



PotashCorp

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Executive Vice President &
Chief Operating Officer

Speech to:

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Chemical Conference
New York, NY
December 4, 2001

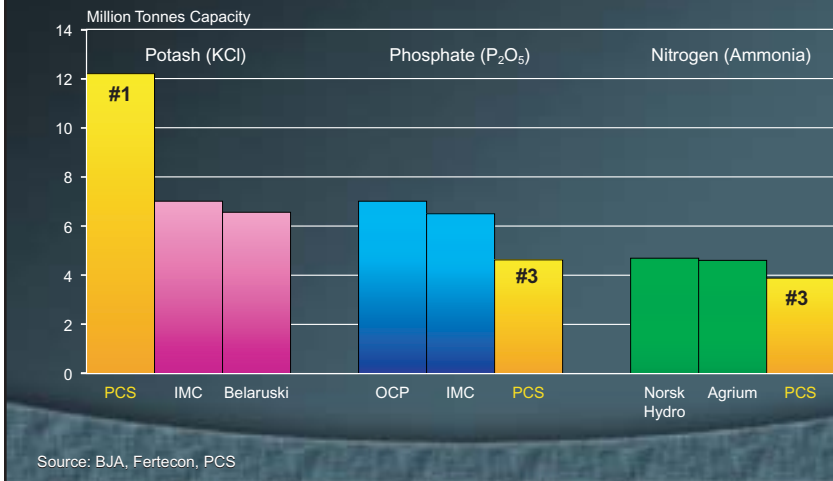
Montreal Society
of Financial Analysts,
Montreal, PQ
December 5, 2001



Good afternoon. It's a great pleasure to be here with the opportunity to present to you PotashCorp, the world's largest fertilizer company producing the three primary nutrients.

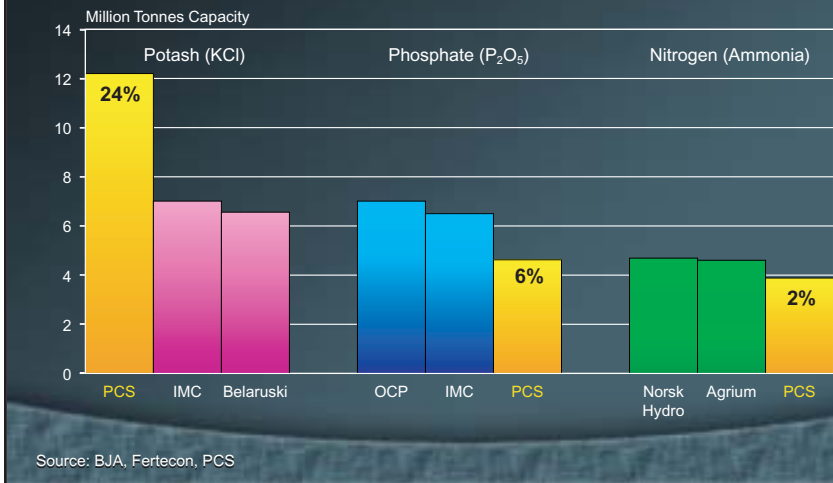
I'm going to begin by drawing a picture of where our company is positioned in the world fertilizer landscape – which we believe shows us standing tall against our competitors.

PCS – World's Largest Fertilizer Company



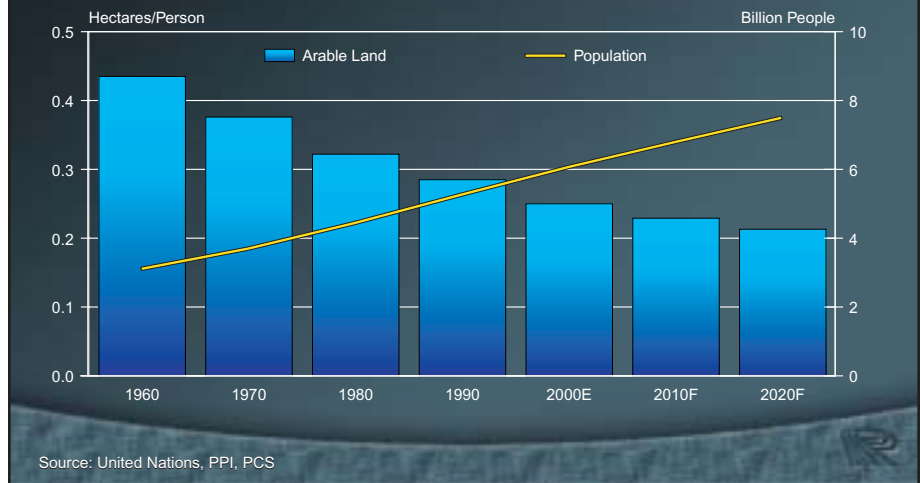
Our size makes us immediately recognizable: we are No. 1 in the world in potash, no. 3 in phosphate and no. 3 in nitrogen.

PCS – World's Largest Fertilizer Company



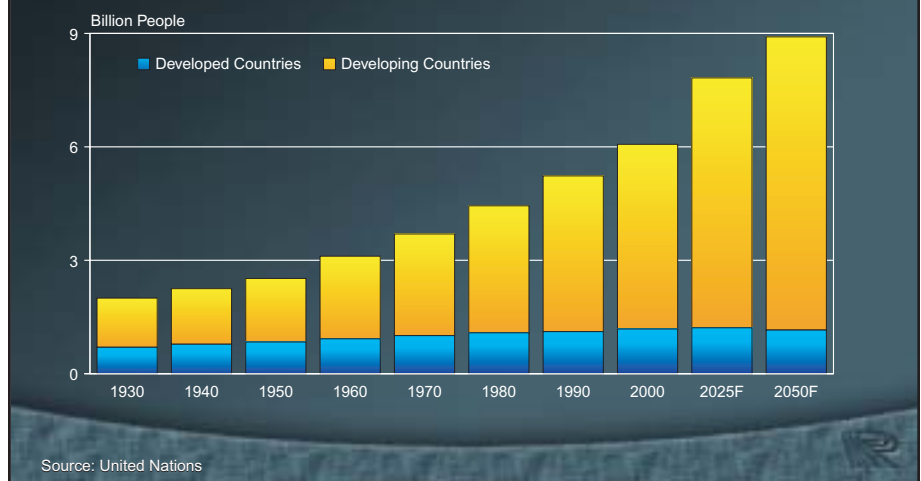
Sharpening the focus shows we have 24 percent of world potash capacity, 6 percent of phosphate capacity and 2 percent of nitrogen.

Increasing World Population and Decreasing Land Base Require More Fertilizer



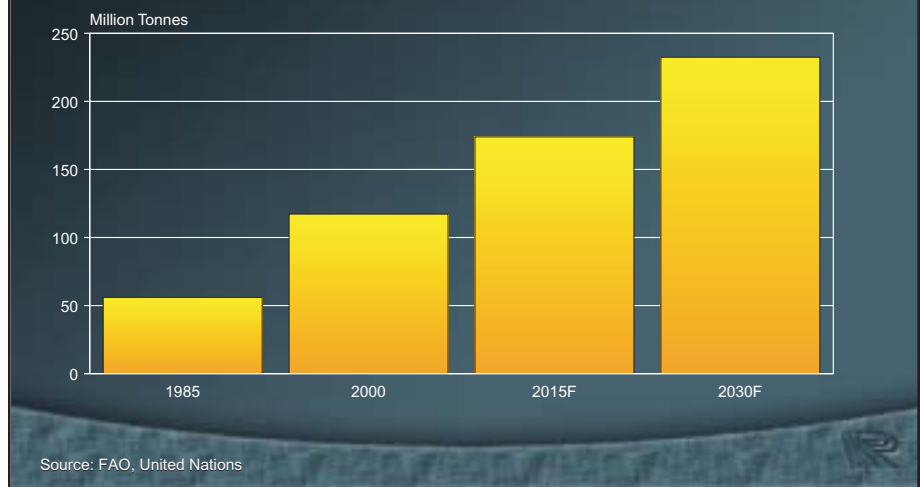
Our nutrients are used primarily for fertilizer, which has a healthy long-term outlook. With rising world population – shown here by the yellow line – and a declining amount of arable land per person, it is clear that more food must be grown from our limited land base. Fertilizer, which is responsible for one-third of crop production today, will play a significant role in producing that food.

Population is Growing Fastest in Developing Nations



An important aspect of this story is that developing nations – the yellow part of these bars – are where population is growing, while it's comparatively stable in the developed world. Along with that population growth, the transitional nations are growing economically, with the result that their people are demanding better diets.

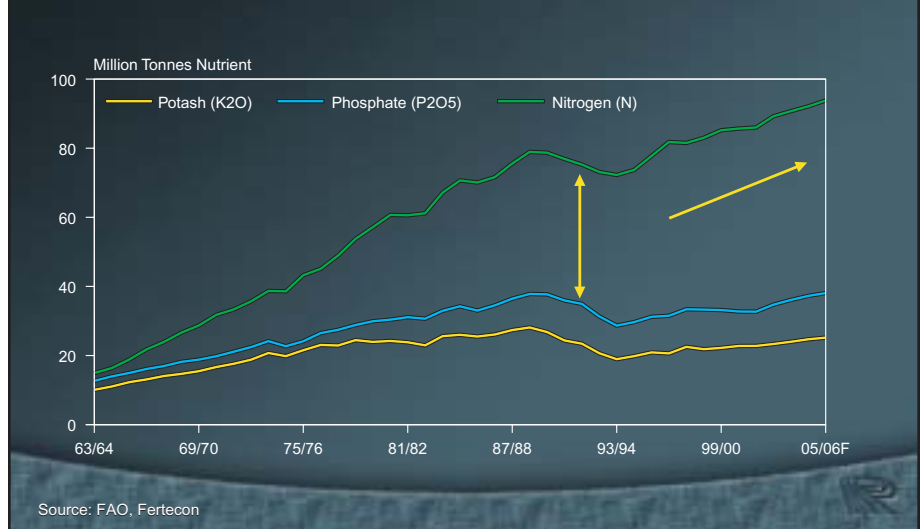
Meat Consumption is Growing Quickly in Developing Nations



They want more protein-rich foods such as meat and dairy products. That means increased production of cattle, hogs and poultry, and we know an animal consumes more grain than a human does.

Together, rising population and the growing demand for meat make it imperative that the world produce more grain - which translates into an ever-increasing demand for fertilizer.

Upward Trend of World Fertilizer Consumption

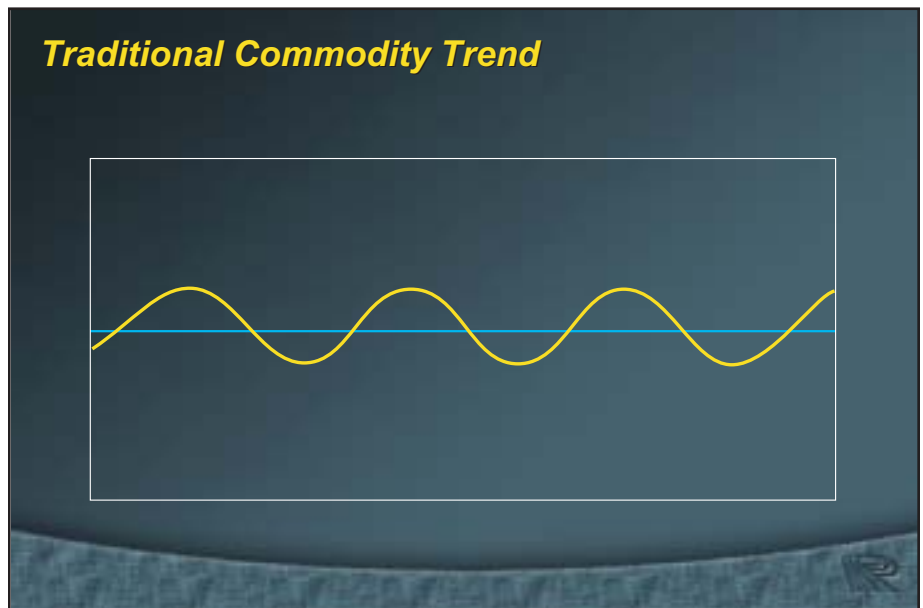


We know our industry will grow with that demand, not uniformly year after year – as the trend line indicates – but consistently. Historically, we have seen growth of about 3 percent a year over the last 40 years, with the only significant aberration occurring in the early 1990s when the

USSR broke up and fertilizer consumption there collapsed, dropping by 85 percent. After that blip, consumption continued to climb.

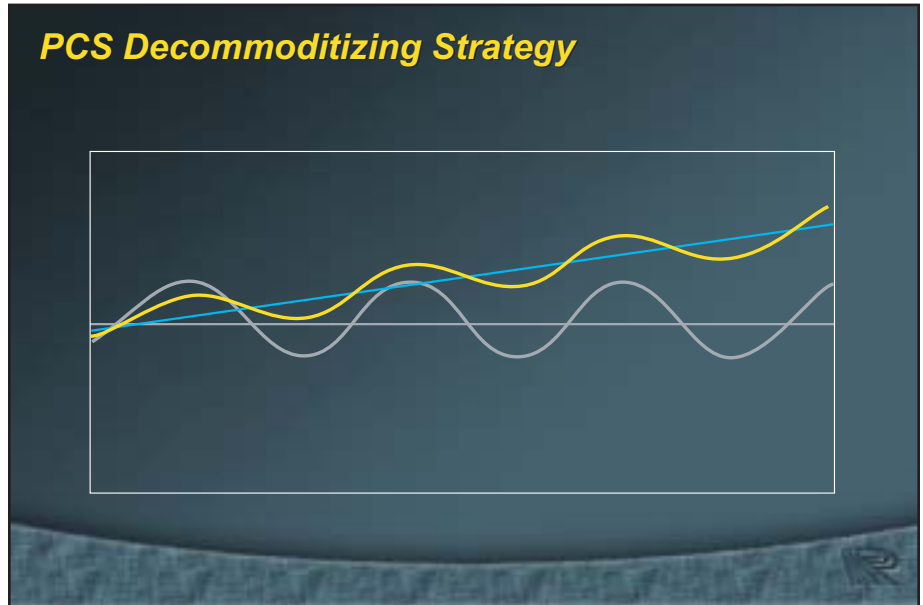


Fertilizer is only part of our PotashCorp story. Our three nutrients are also used for feed and industrial purposes by a variety of customers. Serving three distinct markets gives us great stability through the ups and downs associated with agriculture and helps push us above the traditional commodity trend line.

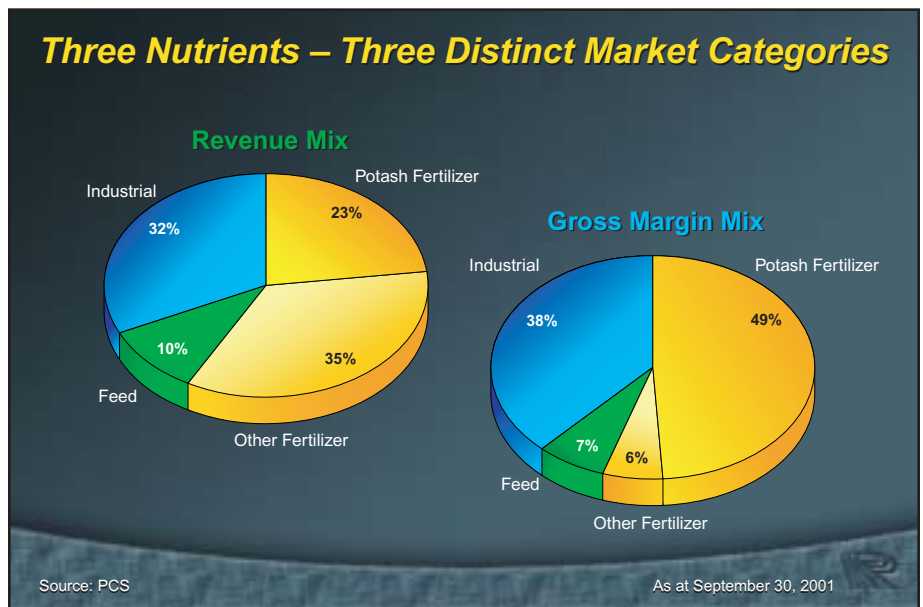


Like any fertilizer company, we are inevitably influenced by the agricultural cycle. Most of our competitors enjoy the cycle's highs and endure the lows while they travel along a flat trend line. We refuse to

adhere to the mindset of a typical commodity company, being just a price taker always waiting for the next up cycle.



Instead, we have designed strategies in each of our three nutrients that work together to decommoditize our business. These strategies smooth out the traditional commodity fluctuations and direct the PotashCorp trend line upward.



We have had the most success at reaching our decommoditizing goals in feed and industrial products, and in potash. As of September 30th this year, we gained 42 percent of our revenue from feed and industrial and they provided 45 percent of gross margin. Even better, potash fertilizer provided 23 percent of revenue and 49 percent of gross margin. Other

fertilizer products, specifically nitrogen and phosphate, are currently under pressure as the industry goes through a period of trough earnings.

Three Strategies for Stability and Growth

- > Potash – match supply to demand
- > Phosphate – pursue specialty markets based on competitive advantage
- > Nitrogen – reduce volatility through input hedges and industrial markets

We began this process of decommoditizing by examining our natural advantages in each nutrient and designing a strategy to capitalize on these strengths. In potash, we match supply to demand to increase profitability and will bring on our excess capacity as demand grows. Our strategy in phosphate is to pursue specialty markets in which we have a competitive advantage, such as liquid fertilizers, feed and industrial. And in nitrogen, we reduce volatility through natural gas input hedges in North America and Trinidad, and focus on high-margin industrial customers domestically.

Wide and Diverse Customer Base

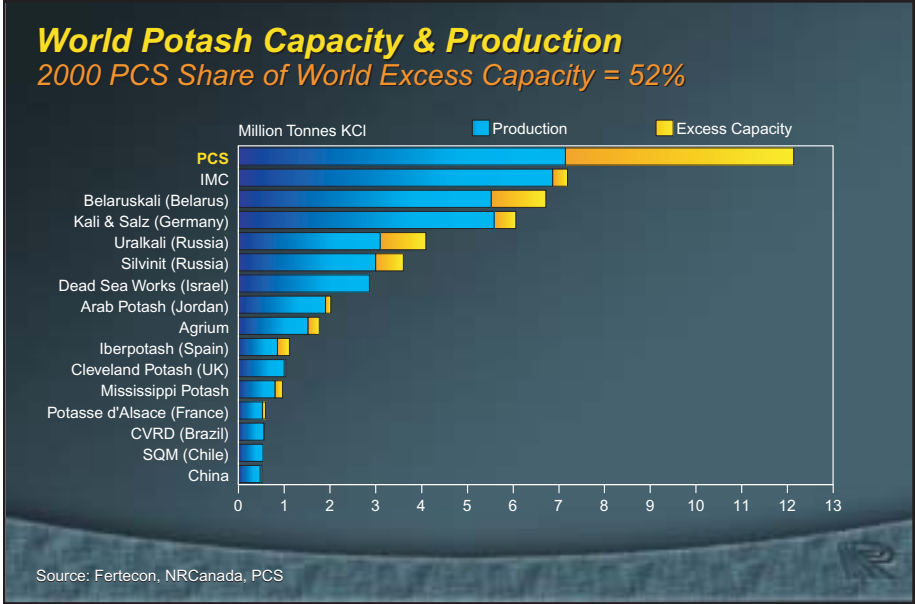


These strategies are underpinned by our wide and diverse customer base. PotashCorp benefits from fertilizer markets that are relatively stable in North America and growing offshore, and has the advantage of supplying a wealth of products with many end uses to a variety of customers. In fact, our largest purchaser has only 6 percent of our total business, which means we aren't tied to the fortunes of any one customer or market.

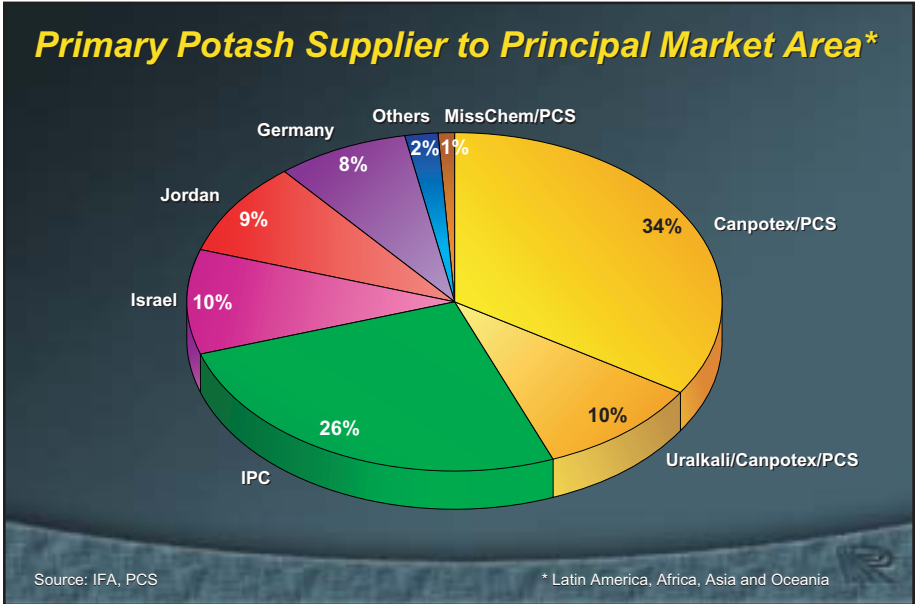
Potash *Competitive Advantages*

- > Prominent position
- > Excess capacity

That's the big picture. Now let's focus on detailed portraits of our three nutrients, beginning with potash where we benefit from our prominent global position and our vast excess capacity.

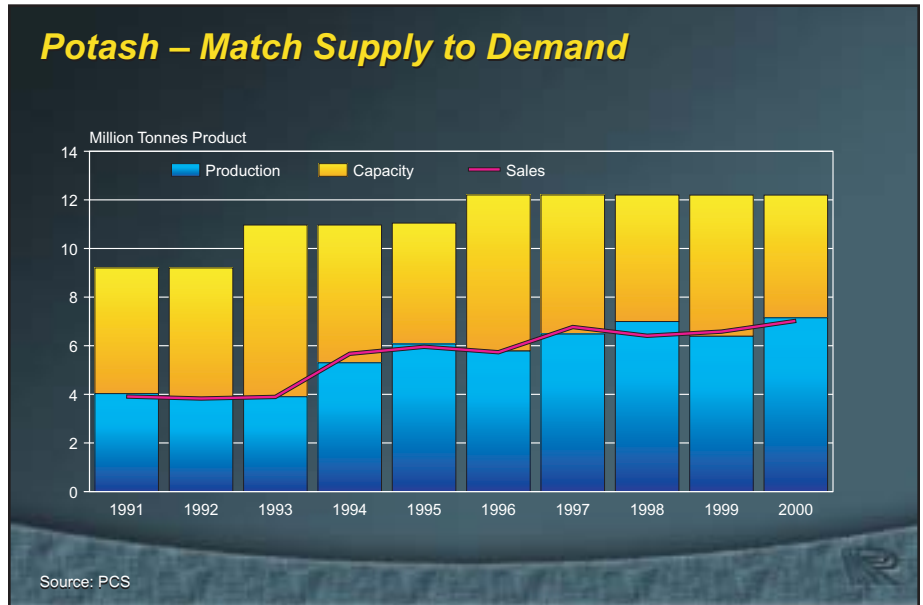


The No. 1 supplier to the world market, we have more potash than any other company or country and hold 52 percent of the world's excess capacity. This year we expect to operate at just over half our annual capability. As world demand grows, we can bring on additional tonnage at minimal expense. While our U.S. and European markets are stable and mature, demand for potash in developing nations is growing faster, by 4 to 5 percent a year.



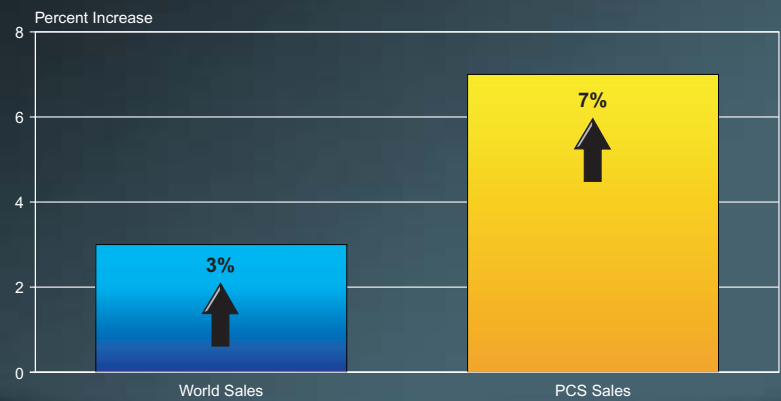
PotashCorp is the primary source of potash for these growing market regions. We're the largest supplier to Canpotex, the marketing agency for all Saskatchewan producers, which has 34 percent of sales to developing nations and this past January began handling sales to these areas for

Russian producer Uralkali. We also market offshore for Mississippi Chemical. We compete with a limited number of world producers and are a major supplier to Brazil and the rest of Latin America from our conveniently located New Brunswick facility.



Our potash strategy is to turn to our excess capacity only as world demand rises, and to bring on only the tonnage the market can absorb. We have consistently followed this strategy for well over a decade and have been rewarded with stable potash markets. Each year we could have produced more but we have been patient, expecting to use our excess capacity to capture the bulk of the inevitable sales growth.

Rising World Potash Demand is a PCS Advantage 2000 Results



Source: PCS, Fertecon

The year 2000, a record for potash sales, reinforced our expectations. While world demand was up 3 percent in 2000, our sales rose 7 percent, confirming that PCS will be a chief source of supply for the growing world market.

Falling Costs and Rising Prices with Increased Potash Volumes



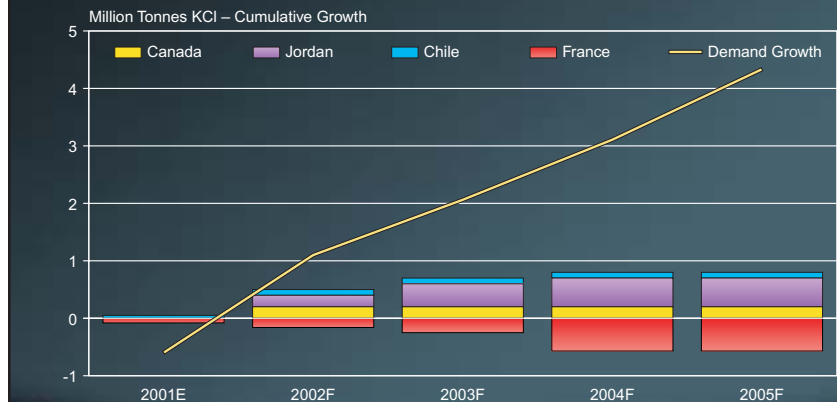
As we move forward, each increase in potash demand should enable us to increase our margins. We are already the low-cost producer and as our volumes rise, our cost per tonne falls even further. The inevitable increase in potash consumption will create opportunities for better prices.

Barriers to Entry Limit New Potash Mines



New world capacity might threaten this strategy, but there are steep barriers to entering the potash business and new capacity is unlikely. World reserves are limited, and a greenfield world-class mine would cost around \$1 billion and require about five years' lead time. Not surprisingly, no significant new production has been brought on stream in 18 years.

Demand Growth Outstrips New Potash Capacity



Source: Fertecon, PCS August 2001

In fact, over the next five years the industry will likely lose half-a-million tonnes of capacity. France, shown at the bottom of this graph, is closing production while there will be only small increases in Canada (the yellow bar), Jordan (the purple bar) and Chile (the blue bar).

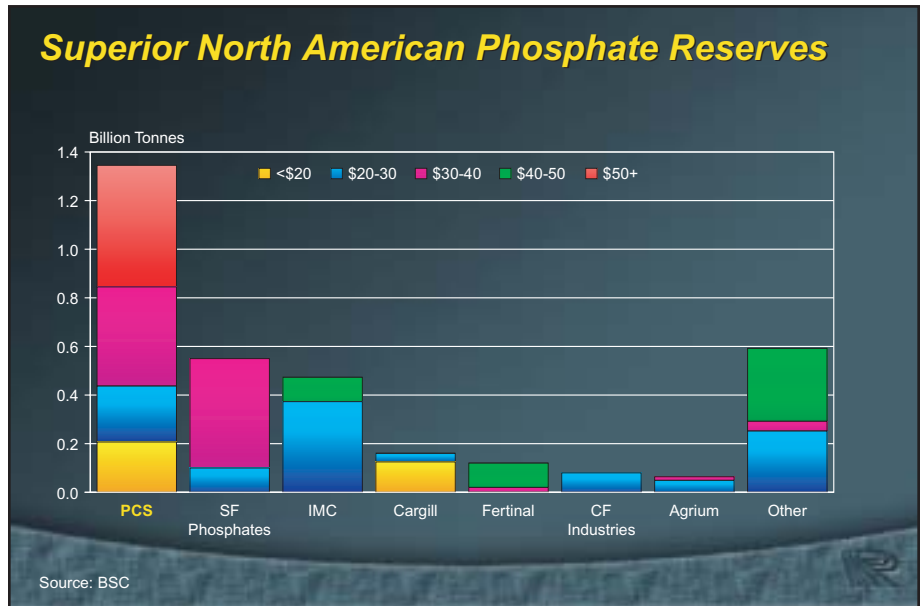
Meanwhile, history suggests that demand will rise by 3 1/2 to 4 million tonnes, as shown by the yellow line. PCS can use its excess capacity to supply this tonnage gap. We see a great future for our potash business.

Phosphate Competitive Advantages

- > Extensive high quality reserves
- > Diversification

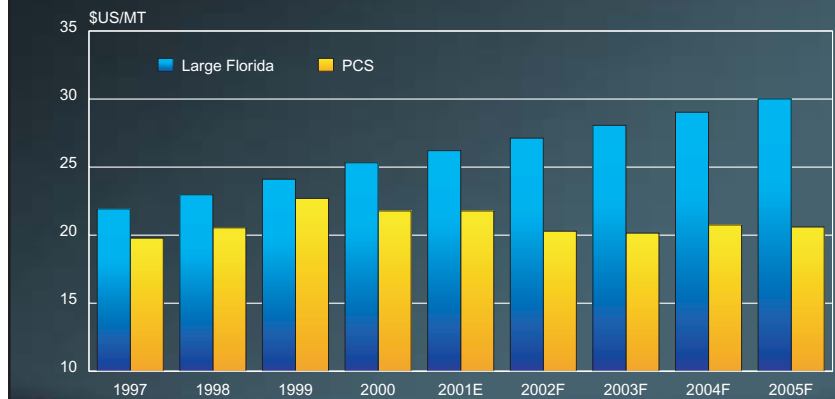
Now let's turn to phosphate, where our extensive high-quality reserves and product diversification provide our competitive advantage.

Superior North American Phosphate Reserves



As with potash, the first requirements for success in the phosphate business are size and quality of reserves, and we have the inside track here. Our reserves are larger and lower-cost than those of our North American competitors, and our ore is higher quality. We are just entering a new mining area at our Aurora, North Carolina property, which is the filet mignon of our reserve base. When we're fully established there, our costs at Aurora will be lowered by approximately \$20 million a year for the next 20 years.

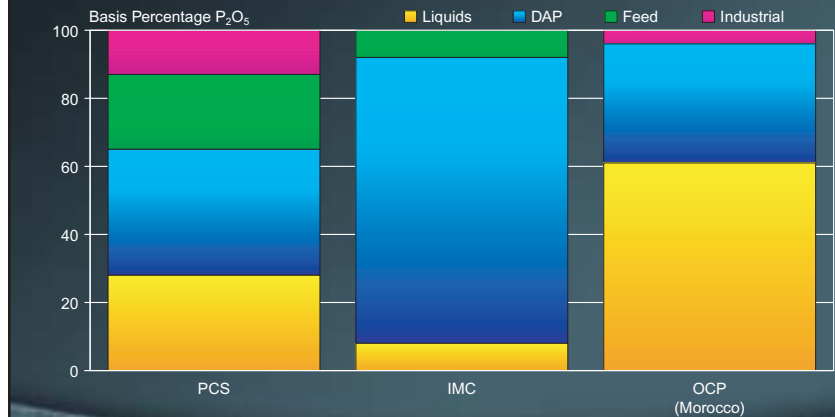
Lower Rock Costs Create Competitive Advantage



Source: TFI, BSC, PCS

At the same time, our competitors in Florida are mining lower-grade reserves farther and farther from their processing plants. As their costs rise, our relative competitive advantage becomes even greater.

Stress Product Diversification 2000 Phosphate Sales Distribution

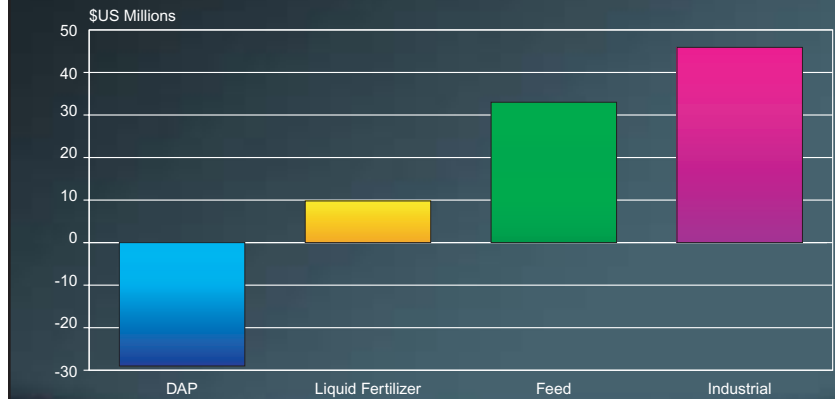


Source: Fertecon, IFA, PCS

In addition to extensive reserves, PotashCorp has the most diversified product line in the phosphate industry. This enables us to focus our business away from the solid fertilizer DAP, shown here in blue, toward the most profitable phosphate products, animal feed and industrial acid – shown here in green and pink, respectively. Our competitors are tied to the fortunes of the fertilizer industry but our phosphate business is increasingly connected to the higher-margin products. This is critical right now as adverse conditions are affecting DAP.

PCS Phosphate Gross Margin

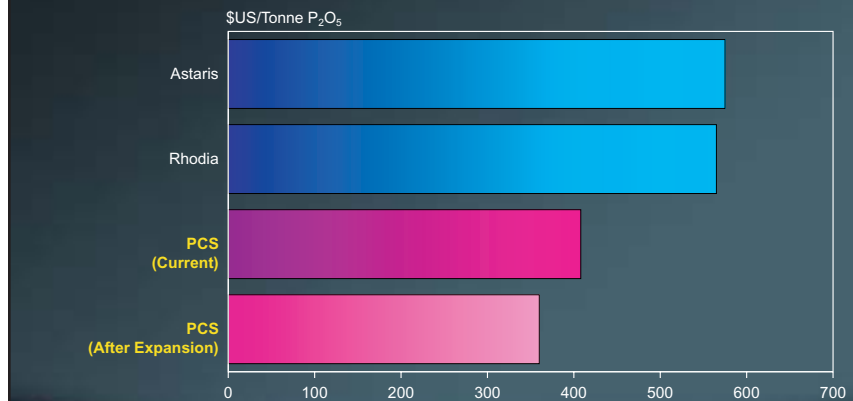
YTD September 30, 2001



Source: PCS

In fact, to September 30, DAP lost money for us on a gross margin basis. As a result, we are operating only what is required to produce our high-margin industrial products, which is less than half our DAP capacity. We are in the enviable position that our superior quality phosphate rock gives us the ability to produce low-cost liquids, feed and industrial products. All have been solid contributors this year.

Low-Cost Industrial Phosphoric Acid



Source: BSC, PCS

PotashCorp is one of only three U.S. companies still active in the industrial phosphoric acid business. We are the lowest-cost producer, benefiting from our investment in the new wet acid process that is replacing the expensive, environmentally abrasive thermal technology.

We are building on that strength by expanding our purified acid production to replace old plants that competitors are closing. This

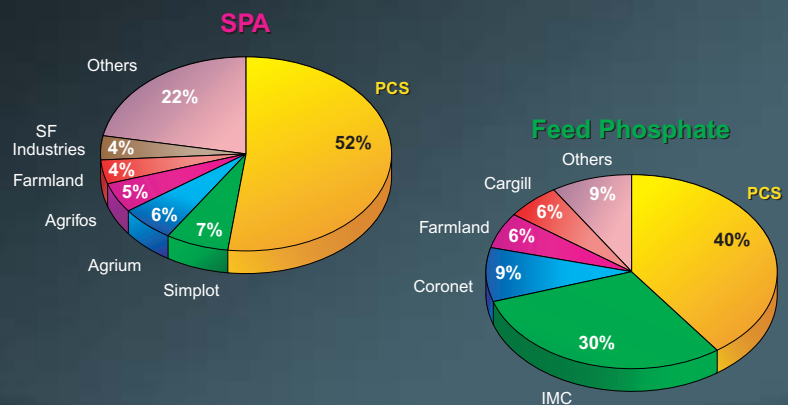
expansion will cost \$80 million and increase our capacity by 50 percent. When it is complete, our costs – which are already the lowest in the world – will fall still lower. We expect a 4 1/2-year payback on this investment.

PotashCorp has Superior Rock



In liquid fertilizers and feed, too, we benefit from our superior rock, which enables us to produce the best quality superphosphoric acid, or SPA, and DFP, the feed product used exclusively for poultry.

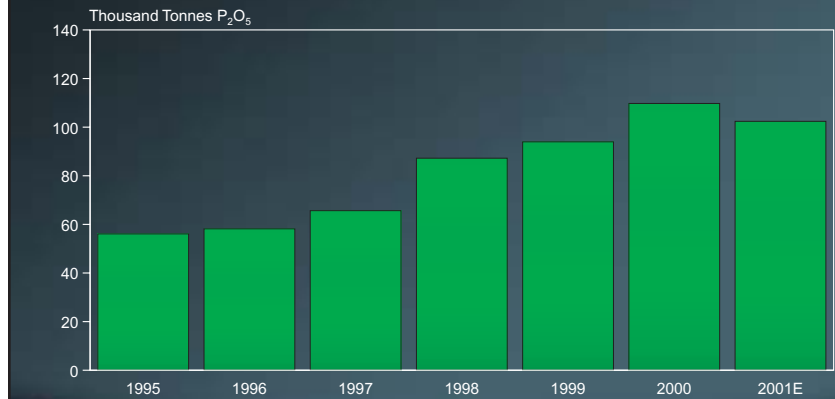
Prominent US Liquid Fertilizer & Feed Producer 2000 Capacities



Source: IFA, BJA, IFDC, TFI, SRI, PCS

PotashCorp is a substantial producer in both areas, with 52 percent of SPA capacity in the United States and 40 percent of feed capacity. Sales of SPA are growing as it is a liquid fertilizer used primarily in the increasingly popular and environmentally responsible minimum-till agriculture.

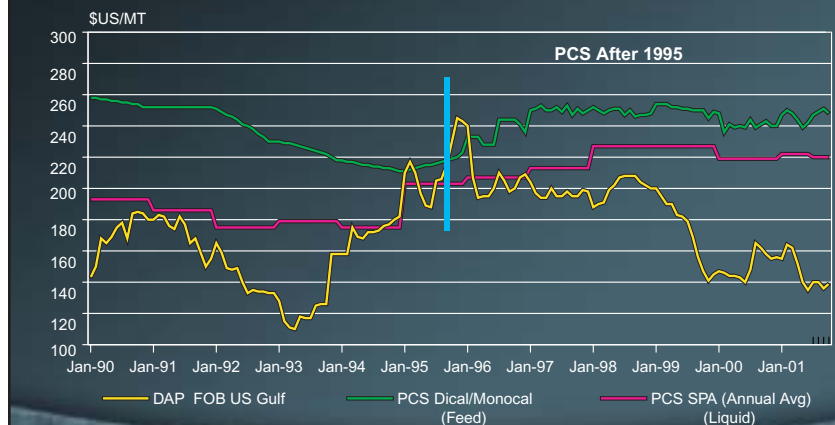
PCS Offshore Phosphate Feed Sales



Source: PCS

We approach our animal feed business with the same philosophy that governs the rest of our business, that price is more important than volumes. When we entered the feed industry and implemented this strategy, our market share fell from 50 percent to 40 percent. However, we made up for this by increasing price. We focused on offshore growth areas by expanding our sales team and purchasing an entry-level plant in Brazil. Our overall volumes are higher now and this business has remained stable despite DAP's vacillations.

Stable Phosphate Liquid & Feed Prices



Source: Fertecon, PCS

This graph illustrates the success of our strategy since we entered the SPA and feed businesses in 1995. The sharply fluctuating yellow line shows the volatility of DAP prices over the last 10 years. The pink line shows the SPA price, which is always more stable than DAP but is even higher since

1995. Feed prices – represented by the green line – have also been disengaged from DAP prices. Before 1995, they fell with DAP, but now they are more stable and ignored its downward plunge this year.

Aurora DFP Plant – Distinct Rock Advantage



We are also expanding our feed capacity by building a \$51-million plant at Aurora to produce 159,000 tonnes a year of the poultry feed ingredient DFP. This plant will provide the lowest-cost DFP in the world and is well situated to serve the growing offshore market.

Strength in Phosphate Business



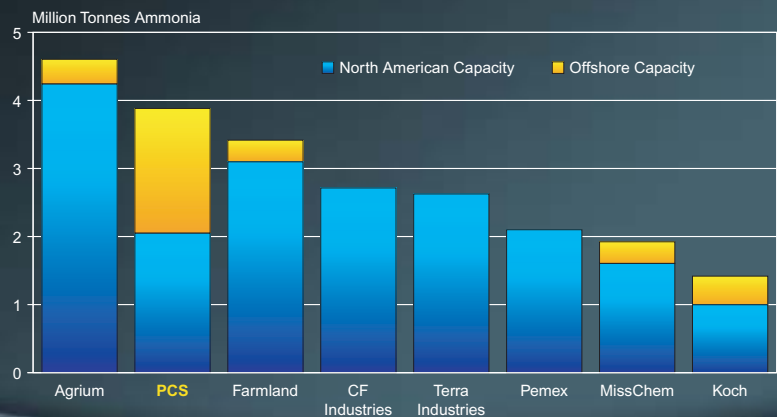
These new investments in purified acid and feed are clearly an indication of the strength of our phosphate business. PotashCorp is the only phosphate producer in North America investing in new plants, and that is because we have a distinct and defined advantage in this nutrient.

Nitrogen Competitive Advantages

- > Low-cost offshore production
- > Gas hedging
- > Industrial customer base

Let's turn our attention now to nitrogen, where success is a by-product of a company's ability to manage one key feedstock: natural gas. At PotashCorp, we've built our nitrogen strategy around this principle, reducing the traditional volatility of this business by focusing on low-cost offshore production, natural gas hedging and a large industrial customer base in North America.

Largest Offshore Ammonia Capacity in Western Hemisphere

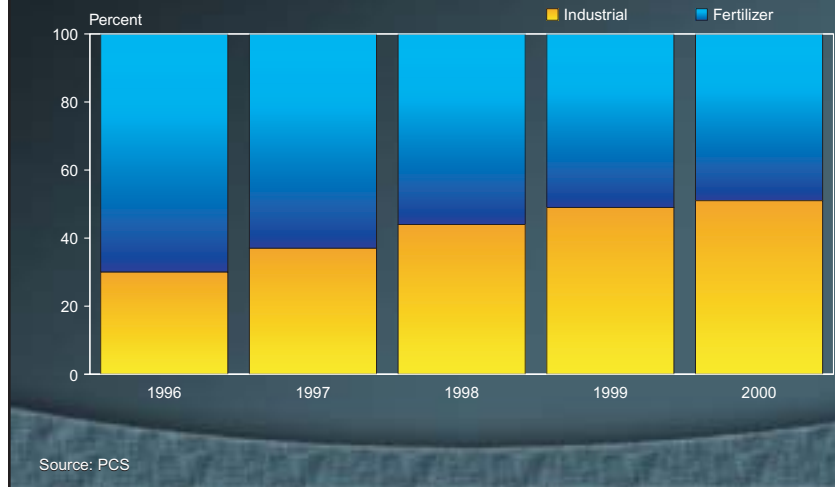


Source: Blue Johnson, PCS

Our advantage is illustrated by the yellow portion of this graph, which represents our access to low-cost gas under long-term contracts in Trinidad. With these contracts, our gas costs are indexed to the ammonia price, sheltering our margins.

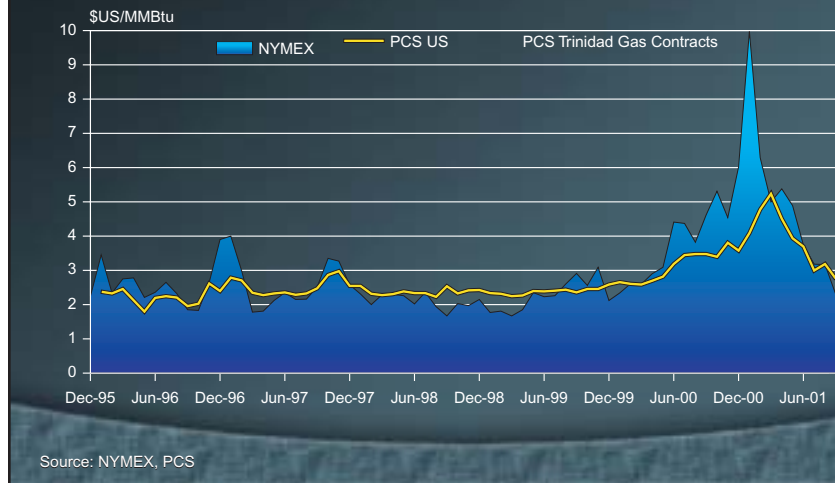
Emphasize Higher-Margin Industrial Sales

PCS Nitrogen Sales Volumes



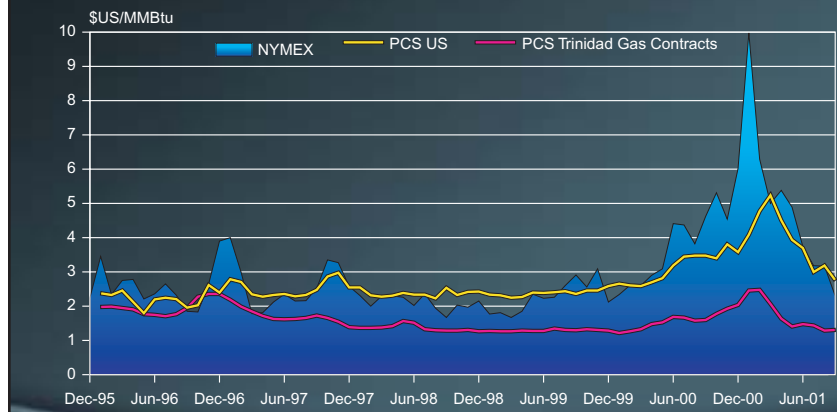
Our North American plants focus on serving our industrial customers, most of whom are located just across the fence from us and attached by pipeline. They depend on quality product and timely service, and are willing to pay a 10-15 percent premium to ensure they get both.

Hedging Stabilizes Nitrogen Business



In North America, we control our natural gas costs through hedging, to take the volatility out of this crucial input. The yellow line on this graph shows how our hedging helps reduce the highs of the Nymex gas price, which is the solid blue area. Sometimes we're above Nymex but usually we are below it, averaging out to a more consistent gas price that helps us achieve our goal of stabilizing our input costs.

Hedging Stabilizes Nitrogen Business



Source: NYMEX, PCS

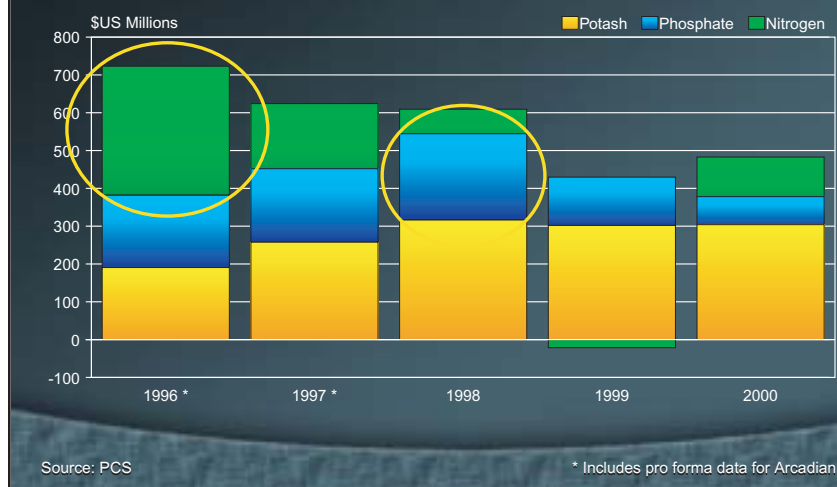
The pink line represents our average gas price in Trinidad, which is based on ammonia prices. Even with the \$20-per-tonne cost of shipping ammonia to North America – which translates into about 50 cents per MMBtu of gas – ammonia production in Trinidad carries a distinct advantage.

Strong Financials

- > High quality assets used to achieve superior results

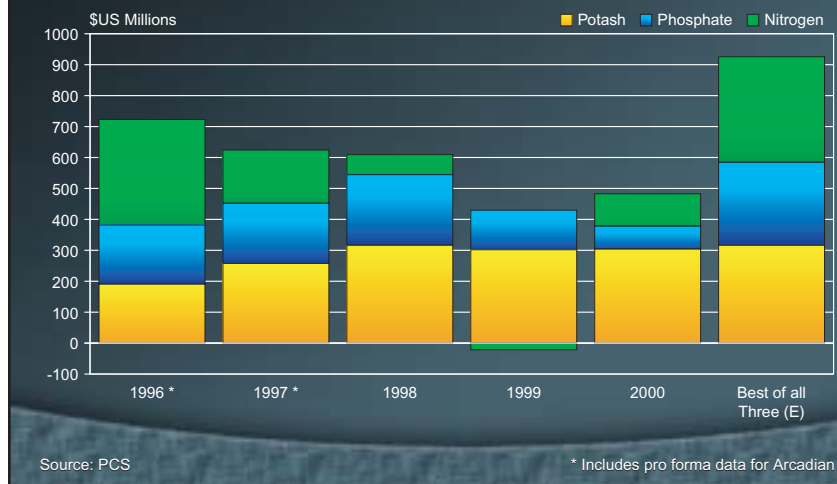
Let's turn now to our financial picture, which shows that we have used our high-quality assets according to our three-nutrient strategy to achieve superior results.

Three Nutrient Contributions to Gross Margin



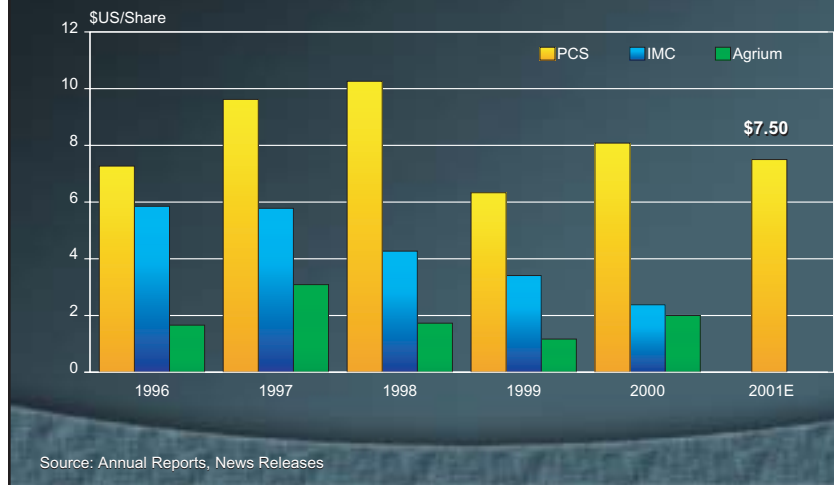
Potash has been a stable, consistent performer over the last five years, as these yellow bars show. Nitrogen, shown in green, has tremendous earnings potential waiting to be unlocked, as evidenced by 1996 results when it contributed more than \$300 million to gross margin. Phosphate, shown in blue, had high margins in 1998 when DAP prices were strong. Our new feed and industrial expansions and projected improvement in rock costs would increase this peak by \$50 million.

Three Nutrient Contributions to Gross Margin



Taking the best year of each nutrient, PotashCorp's gross margin would be more than \$900 million. That represents the potential of our company – without including the upside of growth we expect potash to provide.

PCS Generates Strong Cash Flow



Our cash flow, the highest in the fertilizer sector, continues to be not only dependable but strong. We finished last year at \$8 per share, and over the last five years have consistently been between \$6 and \$10 a share. We've given an earnings guidance of \$2.50 per share for this year, which will provide approximately \$7.50 per share in cash flow.

Sufficient Cash Flow for Opportunity Capital

> Non-Cash Items:

- Depreciation \$210 Million
- Deferred Taxes \$50 Million

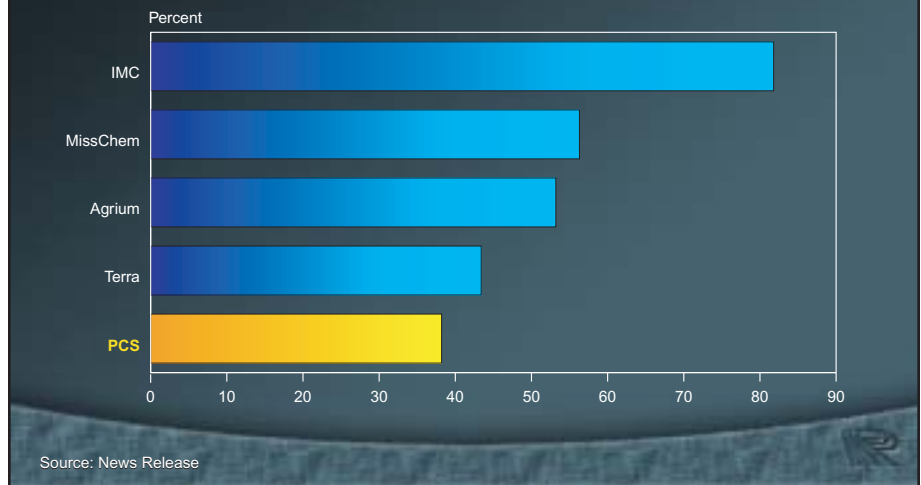
> Used for:

- Sustaining Capital \$125 Million
- Dividends \$50 Million

- > Opportunity Capital \$85 Million

Our depreciation runs at \$210 million a year and, depending upon earnings, approximately \$50 million is added back in for deferred taxes. Of this \$260 million, \$125 million is sustaining capital and \$50 million goes to dividends, giving us about \$85 million each year for opportunity capital.

Net Debt to Capital Ratio – Best in Sector September 30, 2001



The lowest debt-to-capital ratio in the sector – 38 percent – gives us the opportunity to look for acquisitions in this trough earnings period. With less attractive balance sheets, few other fertilizer companies have the borrowing power to take advantage of the opportunities available to us.

New PCS Investment SQN – Soquimich



- > Purchased 34% of Class A shares
- > Company based in Chile
- > World leader in specialty fertilizers, iodine and lithium
- > Produces upgraded potassium products for non-fertilizer markets
- > Highly complementary to PotashCorp

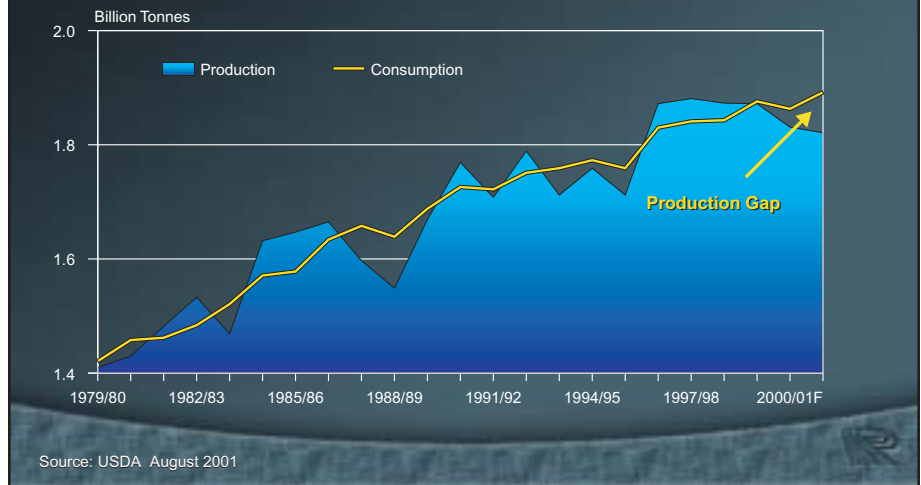
One of those opportunities came to fruition in October, when we purchased 34 percent of the Class A shares of SQM. This Chilean company is a world leader in specialty fertilizers, iodine and lithium. It produces upgraded potassium products for the non-fertilizer market and is active in markets highly complementary to ours.

Current Conditions

- > Tough couple of years for fertilizer business
- > Reduced results from earlier expectations

Let's briefly examine the current market conditions that are battering fertilizer. It's been a tough couple of years for this business, with some of the worst conditions taking place right now. Lower consumption of all fertilizer products this past spring and increased nitrogen imports have reduced our results from our earlier expectations.

Consumption Outstrips Grain Production Wheat, Coarse Grains and Rice



However, interest in fertilizer is being revitalized. There will be a gap this year between global food production and consumption. The world is using significantly more grain each year than it produces, and inventories are being pulled dangerously low for food security.

Lower US Corn Stocks Influence Farm Price



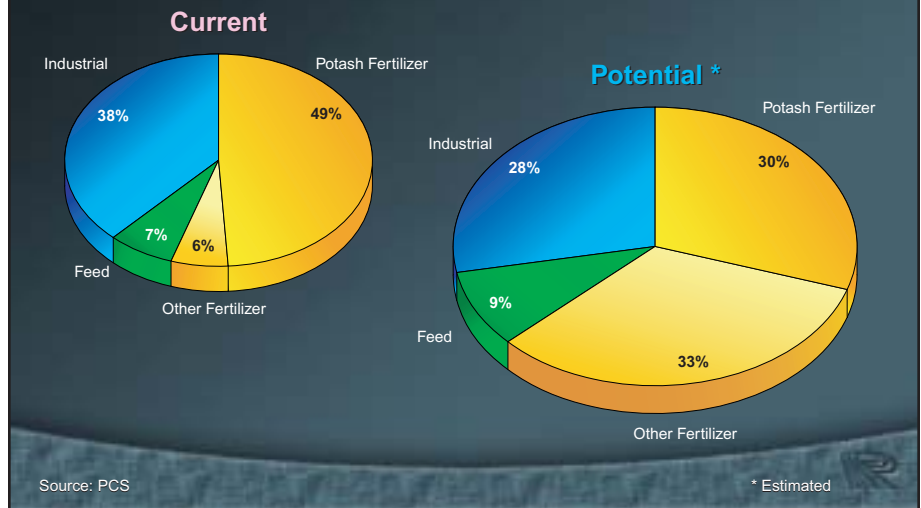
U.S. corn stocks are always a leading indicator, and they are projected to be down, a situation that historically has supported higher corn prices. Generally, crop prices appear to have bottomed out but haven't yet begun the steady improvement that is needed for a true recovery.

The "Bears" and "Bulls"



While our earnings are reduced this year and it is difficult to see exactly what is over the horizon, current conditions indicate that there are some more bullish indicators for 2002 – although they must be balanced against the possibility of continued low commodity prices. China anticipates it will begin importing DAP and urea under the quota system agreed to in its accession to the WTO. We see improved demand in all three nutrients from this important market. Domestically, there is real potential for more corn and wheat acres and higher fertilizer application rates.

Gross Margin Mix Potential



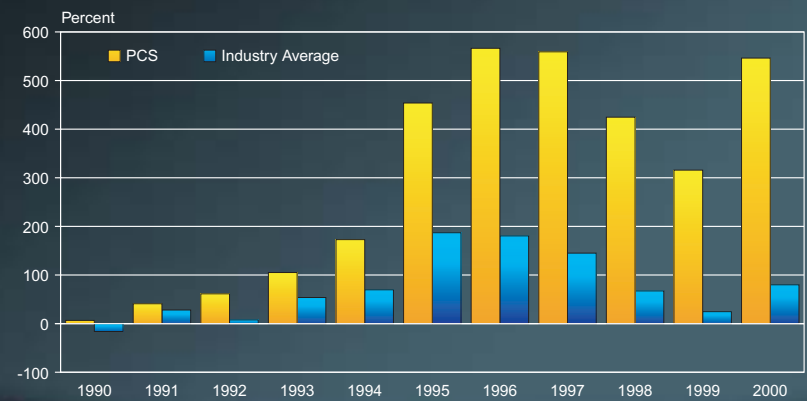
We watch these factors closely because while industrial, feed and potash remain stable, as shown by our trough earnings pie on the left, a cyclical rebound in phosphate and nitrogen fertilizers would provide the greatest immediate upside for our company. This would increase the size of the pie as shown on the right, offering a catalyst for our gross margin.

Strength of PCS Management Team High Level of Management Expertise

- > Low-cost production
- > Efficient operations
- > Superior customer service
- > Sustainable profitability

In conclusion, let me say that any industry, but especially an important industry such as fertilizer, requires a high level of management expertise firmly focused on low-cost production, efficient operations, superior customer service and sustainable profitability. PotashCorp is led by a management team with a breadth and depth of experience unmatched in the industry.

PCS Outperforms Rest of Fertilizer Industry Cumulative Total Shareholder Return

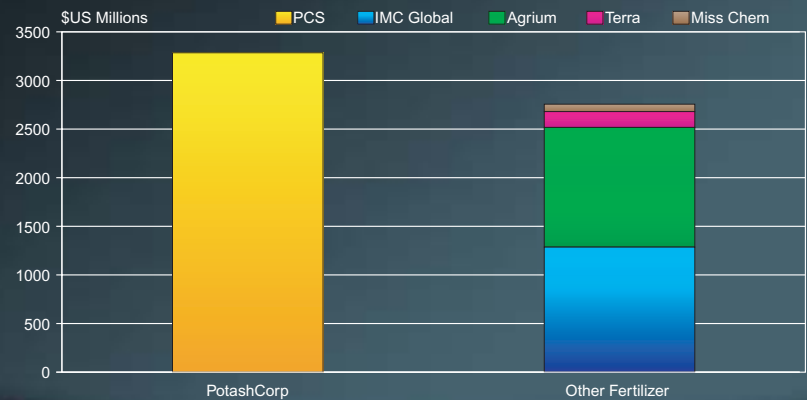


Source: Bloomberg, PCS

Industry average excludes PCS

That team has its eye closely on shareholder return, as its long-term incentive package is tied not only to outperforming the sector but also to improving return to shareholders by a cumulative 50 percent over a three-year period.

PotashCorp Market Cap More Than Other NYSE Fertilizer Companies Combined



Source: 10K, Bloomberg

As of Nov 16/01

You can see the results in our market capitalization, which is greater than all other fertilizer companies on the New York Stock Exchange combined. As the proxy for the industry, this larger market cap gives our investors greater liquidity.

We know we're in a great industry and we intend to do great things in this business, with substantial returns to our shareholders.



Thank you for your attention. I will be happy to answer questions.

This document contains forward-looking statements, which involve risks and uncertainties, including those referred to in the Company's annual report to shareholders for 2000. A number of factors could cause actual results to differ materially from those in the forward-looking statements.