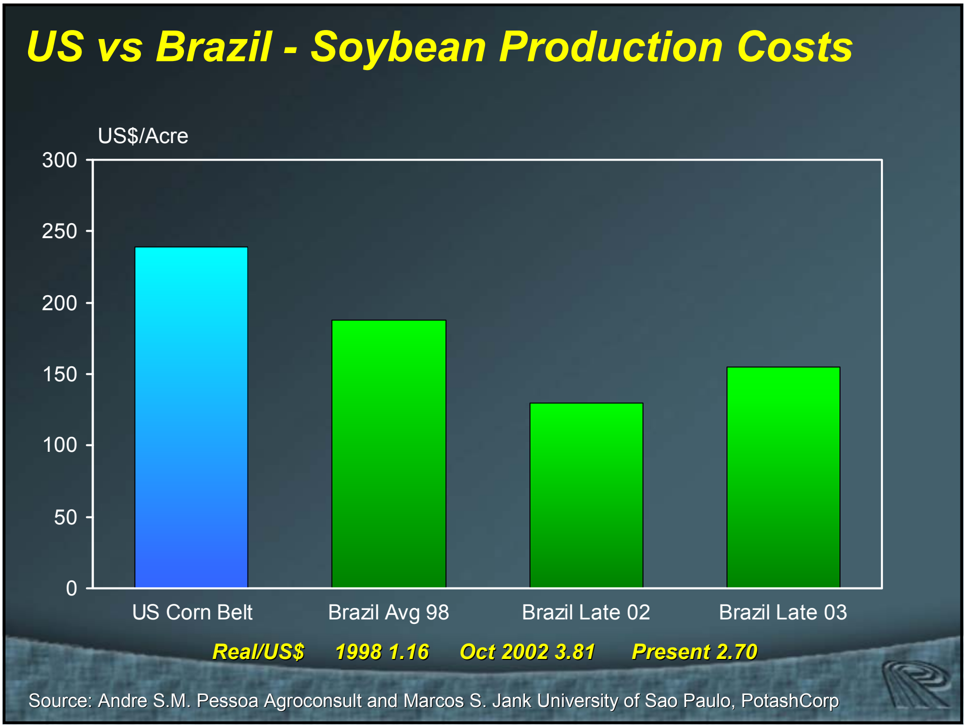
Source: Fertecon, NRCanada & PotashCorp

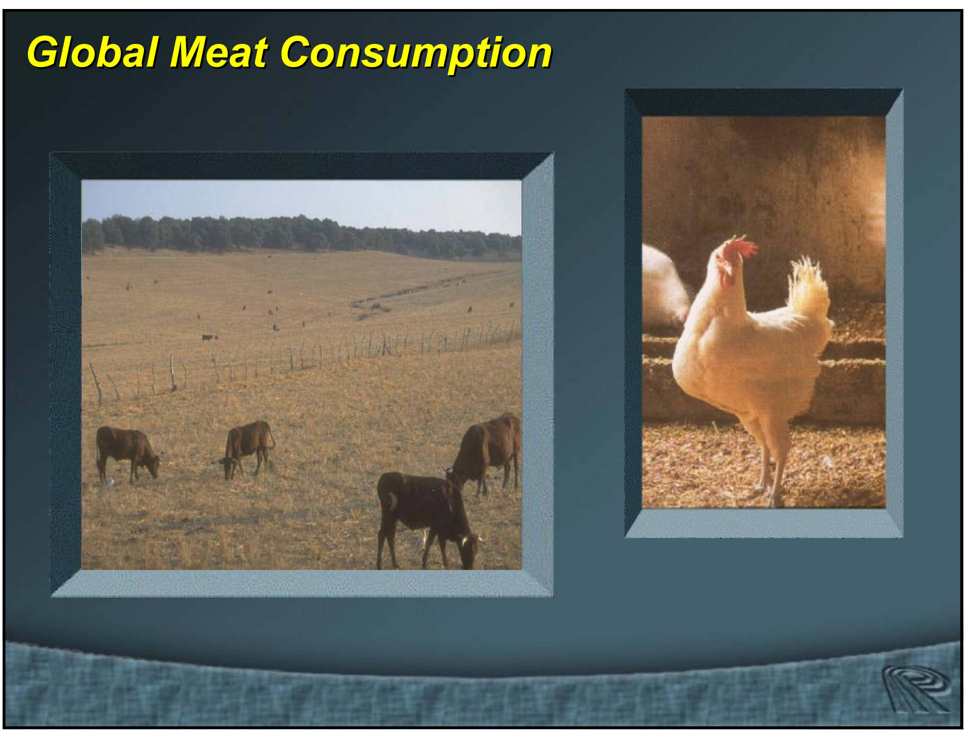

World Potash Supply/Demand Balance
Million Tonnes K_20
Demand
Surplus Capacity
Rationalization and Consolidation
40
35
30
25
20
15
10
5
0
1972
1977
1982
1987
1992
1997
2002
Source: Fertecon, NRCanada, IFA & PotashCorp

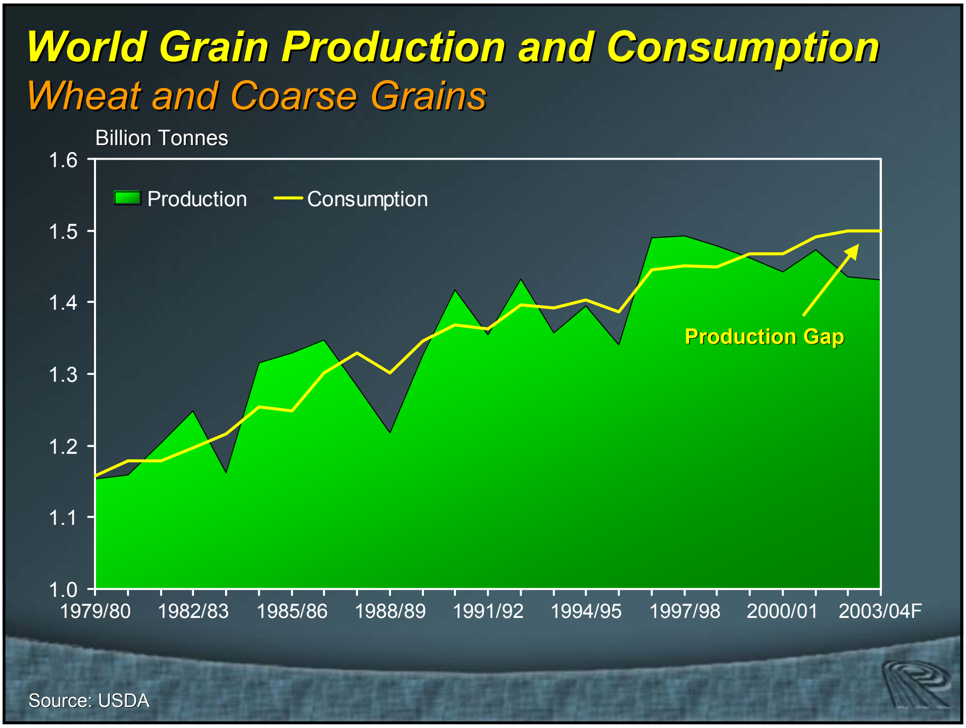

Industry Structure - Ownership Type
1980
Non-government Ownership
34%
66%
Government Ownership
2003
Government Ownership
19%
81%
Publicly Traded or Jointly Held Stock Companies
Source: PotashCorp

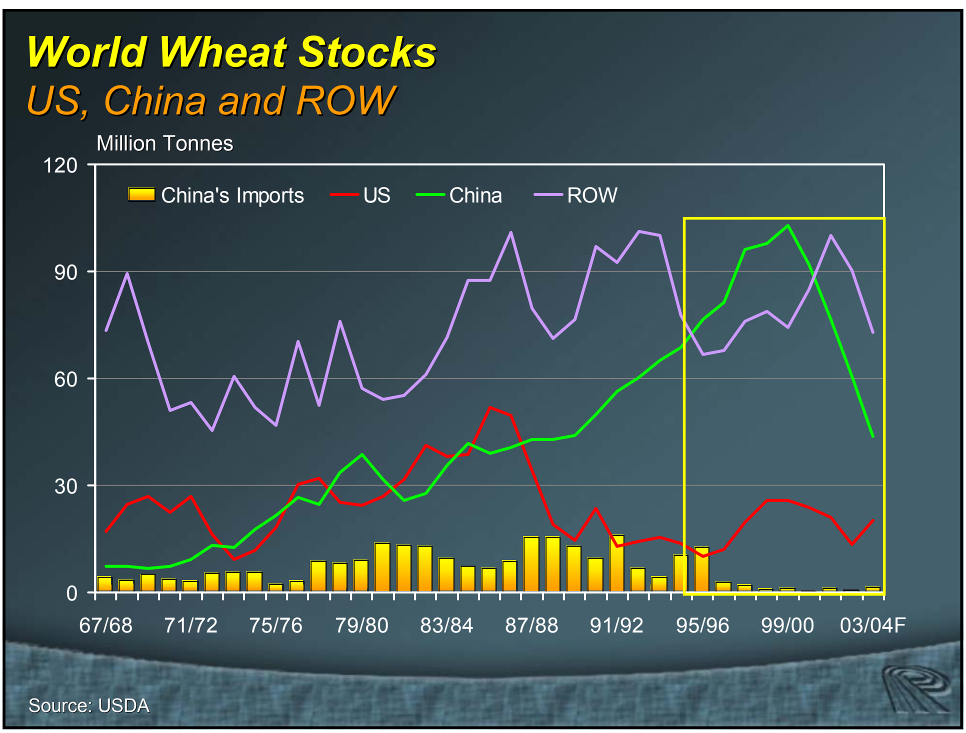

US Annual Trade Deficit
Billion US$
600
500
400
300
200
100
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
Source: IMF

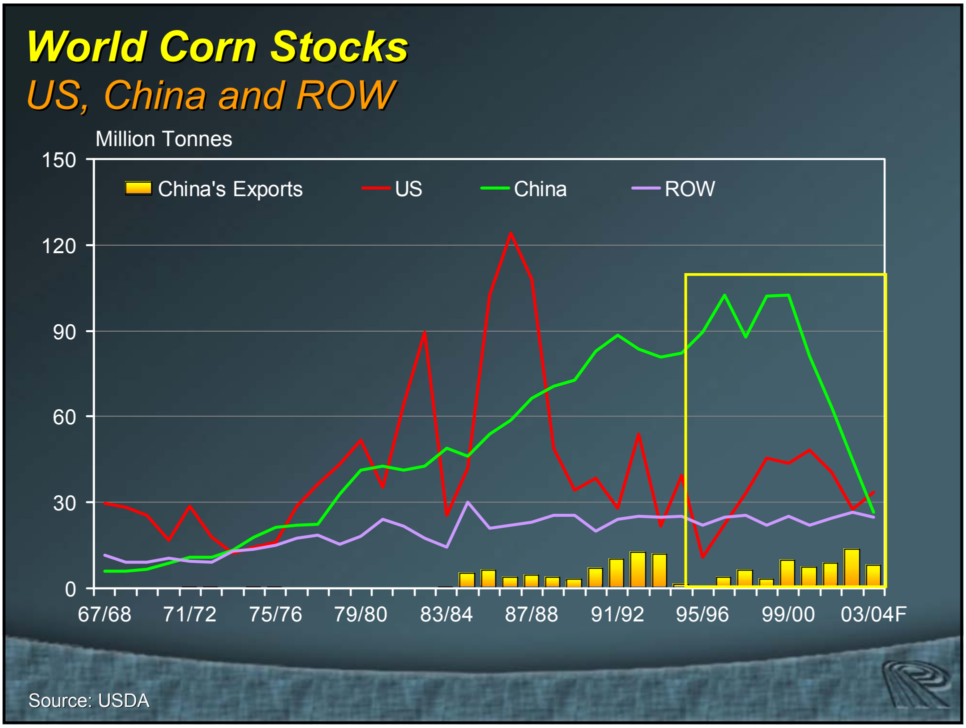

Selected Foreign Exchange Rates
% Change from January to October 2003
Percent
20
15
10
5
0
No Change
Canada
UK
Euro
Brazil
Japan
India
Australia
China
Source: X-rates.com

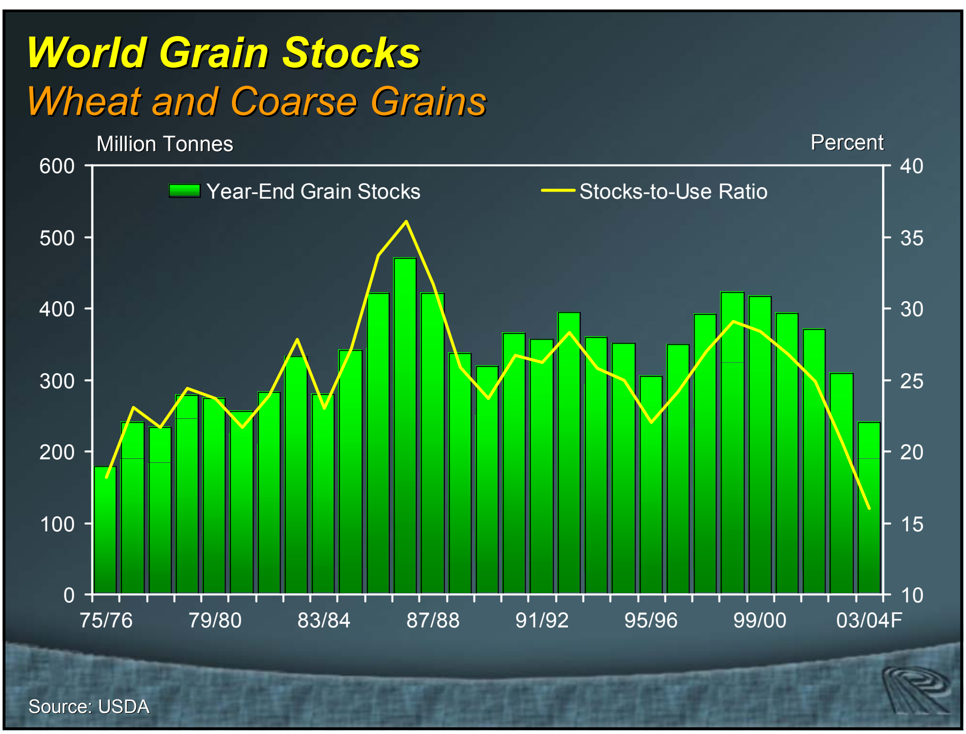

US vs Brazil - Soybean Production Costs
US$/Acre
300
250
200
150
100
50
0
US Corn Belt
Brazil Avg 98
Brazil Late 02
Brazil Late 03
Real/US$ 1998 1.16 Oct 2002 3.81 Present 2.70
Source: Andre S.M. Pessoa Agroconsult and Marcos S. Jank University of Sao Paulo, PotashCorp


Global Meat Consumption


World Grain Production and Consumption
Wheat and Coarse Grains
Billion Tonnes
1.6
1.5
1.4
1.3
1.2
1.1
1.0
Production
Consumption
Production Gap
1979/80
1982/83
1985/86
1988/89
1991/92
1994/95
1997/98
2000/01
2003/04F
Source: USDA


World Wheat Stocks
US, China and ROW
Million Tonnes
120
90
60
30
0
China's Imports
US
China
ROW
67/68
71/72
75/76
79/80
83/84
87/88
91/92
95/96
99/00
03/04F
Source: USDA

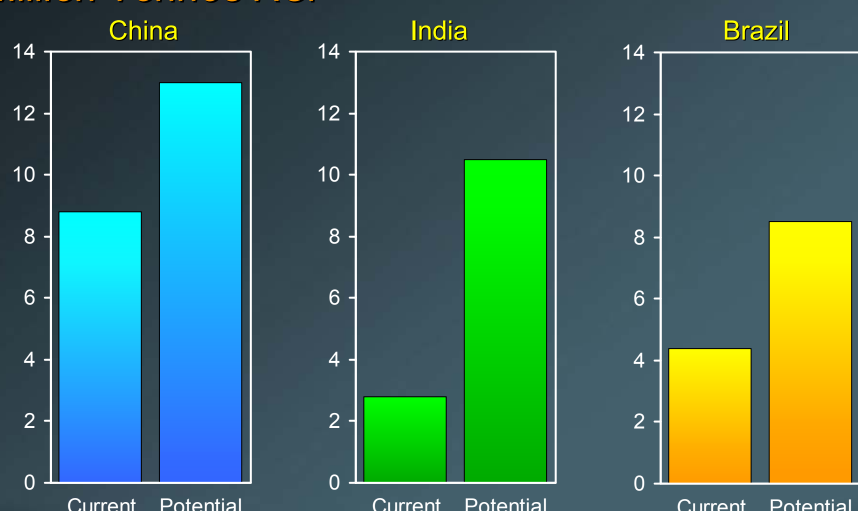

World Corn Stocks
US, China and ROW
Million Tonnes
150
120
90
60
30
0
China's Exports
US
China
ROW
67/68
71/72
75/76
79/80
83/84
87/88
91/92
95/96
99/00
03/04F
Source: USDA


World Grain Stocks
Wheat and Coarse Grains
Million Tonnes
Percent
600
500
400
300
200
100
0
40
35
30
25
20
15
10
Year-End Grain Stocks
Stocks-to-Use Ratio
75/76
79/80
83/84
87/88
91/92
95/96
99/00
03/04F
Source: USDA

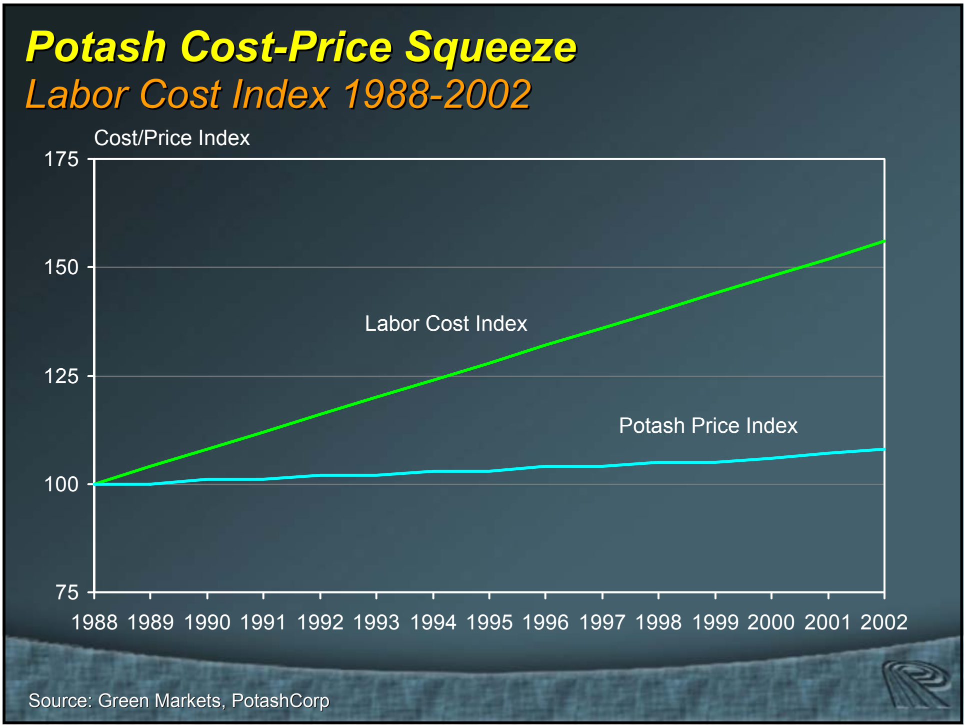
US Soil Potassium is Low

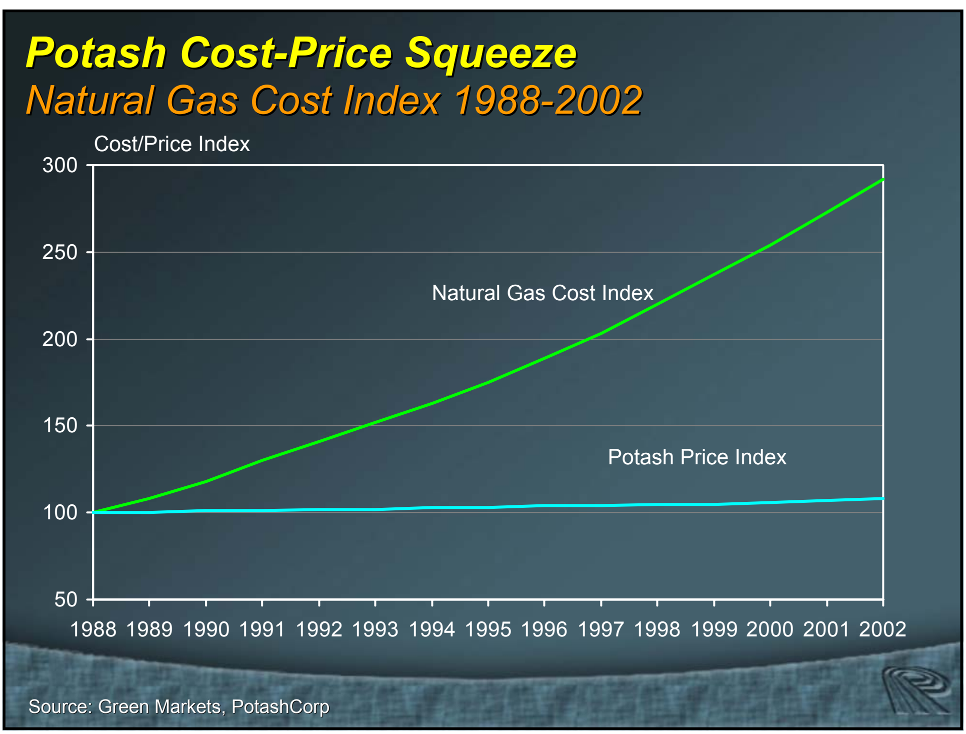
Developing Nations Potential Potash Growth

Million Tonnes KCl



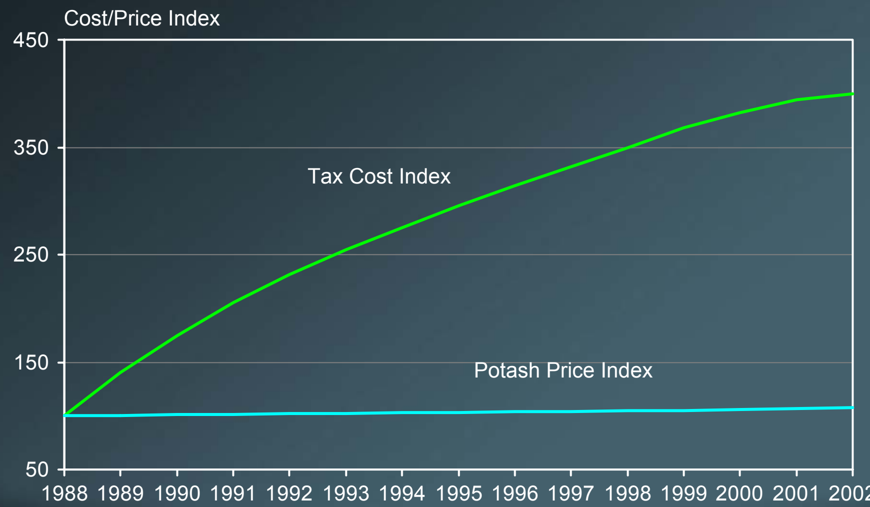
Source: PPI-PPIC


Potash Cost-Price Squeeze
Labor Cost Index 1988-2002
Cost/Price Index
175
150
125
100
75
Labor Cost Index
Potash Price Index
1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002
Source: Green Markets, PotashCorp


Potash Cost-Price Squeeze
Natural Gas Cost Index 1988-2002
Cost/Price Index
300
250
200
150
100
50
Natural Gas Cost Index
Potash Price Index
1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002
Source: Green Markets, PotashCorp

Potash Cost-Price Squeeze

Tax Cost Index 1988-2002

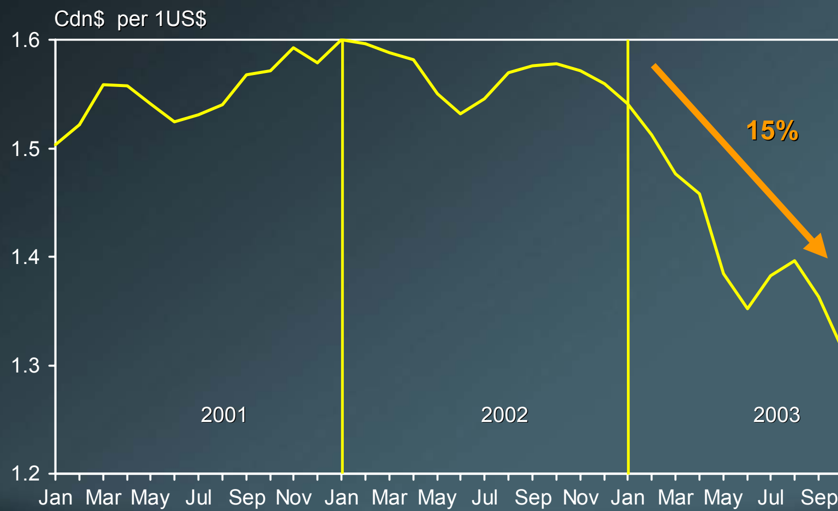


Source: Green Markets, PotashCorp

Russian Potash Costs are Increasing

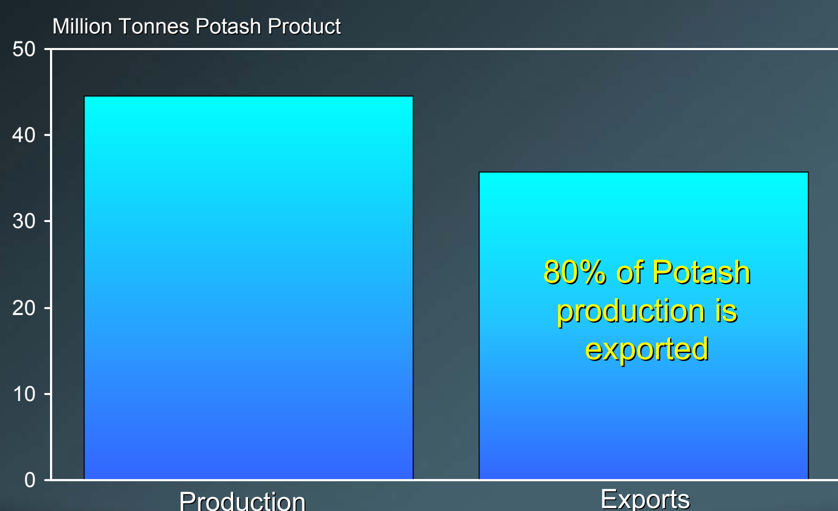
- Gas prices to rise to market values
- Electricity costs also increasing
- Labor costs under pressure
- Rail costs up sharply
- Terminal costs being boosted

Canadian/US Dollar Exchange Rate

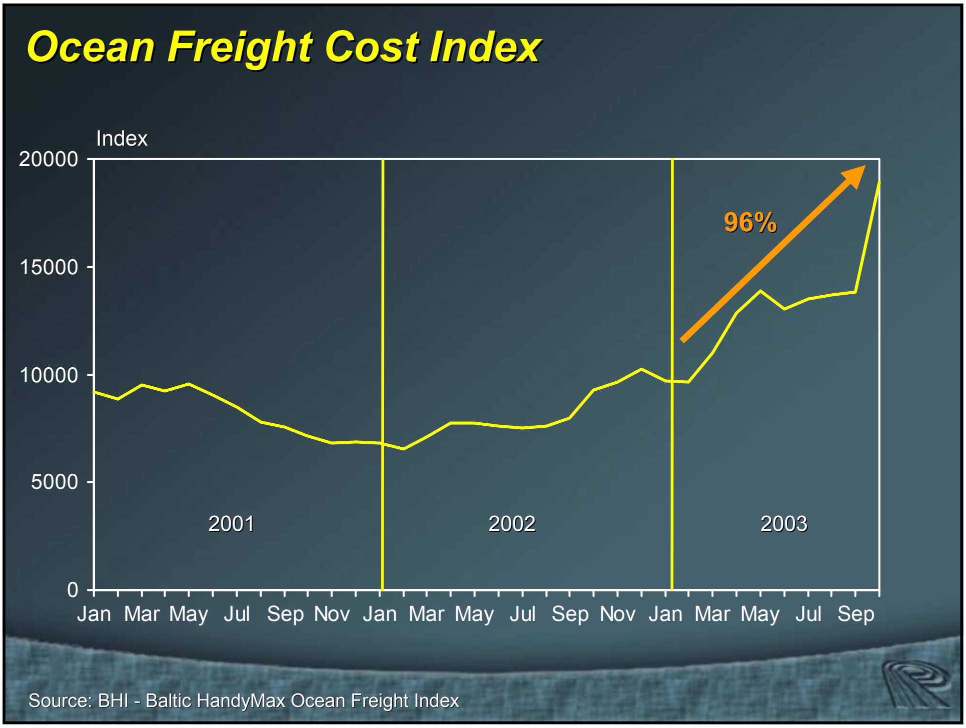


Source: X-rates.com

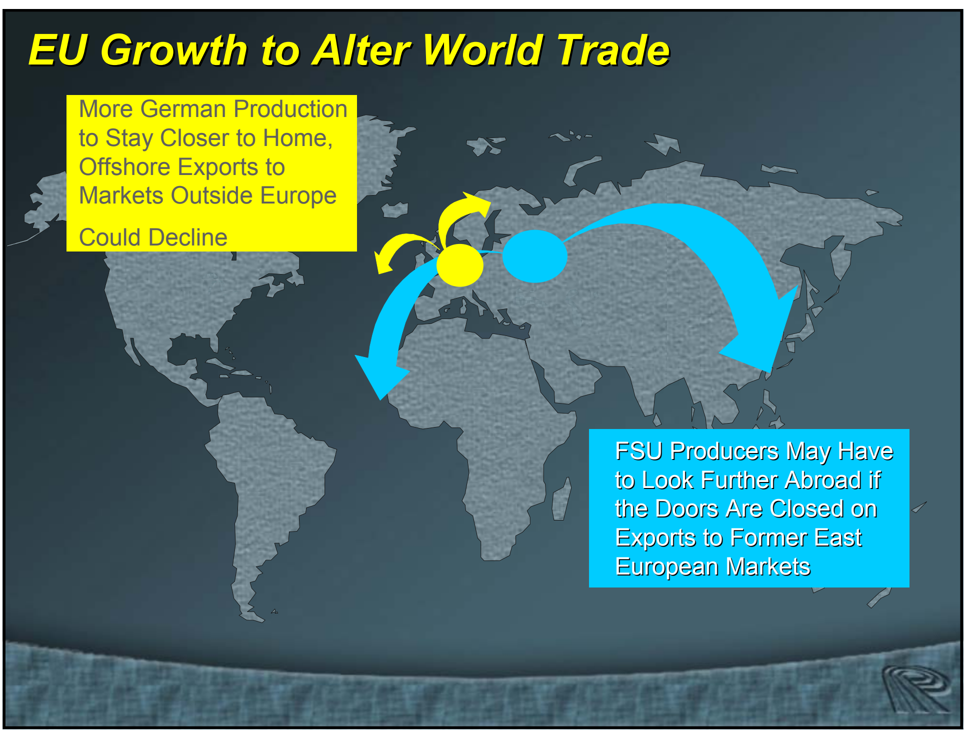
World Potash Trade is Large



Source: Fertecon



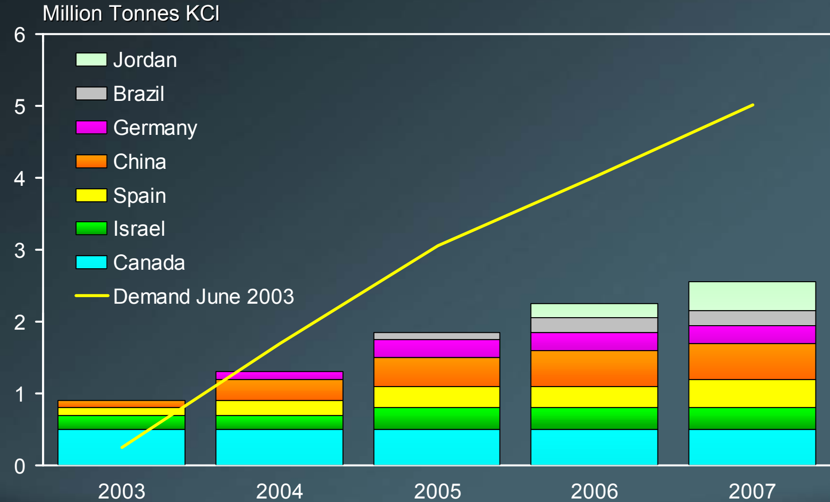
Ocean Freight Cost Index
Index
20000
15000
10000
5000
0
96%
2001
2002
2003
Jan Mar May Jul Sep Nov Jan Mar May Jul Sep Nov Jan Mar May Jul Sep
Source: BHI - Baltic HandyMax Ocean Freight Index



EU Growth to Alter World Trade
More German Production to Stay Closer to Home, Offshore Exports to Markets Outside Europe
Could Decline
FSU Producers May Have to Look Further Abroad if the Doors Are Closed on Exports to Former East European Markets

Demand to Outstrip New Potash Capacity

Cumulative Growth



Source: Fertecon, PotashCorp

Food Comes from the Land

Fertile Minds Facts

- Fertilizers are drawn from nature - they are not man-made
- Farmers are not adding fertilizers to the ground. They are replacing nutrients that are lost at each harvest.
- The world has no choice but to use fertilizers. Without them, 2 billion people would starve.
- Fertilizers are responsible for the greatest land conservation achievement in human history, making recreational land and wildlife habitats possible.
- Farmers are the best-qualified environmentalists

Fertile Minds – www.fertile-minds.org

FERTILE MINDS