

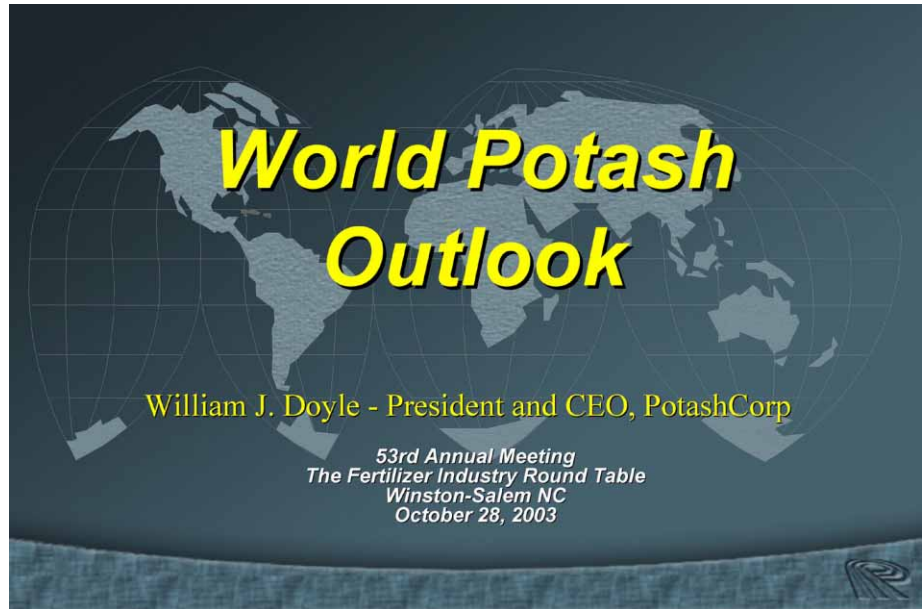


William J. Doyle
President and
Chief Executive Officer

Speech to:
The 53rd Annual Meeting
The Fertilizer Industry Round Table

Winston-Salem, NC
USA

October 28, 2003



Good morning, and thank you for this opportunity to present our global outlook for potash. We are excited about the prospects for our industry as a whole, and potash in particular.

I'm also happy to have the opportunity be back in North Carolina. My last visit to this area was scheduled just over one month ago, on the same day Hurricane Isabel reached land. The resilience and work ethic of the people here – on the heels of a natural disaster – is inspirational and I want to congratulate them for their efforts. They proved that a healthy community can function like a successful business. They assessed their situation, identified the factors that would drive their recovery, and took action to make their vision a reality.

That's a good model for the potash industry to follow right now, because we are in the midst of a major shift that is reshaping the way our business will look in the years ahead. We're not caught in a hurricane but we are feeling the winds of change, and those of us who can recognize which way the wind is blowing will be propelled to new heights.

I'd like to start that discussion today by drawing a map of where we are, as well as discussing the key drivers that are propelling us toward change. This is an exciting time for the potash business because change equals opportunity, and I believe the current shift will lead to more opportunities for potash producers and increased understanding of the benefits that our potash brings to the world.

Potash is an Essential Nutrient



We start from a foundation that is as solid and stable as the ground we're standing on. Our products are essential to soil fertility and food production. They don't go out of style like hula hoops or – God willing – rap music. They won't become obsolete like eight-track tapes or black-and-white televisions. And they aren't a discretionary item like a new suit or going to the movies. As long as the world needs food, people will depend on potash and other fertilizers to help farmers increase yields.

That's why the potash industry has customers in more than 150 countries on six continents. Our products – and their benefits – are universal and increasingly important.

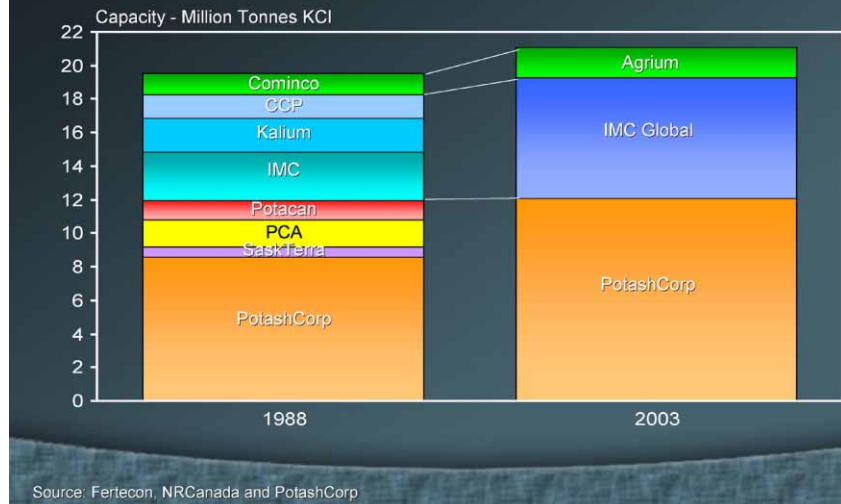
Potash has Limited Economical Reserves



But even if potash is needed everywhere plants are grown, it can only be efficiently mined in 13 countries, where ore bodies are large enough and readily accessible to allow for economically viable production. It is an intensely competitive business. Companies that own and manage their reserves well can thrive. Those that do not

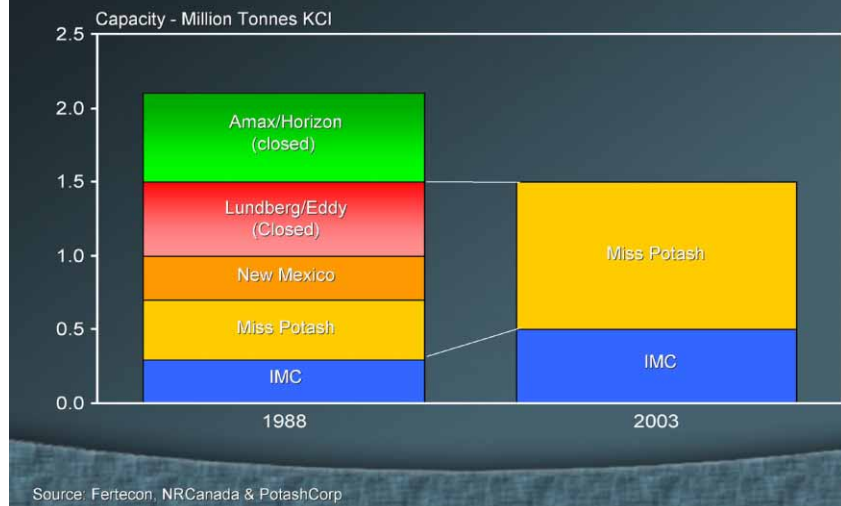
either wither away or become targets for stronger competitors. Consolidation and strategic alliances are the new reality.

Rationalization and Consolidation in Canada



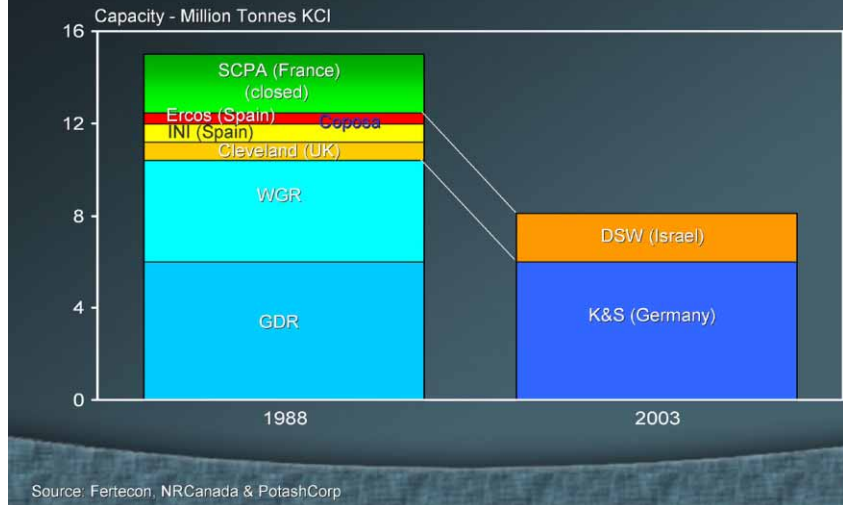
In Canada, this has been evident for more than a decade. Several producers have permanently curtailed operations or been absorbed. In 1988, there were eight potash producers in Canada with about 20 million tonnes of KCl capacity. Today, there are three.

Rationalization and Consolidation in the US



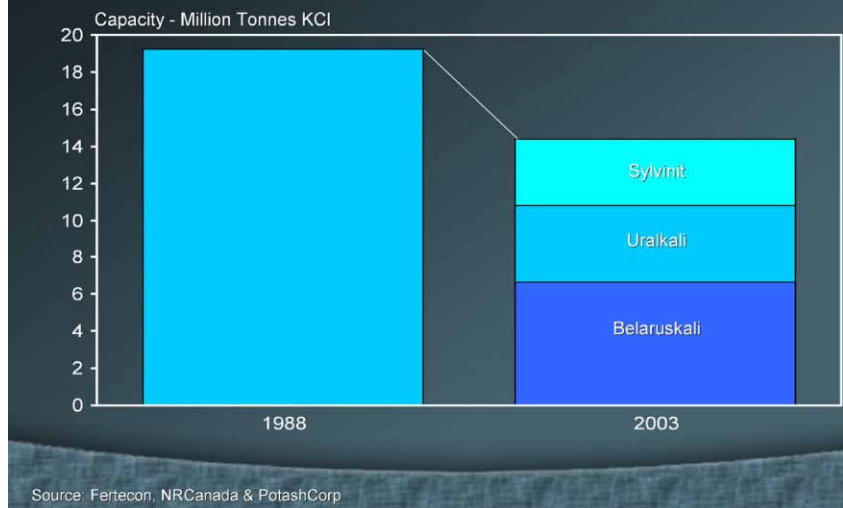
The US industry has undergone consolidation as well. In 1988, five major producers drew upon about 2 million tonnes of KCl capacity. Today only two – IMC and Mississippi Potash – continue to operate and only about 1.5 million tonnes of capacity remain.

Rationalization and Consolidation in Europe



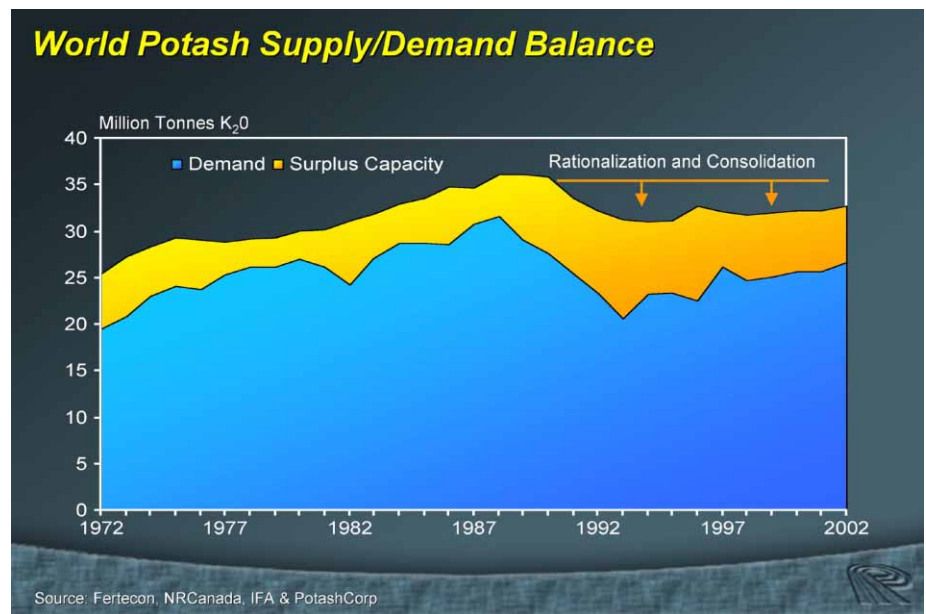
The picture is very similar in Europe, where capacity is now half its former levels. A number of mines in Germany were shut down with the re-unification of East and West Germany. Today, one company, Kali und Salz, operates six mines that represent that country's total production. The UK's Cleveland Potash and Spain's Coposa were acquired by Israel's Dead Sea Works. Last year, production in France was closed permanently as ore reserves were depleted after 90 years of production.

Rationalization in the FSU

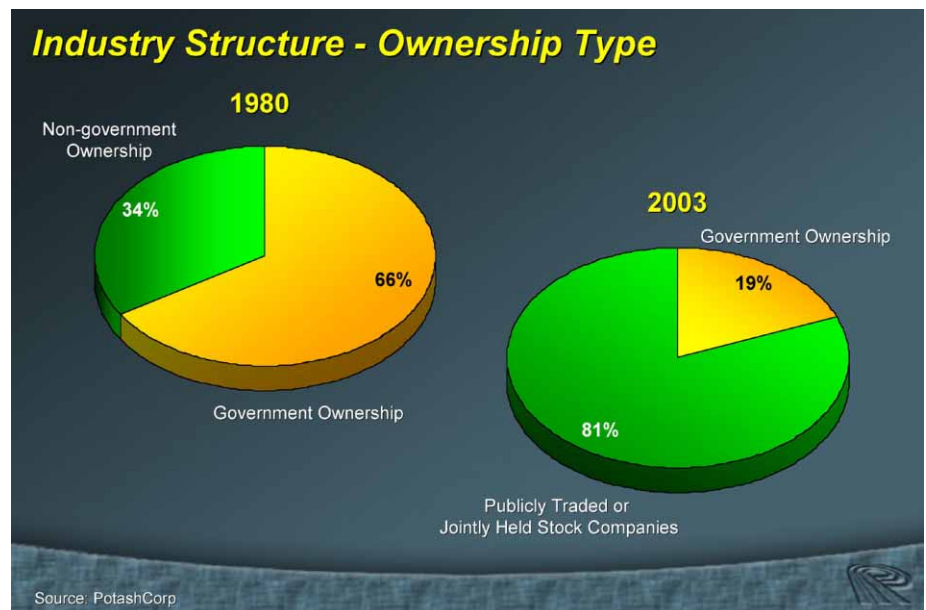


In the past, political instability in the former Soviet Union had been a wild card for producers in other parts of the world. With the collapse of the Soviet Union, potash that had been consumed internally suddenly became available to the free market. Very few Russian farmers could afford to replenish soil nutrients, so potash produced in FSU countries was exported, creating an immediate and burdensome over-supply that had an impact across our industry.

Deposits that had been operated by the government in the former Soviet Union are now in the hands of three producers. Belaruskali, which is the new government potash company in Belarus, is the largest with 6.7 million tonnes of production. Uralkali and Sylvinit are Russian Joint Stock companies responsible to shareholders. Effective capacity is currently at about 75 percent of former levels.

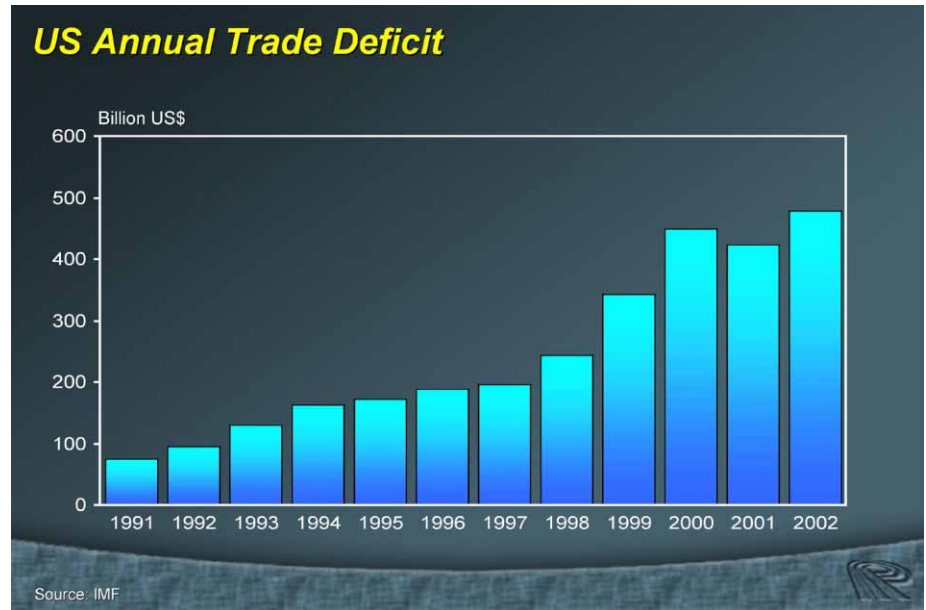


Rationalization and consolidation have taken some production out of play, particularly in the Former Soviet states. As you can see, capacity, shown in yellow, has dropped in the past decade. Still, there is a significant gap between what we can produce and world demand, shown in blue.



That gap was a greater concern 20 years ago, when two-thirds of potash production was in the hands of government-run companies. With limited economic constraints, those companies had a tendency to overproduce, with a negative effect on markets and prices.

That brings us to the first major driver of change in the potash business. Today, over 80 percent of production is in the hands of privately held companies who have economic and social responsibilities that are unfamiliar to government. Potash companies now operate in a global market economy. That has changed attitudes and operating practices, with a greater focus on profitable resource management.



In a similar fashion, the shift toward a global market environment has led to a realignment of currency values. This is another key change driver in our business.

The US trade deficit has expanded in recent years and today sits at close to \$500 billion. With our new global economy, that imbalance is being corrected which is putting downward pressure on the US dollar.

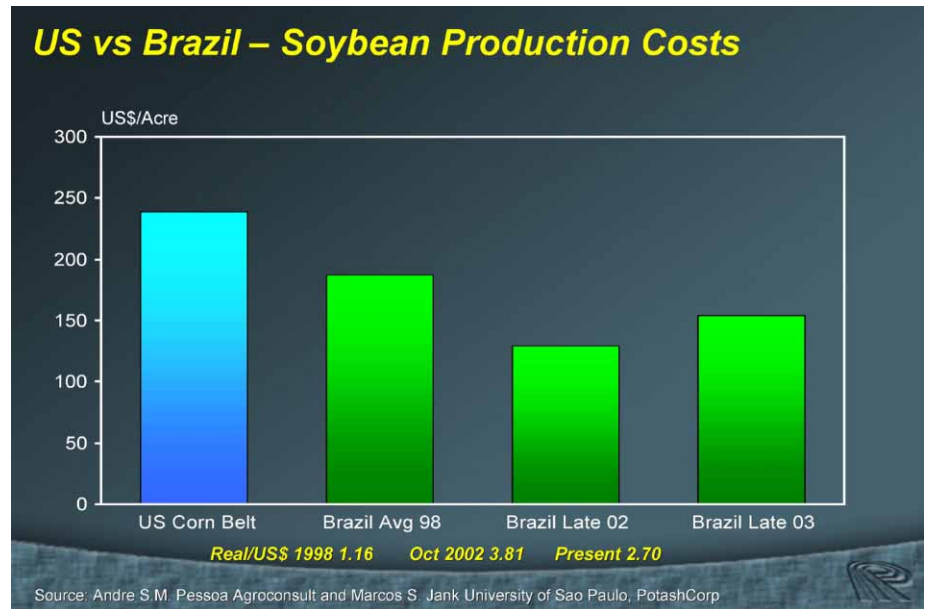


In the first half of 2003, the US dollar lost value against all major foreign currencies, continuing a slide that began in early 2002. The

lone exception is China's currency, the Yuan, which is pegged to the US dollar.

It is a trend that is likely to continue. Last month, the finance ministers of the G7 rich industrial economies made an uncharacteristically strong plea for financial re-balancing, saying that "Markets require more flexibility in exchange rates." The response was swift as the US dollar weakened further. Stephen Roach, Chief Economist at Morgan Stanley, interprets this comment as "a clear message that a dangerously unbalanced world needs a weaker dollar."

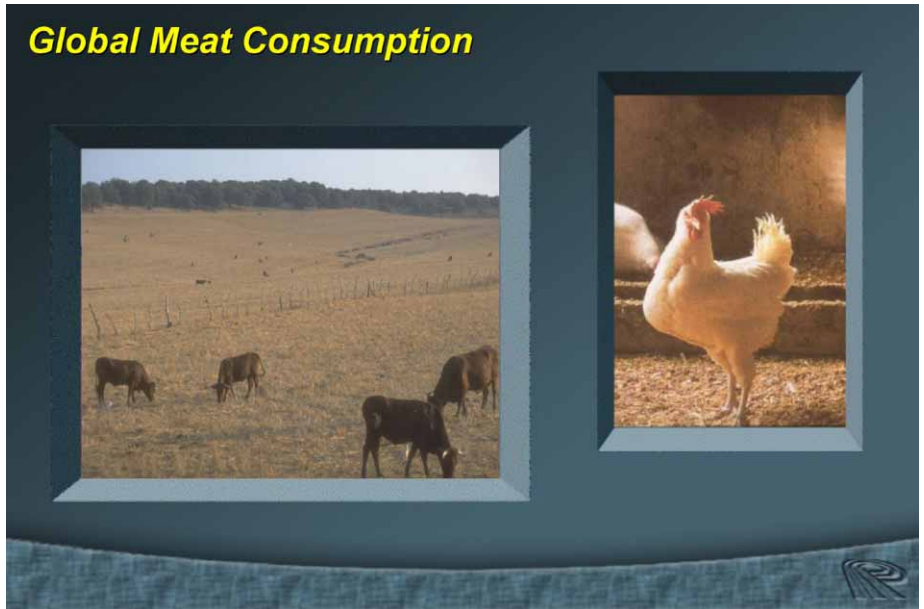
That currency realignment will have a major impact on agriculture and the fertilizer business.



Soybean production in Brazil is a good example. As the Brazilian currency dropped in value from 1998 to late 2002, the cost of soybean production in Brazil fell dramatically in relation to the costs for US producers. As the US dollar now weakens, some of this drop is being recovered, making American producers more competitive. This also applies to other US agricultural exports priced in US dollars.

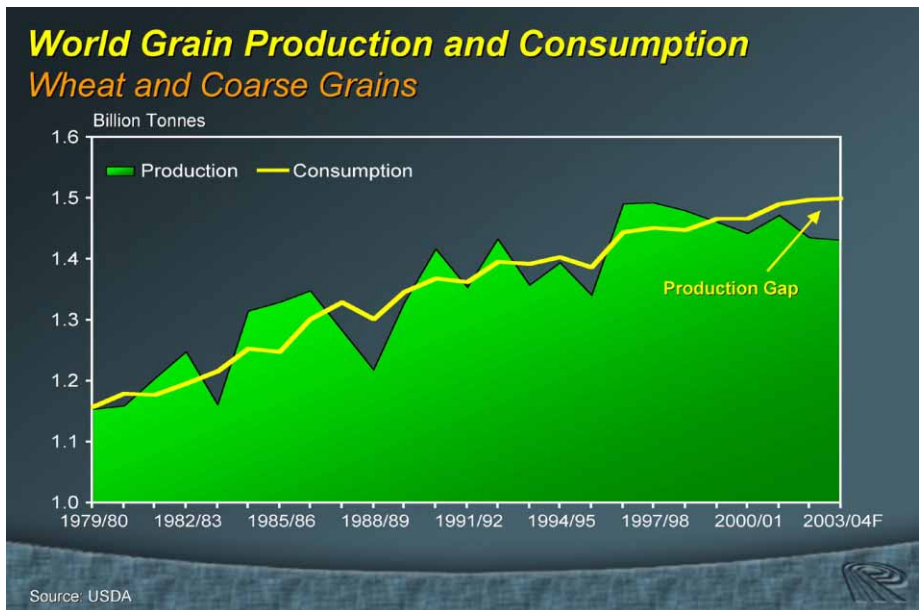
That should encourage US farmers to maximize production, which requires higher levels of fertilizer.

Global Meat Consumption

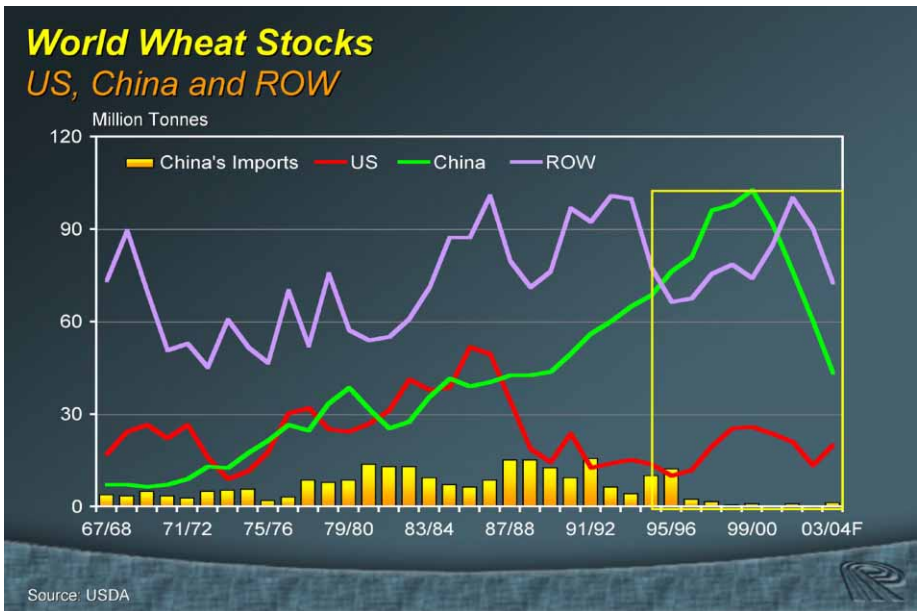


The economic shift has also led to stronger currencies and aided GDP growth in developing nations. That has spurred a demand for more food and healthier diets. As they become more active participants in the global economy, the expectations of people in developing nations have changed. They have more money and they want more protein-rich foods like meat. Meat consumption is rising and will continue to grow at a healthy rate.

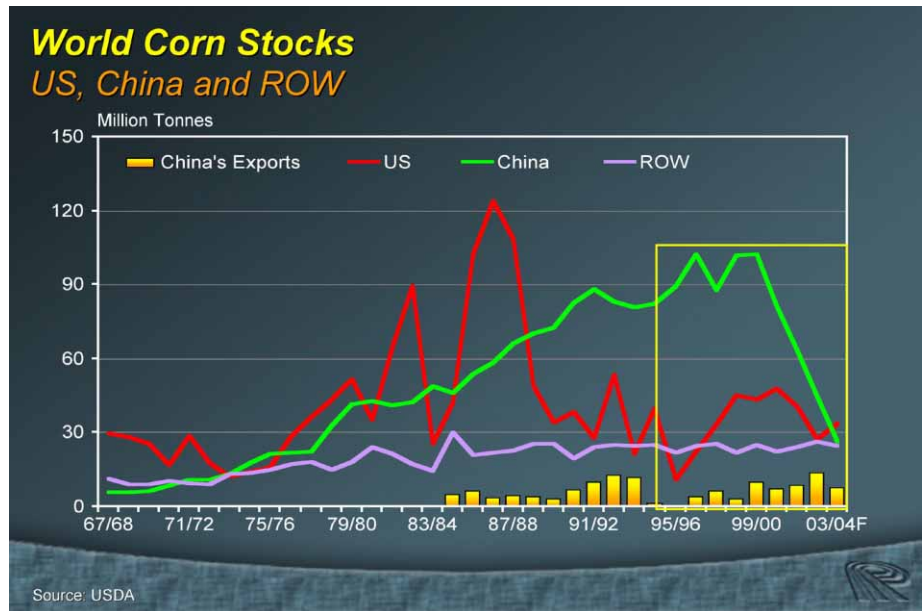
World Grain Production and Consumption Wheat and Coarse Grains



Meat production, however, requires large amounts of feed grain. As it stands, grain consumption has outstripped production for five consecutive years. We have a production gap, one that will only grow wider with the demand for more meat. We have no choice but to help farmers increase their crop yields. The developed world and developing nations will settle for nothing less.

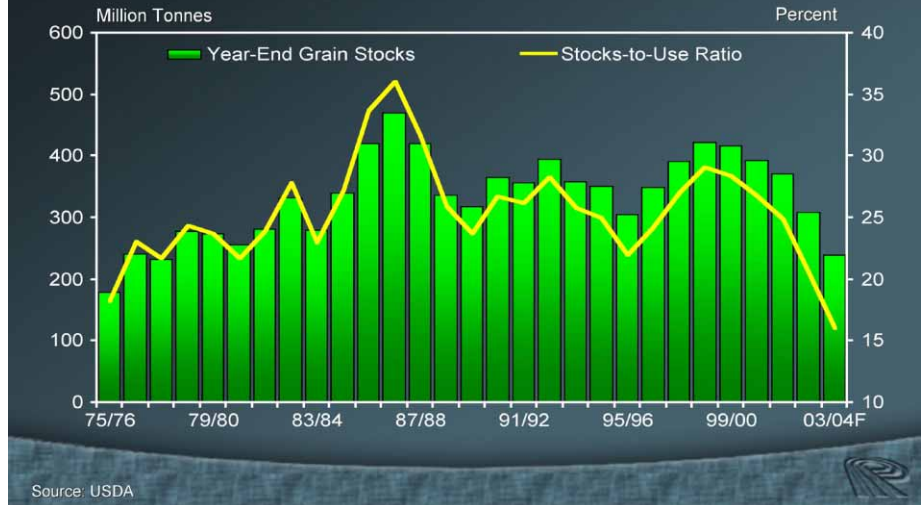


At current production levels, we are seeing significant pressure on wheat stocks around the world. Inventories have dropped and poor growing conditions combined with increased consumption are heightening the declines. This is especially significant in China, shown in green.



The picture is the same in corn. Consecutive years of uncooperative weather have taken us from the peaks of production to a low point in world corn stocks.

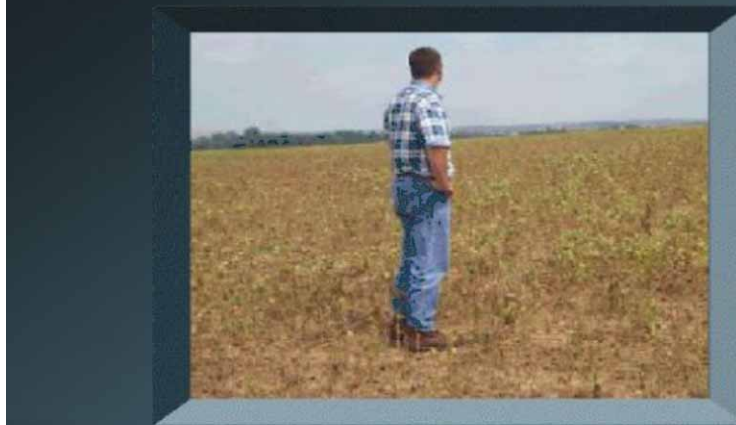
World Grain Stocks Wheat and Coarse Grains



The decline in stocks is the most alarming since the food crisis of the 1970s. The world grain stocks-to-use ratio has hit its lowest point in the past 30 years, and that buffer will continue to shrink in the short term.

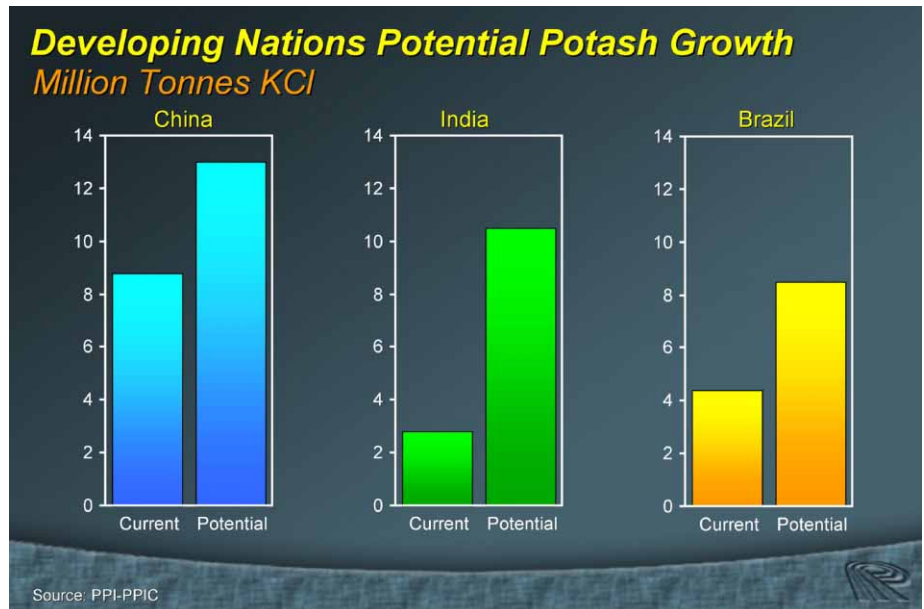
While this situation would have set off global alarm bells a few decades ago, people in many countries have become apathetic about food production. We've become accustomed to quick fixes and instant solutions. But the reality is that soil fertility and food production are long-term initiatives, and we need to take action now. Even one more bad year for global crop production could lead to substantially greater food shortages than the world currently faces.

US Soil Potassium is Low



The looming production crunch hits us at the same time that soils around the world are in need of essential crop nutrients. With low prices for crop commodities in recent years, many farmers have cut back on fertilizer leaving their soils weakened and less able to keep

up with food demand. In the US, close to 50 percent of soils need potassium to achieve optimum production.



The situation is even more severe in developing countries, where the soil requires a major boost in potassium to achieve the high yields necessary to feed a rapidly growing population.

While the US is a mature market that will balance its consumption over time, China reflects a growing market that is a microcosm of the opportunity for our industry. With an expanding population base that has now reached 1.2 billion people, China must find ways to produce more grains and meat.

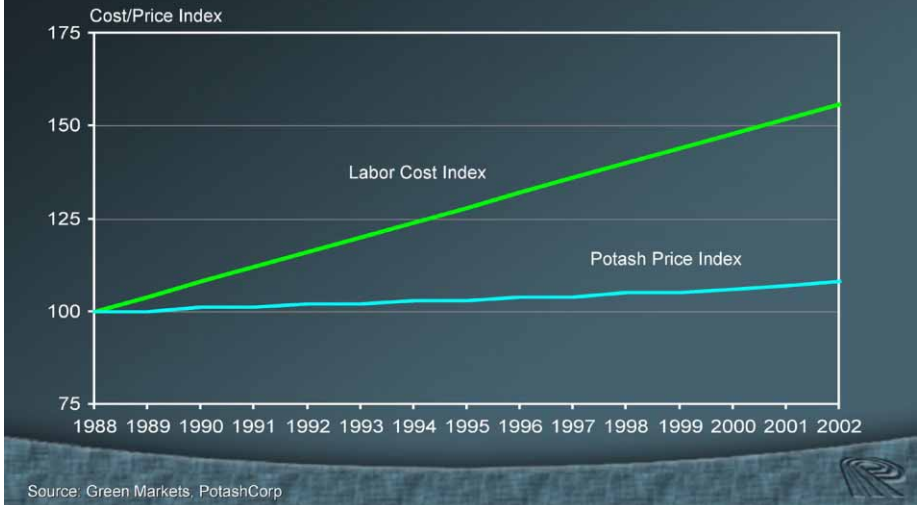
To achieve greater food production, it must increase its application of all three nutrients: nitrogen, phosphate and potash. China currently uses 25 million tonnes of N, 11 million tonnes P₂O₅ and 5 million tonnes K₂O. Potash consumption is expected to increase by 2.5 million tonnes K₂O – which is the equivalent of four million tonnes of potash – by 2010.

India also has a growing need for all three nutrients. According to PPIC, India's nitrogen consumption could more than double by 2010, phosphate could triple, and potash could increase by nearly four times its current usage.

One of the most exciting growth opportunities for our industry is Brazil. It is the world's second largest producer of soybeans – a crop that relies heavily on potash and phosphate in the soil. According to PPIC, potash use could almost double by 2010, potentially making Brazil a larger potash consumer than the US. Nitrogen use will also increase as more corn is grown and as farmers begin to use N as a starter for soybeans.

Potash Cost-Price Squeeze

Labor Cost Index 1988-2002

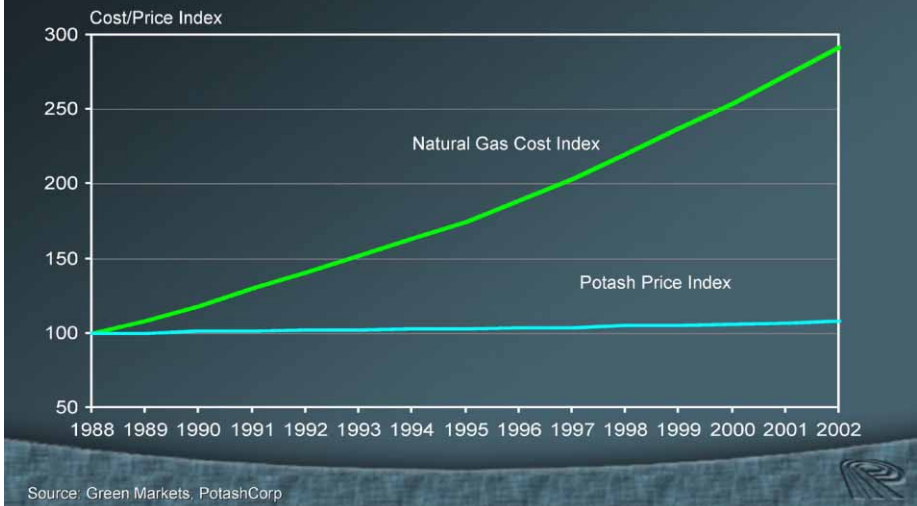


Increasing demand may finally coincide with price increases that more accurately reflect the rising cost of production. Over the past 20 years, costs and price did not travel the same road – much to the detriment of our industry. Producers faced higher costs for labor, inputs and taxes while prices showed little movement.

In Canada, workers have sought – and received – higher salaries putting our labor costs on a steady upward trend line. Price gains, however, have been inconsistent, leaving less profit for producers.

Potash Cost-Price Squeeze

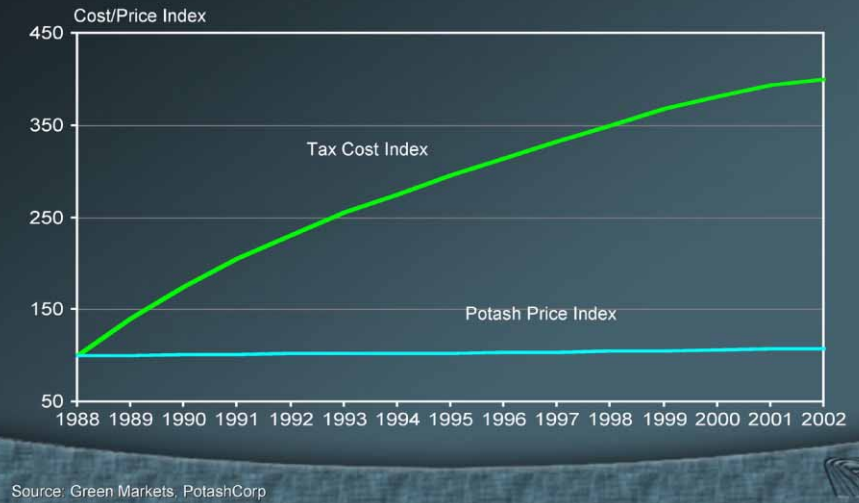
Natural Gas Cost Index 1988-2002



The story is the same for many key inputs. Natural gas prices have been volatile, and the growing demand for gas in residential and industrial applications, as well as for power generation, has led to sharp spikes. Producers have not been able to recapture those additional expenses.

Potash Cost-Price Squeeze

Tax Cost Index 1988-2002



If those cost increases weren't enough, taxes have also taken a bite. The government might not own our industry anymore, but they still expect a piece of the pie. Over the past 20 years, producers in Canada have seen taxes quadruple.

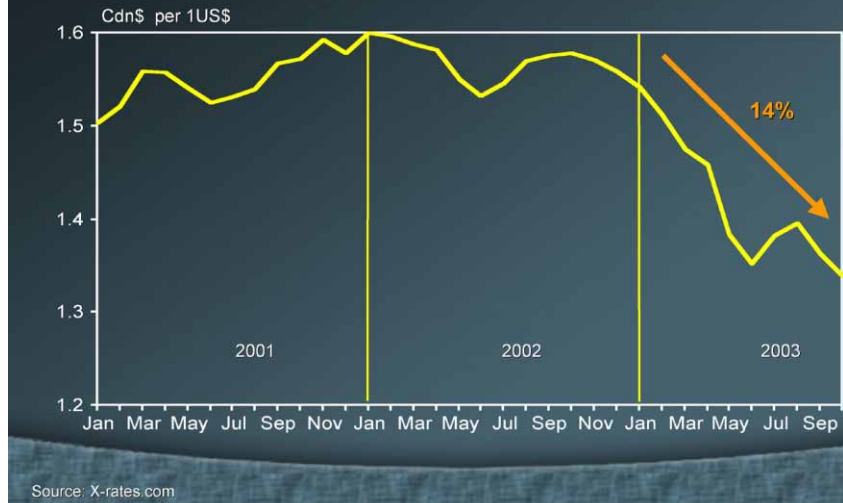
Russian Potash Costs are Increasing

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

This is not a situation that is unique to Canada, as Russian production costs are also rising. In the past, government-owned Russian producers have had access to natural gas well below market prices. Now, as Russia moves toward entry into the WTO, it is required to remove market-distorting subsidies and create a more realistic market-based economy. Russia's Minister of Economic Development has pointed out that increases in natural gas prices must be substantial.

In addition, Russia's labor costs are rising. These increases will likely be greater than those in North America as their workers are starting from further behind, and with roughly ten times the number of workers in Russian operations, their costs will continue to be under pressure.

Canadian/US Dollar Exchange Rate

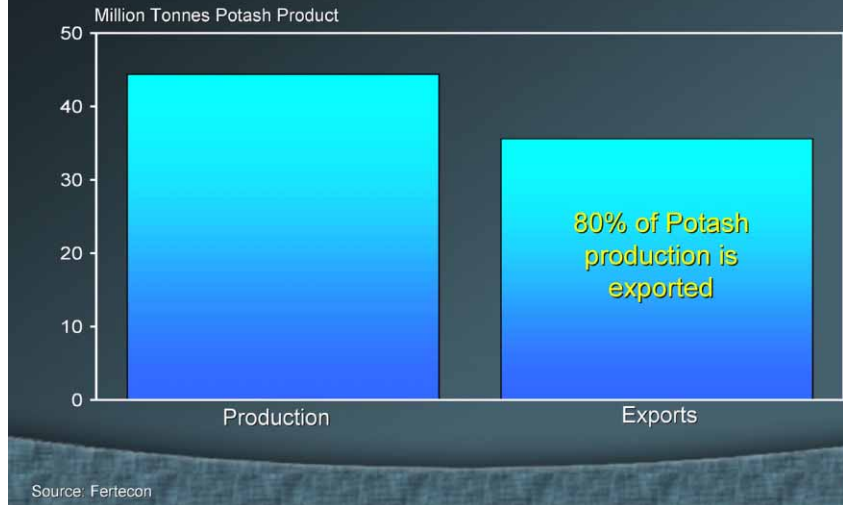


Adjustments and fluctuations in world markets will continue to challenge producers. In recent months, the US dollar has fallen 15 percent against Canada's currency. That puts an immediate squeeze on the margins of Canadian potash producers as our costs are in Canadian dollars while our sales are in US dollars.

Although this cost-price squeeze hurts in the short term, it is another signal that we are moving gradually and inevitably closer to a global market economy, one that will let producers in all countries come closer to capturing the real value of their products.

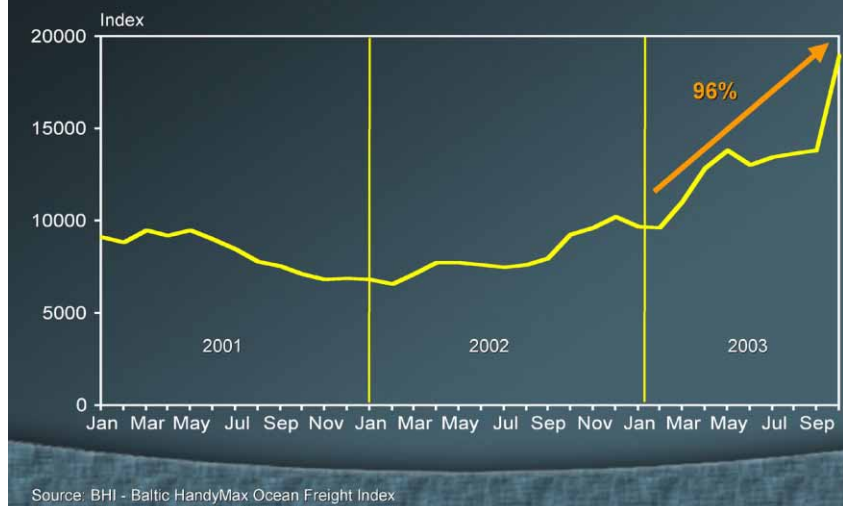
The era of unresponsive prices is drawing to a close. Our products are valuable – and that value is going to be realized. The landscape that allowed some countries to keep artificial limits on potash prices has changed. The need for fertilizer is real – as real as the benefits of increased food production. We are entering a new day – one that will enable the world's population, farmers and potash producers to see greater benefits from our production.

World Potash Trade is Large



That growth will come from many areas of the world. With a limited number of producers and many consumers, about 80 percent of potash production crosses borders. That will not change as we move forward.

Ocean Freight Cost Index



Trade will, however, be affected by escalating freight rates. We have entered a period of record increases in the cost of deepwater transportation, another cost that will be reflected in prices to the consumer.

A number of factors initiated a rising trend in the index that began in early 2002 and has accelerated sharply. In 2003, the index roughly doubled. Older vessels have been scrapped and fewer ships are available for transport. This comes at the same time as a boom in Asian economies, which has increased their imports – reducing the number of ships available and raising the freight-cost index. While this change has come upon us suddenly, it is expected to be a fact of life for at least the next few years.

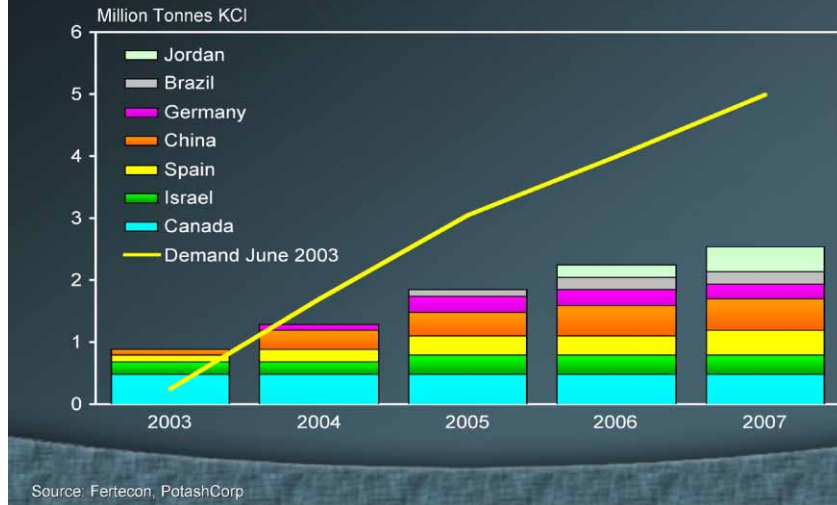
That will impact the delivered cost of potash as well as global trade patterns. Market areas will shift and producers who have been competitors in the past will benefit by looking at opportunities for international alliances.



The changing face of our industry and the shifting consumption patterns will also be affected by globalization. On May 1, 2004, 10 new countries – most that were former Eastern European countries – are expected to join the European Union. Right now these countries are getting their potash from the FSU. But that may change, as the EU's anti-dumping ruling and prohibitively high tariffs will be extended to the new EU members, possibly precluding FSU exports to these countries.

As a result, we could see a further shift in trade. More German product could find its way into these markets; offshore exports from Germany to markets outside Europe could decline. FSU producers may have to look abroad if doors are closed on exports to these former East European countries.

Demand to Outstrip New Potash Capacity Cumulative Growth



As we move deeper into this new era over the next five years, world demand is expected to grow more quickly than new capacity comes on stream. Demand is expected to grow by about 5 million tonnes while only 2.5 million tonnes of new capacity is anticipated. The yellow line in this graph shows demand growth, while the bars represent planned incremental additions to current capacity by world producers. In the short-term, this will help serve the demand growth. Over the full four-year period, PotashCorp will be able to utilize some of its long-idled capacity to satisfy this demand.

This represents a tremendous opportunity for potash producers. As I mentioned at the outset, the winds of change are upon us. It can fill our sails and propel us toward market development and growth that were not possible in the past. Our job is to navigate with a clear vision of where we want to go and what we need to do to get there.

Food Comes from the Land



That means we also need to recognize the potential dangers that lie ahead and the threats that could limit the growth of our industry and

the potential for the world's farmers to increase food production. One of the most pronounced threats we face, especially in developed nations where food is plentiful and affordable, is the growing lack of understanding that food comes from the land.

Our company has been very active in developing the Fertile Minds program, which dispels the myth that fertilizers are harmful to the environment or to the food we eat.

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

The basic messages of Fertile Minds can be distilled into five simple truths...

- Number one: Fertilizers are drawn from nature – they are not man-made.
- Two: Farmers are not adding fertilizers to the ground. They are replacing nutrients that are lost at each harvest.
- Three: The world has no choice but to use fertilizers. Without them, 2 billion people would starve.
- Four: Fertilizers are responsible for the greatest land conservation achievement in human history, making recreational land and wildlife habitats possible. Without fertilizer, all the world's greenspace would be needed for agriculture.
- And five: Farmers care about the environment as much as anyone. The land is their home and their livelihood, and they go to great lengths to protect it for today and future generations.

Fertile Minds – www.fertile-minds.org



It's an important argument for our industry, and one that will have as much impact on our success as supply, demand and trade issues. I urge each of you to spend some time getting familiar with the issues and making your voice heard in your communities. If we each do our part, we can protect the world's food supply and the fertility of the soil for future generations.



Thank you for your attention. I would be pleased to answer any questions.

This presentation contains forward-looking statements which involve risks and uncertainties, including those referred to in the Company's annual report to shareholders for 2002 and in filings with the U.S. Securities and Exchange Commission. A number of factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, fluctuation in supply and demand in fertilizer, sulfur and petrochemical markets; changes in competitive pressures, including pricing pressures; risks associated with natural gas and other hedging activities; changes in capital markets; changes in currency and exchange rates; unexpected geological or environmental conditions; and government policy changes.