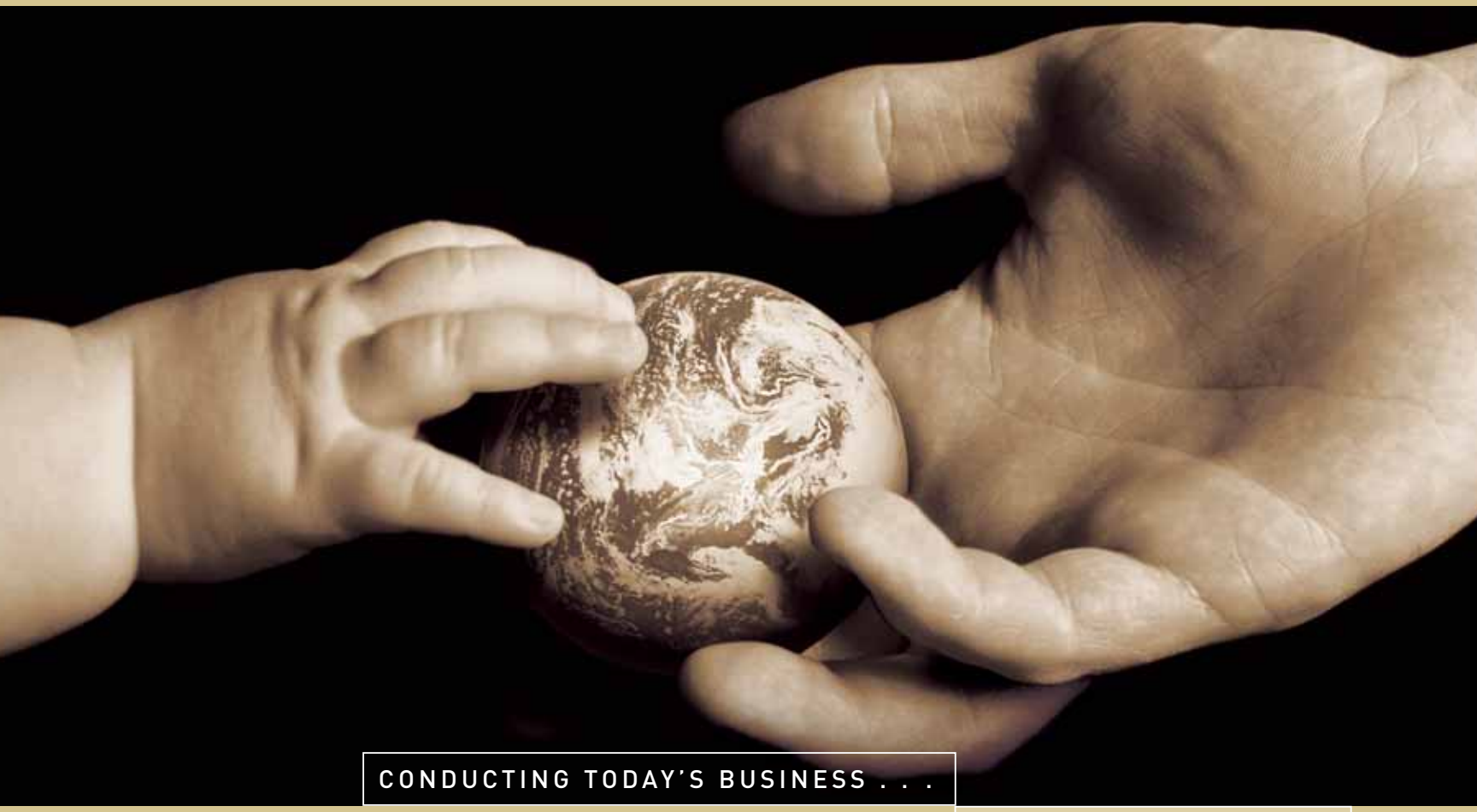
PotashCorp



CONDUCTING TODAY'S BUSINESS . . .

With Tomorrow in Mind

PotashCorp Reports on Its Commitment to Economic, Social and Environmental Sustainability for 2002

PotashCorp Sustainability

At PotashCorp, we have always believed in doing things right, as well as doing the right thing. This report details our efforts to balance economic, social and environmental concerns in our operations. We invite you to judge for yourselves how well we are doing.

HOW TO USE THIS REPORT

3 Elements of Sustainability
3 Easy-to-Find Sections

Economic Performance

Social Performance

Safety, Health and Environmental Performance

PotashCorp's 2002 Sustainability Report is structured for ease of use, clear understanding and quick reference. It is a working document.

The report begins with general information about the company, along with messages from our President and CEO and our Sustainability Committee.

This is followed by three tabbed sections — Economic, Social, and Safety, Health and Environmental. Each tab begins with a table of core indicators, which request specific information about the company. PotashCorp's response appears to the right of each indicator. Additional information and clarification are provided in the text that follows each table. The appendices at the end of the report provide additional information about the company, including site highlights, core values, goals, targets and other supplemental material.

Where applicable, this report was written using reporting guidelines established by the Global Reporting Initiative (GRI), an independent organization that has set the international standards for sustainability reporting. The core indicators that begin each section are from the GRI.

5 Things You Need to Know About Our Data

We have reported data using the units of measure that we feel are the most useful to readers. In some cases, that means measurements differ from one product line to another. As you read this report, the following apply:

1. All data refer to calendar year 2002, except where 2003 material is noted.
2. All monetary figures are expressed in U.S. dollars.
3. All potash production figures are expressed in metric tonnes.
4. All phosphate and nitrogen figures are expressed in short tons, except where noted in financial or economic data consistent with public reporting.
5. All production data are based upon the amounts produced in 2002, not on the amounts sold, except where noted in financial data.

CONTENTS

POTASHCORP PROFILE

PotashCorp is the world's largest integrated producer of potash, phosphate and nitrogen.

Potash (K)

- Potassium, as potassium chloride, was left behind after the evaporation of sea water and is mined as potash ore from underground deposits. The world's largest deposits are in Saskatchewan, Canada, where a giant inland sea created by glaciers evaporated millions of years ago.
- Potassium is a nutrient that helps plants fight stress, disease and injury. Just as calcium helps build strong bones, potassium helps plants grow strong stalks.

Products	Primary End Uses
Potash	Fertilizers and feed supplements
Industrial Potash	TV/computer screens, water softeners, soaps, perfumes, de-icers and other potassium-based chemicals
Potassium and Sodium Nitrates	Specialty fertilizers
Salt	Road de-icing and industrial applications

Phosphate (P)

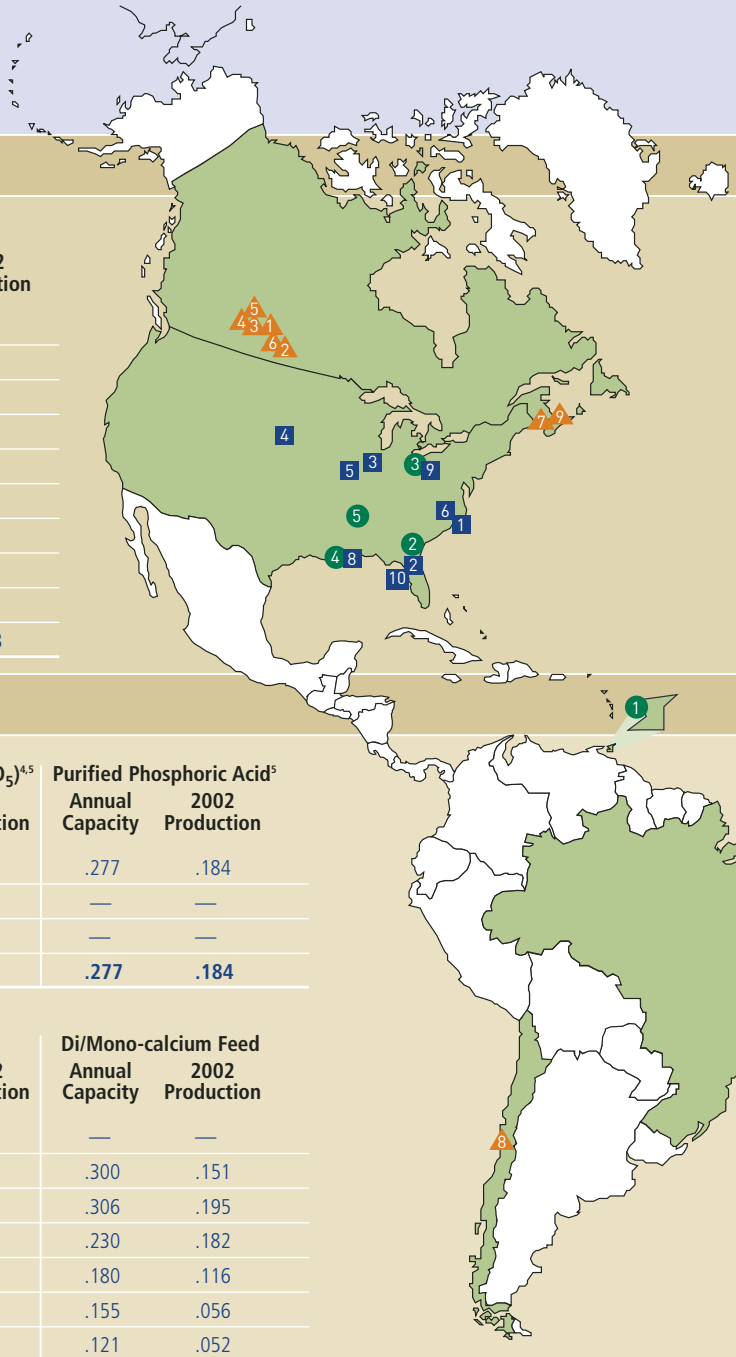
- Phosphorus is found in fossil remains in the soil. Phosphate rock is mined from ancient sea beds and is chemically processed into phosphoric acid, the building block for all phosphate-based products.
- Phosphorus is a nutrient needed for energy in plants. It works as carbohydrates do in people.

Products	Primary End Uses
Phosphate Rock	Feedstock for other phosphate products, and direct fertilizer application
Phosphoric Acid	Feedstock for phosphate fertilizer products (liquids and solids), technical and food-grade purified acid, feed supplements and direct fertilizer use
Phosphate Feed	Livestock and poultry feed supplements
Purified Phosphoric Acid	Soft drinks, food products, industrial detergents, metal treatment, water treatment and pharmaceuticals

Nitrogen (N)

- Nitrogen comes from the air. In fact, 78% of the air we breathe is nitrogen. However, nitrogen must be converted into a form that plants can use. The first step of that conversion is the synthesis of ammonia from the air using natural gas. Ammonia in its pure form can be used by plants and industry, but it is also the basic building block for other solid and liquid forms of nitrogen.
- Nitrogen is an essential nutrient for plants to grow their roots, stalks and vines. It is a key element in protein.

Products	Primary End Uses
Ammonia	Fertilizers, industrial and other nitrogen products
Urea Solids	Fertilizers, pharmaceuticals, plastics, resins, adhesives, dyes, pool chemicals, synthetic insulin and feed supplements for livestock
Nitrogen Solutions	Fertilizers
Nitric Acid	Carpets, photography, batteries, lacquers and paints, tires and feedstock for ammonium nitrate
Ammonium Nitrate	Fertilizers and explosives for mining, construction and road work



Potash Production (Million Tonnes)

Site	Potash (KCl) Annual Capacity	Potash (KCl) 2002 Production	Salt (NaCl) Annual Capacity	Salt (NaCl) 2002 Production
1 Lanigan SK	3.828	1.424	—	—
2 Rocanville SK	2.295	1.700	.150	.148
3 Allan SK	1.885	.864	—	—
4 Cory SK	1.361	.677	—	—
5 Patience Lake SK	1.033	.230	—	—
6 Esterhazy SK[1]	.953	.953	—	—
7 New Brunswick NB	.785	.599	.600	.540
8 Yumbes Chile[2]	—	—	—	—
9 Cassidy Lake NB[3]	—	—	—	—
Total	**12.140**	**6.447**	**.750**	**.688**

Phosphate Production (Million Tons)

Site	Phosphate Rock Annual Capacity	Phosphate Rock 2002 Production	Phosphoric Acid (P_2O_5)[4,5] Annual Capacity	Phosphoric Acid (P_2O_5)[4,5] 2002 Production	Purified Phosphoric Acid[5] Annual Capacity	Purified Phosphoric Acid[5] 2002 Production
1 Aurora NC[6]	6.600	3.797	1.325	.940	.277	.184
2 White Springs FL	4.000	1.706	1.205	.529	—	—
8 Geismar LA	—	—	.223	.198	—	—
Total	**10.600**	**5.503**	**2.753**	**1.667**	**.277**	**.184**

Site	Solid: DAP/MAP Annual Capacity	Solid: DAP/MAP 2002 Production	DFP Feed Annual Capacity	DFP Feed 2002 Production	Di/Mono-calcium Feed Annual Capacity	Di/Mono-calcium Feed 2002 Production
1 Aurora NC[7]	1.375	.827	.175	.004	—	—
2 White Springs FL	.782	.030	.110	.106	.300	.151
3 Marseilles IL	—	—	—	—	.306	.195
4 Weeping Water NE	—	—	—	—	.230	.182
5 Joplin MO[8]	—	—	—	—	.180	.116
6 Kinston NC[9]	—	.004	—	—	.155	.056
7 Fosfatos do Brasil	—	—	—	—	.121	.052
9 Cincinnati OH[10]	—	—	—	—	—	—
10 Florida Favorite[11]	—	—	—	—	—	—
Total	**2.157**	**.861**	**.285**	**.110**	**1.292**	**.752**

Nitrogen Production (Million Tons)

Site	Ammonia[4] Annual Capacity	Ammonia[4] 2002 Production	Urea Solids Annual Capacity	Urea Solids 2002 Production	Nitrogen Solutions[12] Annual Capacity	Nitrogen Solutions[12] 2002 Production	Nitric Acid (HNO_3)[4,13] Annual Capacity	Nitric Acid (HNO_3)[4,13] 2002 Production	Ammonium Nitrate Solids Annual Capacity	Ammonium Nitrate Solids 2002 Production
1 Trinidad	2.040	1.949	.696	.743	—	—	—	—	—	—
2 Augusta GA	.758	.759	.420	.400	.640	.243	.596	.594	.564	.564
3 Lima OH[14]	.597	.547	.363	.229	.250	.137	.107	.108	—	—
4 Geismar LA	.532	.407	—	—	1.133	.795	.930	.806	—	—
5 Memphis TN	.409	.357	.451	.412	—	—	—	—	—	—
Total	**4.336**	**4.019**	**1.930**	**1.784**	**2.023**	**1.175**	**1.633**	**1.508**	**.564**	**.564**

1 Production at Esterhazy is mined from PotashCorp reserves by IMC Esterhazy Canada Limited Partnership under a long-term agreement. For calendar year 2002, its allocation was 0.953 million tonnes.

2 Yumbes was in a start-up phase in 2002.

3 Cassidy Lake upgrades standard to granular grade product.

4 A substantial portion of phosphoric acid, ammonia and nitric acid is upgraded to value-added phosphate and nitrogen products.

5 Capacity and production are based on 100% P_2O_5 content.

6 Aurora completed an expansion of its purified acid capacity to 277,000 tons per year in March 2003.

7 Aurora's DFP plant, completed in December 2002, is in start-up phase.

8 Joplin feed plant was purchased March 1, 2002.

9 Kinston feed plant ceased production on Feb. 19, 2003.

10 Cincinnati produces specialty phosphate products.

11 Florida Favorite Fertilizer operates five fertilizer-blending plants in Florida, Georgia and Alabama.

12 Capacity and production are based on 32% N content.

13 Capacity and production are based on 100% HNO_3 content.

14 BP Chemicals operates the Lima facility under an operating agreement with PotashCorp.

3 Key Nutrients Key Markets

THE OPERATIONS OF POTASHCORP ARE BEST EXPLAINED BY WHAT WE PRODUCE AND WHERE WE SELL. WE PRODUCE THREE KEY NUTRIENTS — POTASH, PHOSPHATE AND NITROGEN. WE SELL IN THREE KEY MARKETS — FERTILIZER, FEED AND INDUSTRIAL.

3 KEY NUTRIENTS

Our production facilities supply our three core nutrients. We mine potash and phosphate from the ground and draw nitrogen from the air.

We produce the three macro nutrients necessary for all plants to survive: potash, phosphate and nitrogen. These nutrients define the three primary businesses of PotashCorp dedicated to the low-cost, profitable, sustainable production of potash, phosphate and nitrogen products.

POTASH

We mine potash in Saskatchewan and New Brunswick. We produce potassium nitrate at one facility in Chile. With 12.1 million tonnes capacity in potash, PotashCorp had 23% of world capacity in 2002, making us the number one potash company by capacity.

Our status as a low-cost producer and the fact that we have 65% of the world's excess potash capacity work to our advantage. Shutdown weeks to control inventory, natural gas costs and the value of the Canadian dollar relative to the U.S. dollar can affect our costs and gross margins.

PHOSPHATE

We mine phosphate from two U.S. mines, process it at three U.S. plants and use it to make a variety of products, including livestock feed. In 2002 we had the capacity to produce almost 2.8 million tons of phosphoric acid (P_2O_5). That ranked us at number four on the list of phosphate producers in the world by capacity.

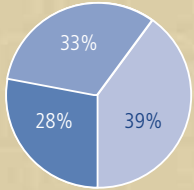
A key issue for our phosphate operations is the cost of sulfur, phosphate rock and ammonia needed for certain types of fertilizers. Our high-quality rock and diverse product mix provide us with a competitive advantage.

NITROGEN

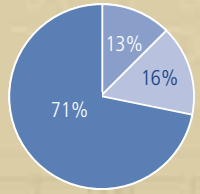
We produce nitrogen products in the United States and Trinidad. In 2002 we had a capacity of more than 4.3 million tons of ammonia. That positioned PotashCorp as the number three nitrogen producer in the world by capacity.

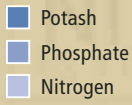
Natural gas is the primary input for nitrogen products, and its recent volatility affects our production decisions. In the U.S., natural gas at $2.00/MMBtu makes up at least 70% of the cost of producing ammonia; $5.00 gas moves the cost up to 85%. We stabilize our nitrogen business through long-term, low-cost gas contracts in Trinidad, gas hedging in the U.S., and focusing on industrial customers in the U.S.

Net Sales 2002



Gross Margin 2002





3 KEY MARKETS

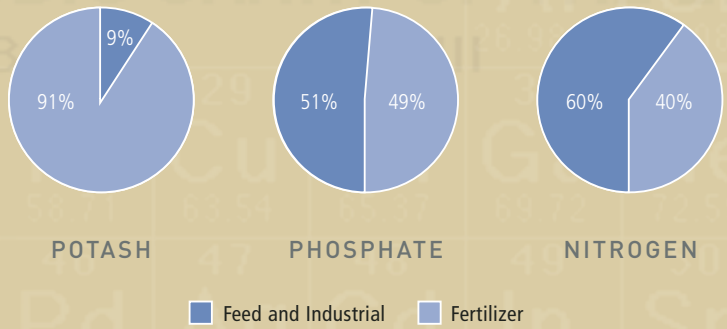
Our sales organization markets our three key products to three distinct markets: Fertilizer, Feed and Industrial Applications.

SALES

We market all of PotashCorp's nitrogen products — both in North America and offshore — and we sell phosphate and potash products in North America. Offshore phosphate fertilizer sales are handled by the U.S. export agency, PhosChem. The company's Saskatchewan potash is sold into international markets by Canpotex, the offshore marketing agency for all Saskatchewan potash producers. PotashCorp is responsible for offshore sales of potash from the company's New Brunswick operation and contractually for Mississippi Chemical.

Our products are shipped in a variety of ways, including ocean vessels, barges, rail cars and trucks. We even use direct pipelines to deliver nitrogen products to some customers. We own or lease more than 5,000 rail cars and have more than 165 warehouses throughout North America.

Customer Types by Sales Volume 2002



FERTILIZER

Potash, phosphate and nitrogen are the main soil nutrients that help all living things grow. When crops are harvested, these nutrients are harvested along with them. PotashCorp's fertilizer products replace those nutrients.

In North America, we sell primarily to ag retailers, major distributors and large cooperatives with their own dealer networks. These are the people in farm communities who supply, and often apply, the crop inputs farmers need for their fields.

Offshore, China is our largest potash and phosphate customer, but Brazil is growing quickly. Nitrogen sales to offshore markets are limited.

Through organizations like the International Fertilizer Industry Association, The Fertilizer Institute, the Potash & Phosphate Institute and the International Fertilizer Development Center, we have built a framework for research, education and policy development to improve fertilizer application, production and use efficiency.

FEED

Just as crops need additional nutrients, livestock need potash, phosphate and nitrogen in feed.

Phosphate is the main nutrient PotashCorp sells as feed. To a lesser extent, nitrogen and potash are used in animal nutrition, too.

From our mines and plants, raw materials are sent to six U.S. feed plants that produce phosphate-based feed supplements such as dical, monocal and DFP. Our North American customers are mainly large livestock operations producing poultry, dairy, pork and beef. We also sell to bulk feed producers. The offshore market for feed is growing in developing nations such as Brazil.

INDUSTRIAL APPLICATIONS

Our products' industrial applications range from water softening to metal shining. Chances are you are within sight of them right now.

Potash is used in the manufacture of TV and computer screens. Purified phosphoric acid gives cola soft drinks their bite and reflective metal its brilliance. Nitrogen is used in plastics, pharmaceuticals, adhesives, dyes and paints.

Unlike many of our competitors, we serve our industrial customers with dedicated sales teams that sell only to industry, rather than splitting their attention between agriculture and industry.

A Message From Our President and CEO

William J. Doyle
President and CEO

Sustainability is at the heart of PotashCorp's values and is central to the growth and continued success of our company.

PotashCorp has a proud history as a leading producer of agricultural nutrients and industrial materials. Our operations are among the best anywhere, and we have demonstrated our capacity to achieve sustainable growth and profitability. Our products help to feed the world. They not only provide sustenance, they bring a better quality of life to people through proper nutrition, freedom from food shortages and a greater ability to grow and prosper.

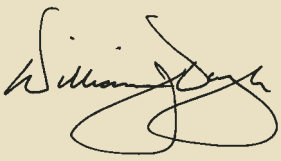
Our company and our people have long practiced the principles of sustainability without applying the label. We care for the natural environment through responsible management of resources, not only because it is the right thing to do, but because natural resources are the basis of our business. We promote safety in the workplace and progressive human resource practices because they benefit our employees, who are essential to our success. We invest in our communities because strong, healthy communities provide the foundation for a strong, healthy corporation.

Our past efforts to practice the principles of sustainability have been good for our shareholders, customers, employees and communities, as well as for the environment. Now we are taking the next step by making our commitments to sustainability explicit and transparent.

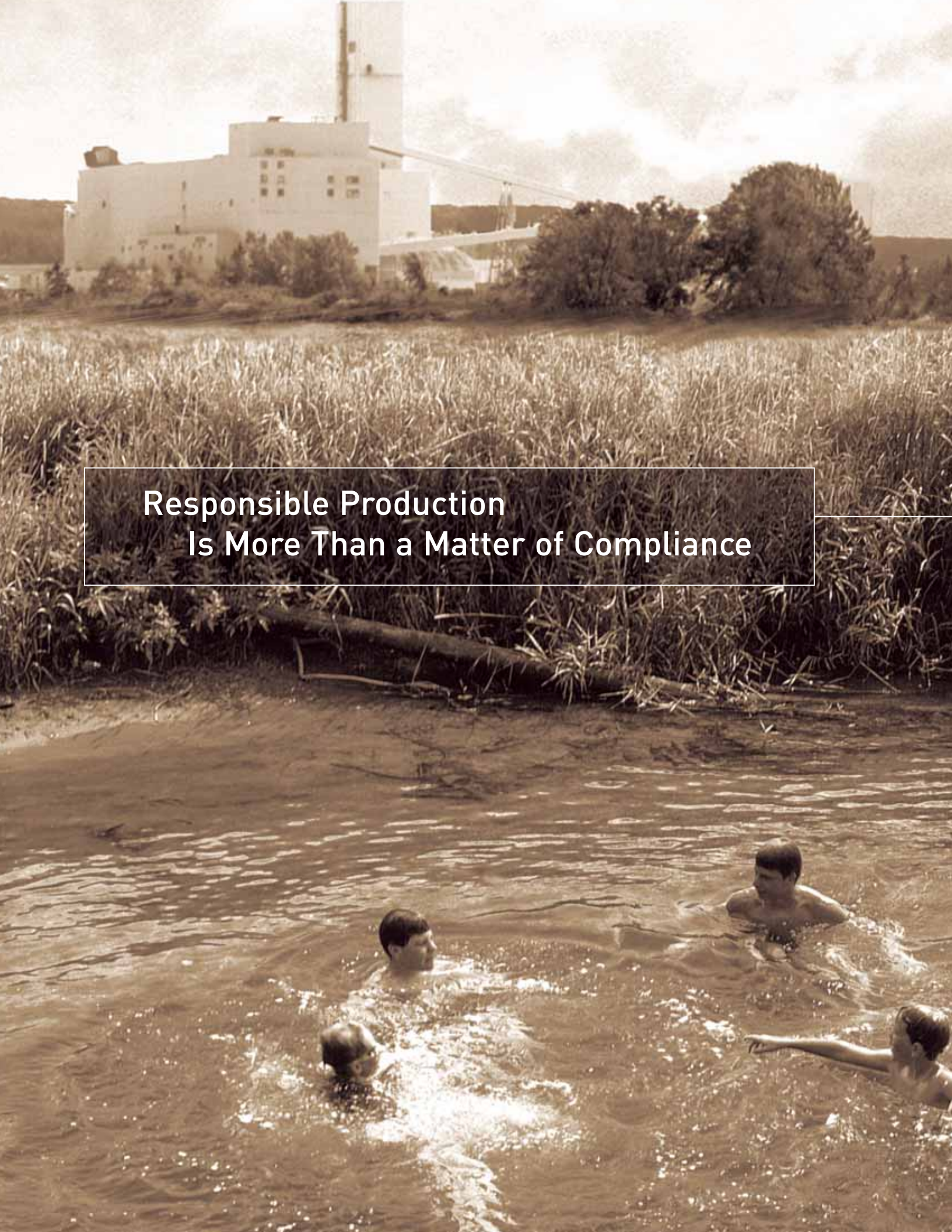
This report provides the opportunity to share with our stakeholders, both inside and outside the company, the progress we have made, the challenges that remain, and the goals we have set for the future. It reflects our belief that our efforts toward sustainability must be based on shared information and open dialogue.

We strive for excellence. Our approach is proactive, not passive, and we consistently aim for high standards and continuous improvement. But excellence is a journey, not a destination, and we recognize that there are areas where we can and must do better.

I hope you find this report both informative and useful, and would welcome your comments on our approach to sustainability.



William J. Doyle
President and CEO
PotashCorp
July 25, 2003



Responsible Production Is More Than a Matter of Compliance

A Letter From the PotashCorp Sustainability Committee

James F. Dietz
Executive Vice President and
Chief Operating Officer

Betty-Ann Heggie
Senior Vice President,
Corporate Relations

Barbara Jane Irwin
Senior Vice President,
Administration

Donald R. Roberts
Vice President,
Safety, Health
and Environment

This is PotashCorp's first report on our commitment to sustainability. Our purpose is to outline the progress that we have made to date and to map out the approach that we plan to take in the future.

We are particularly proud to be the first North American-based fertilizer company to produce a sustainability report. We understand that transparency is key to maintaining relationships with our stakeholders — our employees, communities, shareholders, suppliers, customers, regulators and critics — and in earning their trust and confidence. This inaugural report plays an important role in maintaining ongoing communication.

PotashCorp has a long record of creating shareholder value and displaying our commitment to environmental responsibility, workplace safety, corporate citizenship and integrity. Put another way, we have made significant strides in our practice of sustainability principles.

- Our financial success is the result, in part, of becoming the leading low-cost producer of fertilizers that are essential in ensuring the world's food supply.
- We aim to advance the practical application of sustainable food production and to have long-standing relationships with the world's leading agricultural research organizations to help achieve this goal.
- We take the long-term view in our mining practices and incorporate measures to prolong the productive life of our mines. In doing so, we maintain the viability of our mines and the communities that depend on them.
- Protecting our people and the environment is one of the cornerstones of PotashCorp's operations. Over the past decade we have achieved significant reductions in lost-time injuries as well as air and water emissions.
- Our respect for the land is demonstrated through our award-winning reclamation projects and land-management best practices.

We look forward with confidence to steady improvements in our social, environmental and economic performance. Our commitment to measuring and evaluating our performance against a triple bottom line gives PotashCorp a solid foundation for improvement. Our recognition that shareholder value is best achieved by responding to society's emerging expectations is an important part of that process.

We would like to hear from you on how well we are meeting these expectations. We hope you will help us improve our reporting in years to come by giving us your comments.

ON OUR PATH TO SUSTAINABLE GROWTH

Where We Have Been

The principles of sustainability have long been everyday practice at PotashCorp. Our actions in economic, social and safety/environmental performance are guided by a corporate culture that embraces the values of sustainable development.

- PotashCorp has appointed a Vice President with responsibility for safety, health and the environment. As a result of his efforts, the company implemented umbrella guidelines that must be followed at all of our facilities in each of the five countries where we operate.
- The company has created a Sustainability Committee to oversee the development of a sustainability framework and to take responsibility for the public reporting on sustainability.
- We have conducted sustainability best practice workshops for plant managers and senior management.
- Our senior management has taken a leadership role in the industry-wide discussion of sustainability reporting.
- Recognizing that what gets measured gets done, we list our goals and targets each year in our Annual Report.

Where We Are Going

We are now taking further steps to embed sustainable practices in our organization, to unify them into an explicit sustainability framework and to report on them.

- We must continue to ensure that our commitment to sustainability is matched with the right combination of financial resources and focused time and energy.
- We have begun the process of developing meaningful performance metrics and intend to implement them on a comprehensive and systematic basis.
- We recognize that environmental protection no longer focuses on production processes alone, but must cover the product life cycle. Our sustainability initiatives must respond accordingly.
- Finally, we recognize that the job of implementing sustainability is never done. Expectations will change, new pressures will emerge, better practices will develop. Sustainability is a process, not an end in itself.

OUR VALUES GUIDE US

Our core values provide the underpinning for all of our achievements. These values define who we are, shape our culture and guide our business practices.

PotashCorp's Statement of Core Values

- We operate with integrity.
- We hold the safety of people and the environment as our overriding concern.
- We listen to all PotashCorp stakeholders.
- We seek continuous improvement.
- We share what we learn.
- We are accessible and accountable.

See the full text of our Core Values on page 88.

Modern agriculture is a diverse collection of individuals and companies all sharing responsibility for sustainable food-production systems that can meet the needs of the world's growing population.

In the past few decades, a system of high-yield agriculture has been established that has kept pace with the burgeoning population. The Green Revolution of the 1960s is credited with feeding 2 billion people who otherwise would have starved.

But more must be done.

YIELDING HIGHER-QUALITY LIVES

United Nations Secretary General Kofi Annan noted at the 2002 World Summit on Sustainable Development that agriculture is the foundation for world peace and global prosperity. In February 2003, he further called for a new Green Revolution.

The Need for Organic and Conventional Fertilizers

A number of debates are currently taking place over what the elements of sustainable agriculture really are. In the realm of fertilizer, the debate often is reduced to a polarized discussion of organic fertilizers versus commercial fertilizers. In reality, both are required for productive soils.

Sustainable food development, however, is reliant on maximizing productivity. When crops are harvested, so are the nutrients that were once contained in the soil. They must be replaced if the land is to continue to yield a nutritious food supply. Maximizing food production on the least amount of land can only occur through the use of commercial fertilizers.

As Nobel Peace Prize Laureate Dr. Norman Borlaug says, "Use all the organic fertilizer that's available. But don't mislead the world into believing that it is possible to produce the food that we need to feed 6.1 billion people with organic fertilizer alone."

Another significant benefit of commercial fertilizers is land use. High-yield agriculture requires minimal use of land for growing crops. This makes land available for wildlife habitats, recreation, commercial development and backyards.

Better nutrition is another benefit that commercial fertilizers bring to agriculture. While some may believe that modern farming methods are diminishing the nutritional value of crops, science tells us otherwise.

Agricultural scientists tell us that without high-yielding, conventional fertilizers, we would need millions of additional acres to feed the world. Those acres now contain parks, forests and vital habitats.

In reality, food produced with commercial fertilizers is credited with generally healthier diets as well as people growing taller and living longer. In addition, because commercial fertilizers reduce the cost of food as a percentage of income, living standards are improving throughout the world.

Applying Science

PotashCorp emphasizes that our production decisions must be based on science. Through organizations like the International Fertilizer Industry Association, The Fertilizer Institute, the Potash & Phosphate Institute and the International Fertilizer Development Center, we have built a framework for research, education and policy development to improve fertilizer application, production and user efficiency.

"... agricultural development is the foundation for everything. It is vital to our health ... economic stability ... and world peace."

Kofi Annan
United Nations Secretary General

GOVERNANCE AND MANAGEMENT PERFORMANCE

A rash of corporate accounting scandals has shaken confidence in corporations. As a result, it's not uncommon for investors to ask, "Why should I trust your company?" This lack of faith makes transparent governance and management accountability essential.

In 2001, the Corporate Governance and Nominating Committee of the Board completed an exhaustive review of our corporate governance system. This review resulted in several changes to PotashCorp's approach to corporate governance, including making the Board Chair independent from the CEO and refining the Board's role in strategic planning.

We are proud that our company was pursuing corporate governance improvements before regulators and markets began to mandate such actions by publicly traded companies.

However, our foresight didn't stop there.

In March 2003, PotashCorp adopted a statement of governance principles reflecting current best practices. As the definition of what constitutes good corporate governance continues to evolve, our policies will evolve as well. Our 2003 Governance Principles establish standards and operating procedures that will likely be mandated for all New York Stock Exchange-listed companies in the near future.

The Board values the interests of our customers, employees, suppliers and the communities and environment where we do business. Policies were developed to fully recognize the importance of appropriate business practices with these stakeholders, and are being implemented. In addition, management has published its goals and targets for 2003 to increase management accountability. They can be found in this report on page 89.

THE BOARD

Our Directors

In May 2003, shareholders elected a diverse group of people to the Board.

The Board is composed of 12 members.

- **11** independent members and the President and CEO
- **3** female directors
- **9** male directors
- **8** reside in Canada
- **3** reside in the United States and
- **1** resides in the Dominican Republic

Responsibilities

- Oversight and approval of business strategy
- Appointment and evaluation of the CEO
- Approving the appointment of all corporate officers and ensuring adequate management succession
- Establishing standards for management and monitoring performance
- Approving procedures for strategy implementation, risk management and ensuring the integrity of internal control and management information systems

Board of Directors

Key to the company's governance principles is a commitment to Board independence to ensure absolute integrity. Prescriptive rules and well-defined processes back up these requirements.

The director selection process is Board-driven, with the responsibility for selecting nominees held by the fully independent Corporate Governance and Nominating Committee.

The Board holds eight scheduled meetings a year, including a two-day meeting in November where risk management is reviewed and a two-day meeting in January where corporate strategy is the principal agenda item. Special meetings of the Board are convened as required.

The Board has specifically retained responsibility for managing its own affairs, including planning its composition, selecting the Board Chair, nominating candidates for election to the Board, appointing committees and determining director compensation.

The Board believes that the economic interests of directors should be aligned with those of shareholders, so all directors are expected to hold stock in PotashCorp. The Board also has determined that each director shall invest a portion of his or her annual director's compensation in deferred share units (DSUs) of the corporation.

Each DSU has a floating value equivalent to one common share of the corporation and cannot be paid out until the director retires from the Board.

Additional information about PotashCorp's Board members and governance policies can be viewed on our web site, www.potashcorp.com/investor_relations/governance, and in our Annual Report and Proxy Circular.

Code of Conduct

The PotashCorp Code of Business Conduct was recently developed to set the ethical standards we expect from all of our employees. The code is our commitment to act with uncompromising integrity. It serves as the guide to ethical decision-making for our employees and third parties with whom we do business.

An information packet, including a letter from the CEO emphasizing the importance of strict compliance, is designed to educate employees about the code. The packet will be distributed to all employees and will be made part of new-employee orientation.

Completion of web-based training modules on principles of the code of conduct is required of all intranet-connected employees. We will use the measures of success included in the code to monitor its effectiveness.

POTASHCORP GOVERNANCE RATED AAA+

PotashCorp corporate governance practices received the highest possible rating of AAA+ in a recent study of Canadian corporations by the University of Toronto's Rotman School of Management.

The ranking was determined in a comparison of all 1,300 companies publicly traded on the Toronto Stock Exchange by examining 151 different variables based on 2002 data. PotashCorp was the only company to receive a Board effectiveness rating of AAA+.

THE CODE OF CONDUCT ADDRESSES SUCH ISSUES AS

- Corruption and bribery
- Insider trading
- Acceptance of gifts
- Conflict of interest
- Appropriate use of technology
- Confidentiality of information

"It takes a proper balance of the three nutrients — N, P and K — to make crops grow strong and abundantly. The same careful balance of independent governance, executive management and external scrutiny is vital to building a strong, sustainable company."

Dallas Howe
Chairman of the Board
PotashCorp

Auditing Policy

Today, uncompromised independence is essential to a rigorous, credible auditing procedure. Deloitte & Touche, LLP conducts independent auditing of our consolidated financial statements with the independence today's world demands. We also have in place strict rules of separation between the auditing and the consulting responsibilities we entrust to Deloitte & Touche. The Board of Directors Audit Committee, which is composed exclusively of outside directors, meets regularly with the independent auditors to review significant accounting, reporting and internal control matters. The Audit Committee also recommends which independent auditors will be considered for appointment at the company's annual shareholder meeting. Interim consolidated financial statements are reviewed by the Audit Committee prior to release to shareholders. The consolidated financial statements are approved by the Board of Directors on the recommendation of the Audit Committee.

With the passage of the U.S. Sarbanes-Oxley legislation, CEO William Doyle and CFO Wayne Brownlee certify the company's quarterly and annual financial reporting.

In 2002, Deloitte & Touche was paid $1,062,000 in audit fees, $186,000 for audit-related services, $277,000 for taxation services and $55,000 for a business development project. The business development task was performed by a Deloitte & Touche office separate from the main PotashCorp auditor's office to ensure the audit wasn't compromised. In addition, consistent with the Sarbanes-Oxley legislation requiring separation of professional services, Deloitte & Touche will not be providing PotashCorp with tax services in 2003.

Risk Management

A company is only as sustainable as its ability to withstand events that challenge its prosperity. That's risk management.

We take a thorough and comprehensive approach to risk identification and management. Senior management, working with the appropriate board committees, identifies the most pertinent issues from the risk universe. Multi-disciplinary project teams then evaluate the risk exposure and recommend ways to achieve an acceptable level of risk.

See how our approach to risk management is applied to safety, health and environmental issues on page 70.

SOME OF THE RISKS WE CONSIDER MOST SERIOUS ARE

- Risk to reputation
- Commodity-price volatility risk
- Foreign-country risks, including exchange rate volatility and political/security risks
- Risk to access to capital
- Security risks to our products
- Workplace health and safety risks
- Risk to human resources
- Risk to information systems

Economic Performance

In order to be successful in business for the long term, we must provide value to our stakeholders. In this part of the report, we describe PotashCorp's economic impact on our key stakeholders and discuss our strategies for long-term economic viability and performance.

The Strategic Importance of Economic Sustainability

Strong economic and financial performance is essential to PotashCorp's future as a sustainable enterprise.

PotashCorp is in a commodity business. To be economically sustainable in this sector's environment, we aim to be the profit leader in the products we sell and the markets we serve.

Sustainable economic performance and growth are the foundation for our ability to generate long-term value for shareholders. Our success contributes to the prosperity of society at the local, regional and national levels by providing ongoing direct and indirect employment to employees and suppliers, and provides the basis for paying taxes and royalties to governments.

A successful company helps keep the local economy on its feet . . .

Economic Performance

Giving it wings to fly is another matter entirely.

The PotashCorp Canada Remembers International Air Show is the highlight of the summer for many Saskatchewan residents. In addition to being a breathtaking display of aircraft, the Air Show also recognizes the courage and sacrifice of military veterans.

As primary sponsor, PotashCorp donated approximately $22,500 for the 2002 show. According to the tourism bureau, the weekend show resulted in an economic impact of almost $1.9 million on the Saskatoon community.

In a successful effort to keep the show flying, PotashCorp sponsored the event in 2001 and 2002, and will provide another year of financial support in 2003.

The Snowbirds precision flying team, left, is the pride of the Canadian Air Force. A Snowbirds demonstration is one of the highlights of the PotashCorp Canada Remembers International Air Show.

At a Glance

PotashCorp's profitability affords us the opportunity to share our success with local communities in support of beneficial projects.

Air Show attendance	30,000
Air Show tourists to Saskatoon	9,000
Air Show economic impact on the community	$1.9 million

ABOUT THESE FIGURES

The indicators EC1 through EC10 are the core indicators included in the Global Reporting Initiative's 2002 guidelines for economic performance. EC stands for Economic.

Further financial indicators may be found at:
www.potashcorp.com/investor_relations/investor_briefcase

GRI PERFORMANCE TABLE

ECONOMIC PERFORMANCE INDICATORS	POTASHCORP 2002 PERFORMANCE	
Customers		
EC1 — Net sales	Net sales in 2002:	$ 1.9 billion
	Breakdown of sales by major product:	
	Potash	28%
	Phosphate	33%
	Nitrogen	39%
EC2 — Geographic breakdown of markets by volume	Potash markets	37% U.S.
		4% Canada
		59% Other
	Phosphate markets	75% U.S.
		10% Canada
		15% Other
	Nitrogen markets	92% U.S.
		1% Canada
		7% Other
Suppliers		
EC3 — Cost of all goods, materials and services purchased	Total cost of goods purchased:	$ 1.4 billion
	Principal inputs: Natural gas and sulfur	
	Key suppliers: BP Gas Marketing, BP Sulphur, Cimarex Energy Co., Duke Energy Trading and Marketing, ExxonMobil, Husky Oil, ICEC, Koch Sulfur, PDVSA, Shell Canada, The Natural Gas Company of Trinidad and Tobago Ltd.	
EC4 — Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements	Typically, 98% of our payables are current (i.e., payable within 30 days of the invoice date) and 2% are delayed. Delayed invoices are normally due to disputes on quantity, price or delivery.	
Employees		
EC5 — Total remuneration to employees	Total compensation for 5,199 employees:	$328.4 million
	Country breakdown of employment:	
	U.S.	2,823
	Canada	1,687
	Trinidad	397
	Chile	218
	Brazil	74
Providers of Capital		
EC6 — Distributions	Total debt interest expense:	$ 83.1 million
	On short-term debt:	$ 8.0 million
	On long-term debt:	$ 75.1 million
	Dividend payments:	$ 52.0 million
EC7 — Increase/decrease in retained earnings at end of period	Net change in retained earnings:	$ 1.6 million
Public Sector		
EC8 — Total sum of taxes of all types paid broken down by country	Total taxes paid:	$100.8 million
	Country breakdown:	
	Canada	$ 79.9 million
	U.S.	$ 16.6 million
	Trinidad	$ 2.7 million
	All other countries	$ 1.6 million
EC9 — Subsidies received broken down by country or region	See page 20.	
EC10 — Donations to community, civil society and other groups broken down in terms of cash and in-kind donations per type of group	Total charitable donations:	$ 1.7 million
	Charitable cash donations:	$ 1.0 million
	Charitable non-cash donations:	$ 0.7 million
	Further discussion of community donations may be found in the Social Performance Section on page 43.	

ECONOMIC AND FINANCIAL PERFORMANCE IN REVIEW

PotashCorp's economic impact is significant.

The following information demonstrates our solid track record in economic and financial sustainability.

We are building a platform for growth with customers, employees, suppliers, communities and host governments.

Additional information about the company's economic and financial performance can be found in our 2002 Annual Report. The Annual Report and other financial information can be viewed on our web site at www.potashcorp.com/investor_relations.

Sales and Markets

In 2002, PotashCorp sold goods worth more than $1.9 billion. This represents a decline of 14% since 2000, largely because of the decline in the value of phosphate and nitrogen sales over the period.

Phosphate margins were affected as the market digested new offshore capacity. Nitrogen margins were impacted by imports of nitrogen products produced with low-cost natural gas during a period of volatile U.S. natural gas prices.

Nitrogen products accounted for the largest share of company sales (39%), followed by phosphate (33%) and potash (28%). However, potash contributed 71% of total gross margin, compared with phosphate's 13% and nitrogen's 16%.

The principal market for PotashCorp's products is the United States. In 2002, the U.S. accounted for 92% of nitrogen sales, 75% of phosphate sales and 37% of potash sales.

NET SALES
$ Millions

	2002	2001	2000
Potash	$ 534.0	$ 525.5	$ 578.7
Phosphate	$ 632.3	$ 651.8	$ 782.5
Nitrogen	$ 747.5	$ 895.4	$ 870.4
Totals	**$ 1,913.8**	**$ 2,072.7**	**$ 2,231.6**

Source: PotashCorp

Our web site, www.potashcorp.com, includes documents containing more information about PotashCorp's sales and markets, such as the 2002 Annual Report, 10-K, and Overview of PotashCorp and Its Industry.

OUR PURCHASING CRITERIA

Purchasing officials are directed to choose vendors that offer an optimum combination of 18 criteria:

1. Competitive prices
2. Exhibits documented excellence in safety, health and environmental performance and, where legally permitted, encourages drug testing if the vendor supplies contract labor
3. Current and historical financial position
4. Reliability and reputation
5. Contribution to local economy
6. Management integrity and progressiveness
7. Willingness to work with PotashCorp in developing mutually beneficial arrangements
8. Satisfactory performance
9. Proof of an active, effective quality program that stresses continuous improvement
10. Position in industry
11. Trade relations
12. Suitable physical facilities
13. Inventory levels and storage locations
14. Stable labor force and raw material sources
15. Cooperative and available source of technical advice
16. Proof of regulatory compliance
17. Electronic communication capability
18. Accessibility

Goods and Services Purchased

The total cost of purchased goods and materials for maintenance, repair and operations, including energy and production feedstock, was approximately $750 million in 2002. Services provided by contract employees at company operations totaled $63 million during the year. Total additions to property, plant and equipment were $212 million for the 12-month period. Of that amount, $103 million was for sustaining current operations, with the balance used to finance facility expansions.

PotashCorp seeks to purchase goods and services on a lowest total cost basis. The company defines "total cost" as a combination of price, quality, service and other purchasing criteria as listed in the box on the left. All are essential for a value-based purchasing decision. We recognize the importance of local suppliers. Having competitively priced goods available from nearby facilities reduces the need for on-site inventories and can minimize plant downtime. By purchasing from a nearby support base of suppliers, we increase our contribution to the economic vitality of the community.

TOTAL GOODS, SERVICES AND MATERIALS PURCHASED*
$ Millions

	2002	2001	2000
Potash	$ 214.1	$ 182.3	$ 157.6
Phosphate	$ 358.8	$ 358.8	$ 472.1
Nitrogen	$ 562.1	$ 681.3	$ 650.3
Corporate	$ 28.9	$ 40.6	$ 46.9
Totals	**$ 1,163.9**	**$ 1,263.0**	**$ 1,326.9**

*Does not include capitalized items.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT
$ Millions

	2002	2001	2000
Potash	$ 37.6	$ 31.7	$ 42.7
Phosphate	$ 132.1[1]	$ 65.0	$ 60.4
Nitrogen	$ 41.1	$ 31.3[2]	$ 36.7
Corporate	$ 1.4	$ 1.7	$ 45.8
Totals	**$ 212.2**	**$ 129.7**	**$ 185.6**
Breakdown of Expenditures			
Sustaining	$ 103.1	$ 91.6	$ 105.0
Opportunity	$ 109.1	$ 38.1	$ 80.6

Source: PotashCorp
1 Reflects construction costs for new phosphate feed plant and expanded purified phosphoric acid plant in Aurora, NC.
2 Does not include the $384 million purchase of the Trinidad leases in 2001.

PotashCorp has developed a comprehensive Purchasing Policy that ensures local suppliers are considered whenever possible. The policy became effective company-wide in December 2001. Since then, each site has been developing its own procedures to implement this policy.

The results of our new purchasing policy have not yet been quantified. Steps are being taken to measure and report on the value and cost savings of purchases from local suppliers.

Employment

We employ more than 5,000 people in five countries. More than half of the workforce is in the United States, followed by Canada (32%), Trinidad (8%), Chile (4%) and Brazil (1%).

At the end of 2002, our potash operations employed 1,756 people, the phosphate operations 2,150 and the nitrogen operations 853. PotashCorp has seven potash production facilities in Canada and one potassium nitrate plant in Chile; we have eight phosphate operations in the U.S. and one in Brazil; four nitrogen plants in the U.S. and a large nitrogen complex in Trinidad.

Over the past three years, our U.S. workforce has declined to 2,823 from 3,051 in 2000. The reduction is attributable to office consolidations and facility closures that enabled us to lower our costs and achieve production efficiencies. In both Canada and Trinidad, the workforce has remained fairly constant over the period. Employment in Chile and Brazil has not changed significantly since their acquisitions in 1999 and 2000, respectively.

EMPLOYEES

	2002	2001	2000
Canada	1,687	1,654	1,641
United States	2,823	2,705	3,051
Trinidad	397	336	354
Brazil	74	82	77
Chile	218	220	215
Total Employees	**5,199**	**4,997**	**5,338**
Total Salaries ($ Millions)	**$ 234.1**	**$ 239.5**	**$ 252.0**

Source: PotashCorp

For PotashCorp to conduct business, it is critical that we attract and retain a highly skilled and dedicated workforce. Part of achieving this objective means providing competitive compensation and contributing to the well-being of the local community to ensure a good quality of life.

In 2002, PotashCorp's total payroll, including benefits, for our worldwide workforce was $328.4 million.

Interest, Dividend Payments and Retained Earnings

In 2002, PotashCorp paid $83 million in interest on all debt. Of this amount, $75 million was interest on long-term debt with the balance servicing short-term borrowings.

Dividend payments totaled $52 million in 2002. Long-term shareholders have enjoyed a cumulative return of 452% in the 13 full years since the company became publicly traded (compared with an industry average of 39%).

During 2002, retained earnings increased by $1.6 million to $641.4 million. Over the past three years, retained earnings have increased by $70.9 million.

TAXES PAID
$ Millions

	2002	2001	2000
Canada			
Income Taxes	$ (1.2)	$ 37.7	$ 7.8
All Other Taxes	$ 16.4	$ 16.7	$ 20.6
Potash Profits Tax, Surtax and Base Payment Taxes	$ 64.7	$ 66.3	$ 75.3
Country Total	$ 79.9	$ 120.7	$ 103.7
United States			
Income Taxes	$ 1.3	$ 0.3	$ 1.1
All Other Taxes	$ 15.3	$ 16.7	$ 18.1
Country Total	$ 16.6	$ 17.0	$ 19.2
Trinidad			
Income Taxes	$ 2.7	$ 2.2	$ 3.1
Country Total	$ 2.7	$ 2.2	$ 3.1
All Other Countries			
Income Taxes	$ 1.6	$ 1.2	$ 1.4
Total	$ 1.6	$ 1.2	$ 1.4
Total Taxes			
Income Taxes	$ 4.4	$ 41.4	$ 13.4
All Other Taxes	$ 31.7	$ 33.4	$ 38.7
Potash Profits Tax, Surtax and Base Payment Taxes	$ 64.7	$ 66.3	$ 75.3
Total Taxes Paid	**$100.8**	**$ 141.1**	**$127.4**

Source: PotashCorp

Taxes and Subsidies

PotashCorp has an annual tax bill in excess of $100 million. In 2002, the majority of taxes paid ($80 million) were to federal and provincial governments in Canada. Potash profits tax, surtax and base payments taxes together totaled almost $65 million.

Details regarding taxes paid in Canada and other jurisdictions are set out in the adjoining table.

PotashCorp does not receive subsidies at any of our locations except Trinidad, where tax holidays, under the country's Fiscal Incentives Act, reduced the site's 2002 taxes.

Community Contributions

In 2002, we contributed more than $1.7 million in cash and non-cash donations to our plant communities and other worthy causes. Charitable cash donations totaled almost $1 million in 2002. More than $700,000 in charitable non-cash donations were provided by the company and our employees.

PotashCorp's community contributions are described in greater detail in the Community Relations segment of the Social Performance section of this report.

Economic Sustainability

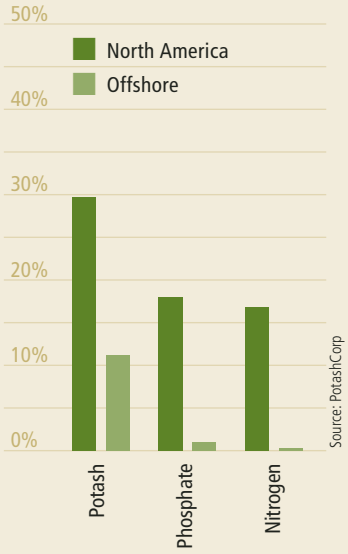
This section sets out the key factors that shape PotashCorp's economic and financial sustainability and the steps we are taking to ensure that the company continues to be sustainable in the future.

PotashCorp's Basis for Economic Sustainability

While economic sustainability is influenced by many factors, four are particularly significant to us. These are our position in the market; our relations with customers; our capacity to access capital; and our ability to manage risk and address public concerns.

MARKET POSITIONING

POTASHCORP'S MARKET SHARE 2002



PotashCorp is a major supplier of the three primary nutrients for the North American market. We have also made significant inroads in meeting offshore demand for potash.

To succeed in a competitive commodity business, PotashCorp gives priority to being an efficient, low-cost producer, achieving superior market position and capturing the growth potential in our core markets. Our decommoditization strategy emphasizes higher margin products. The result is that we have been the only publicly traded North American fertilizer company to be consistently profitable during the downturn in the fertilizer business.

PotashCorp has a strong market position in each of our core businesses. In potash, we have the largest capacity in the world. In phosphate we are fourth largest, and in nitrogen we have the third largest capacity on a global basis.

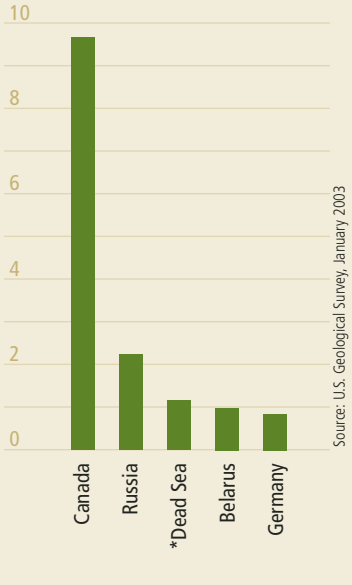
Low-Cost Efficient Supplier

Competitiveness is measured in terms of our costs and production efficiencies.

In nitrogen, controlling production costs means securing access to low-cost natural gas, reliability of production facilities and continuous improvement in operating efficiencies. PotashCorp's production in Trinidad is tied to long-term, low-cost gas contracts that effectively provide a permanent hedge, sheltering margins.

In phosphate and potash production, our cost advantages come from access to low-cost, high-quality reserves. As a result, from a cost basis, PotashCorp is well-positioned in all three of the nutrients we produce.

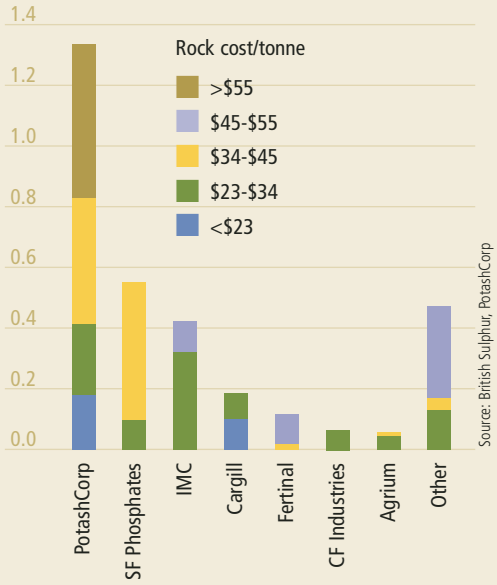
POTASH RESERVES
Billion Tonnes K_2O



Canadian potash reserves are among the highest quality and most abundant in the world.

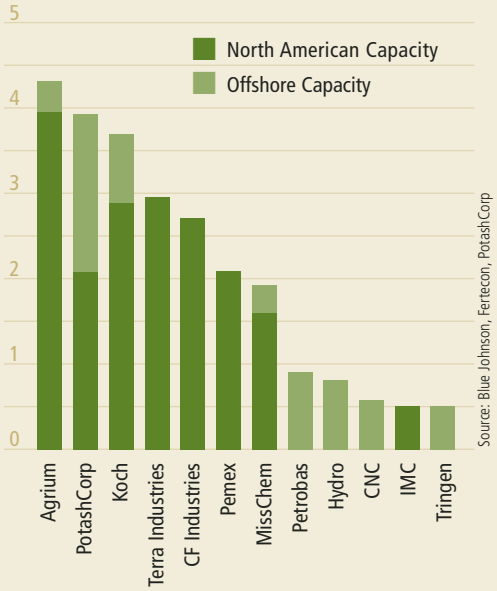
* Dead Sea reserve is divided between Israel and Jordan.

PHOSPHATE RESERVES
Billion Tonnes Phosphate Rock



PotashCorp has North America's largest and lowest cost phosphate reserves. These well-positioned reserves allow the company to economically produce the most diversified product line in the industry.

WESTERN HEMISPHERE AMMONIA
Million Tonnes



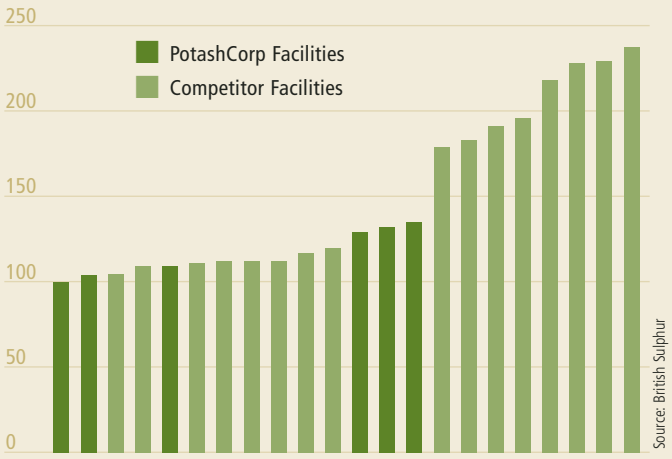
PotashCorp has more capacity to produce nitrogen offshore with low-cost gas than any other major producer in the Western Hemisphere.

Production Efficiency

In each of our three nutrients, PotashCorp is a more efficient producer than our world competitors.

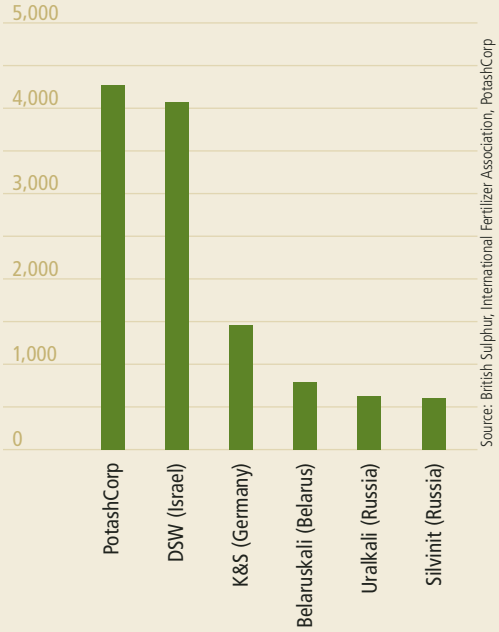
Efficiency is measured in tonnes produced per employee. Due to significant differences in the production processes of our nutrient products, it is necessary to use different methodologies to achieve comparable production-efficiency measures. The following comparison of production efficiencies is based on independent, third-party calculations and international efficiency standards.

POTASH PRODUCTION COSTS
Index of Relative Costs - 2000



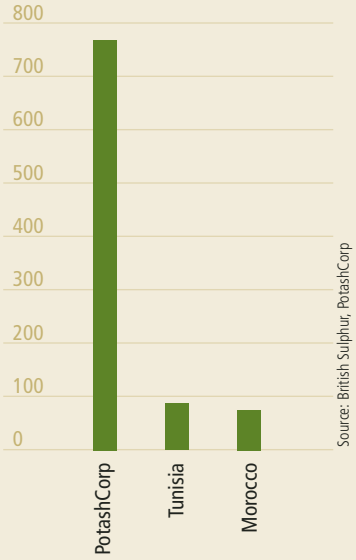
PotashCorp's large, low-cost operations make our strategy of matching supply to demand possible (PotashCorp facility rankings: Rocanville #1, Lanigan #2, Allan #5, New Brunswick #12, Cory #13, Patience Lake #14).

POTASH
Est. Tonnes Per Employee



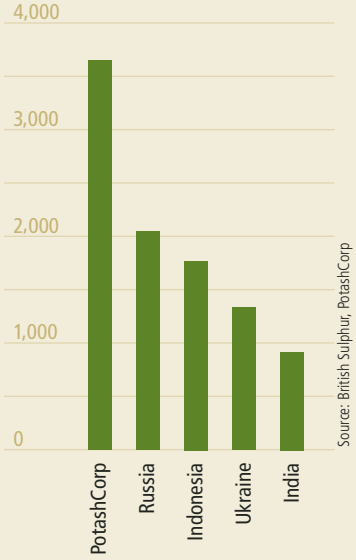
High nutrient levels in the company's ore deposits and automated production methods make PotashCorp the world's most efficient potash producer.

PHOSPHATE
Est. Tonnes P_2O_5 Per Employee



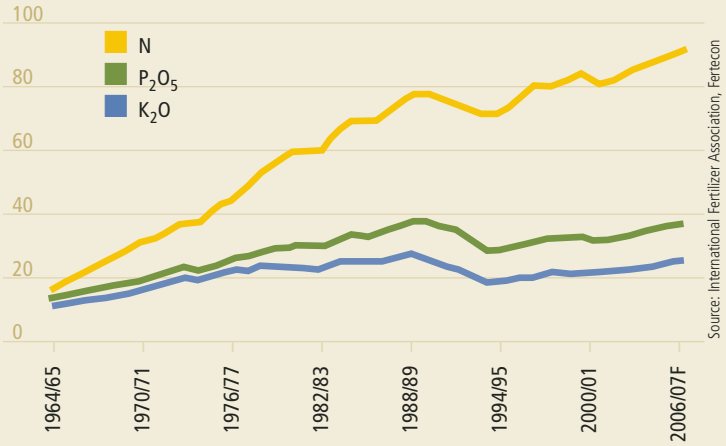
Tunisia and Morocco, other global phosphate suppliers, produce significantly less P_2O_5 per employee than PotashCorp.

NITROGEN
Est. Tonnes Ammonia Per Employee



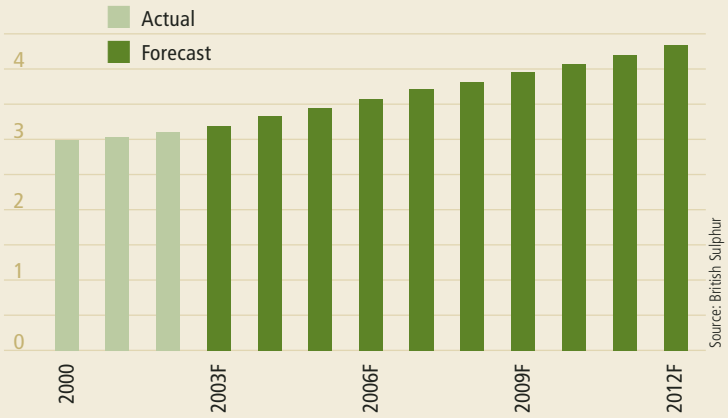
A key component of PotashCorp's production efficiency in nitrogen is the reliability of its facilities.

WORLD DEMAND FOR FERTILIZER
Million Tonnes Nutrients



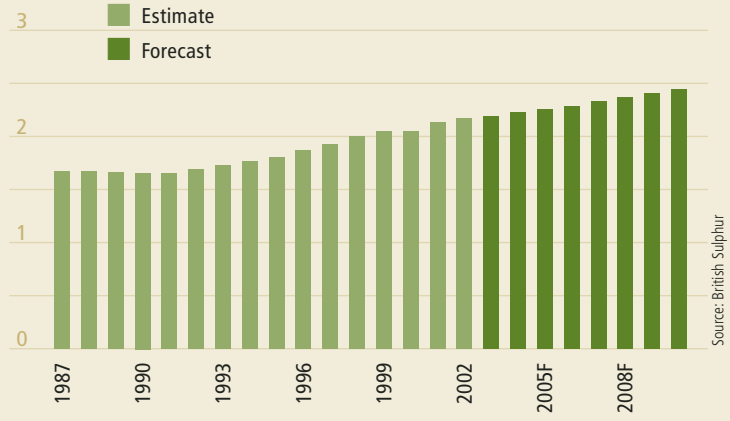
A growing population and desire for more and better food are driving fertilizer demand.

WORLD DEMAND FOR INDUSTRIAL AND FOOD PHOSPHATES
Million Tonnes P_2O_5



The global industrial phosphate business, which uses our products for food and technical processes, is projected to grow at a rate of more than 3% annually.

WORLD DEMAND FOR FEED PHOSPHATES
Million Tonnes P_2O_5



PotashCorp's feed phosphate operations will have a critical role in helping the world meet future demand for protein-rich foods.

Growth Potential

The global fertilizer industry has faced a multi-year downturn that has hurt financial results. Over the long term, however, we believe PotashCorp is positioned for growth.

The underlying markets for fertilizer continue to grow as the world needs more food for its growing population. Demand for fertilizer is also being fueled by people in developing nations who are improving their diets with high-protein foods like meat, milk and eggs. This has resulted in a growing demand for fertilizers to produce more grain, given the grain-intensive diets of the animals providing high-protein foods.

Decommoditization

To reduce the volatility of our business and create a more consistent trend in profitability, PotashCorp has implemented a "decommoditization" strategy. We evaluated our strengths in each product line and developed a strategy to reduce our dependency on the commodity cycle.

In potash, the company matches supply to demand and can readily bring on new capacity to meet any growth in global demand. In phosphate, the emphasis is on product diversification to produce feed and industrial products. In nitrogen, we focus on securing low-cost natural gas and industrial customers.

For more information about PotashCorp strategies see the "Management's Discussion & Analysis" section in the 2002 Annual Report on our web site at www.potashcorp.com/investor_relations.

ECONOMIC OPPORTUNITY

ISSUE

Financial viability demands that opportunity be seized immediately, even when it comes out of the blue.

ACTION

PotashCorp by chance discovered a reserve of natural gas while drilling for a brine disposal well and quickly geared up to utilize the valuable resource.

RESULT

By tapping into the new-found natural gas reserve, we dramatically reduced energy costs and emissions.

Wade Hewlett, gas plant operator, checks equipment at the New Brunswick natural gas plant.

CAPTURING VALUE IN UNEXPECTED PLACES

A crew at PotashCorp's New Brunswick potash mine was having little success drilling a brine disposal well. The target zone would not accept injection of brine. Fortunately, there was also good news. A large reserve of natural gas was discovered.

Since the area contained a commercially available quantity of gas, we continued exploration activity with our partner, Corridor Resources, and applied for a local gas producer franchise. After it was granted, construction began on well-site facilities, a 2.5-kilometer pipeline and a gas processing plant.

The new plant removes water and liquid hydrocarbons, like butane, that come up with the gas. With a reduction in pressure, the plant provides clean, dry natural gas to the boilers and product dryers that are used to process the potash being mined on-site.

The natural gas find is significant as it brings new economic opportunities for the area and is substantially reducing energy costs. The natural gas replaces the operation's previous energy source — more costly fuel oil. The switch to natural gas should save the New Brunswick site about $2 million annually. Even more important are expected reductions of 26% in carbon dioxide emissions and 98% in sulfur dioxide emissions in the first full year of operation.

CUSTOMER RELATIONS

Customers are the lifeblood of PotashCorp's business. In a mature and competitive marketplace, product quality and customer service are the basis for customer retention and market growth.

Customer Service

Our pledge is "to offer the best customer service in the marketplace through all phases of the transaction." We believe that if our customers are satisfied with our company at every point at which they come in contact with us, we will minimize the risk of losing their business and thus provide a basis for growth.

To ensure superior customer service, we have sales teams dedicated to each of our customer groups. These teams understand the nuances of each business and are focused on our customers' success.

We survey customers to see how we are perceived. For six years, these customer surveys have helped us monitor business concerns and gauge the value of our marketing efforts. In 2001, we expanded the scope of that research to include all stages of the transaction cycle and we plan to conduct another survey before the end of 2003. Using a scale of 1 to 100, customers evaluate PotashCorp on nine different criteria. We also ask our customers to evaluate our key competitors in each market segment, namely Agriculture, Animal Feed and Industrial.

The results of the first study exceeded our expectations: we outperformed our peer group in every performance category — in every market segment.

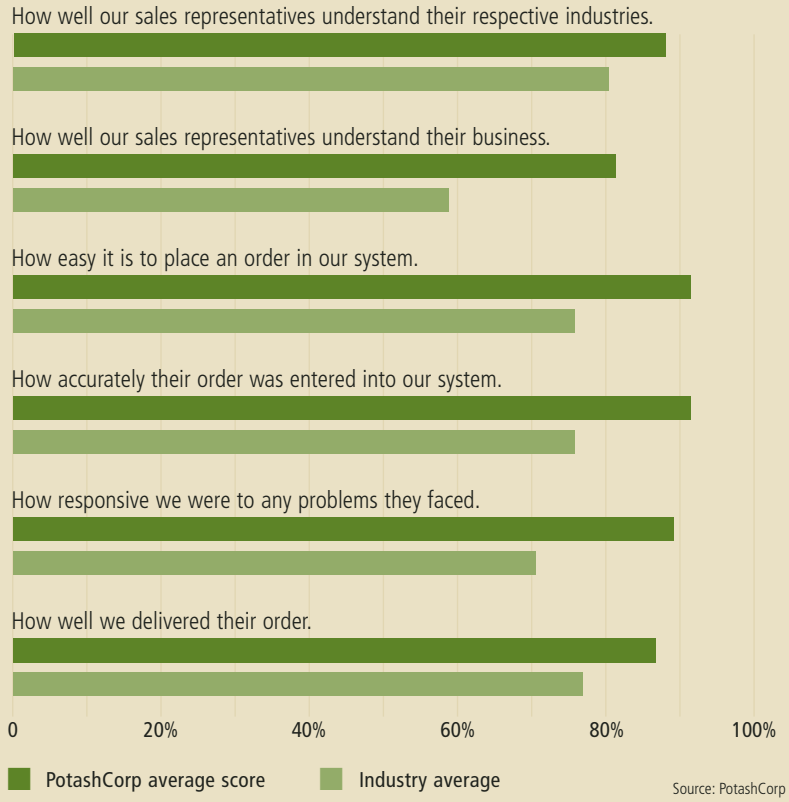
Responding to Customer Needs

The survey results indicated we are doing a lot of things right, but also suggested some specific meaningful actions we could take to improve our relationships with each of our key customer groups.

For our fertilizer customers, service was named as the single most important criterion when evaluating their suppliers. Accordingly, we continue to make improvements to our Customer Service Center, we have enhanced the self-service features of our

CUSTOMER SATISFACTION

Here are some highlights from the 2001 study. We asked our customers to rate the following:



Source: PotashCorp

customer web site to create more channels for ordering and communicating with us, and we have begun making market research analysis available on the site to give customers more market information on which to base their business decisions.

Purchasers of phosphate feed ingredients say product quality most influences their choice of suppliers. We were the first company to introduce "statistical quality control" procedures in all of our feed ingredient mills to ensure consistent formulation of each batch of PotashCorp product.

Among buyers of purified phosphoric acid, the most important concern is their suppliers' ability to provide product for the long term. We responded with an $80 million expansion of our purified phosphoric acid facility that increased its capacity by 50%.

Finally, our industrial nitrogen customers named quality as the top concern when selecting a supplier. This is why we offer the broadest array of specialized industrial grade urea and ammonia products.

For each of these customer groups we recognize that with a commodity purchase, price is the most significant factor in their final buying decision. Our goal is to get "the last look at the business" as the preferred supplier.

Debbie Hetzel has been a Customer Service Representative at PotashCorp for 17 years and is now a Team Leader. She says that the 24/7 service we provide assures our customers that "we're always there for them," setting us apart from our competitors.

CUSTOMER SERVICE

ISSUE

Customer confidence is at the core of our economic viability. We strive to have customers see PotashCorp as the company that is always there, behind every product we sell.

ACTION

PotashCorp maintains a customer service department with representatives able to respond to customers' needs 24 hours a day, 7 days a week.

RESULT

Never-ending customer service has strengthened customer loyalty and also created new customers.

QUICK TURNAROUND

When the president of Vitusa Products, Inc., a large distributor of food-grade chemicals located in New Jersey, got a 6 a.m. Saturday phone call from a large customer who needed an emergency shipment of food grade purified phosphoric acid, he called on PotashCorp. His call was immediately relayed to the home of the customer service representative on call, who in turn contacted the appropriate plant manager.

This enabled our Cincinnati purified phosphoric acid terminal to fill and deliver a special order that same day. The truck of phosphoric acid was arranged for by 7:15 a.m. and the delivery completed within eight hours of the initial call. Because of our rapid response to this emergency customer need, Vitusa feels it has a phosphoric acid supplier who is committed to the market and, most of all, its customer. Knowing this, Vitusa has increased its level of activity with regard to selling more purified phosphoric acid. That is one example of how PotashCorp customer service is designed to build our business by helping our customers build theirs.

PotashCorp needs access to capital to grow. We ensure such access to capital by demonstrating how our strategies defend us against the volatility of a commodity business with results that are superior to our peers. We keep our investors informed about our performance and governance issues and provide transparent disclosure.

ACCESS TO CAPITAL

Investor Relations

Institutional shareholders held 89% of PotashCorp shares in 2002. As a basic materials business that sells its products primarily in the commodities market, our name is unfamiliar to consumers, so institutional ownership has always been much larger than individual ownership.

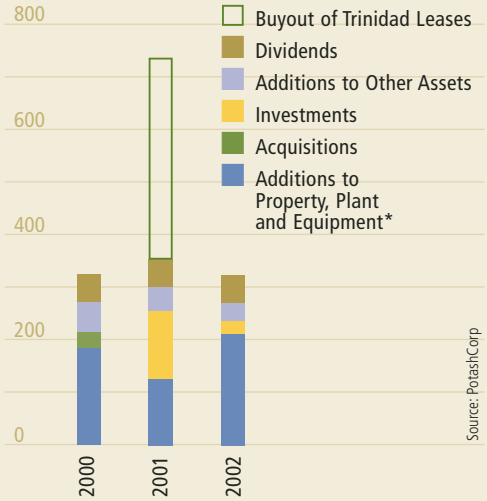
Our shareholders are primarily from the United States and Canada and tend to be value-oriented during trough earnings, and growth-oriented as we enter a new grain cycle. The company is listed on the New York and Toronto stock exchanges and our ticker symbol is POT.

Strong relations with investors are an essential part of ensuring our future.

We put a priority on our relationship with the investment community by explaining our strategies and by providing transparent disclosure and timely information. We talk to investors often and openly to reduce uncertainty and explain our plans to add value to their investment.

The investment community has rewarded us with higher multiples than our peers. Over the last 10 years our stock price has consistently outperformed other fertilizer companies listed on the New York Stock Exchange as well as the larger group of companies to which we belong, the Dow Jones Basic Materials Index. In addition, we have earned investment-grade bond ratings from Moody's, Standard and Poor's and Dominion Bond Rating Service.

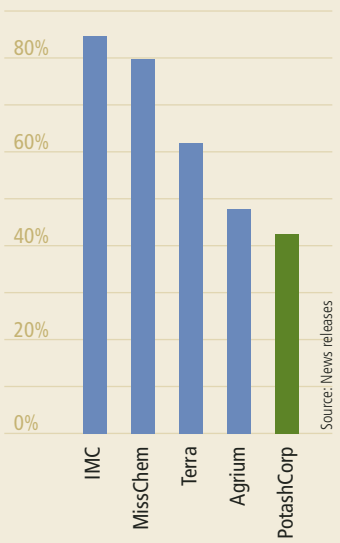
USE OF CASH
$ Millions



* Excludes purchase of Trinidad leases of approximately $384 million

Over the last three years, despite weak markets, the company generated $872 million in operating cash flow. These resources were used, in part, to finance expansions and acquisitions. PotashCorp also directly rewarded shareholders by completing a share repurchase and paying $155 million in dividends.

TOTAL DEBT AS % OF TOTAL CAPITAL (as of 3/31/03)



PotashCorp has the lowest total debt-to-capital ratio in its sector, at 43%. This puts the company in the best position 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.

For further transparency in reporting, we began voluntarily disclosing our stock option compensation expense in the notes to our quarterly statements in 2002. In the first quarter of 2003, we decided to adopt a policy of expensing all future stock options, effective with the fiscal year beginning January 1, 2004.

PotashCorp annually surveys the perceptions of the financial community, on both the buy side and the sell side in Canada and the United States. In our 2001 survey, investors said our key strengths, in descending order, are:

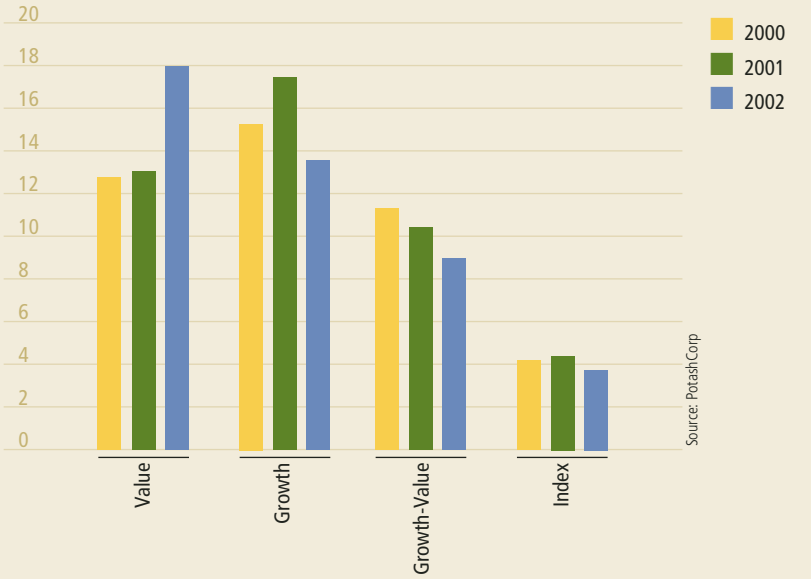
- Management ability
- Pricing competency
- Asset portfolio quality
- Free cash-flow generation
- Market position
- Balance sheet

Other strengths that lead analysts to tell investors that PotashCorp is a solid, long-term investment include our cost structure, size, focus on strategic acquisitions, and our consistency.

We believe that cash flow return is an important measure of performance, as it excludes the effect of depreciation and amortization, which primarily reflect the impact of long-term investment decisions. PotashCorp compares our cash flow return against our peers and our internal weighted average cost of capital (WACC) as a benchmark. While the company's performance against our peers was strong, the extended down cycle for fertilizer has hindered our ability to deliver a return that exceeds our WACC. In 2002, PotashCorp's WACC was 7.0% while our cash flow return was 6.7%. See Financial Appendix, page 91.

INSTITUTIONAL BREAKOUT BY INVESTMENT STYLE

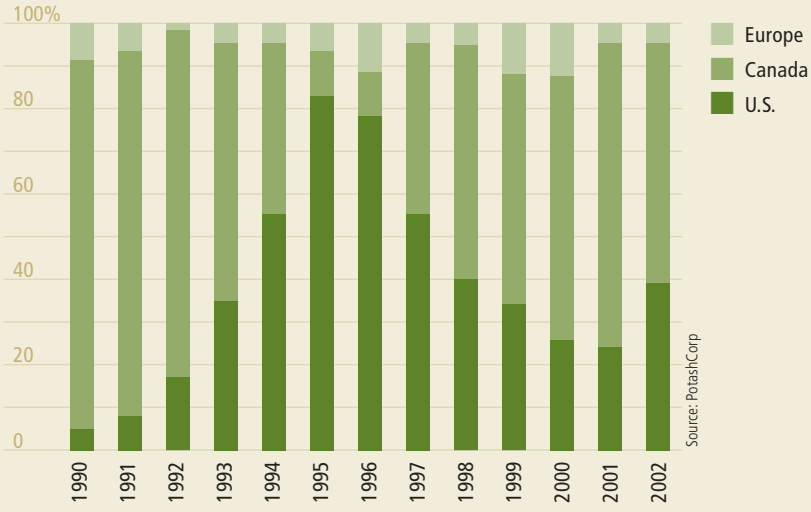
$ Millions



PotashCorp surveys the financial community annually and is viewed as a solid, long-term investment by shareholders. In 2002, trough earnings increased the percentage of our value-style investors.

POTASHCORP SHARE OWNERSHIP

Geographic Distribution



U.S. ownership of PotashCorp stock has historically corresponded with grain prices.

A good reputation is one of the most important assets that any company can have. It generates competitive advantage. Managing threats to reputation involves more than simply defending one's actions. For PotashCorp it means demonstrating a commitment to producing products in a safe manner and seeing that they are, in turn, used safely.

ADDRESSING PUBLIC CONCERNS

We address the public's concerns about our products and our production operations through actions such as our Best Practices and Crisis Communications programs, this Sustainability Report and the Fertile Minds public education effort.

1 Learning From Each Other

Our company has grown through acquisitions to encompass many facilities in five countries. Each facility came to us with its own processes and practices. Our plant managers learn from each other by sharing "Best Practices" that are implemented where appropriate across the company. Best Practices allows us to address risks; work more efficiently; and improve quality, safety, environmental practices and social performance.

In 2001, we gathered our plant managers for a Best Practices workshop to share ideas for continuous improvement. In 2002, the Best Practices conference focused on the concept of sustainability. The 2003 workshop further developed the sustainability mission, identifying the best ways to integrate triple bottom line reporting into everyday operations.

One prominent result of the Best Practices program is the company-wide implementation of a behavior-based safety process that empowers workers to track and reduce exposure to risks. Our nitrogen operation was the first to use this, and shared its experiences at the 2001 Best Practices workshop. Subsequently, a strategy was put in place to adopt the process at all facilities.

The public can learn about the progress of our Best Practices efforts in articles published on our web site at www.potashcorp.com/stewardship/best_practices_newsletter.

2 Handling Crisis Situations

Public confidence can be lost if there is not timely and accurate communications during a crisis. This loss can jeopardize the company's license to operate and expand.

In 2001 we launched a Crisis Management Program as part of the PotashCorp Safety, Health and Environmental Management System to assess and improve crisis readiness. We also launched a systematic Crisis Communication Program to train personnel on the proper practices for communicating with the media, civil authorities and the community.

We have realized the benefits of our investment in crisis communication training on four separate occasions over the past two years. Incidents at potash, phosphate and nitrogen sites activated local crisis management and communication plans,

which were executed successfully. Our Crisis Communication Plan provides accurate and timely information about the incident to concerned stakeholders. Positive feedback from local news outlets and residents underscores the benefits of our initiative to improve crisis communications.

3 Reporting on Our Progress

Inadequate communication about the economic, social and environmental impacts and contributions of a company can jeopardize its license to operate and diminish its value to society in the eyes of its stakeholders.

With this 2002 Sustainability Report we have transformed PotashCorp's traditional message of stewardship and corporate responsibility into an all-inclusive report on our economic, social and environmental bottom lines. We are opening up our processes and performance for all stakeholders to gain a better understanding of our company.

We hope this reporting will stimulate further dialogue about PotashCorp's plants, products, business processes and values. We also hope it will alleviate any stakeholders' concerns, which may stem from not knowing enough about what occurs at our facilities, or how our products are handled and used when they leave the plant. With this report, we aim to give stakeholders a more complete understanding of our company and our commitment to sustainability.

4 Telling Fertilizer's Story

The use of commercial fertilizers in high-yield agriculture is increasingly under attack. Criticisms range from valid concerns to the complete rejection of high-yield agriculture itself. Public concern about fertilizer safety could create barriers for trade and restrictions on fertilizer use.

Through Fertile Minds, we address issues regarding the crop nutrients we produce and explain how the proper application of our products not only sustains lives, but improves them.

We have provided more than 4,200 Fertile Minds ProAction Kits to the industry. Each kit contains four CD-ROMs of feature stories and letters, audio clips, talking points and other tools to assist individuals in carrying the Fertile Minds message to their local media, schools, community groups and government representatives.

We have also taken our messages to Washington, D.C., where we've run informational advertisements in top news magazines and met with several U.S. lawmakers and regulators involved in agricultural legislation.

The Fertile Minds program has generated interest throughout the world and has been praised for its science-based approach to telling the story of modern, high-yield agriculture. A recap of this initiative is provided on the next page.

We received nearly 500 requests from 21 countries for Fertile Minds ProAction Kits between July 1, 2002 and June 30, 2003.

A GRASSROOTS EFFORT

FERTILE MINDS

ISSUE
Conventional farming with commercial fertilizers is criticized for being unnatural and causing environmental damage.

ACTION
PotashCorp launched a public education campaign to tell our side of the story, uncover falsehoods and discuss what steps we take to avoid environmental damage through the use of our products.

RESULT
Those involved in conventional North American agriculture now have the facts they need to defend their way of life and begin a constructive dialogue about fertilizer use.

In 2001, PotashCorp launched a public education program called Fertile Minds, an ongoing, science-based educational program that separates myth from reality with respect to the use of commercial fertilizers.

The program began as a tool to help the people who use commercial fertilizers — agricultural retailers and farmers — answer the questions being posed to them in their communities.

In addition to pointing out the benefits of fertilizer, the program provides information about our efforts to promote the scientific application of fertilizers to avoid phosphate and nitrogen runoff into waterways. Visit www.fertile-minds.org for more information.

Fertile Minds — Five Key Messages

1. Commercial fertilizers are drawn from nature and converted to a form that is digestible by plants.
2. Farmers simply replace the nutrients that are removed from the soil at harvest. Every time a crop goes to market, it takes some of the soil's nutrients with it. Those nutrients must be replenished for the soil to produce another healthy crop.
3. Without the nutrients in the food from harvested crops, 2 billion people would starve. Soils do not contain enough nutrients to repeatedly grow large crops and there is not sufficient nutrient matter from animal waste and crop residue to maintain food production for the world's 6 billion people.
4. Use of fertilizer actually conserves land, making recreational areas and natural habitats possible. Fertilizers increase healthy food production per acre. Without them, millions of acres of additional land would be needed for agriculture, reducing animal habitats and threatening endangered species.
5. Farmers are environmentalists too. They not only live on the land with their families, they depend on it for their livelihoods. The land is their most important asset, and they have a long-term interest in protecting its fertility.

We produced a series of print advertisements to carry the Fertile Minds message to Washington, D.C.

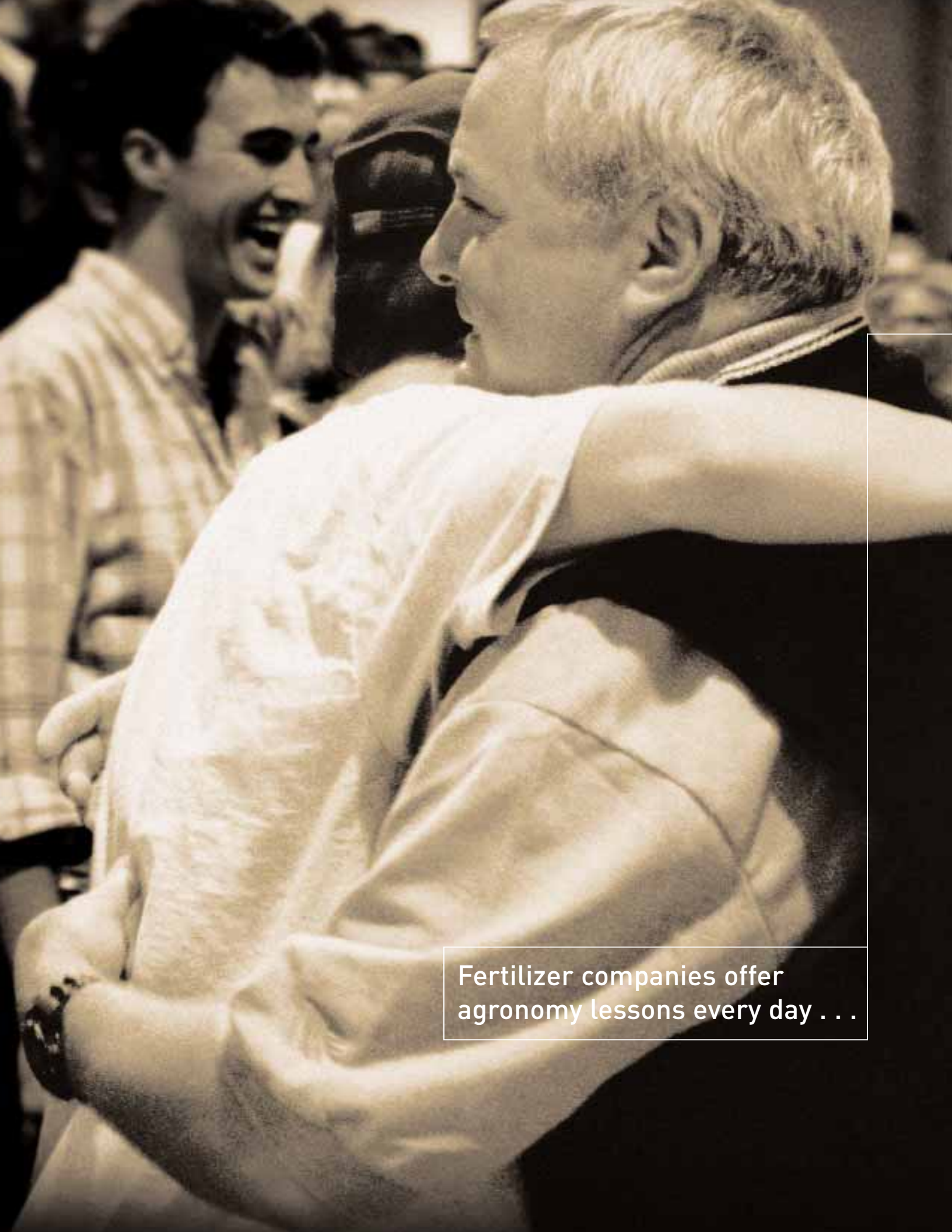
Social Performance

In this part of the report, we describe PotashCorp's social performance with particular emphasis on our workforce and the communities affected by our operations.

The Strategic Importance of Social Sustainability

A strong social performance is essential to PotashCorp's future as a sustainable enterprise. Through a genuine commitment to society, we help improve trust among our stakeholders, increase participation and dialogue with the people we affect, and strengthen long-term relationships with our employees and the communities where we conduct business.

We work in collaboration with many key stakeholders — the communities where we do business, the companies from which we buy goods or to which we sell products, and the employees who make the corporation run. We value these relationships not only in economic terms, but because they help guide our values and principles and keep us accountable to society.


Fertilizer companies offer
agronomy lessons every day . . .

Social Performance

But this is one growing lesson you might not expect.

One way to make a difference in the community is to tell a compelling story.

Former football hero D.D. Lewis, PotashCorp's manager of Customer Relations, has one such story.

He travels to schools and community organizations across the continent to spread the word about the harmful effects of drug and alcohol abuse. Despite fame and fortune, D.D., who appeared in five Super Bowls with the Dallas Cowboys, lost everything during those years as a result of his battle with drug and alcohol addictions.

He wants kids to know that they have the power to decide which direction their lives will take.

Former Dallas Cowboys football great D.D. Lewis embraces a student he's reached during one of many inspirational talks he gives at schools in the community.

ABOUT THESE FIGURES

The indicators in the following table are the core indicators in the Global Reporting Initiative's 2002 guidelines for social performance. LA stands for Labor Practices and Decent Work, HR stands for Human Rights, SO stands for Society and PR stands for Product Responsibility.

GRI PERFORMANCE TABLE

SOCIAL PERFORMANCE INDICATORS	POTASHCORP 2002 PERFORMANCE
Employment	
LA1 — Breakdown of workforce by region/country, status (employee/ non-employee), employment type (full time/part time), etc.	PotashCorp had 5,199 full-time employees at the end of 2002. The workforce is located in the U.S., Canada, Trinidad, Brazil and Chile: See page 19 for country breakdown. Most employees are full-time. Only 13% are temporary or contract employees.
LA2 — Net employment creation and average turnover	PotashCorp's employment level was stable during 2002. Total employee turnover averages less than 5% annually.
Labor/Management Relations	
LA3 — Percentage of employees represented by independent trade union organizations, broken down geographically	31% of PotashCorp's employees are unionized.
LA4 — Policy and procedures involving information, consultation and negotiation with employees over changes in the reporting organization's operations (e.g., restructuring)	PotashCorp holds periodic employee meetings and uses e-mail, intranet and printed communications to provide key information and to foster a dialogue about changes in operations.
Health and Safety	
LA5 — Practices on recording and notification of occupational accidents and diseases	See Safety, Health and Environmental section, page 69.
LA6 — Description of formal joint health and safety committees	See Safety, Health and Environmental section, page 72.
LA7 — Standard injury, lost day and absentee rates and number of work-related fatalities	See Safety, Health and Environmental section, page 66.
LA8 — Description of policies and programs on HIV/AIDS	PotashCorp has no specific policies or programs in place for HIV/AIDS.
Training and Education	
LA9 — Average hours of training per year per employee by category of employee	PotashCorp is working to identify and consolidate numerous training areas for reporting purposes.
Diversity and Opportunity	
LA10 — Description of equal opportunity policies or programs and monitoring systems	PotashCorp is an equal opportunity employer. We have not separately identified affirmative action initiatives. Our Respect in the Workplace policy supports diversity and forbids harassment.
LA11 — Composition of senior management and corporate governance bodies (including the Board of Directors), including female/male ratio and other indicators of diversity	The Board of Directors has 8 Canadian residents, 3 U.S. residents and 1 resident of the Dominican Republic. Women comprise 25% of the Board of Directors. Women hold 29% of the key management positions at PotashCorp.

GRI PERFORMANCE TABLE

SOCIAL PERFORMANCE INDICATORS	POTASHCORP 2002 PERFORMANCE
Human Rights	
HR1 — Description of policies, guidelines, corporate structure and procedures to deal with all aspects of human rights relevant to operations	PotashCorp's Respect in the Workplace policy outlines work rules and guidelines for respecting human rights.
HR2 — Evidence of consideration of human rights impacts as part of investment and procurement decisions	PotashCorp's Purchasing Policy, page 18, and Code of Business Conduct, page 49, address our commitment to taking human rights issues into consideration when contracting with others.
HR3 — Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors	The monitoring of suppliers' and contractors' human rights performance is in the early stages at PotashCorp.
HR4 — Description of global policy, procedures or programs preventing all forms of discrimination in operations	PotashCorp is an equal opportunity employer. Our non-discrimination policy is incorporated in Respect in the Workplace, page 50.
HR5 — Description of freedom of association policy and extent to which this policy is universally applied independent of local laws	We acknowledge and respect a worker's right to freedom of association.
HR6 — Description of policy excluding child labor, as well as description of procedures/programs to address this issue	PotashCorp forbids the use of child labor.
HR7 — Description of policy to prevent forced and compulsory labor as well as description of procedures/programs to address this issue	PotashCorp forbids the use of forced labor.
HR12 — Description of policies, guidelines and procedures to address the needs of indigenous people	PotashCorp has a non-discrimination policy for hiring and treatment in the workplace. There is no specific policy governing relationships with indigenous populations.
Society and Community	
SO1 — Description of policies and procedures/programs to manage impacts on communities	PotashCorp holds periodic meetings in our communities and alerts the public to changes in our operations.
SO2 — Description of the policy, procedures and compliance mechanisms addressing bribery and corruption	The company's Code of Business Conduct expressly forbids the giving or taking of bribes.
SO3 — Description of the policy, procedures and compliance mechanisms for managing political lobbying and contributions	See page 44 for a discussion of our political activities.
Product Responsibility	
PR1 — Policies for customer health and safety during use of products and services	See Safety, Health and Environmental section, page 59.
PR2 — Policies and procedures for product information and labeling	See Safety, Health and Environmental section, page 76.
PR3 — Policies and procedures for consumer privacy	See Safety, Health and Environmental section, page 59.

SOCIAL PERFORMANCE IN REVIEW

We have summarized our 2002 social performance in the preceding table, using indicators suggested by the GRI.

The following provides more insight into our performance with respect to these social indicators and the policies and procedures behind them.

Note that the discussion of our safety and health performance and our approach to product responsibility are set out in the Safety, Health and Environmental Performance section of this report.

Employment

Workforce Characteristics

At the end of 2002, we had 5,199 employees in our workforce. We have production operations in five countries: the U.S., Canada, Trinidad, Brazil and Chile. (See Economic Performance section, page 19, for employment breakdown by country.)

The vast majority of the workers at our facilities are full-time, hourly employees. Only 13% of the total workforce are temporary or contract employees. Most of these work in our nitrogen operations where maintenance and other responsibilities are outsourced. In addition, our Trinidad operation hires employees in training roles on a contract basis before they become a part of the full-time workforce.

On average, across the company, 71% of the workforce in the operating divisions consists of hourly-based employees.

Employment Creation and Turnover

Between 2001 and 2002, the size of PotashCorp's workforce was essentially unchanged.

Employee turnover averages less than 5% annually at all locations.

Employee Benefits

In each country where we operate, our benefit programs complement and supplement those benefits provided or mandated by the government. For example, in Canada, PotashCorp sponsors a flexible benefits plan

NUMBER OF EMPLOYEES BY STATUS 2002

Division	Regular Employees	Contract Employees
Potash	1,756	148
Phosphate	2,150	20
Nitrogen	853	615
Administration	440	18
Totals	**5,199**	**801**
Percent	87%	13%

BREAKDOWN OF HOURLY EMPLOYEES BY DIVISION

Division	Total Regular Employees	Hourly Employees	% of Total
Potash	1,756	1,294	74%
Phosphate	2,150	1,511	70%
Nitrogen	853	552	65%

that offers employees different levels of medical, life and disability coverage. The plan is funded by both company and employee contributions, depending upon the cost of the benefit level elected by the employee.

Similar programs are in place in the U.S. and other countries where we have facilities. Differences in benefit plans are the result of local government policies and entitlements in the various countries. We design our benefit programs to be attractive and competitive in local labor markets.

Labor/Management Relations

Unionization

PotashCorp respects workers' rights to organize and enter into collective bargaining relationships.

Some employees belong to unions in the United States and Canada. There is currently no union membership at our operation in Trinidad. All Brazilian employees, including management, are considered union members by Brazilian law. Similarly, by Chilean law, two or more employees may elect to bargain collectively. More than half of our hourly employees in Chile have chosen the collective bargaining process.

Union membership is highest in the potash division (49% of total employees and 67% of hourly employees) and lowest in the nitrogen division.

The grievance rate has fallen from 4.0 per hundred employees in 2000 to 3.3 in 2002.

UNION MEMBERSHIP

	2002	2001*	2000
Union Members	1,621	1,412	1,662
Total Employees	5,199	4,997	5,338
Unionized as % of Total	31%	28%	31%

*The shutdown of PotashCorp's White Springs, FL, diammonium phosphate operations in 2001 reduced employment levels. These facilities resumed production toward the end of 2002.

UNION MEMBERSHIP BY DIVISION 2002

Division	Total Regular Employees	Union Members	% of Total
Potash	1,756	868	49%
Phosphate	2,150	655	30%
Nitrogen	853	131	15%

GRIEVANCES BY UNIONIZED EMPLOYEES

	2002	2001	2000
Number of Grievances	172	163	212
Union Members	1,621	1,412	1,662
Total Employees	5,199	4,997	5,338
Grievance Rate (per 100 employees)	3.3	3.3	4.0

SNAPSHOT OF INTRANET USE

	November 2002
Total number of site visits	5,370
Number of employees using site	898
Total intranet page views	228,065
Average page views per day	7,602

Employee Information and Consultation

PotashCorp's policy is to inform employees of changes in the workplace through employee meetings. Ongoing communication is carried out with employee newsletters, bulletin board postings and an employee intranet web site that was introduced in 2001 and gradually expanded to cover all U.S. and Canadian sites. In addition, several of our divisions and plants maintain separate intranet sites with specific information about their operations.

Since intranet access is limited for employees working at our plants, we provide printed copies of all electronic postings for these employees and continue to explore additional communication vehicles for internal communications.

We hold periodic employee meetings with senior management at our various offices and plants. In addition, the CEO participates in numerous plant safety award presentations held throughout the year. He also recognizes individual employees at the company's annual meeting for their extraordinary efforts toward helping us achieve our goals.

The leadership from all of our plants gathers annually for a Best Practices workshop to share experiences and operating innovations. In 2002, the focus was specifically on sustainability issues.

Our Behavioral Accident Prevention Process® relies on employees monitoring and communicating with each other about how to stay safe on the job.

Tracey Andre, Manager of Safety, Health and Environment (SHE), talks with Earl Ahye, Plant Superintendent for SHE and Edian Allen, Operating Technician at our Trinidad nitrogen facility.

Training and Education

Training is a critical element at PotashCorp. A well-trained workforce performs more productively and more safely. We invest in training for these reasons and because we believe employees will stay with a company that helps them build a career.

In 2002, our Crisis Communication Program completed its second year and conducted nearly 2,000 hours of on-site training. Approximately 500 employees participated in the program and developed skills in crisis media communications and media awareness. Employees also took part in crisis communication drills that allowed them to practice their skills and further refine their site's Crisis Communication Plan. This ongoing program continues to focus on skill development and increasingly difficult drill scenarios.

We also pay tuition for employees to further their education. Tuition reimbursement is available for selected courses, including bachelor's and master's degree programs, which enhance an employee's ability to contribute to the company.

Diversity and Opportunity

Our workforce is predominantly male. This is largely due to the types of mining and manufacturing jobs available, which have historically been filled by men. Company policy supports nondiscrimination in hiring on the basis of gender.

With operations in five countries, we have not specifically tracked the racial makeup of our workforce across the company. It is our policy not to allow racial discrimination in the hiring or promotion of employees.

TUITION REIMBURSEMENT

2002 Participants

Country	No. of Employees	Total Disbursements
U.S.	9	$15,399
Canada	32	$31,138
Trinidad	71	$15,260
Totals	**112**	**$61,797**

Diversity on the Board of Directors

There are 12 people on the Board of Directors. Women comprise 25% of the Board.

The Board has representatives from three countries: eight are Canadian residents, three are U.S. residents and one is a resident of the Dominican Republic.

Diversity in Senior Management

Women hold 29% of our key senior management positions.

Among the group of 220 managers across the company who are eligible for the annual bonus plan, 90% are men.

Human Rights

Key Policies and Procedures

PotashCorp's Respect in the Workplace policy and our Code of Business Conduct encompass the vision, guidelines and rules that govern our human rights behavior throughout the company.

The code is based upon respect for the rule of law, conducting our business with integrity and showing respect for human dignity and the rights of the individual wherever we do business. It is enforced at all levels and violations can result in dismissal.

The Respect in the Workplace policy establishes the basic standards of conduct that we all must follow. It is based upon respecting the dignity of our colleagues, customers, vendors and people in our communities and covers the actions of all of our employees, supervisors, officers, directors, vendors, customers and agents.

Brian Schmidt, Mill Production Supervisor, at work at our Lanigan potash facility.

PotashCorp's policy is written to comply with U.S. and Canadian standards, and thus incorporates some International Labour Organisation (ILO) standards. It was not, however, written to follow ILO codes.

Investment and Procurement Decisions

We are increasingly involving our suppliers and vendors in our strategic vision. The quality of these business partners is evaluated on the basis of specific purchasing criteria, our code of conduct and the Respect in the Workplace policy, all of which require vendors to adhere to certain standards. As such, human rights issues are taken into consideration when contracting with others.

Monitoring the human rights performance of suppliers and contractors is still in the early stages.

Non-Discrimination

PotashCorp is an equal opportunity employer. Our non-discrimination commitment is incorporated in the Respect in the Workplace policy (page 50). We follow all legal rules and regulations regarding the protection of employees from discrimination in hiring and promotions, and unfair treatment in the workplace.

Freedom of Association

PotashCorp acknowledges and respects a worker's right to freedom of association. This is reflected in our Respect in the Workplace policy.

Child Labor and Forced Labor

We forbid the use of child labor and forced labor in our operations.

Indigenous Peoples

PotashCorp does not currently have a specific policy on indigenous relations. Land mined by the company has not been claimed by indigenous people. To date, we have not entered into contracts with governmental authorities that require indigenous hiring or contracting.

Society and Community

Community Relations

We are a vital member of many communities in the five countries where we have operations.

We keep open the lines of communication with local officials and interested residents and organizations so our neighbors understand how our activities affect their community. At many sites we host annual open houses or facility tours. On a company-wide basis, we held or participated in 739 community meetings in 2002.

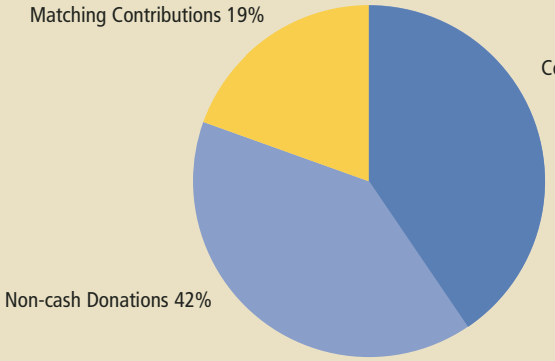
PotashCorp supports numerous charitable causes through corporate grants and company matching gifts. The total annual budget is influenced by corporate profitablity which was lower in 2002 than historical levels due to depressed earnings. Cash donations during the year totaled approximately $1 million. Recipients of corporate grants are determined by the Donations Committee which meets quarterly to review requests for financial assistance. Individual plant sites maintain separate budgets for charitable gifts in their communities.

One of the means we use to promote a culture of community involvement and public awareness is our Matching Gift Program. Under this program, PotashCorp matches employee contributions to charitable organizations that reflect an individual's interests and priorities. Employee contributions to organizations can be matched dollar for dollar up to $3,000 annually. In 2002, our portion of the Matching Gift Program was $118,024.

In addition to corporate grants and matching gift contributions, we also match employee contributions to United Way organizations in the U.S. and Canada. In 2002 the total corporate share of United Way contributions was $202,032.

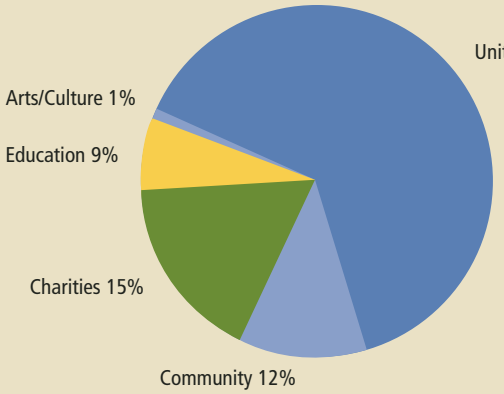
PotashCorp and our employees also provide community support through volunteerism

CHARITABLE DONATIONS



Matching	$ 320,056
Corporate Grants	$ 680,000
Non-cash	$ 735,000
Total	**$1,735,056**

MATCHING CONTRIBUTIONS



Arts/Culture	$ 2,730
Education	$ 29,903
Charities	$ 48,374
Community	$ 37,017
United Way	$ 202,032
Total	**$ 320,056**

and non-cash donations of goods and services. This category of charitable giving reached a dollar value of $735,000 in 2002. PotashCorp supports individual educational endeavors by providing college scholarships for selected children of its employees at all locations worldwide. Scholarships awarded in 2002 totaled $165,000, with 30 one-time $1,000 divisional scholarships and 45 corporate awards of $3,000 annually over four years. All scholarship winners receive the same monetary award, regardless of the country of residence.

Political Activity

As a key player in the business of modern agriculture, it is important that we participate in business discussions and public policy debates. Through active trade association memberships and public affairs activities, we try to take a leadership role in many of these discussions. It is important that we share our message and influence decisions that affect our company.

In the United States, we consult with and support the lobbying efforts of The Fertilizer Institute to reach federal lawmakers and regulators. In Canada, we take a similar approach, working with the Canadian Fertilizer Institute. We use registered lobbyists in North Carolina and Florida for local and state lobbying.

In late 2002, we evaluated our government relations activities and determined a need for a corporate Political Action Committee (PAC). The PotashCorp PAC was launched in 2003.

The PAC is funded by voluntary contributions from U.S. employees. It makes political contributions at the federal, state and local levels as determined by an employee steering committee. The PAC bylaws state that candidates who receive contributions must be "constructively interested in the fertilizer, mining, or chemical industries."

PotashCorp also participates in numerous industry and trade organizations. Among them are: The Fertilizer Institute, the International Fertilizer Industry Association, the Potash & Phosphate Institute, the International Feed Industry Federation, the Canadian Fertilizer Institute, the Saskatchewan Potash Producers Association, the Saskatchewan Mining Association, The Point Lisas Energy Association and the Trinidad and Tobago Chamber of Industry and Commerce. As a member of these and other organizations, we actively support political and public policy advocacy efforts.

Bribery and Corruption

Bribery and corruption are explicitly forbidden in our Code of Business Conduct. The code states that PotashCorp will never offer, pay, solicit or accept bribes in any form, either directly or indirectly. This includes those transactions sometimes known as "facilitation payments."

Social Sustainability

Social sustainability is a priority for PotashCorp. It reflects the reality that strong social performance contributes to our ability to attract and retain a productive workforce, build strong and efficient operations, and earn the respect and goodwill of key internal and external stakeholders.

PotashCorp's Basis for Social Sustainability

Our commitment is fostered by specific strategies related to our employees, our communities and our respect for human rights within the corporation and society at large.

Our ability to attract and retain talented and committed employees is essential to our long-term success. We provide our employees with an attractive working environment, free from discrimination and governed by fair working practices. Through socially responsible labor practices, we seek to be an employer of choice for employees who want long-term careers with a progressive company.

BEING AN EMPLOYER OF CHOICE

Employment Policies

PotashCorp has undergone a rapid transformation in the past 15 years. In 1989, we became a publicly traded company based in Saskatchewan. Since then, we have acquired properties and operations in other parts of Canada, the United States, Chile, Brazil and Trinidad. With this has come complexity in our human resources functions.

We are in the process of examining existing human relations policies and procedures at all of our plants, and codifying the best and most universal policies for all employees. We intend to keep in place plant-specific policies necessary for a particular workforce, or to comply with local laws. We also plan to release an updated, comprehensive set of policies and procedures to all employees in 2003.

In 2003, we created the position of Director of People Development to focus on improving our training, performance management and succession planning initiatives. This will ensure that employees are performing at levels that satisfy their own and the company's goals for their career.

Benefits

In 2002, Hewitt Associates, a global human resources consultant, performed a benefits comparison study for PotashCorp. The study identified 20 companies that compete with us for employees in various labor markets throughout the United States. Hewitt assigned a total value of employee benefits and an employer-paid value to those benefits and compared our benefit levels at our U.S. locations.

The survey showed that our average total benefits were competitive within our business sector. In the United States, a significant portion of benefits goes to healthcare. In recent years, we have begun to pass along a proportionate percentage of the rising cost of healthcare to our employees.

Incentive Plans

PotashCorp maintains several incentive plans for employees. Executive officers, senior directors and plant managers, numbering about 60, participate in a long-term incentive plan that is based on two measures of company performance. The first is our total return to shareholders over a period of three years. The second compares our return to the average of companies on the Dow Jones U.S. Basic Materials Index over three years.

About 220 management employees are eligible for an annual cash incentive program that pays bonuses based upon company and operating site performance. Bonuses for eligible employees in corporate functions are based upon a company-wide measure of cash flow return. Bonuses to eligible employees at our plants are equally determined by the corporate measure and by site-specific measurements of budgetary, safety and environmental performance. Individual performance also affects an employee's potential award. Equity ownership through stock option grants has also been made available to this group of employees.

Fred Cutler, PAP Operator, checks equipment at our Aurora purified phosphoric acid facility.

Direct sales personnel who are not part of the cash incentive program are eligible for an annual bonus based on various sales measures and personal performance.

Employees in the U.S., Canada and Trinidad have the opportunity to be shareholders of PotashCorp stock through their savings plans.

EMPLOYEE RELATIONS

ISSUE

The poor morale of workers in Brazil was a symptom of their poor living standards.

ACTION

We created programs to meet the everyday living needs of our workers.

RESULT

Attending to the basic needs of our people in Brazil significantly improved their lives and their productivity.

Plant Manager Sonny Fernandes, left, gives a food package to Loading Control Operator Edson Pereira da Cunha.

BRINGING THE POTASHCORP STANDARD TO BRAZIL

When PotashCorp acquired a feed plant in São Vicente, Brazil in 2000, we encountered a workforce with low productivity and little teamwork. Employee self-esteem was noticeably low, and there was no voluntary participation or creativity, either on the job or socially.

At the root of the problem was the day-to-day struggle of life for the workers.

- Eighty percent of the people in the community lived without basic sanitation and/or utilities.
- Earnings per capita were less than $200 a month.
- Fifty-five percent of the population had not graduated from elementary school.
- It was difficult to obtain medical and dental services.

In response, we instituted a multi-faceted social program. The initiative includes helping employees to feed themselves and their families, improving their health, providing a safe and clean work environment, and establishing a "team" culture.

The plant today:

- Provides food baskets for employees to take home to their families
- Gives employees a daily simple breakfast
- Has an employee lounge
- Offers free vaccine shots
- Provides improved medical coverage
- Makes transportation options available
- Invites workers' families to the plant for a family day
- Fosters social interaction through sports programs and other events

Measurable improvements in productivity and a marked increase in job satisfaction began almost immediately. The new efforts have enhanced PotashCorp's image and reputation in the community, improved safety and lowered absenteeism. In addition, turnover is down to almost zero.

Rewarding Long-time Service

PotashCorp is proud of the fact that we have maintained a stable workforce during the market downturn in the past five years. At the same time, some of our operations have experienced temporary shutdowns and even closures.

At our Canadian potash operations, we control our production volumes and, as required, halt production through temporary plant shutdowns to meet internal inventory targets. When we do this, our employees receive unemployment insurance and a back-to-work bonus when the plant reopens.

In February 2003, we shut down our phosphate feed plant in Kinston, North Carolina. Affected employees were offered a severance package commensurate with their time on the job, or the opportunity to apply for available positions at our Aurora, North Carolina operations. Aurora is approximately 60 miles from Kinston. A small percentage of the employees took positions there.

It is also important to note that we manage and operate all but one of our 22 facilities. (Our Lima, Ohio plant is operated by BP Chemicals under an operating agreement.) Hence, the vast majority of our production is fully under our control in all five countries where we operate, allowing us to manage the working conditions of our employees and contractors.

We look within to promote people and provide opportunities for career growth. Our Service Awards Program reflects the value we place on our employees and their long service. The awards begin at five years and are given in five-year increments. We have several 35-year employees.

Respecting Human Rights

Our respect for fundamental human rights earns the respect and support of our employees, the communities where we operate and society at large.

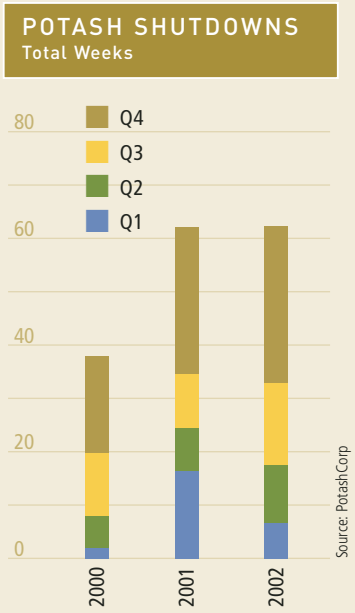
We have introduced policies and procedures that reflect our commitment to human rights inside and outside the company.

Two principal policies set out our vision, guidelines and rules for human rights: the Code of Business Conduct and the Respect in the Workplace policy.

The Code of Business Conduct

The code sets out the minimum standards of conduct we expect of each director, employee and representative.

It is based upon respect for the rule of law, conducting our business with integrity and showing respect for human dignity and the rights of the individual wherever we do business.



PotashCorp balances potash supply and demand by temporarily closing one or more of our Canadian potash production facilities.

OUR EVOLVING POLICY COMMITMENTS

- Respect in the Workplace Policy
- Business/Travel Policy
- Tuition Reimbursement
- Vacation/Holidays
- Relocation Assistance
- Military Leave
- Corporate Values and Code of Business Conduct

The code is designed to guide employees in ethical decision-making, based on the fundamentals of fulfilling our obligations and commitments, treating people according to merit and contribution, refraining from coercion and never deliberately harming anyone. Employees are required to report any contravention of the code and are specifically protected from retaliation for any such report made in good faith. We expect the same commitments from third parties directly acting on our behalf.

This corporate-wide policy was adopted by the Board of Directors in March 2003 and is being disseminated systematically throughout the corporation.

The Respect in the Workplace Policy

The policy spells out the basic standards of conduct that we all must follow.

It is based upon respecting the dignity of our colleagues, customers, vendors and people in our communities. It covers the actions of all employees, supervisors, officers, directors, vendors, customers or agents of PotashCorp.

The policy forbids any unwelcome conduct that is based on an individual's race, color, religion, gender, national origin, age, disability, ancestry, medical condition, marital status, veteran status, citizenship status, sexual orientation or any other protected status of an individual or that individual's associates or relatives.

All PotashCorp employees are expected to abide by the policy. Violation can result in disciplinary action including dismissal. The policy forbids co-worker or manager retaliation and allows for confidentiality in reporting harassment.

Our corporate policies and practices – including those dealing with human rights – have evolved significantly in the recent past. Our rapid growth through acquisition since the mid-1990s and a decentralized approach to managing the acquired operations meant that a diverse set of policies and practices was in place.

In 1999, we re-evaluated our decentralized corporate management structure and consolidated our corporate functions. In 2000, we began to review and coordinate a number of human resources and administrative policies in order to provide consistency throughout the organization. Several corporate-wide policies have been adopted where practical and in compliance with local laws and regulations. This effort is ongoing.

We understand that healthy communities are important to strong and efficient operations. Our commitment to local programs and initiatives builds goodwill toward the corporation and support for our long-term growth.

EARNING THE SUPPORT OF OUR COMMUNITIES

In every community where PotashCorp has operations, we are actively involved in supporting local causes that improve the overall quality of life. Our community involvement is shown through monetary donations and volunteering of expertise, material and time. Monetary support for charities, participation in food and clothing drives, and sponsoring charity athletic events are just a few examples of how the company and our employees are working to be a good neighbor. Local communities also benefit from our donations of equipment and employee time for fire-fighting duties and other civic needs.

Some site-specific examples of community involvement are noted below.

Brazil

Fifty-two children, age three to eight years, now attend a well-equipped children's day care home thanks to our help in remodeling an old house in the community.

The community's "Save the Jungle Project" helps preserve air, water and soil quality, and protect plant and wildlife; it also conducts ecology seminars thanks in part to PotashCorp sponsorship.

Budding soccer players at a local school are equipped with team uniforms and balls donated by our Fosfatos plant. Soccer balls imprinted with our Fosfatos logo are distributed to various soccer teams in the community, which are often invited to play on the soccer field located at the plant.

Employees at Fosfatos are active participants in the annual Winter Clothing Campaign. In 2002 they were able to donate more than 300 garments and 50 blankets.

Fire department and army personnel frequently use the Fosfatos plant for training because of its strategic location near the highway and tropical woods.

Canada

Students at the University of Saskatchewan's College of Commerce no longer study in a cramped space. A state-of-the-art PCS Centre, funded by a $5 million donation, opened in 2000.

Visitors to the Saskatoon Zoo will soon see many more exotic animals than before, and local veterinary students and animal researchers will have invaluable access to a wider array of species, with the ongoing construction of the PotashCorp Ark exhibit.

The Ark will enable the Saskatoon Zoo to host exotic animals from other climates. These visiting animals, such as red pandas, snow leopards and spider monkeys can have extended stays in Saskatchewan in safe, comfortable surroundings.

Our potash operation in Patience Lake, Saskatchewan rescued an adjoining wetland area during the 2002 drought, diverting water there to maintain the wetland.

A symbol of the potash mining industry's rich heritage and importance to the Saskatchewan economy has a prominent place at Saskatoon's John G. Diefenbaker International Airport. A monument to the Blairmore Ring and an interpretive center exhibit this 28-tonne engineering marvel and explain how it allowed miners to reach Saskatchewan's rich potash deposits in the 1960s. PotashCorp spearheaded and funded the project.

In Trinidad, we support the Starlift Steel Orchestra as well as many other organizations in the community.

Fourteen non-profit agencies are under one roof in the Saskatoon Community Service village. Our donation helped complete the consolidation project.

Chile

We supply used computer equipment to schools in Antofagasta.

We bring high school and college students from the Antofagasta area to our ore facilities in the Atacama Desert to learn about career opportunities and the working world. We do the same for students of accounting and business at our offices in Santiago.

PotashCorp matched employees' donations to the biannual Chilean telethon which raises funds for the poor and sick in that country.

Trinidad

PotashCorp provides a substantial subsidy to the Starlift Steel Orchestra in Trinidad, but our lesser-known sponsorship of the Lady Hochoy band, comprised of developmentally challenged players, is no less rewarding.

We took our employee safety-training programs to the community by giving safety training and lectures to the students at two area primary schools.

As part of the local Community Awareness and Emergency Response (CAER) program, we also help one of the schools with annual fire drills and donated fire extinguishers and training in how to use them.

We help sponsor events such as The Sugar and Energy Festival, the Terry Fox Run cancer research fundraiser and the Annual American Chamber of Commerce Safety, Health and Environment Conference.

We have also launched a speaker's program in which employees make presentations throughout the community to share their expertise.

United States

Gardening enthusiasts can learn about plants and soil nutrition and enjoy the beauty of the Chicago Botanic Garden thanks in part to a $150,000 grant from PotashCorp. The three-year grant is designated to support the Garden's science education programs. In addition, our chief agronomist, Dr. Kim Polizotto, teaches the basics of soil science at the Botanic Garden.

More than 5,500 students learned about wetlands, swamps, reptiles and amphibians due in part to our donation to Phinizy Swamp Nature Park, a 1,100-acre preserve near Augusta, Georgia.

Donations of basic supplies, like copier paper, to G. W. Carver School in Louisiana let teachers at this cash-strapped school do their job without having to spend their own resources for supplies.

In Aurora, North Carolina, PotashCorp is unearthing more than just phosphate ore. The site is also rich in the fossilized remains of early sea creatures. The Aurora mine is considered one of the premier fossil sites in the world, and employees there work hand-in-hand with top American scientists to unearth the ancient treasures. Specially trained heavy equipment operators slow or halt production at the mine when significant and rare fossils are found. The company works closely with paleontologists from the Smithsonian Institute in Washington, D.C., and several of the fossils found at Aurora are on display at Washington's National Museum of Natural History.

Through our sponsorship of the Progressive Farmer Farm Safety Day Camp program, nearly 50,000 farm children in the U.S. and Canada have been educated on how to stay safe around farms. The program is making significant strides toward lowering the number of accidents and fatalities that occur annually among children of farm families.

FOSSILS IN PHOSPHATE

On any given day, the reject pile at the PotashCorp phosphate mine in Aurora is the world's largest collection of fossilized shark teeth. Pictured above is an example of one donation we made to the Aurora Fossil Museum.

EMPLOYEE RELATIONS

ISSUE

Disabled members of our communities have extremely limited recreational opportunities.

ACTION

PotashCorp made it possible for individuals with disabilities to have safe access to a recreational lake on company property.

RESULT

The community now benefits from a PotashCorp-created wheelchair-accessible lake for the disabled to enjoy.

Ellen and Henry Young enjoying the day at McNeill Lake.

IMPROVING LIVES ENHANCES SOCIETY

PotashCorp recognizes that all members of society deserve equal access to local resources.

The simple joy of fishing is a good example. Like so many other activities that most of us take for granted, dropping a baited hook into the water can be difficult — if not impossible — for people with physical disabilities. That problem didn't go unnoticed by employees at our phosphate facility in White Springs, Florida.

On a hot Florida afternoon, Gene McNeill, Director of Environmental Health and Safety at White Springs, observed a man and woman attempting to fish in a water retention pond. Recognizing that the pond had virtually no fish, Gene approached the couple to recommend a nearby lake that was renowned for its abundant fish population. That's when he noticed the woman was restricted to using a wheelchair.

The couple, Henry and Ellen Young, thanked Gene for his thoughtfulness, but noted that the popular fishing lakes on PotashCorp's property were inaccessible to people with wheelchairs, and fishing was something they wanted to do together.

The encounter provided Gene with a challenge he couldn't ignore. With management's full support and the help of other White Springs employees, he proceeded to spearhead the development of a recreational area for disabled individuals on company property.

The result of his chance encounter with the couple is a 39-acre recreational facility specifically designed for individuals with disabilities. The site includes a lake with ramps and safety railings that is regularly stocked with catfish and bass. The adjacent land is equally equipped to accommodate the needs of the disabled during hunting season. PotashCorp and local dignitaries officially dedicated "McNeill Lake" to honor Gene's commitment to making fishing and hunting accessible for the handicapped. That commitment is being carried on by others at White Springs since his recent retirement.

Safety, Health and Environmental Performance

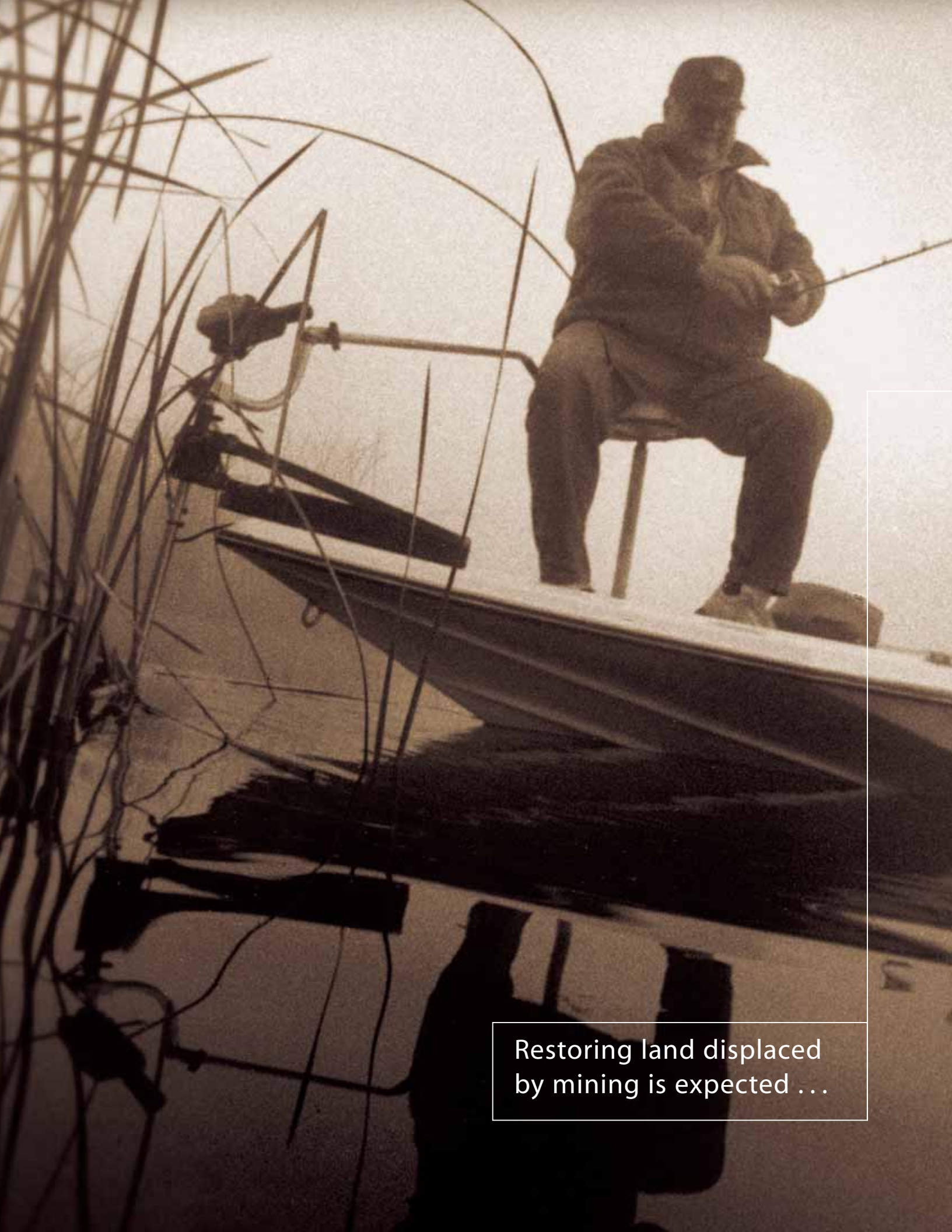
Everyone at PotashCorp is responsible for our Safety, Health and Environmental (SHE) performance. Good SHE performance is critical to the success of our business. No activity is so important that it cannot be done safely and without creating undue environmental risk.

The Strategic Importance of SHE Sustainability

Our goals are: no harm to people, no accidents and no damage to the environment. We expect to consistently deliver improved annual SHE performance as we work to reach these goals by reducing waste, emissions and discharges and reducing exposure to risks.

We recognize that in order to maintain our "license to operate," each of our facilities must be managed in a safe and environmentally sound manner.

At PotashCorp, our SHE culture and our management system handle safety, health and environmental issues under one function. In our operations, safety, health and the environment are interrelated at the production level. Often we find these issues interlinked when investigating incidents. Therefore, we deviated from the guidelines of the Global Reporting Initiative format and included safety and health issues within this section, rather than in the previous Social Performance section.



Restoring land displaced by mining is expected . . .

Safety, Health & Environmental Performance

Creating a world-class recreational wetland is exceptional.

Our wetland creation projects show how seamlessly the three bottom lines come together at PotashCorp.

For example, at our White Springs phosphate mining operation, we not only replace any wetlands we disturb, we construct new ones in the process, creating more wetland area than when we started.

The end result is a recreational haven that environmentalists praise and fishermen enjoy and that benefits local charities. The lake pictured here is the site of an annual fishing derby that draws bass anglers from around the United States.

Bill Whitworth, PotashCorp fertilizer sales District Manager, enjoys the fishing available at one of the lakes at our White Springs site.

ABOUT THESE FIGURES

The indicators in the following table are the core indicators in the Global Reporting Initiative's 2002 guidelines for environmental performance, as well as for social indicators of health and safety and product responsibility. EN stands for Environmental, LA stands for Labor Practices and Decent Work and PR stands for Product Responsibility.

GRI PERFORMANCE TABLE

SHE PERFORMANCE INDICATORS	POTASHCORP 2002 PERFORMANCE
Environment	
EN1 — Total materials use other than water, by type	We principally use the following materials: • Potash and phosphorus ores • Natural gas in nitrogen production • Sulfur, ammonia and limestone in phosphate products.
EN2 — Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organization	While not a waste, we use recovered sulfur to produce sulfuric acid. It is a byproduct of oil refining or natural gas production. Otherwise, we do not use significant amounts of waste from external sources.
EN3 — Direct energy use segmented by primary source	All of the types of energy have been calculated as total equivalent MMWH of energy. See our energy use for potash, phosphate and nitrogen operations on pages 61, 62 and 65.
EN4 — Indirect energy use	Indirect energy is the energy consumed by power companies in order to generate the energy they sell. PotashCorp does not measure the energy consumed by external sources.
EN5 — Total water use	PotashCorp's phosphate mining operations are located above prolific aquifers. The water-intensive mining operations recycle 92% to 96% of the water they use.
EN6 — Location and size of land owned, leased or managed in biodiversity-rich habitats	See our site highlights on page 80.
EN7 — Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater and marine environments	PotashCorp's major land disturbance impacts occur in our phosphate mining activities. All lands, including wetlands, are being reclaimed to meet or exceed state standards.
EN8 — Greenhouse gas emissions	Our measures of carbon dioxide (CO_2) and nitrous oxide (N_2O) are included along with other significant air emissions in our potash, phosphate and nitrogen data on pages 61, 62 and 65.
EN9 — Use and emissions of ozone-depleting substances	PotashCorp does not collect measurements on specific ozone-depleting substances across all operations.
EN10 — NO_x, SO_x and other significant air emissions by type	NO_x, SO_x and other significant air emissions in potash, phosphate and nitrogen operations are listed on pages 61, 62 and 65.
EN11 — Total amount of waste by type and destination	Total amounts of waste from our operations are listed on pages 61, 63 and 65. Our nitrogen operations do not produce a significant amount of waste that goes to land.
EN12 — Significant discharges to water by type	The significant emissions to water are listed on the potash, phosphate and nitrogen operations on pages 61, 63 and 65.
EN13 — Significant spills of chemicals, oils and fuels in terms of total number and total volume	The number of reportable environmental events in potash, phosphate and nitrogen are listed on pages 61, 63 and 65.
EN14 — Significant environmental impacts of principal products and services	See our discussion of the environmental impacts of our products on page 32.
EN15 — Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed	Fertilizer products provide nutrients to the land and are used by plants. When harvested, these plants provide nutrients to animals and people.
EN16 — Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional and local regulations associated with environmental issues	See our discussion of non-compliance fines and our settlement agreement regarding our Geismar nitrogen plant and information on other fines on page 78.

GRI PERFORMANCE TABLE

SHE PERFORMANCE INDICATORS	POTASHCORP 2002 PERFORMANCE
Health and Safety	
LA5 — Practices on recording and notification of occupational accidents and diseases, and how they relate to the International Labour Organisation (ILO) Code of Practice on Recording and Notification of Occupational Accidents and Diseases	The PotashCorp SHE Management System prescribes specific, timely reporting requirements for all SHE events. Further description is on page 69. The full text of the SHE Managers Guide is available on our web site at www.potashcorp.com/stewardship.
LA6 — Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees	Occupational health and safety committees, as well as other employee teams, work to continuously improve health and safety performance. Further discussion is found on page 71.
LA7 — Standard injury, lost day and absentee rates and number of work-related fatalities	Recordable and lost-time safety performance results are discussed on page 66.
LA8 — Description of policies or programs (for the workplace and beyond) on HIV/AIDS	All our emergency first responders are trained in the prevention of transmission of blood-borne pathogens.
Product Responsibility	
PR1 — Policies for customer health and safety during use of products and services	Labeling, customer service and point-of-sale monitoring of delivery are at the core of our efforts toward customer health and safety.
PR2 — Policies and procedures for product information and labeling	Details on our product information and Material Safety Data Sheets are described on page 76.
PR3 — Policies and procedures for consumer privacy	Our Code of Business Conduct states that we collect, use and disclose personal information only with the knowledge and permission of the affected individual, unless otherwise permitted by local law.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE IN REVIEW

Each PotashCorp business faces different risk exposures in mining, manufacturing, handling, storage, delivery and the use of our products.

In this section, we address the safety, health and environmental performance of our potash, phosphate and nitrogen operations. We set out the performance measures we are tracking and provide details of some key issues in each area.

A NOTE ABOUT OUR MEASUREMENTS

PotashCorp facilities measure their environmental performance as required by their local, provincial, state or federal operating permits. As we compiled data for this report, we found that the ways in which we measured our emissions varied from site to site. Nevertheless, our initial benchmarking has been useful in identifying areas where we can focus our environmental efforts. To address these measurement differences, we used the U.S. Environmental Protection Agency AP-42 Emission Factor Document to calculate emissions where measurements did not exist. We will continue standardization of our measurements to more effectively benchmark performance among our operations. In future reports, some measurements may change to match company-wide measurement protocols.

Potash

We produce potash products from two very different ore bodies located in Saskatchewan and New Brunswick. Because of these differences, we face unique production, waste disposal and reclamation issues in each of these Canadian provinces.

Underneath the vast prairies of Saskatchewan lie the world's largest deposits of potash. The potash (KCl) ore deposits are flat, approximately 4.25 meters thick (14 feet), and about 1,000 meters (3,300 feet) below the surface. The mines use a variety of methods to extract the ore. After scrubbing and washing the crushed ore to remove the clay, the potash is floated off flotation cells. It is then de-brined, dried and screened into different product sizes. The wastes — other salts, clays and salt brine — are pumped to the waste management area for storage, while surplus salt brine is injected into deep sandstone formations. Due to the vast area of the mine, the relatively thin ore deposit and the extreme depth, the mining methods are not conducive to returning salt tailings to the mine.

By comparison, in coastal New Brunswick, the potash (KCl) ore deposit is located on the flank of an elongated salt structure that extends for almost 40 kilometers (25 miles). There is a mineable rock salt (NaCl) deposit in the core of the structure. The potash ore is mined from large stopes between 400 and 700 meters (1,300 and 2,300 feet) below the surface. The ore in the stopes can be anywhere between 10 and 40 meters (33 and 132 feet) thick. Large continuous mining machines use a mechanized cut-and-fill method to mine the ore. This allows for high extraction by using the salt waste as a backfill material to support the walls of the stopes, while providing a platform for the continuous mining machine. Rock salt is mined from large salt stopes, crushed and screened, and sold as de-icing salt.

The same potash separation process that is used in Saskatchewan is generally used in New Brunswick. However, since no deep-well injection capability is available in the underlying geological units, other methods of surplus brine disposal are used. Some of the brine is evaporated in a vapor recompression evaporator, while additional brine is trucked to Cassidy Lake where it is pumped to the Bay of Fundy. The clay waste is pumped to the mined rock salt stopes for disposal.

While our New Brunswick operation is able to return all of the salt and clay wastes back to the mine, Saskatchewan geology

and mining methods are not conducive to these reclamation methods.

Environmental regulations of the Province of Saskatchewan require each of our potash mines there to have decommissioning and reclamation plans. Plans submitted in 1997 and approved by the Minister of the Environment for Saskatchewan in 2000 must be revised by 2005. A government-and-industry task force has been established to produce mutually acceptable revisions to the plans that would incorporate a cost-benefit analysis of the decommissioning options.

POTASH

	2002	2001	2000
Potash Mines			
Energy			
Energy Cost – 000's $	71,128	89,358	79,562
Energy Use – equivalent MMWH	2,980	2,900	3,147
Energy Use – equivalent MWH per tonne Potash	0.523	0.522	0.473
Potash Air Emissions – Tonnes			
Carbon Dioxide (CO_2)	432,025	410,989	443,759
Nitrogen Oxides (NO_X)	372	361	389
Particulate Matter (Dust)	2,548	2,504	2,652
Carbon Monoxide (CO)	639	499	555
Sulfur Dioxide (SO_2)	62	81	99
Potash Wastes to Land – Tonnes			
Waste Salt to Storage	7,922,298	7,663,961	8,099,166
Clay Waste (Slimes)	819,475	758,079	885,207
Waste Salt and Clay to Mine (Dry Basis)	1,281,661	1,337,366	1,740,443
Salt in Brine Injection Well (Dry Basis)	1,540,605	1,606,347	2,625,224
Salt in Brine to Sea (Dry Basis)	297,738	295,527	384,342
Potash Environmental Events – Number			
Provincial Reports	8	7	2
Potassium Nitrate Energy			
Energy Cost – 000's $	5,319	5,599	N/A
Energy Use – equivalent MMWH	273.9	196.1	N/A
Energy Use – equivalent MWH per tonne KNO_3	2.007	1.946	N/A
Potassium Nitrate Air Emissions			
Carbon Dioxide (CO_2)	531.12	519.42	N/A
Nitrogen Oxides (NO_X)	3.321	3.117	N/A
Sulfur Dioxide (SO_2)	1.664	1.588	N/A
Environmental Costs – 000's $			
Environmental Operating	11,567	12,390	14,244
Environmental Capital	2,833	3,922	7,594

Phosphate

Although the phosphate ore deposits at Aurora and White Springs are both surface deposits, the depth and thickness of the Aurora ore results in a mine pit that is approximately 130 feet deep versus White Springs' 30-foot deep pit. Surface mining techniques are similar, including use of bucketwheel excavators, dredges and draglines to extract the ore. It is pumped as a slurry to the beneficiation plant where the phosphate rock is separated from the clay and sand wastes. Those wastes are reused in reclamation of mined lands at both locations. At the Geismar facility, the phosphate rock is purchased from Morocco and delivered by ship.

At all three facilities the insoluble phosphate rock is treated with sulfuric acid to produce phosphoric acid, the building block for all downstream phosphate derivatives. Calcium sulfate or gypsum is a solid byproduct in the phosphoric acid manufacturing process. Because of unique clay mineralogy at Aurora, it is able to mix the clay with the gypsum and use this blend in mine reclamation.

Accordingly, Aurora's stacking of byproduct gypsum is limited to two small working stacks. At White Springs and Geismar, the final disposal technique is to deposit the gypsum in large stacks. Once each stack has reached its final height, it will be capped according to the regulations of the state in which it is located.

PHOSPHATE

	2002	2001	2000
Phosphate Plants			
Major Production Unit Energy			
Energy Cost – 000's $	104,098	116,682	166,971
Energy Use – equivalent BBTU	21,983	21,740	27,890
Energy Use – equivalent BBTU per ton of production	1.479	1.381	1.401
Feed and Other Phosphate Plants Energy			
Energy Cost – 000's $	3,452	4,468	3,408
Energy Use – equivalent BBTU	287.0	649.7	603.0
Energy Use – equivalent BBTU per ton of production	0.303	0.404	0.445
Production Unit Emissions			
Calciners Air Emissions – Tons			
Carbon Dioxide (CO_2)	435,699	385,491	377,312
Nitrogen Oxides (NO_X)	391.5	353.7	361.9
Particulate Matter (Dust)	280.7	342.7	361.6

PHOSPHATE

	2002	2001	2000
Sulfuric Acid Air Emissions – Tons			
Carbon Dioxide (CO_2)	28,661	36,861	47,825
Sulfur Dioxide (SO_2)	14,772.7	14,944.5	15,447.0
Nitrogen Oxides (NO_X)	340.5	361.6	480.6
Sulfuric Acid Mist (H_2SO_4)	101.7	129.5	155.8
Phosphoric Acid Units Air Emissions – Tons			
Carbon Dioxide (CO_2)	187,520	199,048	304,510
Hydrogen Sulfide (H_2S)	1,934.1	1,862.7	1,828.2
Sulfur Dioxide (SO_2)	99.7	112.6	168.7
Fluoride (F)	18.0	29.2	23.5
MAP and DAP Units Air Emissions – Tons			
Carbon Dioxide (CO_2)	14,482	18,438	24,552
Ammonia (NH_3)	263.5	237.8	500.0
Particulate Matter (Dust)	123.8	84.5	156.4
Nitrogen Oxides (NO_X)	36.1	35.9	53.2
Di/Mono Calcium Emissions – Tons			
Carbon Dioxide (CO_2)	183,990	160,660	161,729
Particulate Matter (Dust)	141.5	117.4	186.0
Nitrogen Oxides (NO_X)	54.8	46.3	75.4
Sulfur Dioxide (SO_2)	27.4	29.4	12.7
Defluorinated Phosphate			
Carbon Dioxide (CO_2)	101,504	75,496	64,547
Particulate Matter (Dust)	129.8	121.3	113.8
Nitrogen Oxides (NO_X)	148.1	56.1	47.5
Sulfur Dioxide (SO_2)	21.8	14.4	12.7
Total Water Emissions – Tons			
Fluoride	3,641	4,098	5,558
Phosphorus as P	1,284	1,757	2,191
Nitrogen as N	72	67	30
Total Stored Waste			
Gypsum – 000's tons	8,152	8,505	10,768
Solid/Hazardous Waste Disposal off-site – tons	918	905	1,219
Environmental Events – Number			
Federal Reportable Quantity	2	4	6
Permit Excursions	3	8	11
Environmental Costs – 000's $			
Environmental Operating Cost	48,459	50,662	57,198
Environmental Capital Cost	6,107	13,650	2,731

Nitrogen

In contrast to our phosphate and potash operations, land disturbance and subsequent reclamation are not significant issues in nitrogen production. The nitrogen industry uses natural gas for a hydrogen source, together with nitrogen from the air, to manufacture anhydrous ammonia, which is the basic feedstock to make nitrogen products. A byproduct of the ammonia process is carbon dioxide, CO_2.

Sheldon John, Operating Technician, at work at our Trinidad nitrogen facility.

PotashCorp uses carbon dioxide and anhydrous ammonia as feedstocks to produce urea, another nitrogen-based product used as fertilizer, as well as animal feed additives and industrial products.

Some of the surplus CO_2 from ammonia production is sold to other chemical producers for food packaging and preservation, and to oil and gas production companies for enhanced oil recovery.

We sell or use about 2.4 million tons of CO_2 annually that would otherwise be released.

NITROGEN

	2002	2001	2000
Nitrogen Plants			
Energy			
Energy Cost – 000's $	365,148	426,321	368,514
Energy Use – equivalent MMWH	15,852	15,923	14,446
Energy Use – equivalent MWH per ton production	1.714	1.758	1.596
Anhydrous Ammonia Units Air Emissions – Tons			
Carbon Dioxide (CO_2)	5,113,030	5,444,818	4,107,875
Ammonia (NH_3)	4,385.7	4,114.2	2,944.5
Nitrogen Oxides (NO_X)	5,477.9	5,840.8	5,398.8
Carbon Monoxide (CO)	4,534.7	4,331.5	3,867.7
Methanol	1,378.0	1,463.7	1,199.1
Particulate Matter (Dust)	141.6	249.8	264.3
Sulfur Dioxide (SO_2)	13.1	17.4	14.2
Nitric Acid Units Air Emissions – Tons			
Carbon Dioxide (CO_2)	45,505	46,313	57,038
Nitrogen Oxides (NO_X)	2,425.9	2,202.5	2,292.1
Carbon Monoxide (CO)	4,814.5	4,634.1	5,276.9
Nitrous Oxide (N_2O)	6,264.9	5,825.0	6,435.1
Ammonia (NH_3)	63.9	29.7	66.2
Urea Units Air Emissions – Tons			
Carbon Dioxide (CO_2)	292,888	293,806	370,970
Ammonia (NH_3)	2,642.2	2,893.6	5,763.7
Particulate Matter (Dust)	427.4	318.9	443.4
Ammonium Nitrate Units Air Emissions – Tons			
Carbon Dioxide (CO_2)	49,822	60,476	54,112
Ammonia (NH_3)	326.5	486.8	331.9
Nitrogen Oxides (NO_X)	107.4	123.1	107.6
Carbon Monoxide (CO)	105.6	108.4	104.6
Particulate Matter (Dust)	238.5	262.5	249.7
Total Water Emissions – Tons			
Nitrogen as N	901.8	953.1	792.9
Methanol	46.2	46.3	47.3
Total Land Emissions – Tons			
Solid/Hazardous Waste Disposal off-site	3,176	3,392	3,091
Environmental Events – Number			
Federal Reportable Quantity	13	47	39
Permit Excursions	36	73	22
Environmental Costs – 000's $			
Environmental Operating Cost	9,406	9,446	8,742
Environmental Capital Cost	2,680	10,533	4,107

Safety Performance

Our commitment to safety starts with our Chief Executive Officer. Safety performance is the first item discussed by executives of each of the operations at every Board of Directors meeting.

Facility leaders are accountable for ensuring continuing progress toward our SHE goals, for meeting annual SHE targets and for using the SHE assessment system to confirm that the SHE processes are effective.

Our safety efforts focus on continuous improvement. We use several processes, integrating our risk management approach with the appropriate safety protocols at each site. At sites that manufacture or handle highly hazardous chemicals, we use Process Safety Management systems to manage the risk exposures. We use the Behavioral Accident Prevention Process® (BAPP) at a number of our facilities and are implementing it at others.

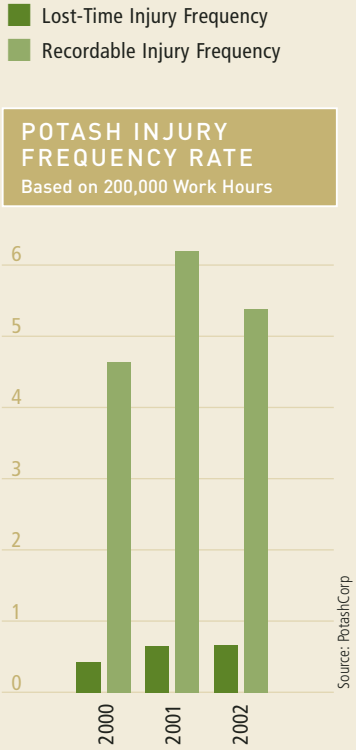
As a result of this process being launched at our nitrogen plants in 1996, we have experienced fewer accidents and higher employee morale, allowing employees to work more efficiently. Previously, nitrogen had a recordable injury rate of greater than 3.0. In 2002, it had dropped to 1.1.

More of our facilities have begun to implement BAPP as a result of our Best Practices conferences. Our goal is to have it working in all facilities by the end of 2004.

Regrettably, in 2002 we suffered two fatalities at our White Springs, Florida phosphate operation. These tragic accidents serve as a reminder that our safety efforts require constant diligence and continual improvement.

PotashCorp Safety Statistics

Each business faces unique safety, health and environmental risks and exposures. Our Safety, Health and Environmental Management System provides an umbrella



In potash, phosphate and nitrogen, recordable injury frequency decreased a total of 18% in 2002.

These statistics do not contain any work-related illnesses since a number of our jurisdictions do not collect that information.

Notes

Recordable Injury = Medical Injury + Modified Work Injury + Lost-Time Injury

Medical Injury = a work-related injury that is non-lost-time or non-modified work activity, but requires medical treatment beyond first aid.

Modified Work Injury = A work-related injury where a Licensed Health Care Provider or the employer recommends that the employee not perform one or more of the routine functions of the job or not work the full workday that the employee would have otherwise worked.

Lost-Time Injury = A work-related injury that causes the injured person to be unable to return to work on his/her next scheduled workday after the day of the injury, because he/she is unfit to perform any duties.

Frequency = Number of injuries (Recordable or Lost-Time) multiplied by 200,000 divided by total hours worked.

system that includes risk assessment and risk management, investigation guidelines, emergency management and crisis communication procedures, reporting requirements and more. With each different risk that is encountered, we use specific safety processes and procedures.

In potash, which has the highest recordable and lost-time injury rates, our mines pose typical underground risk exposures. We have in place vigorous safety and mine rescue training at our mines. Our rescue and response teams take part in annual mine safety and rescue competitions that we discuss on page 71. Two facilities, New Brunswick and Lanigan, are implementing the Behavioral Accident Prevention Process® to provide a stronger focus on risk reduction through the efforts of all employees. Other potash facilities are scheduled to start implementing it in 2003.

In phosphate, we encounter surface mining risk exposures and chemical production exposures; both are different than underground mining exposures at our potash mines. Instead, there is more exposure from mechanical and hydraulic systems and the chemicals we use to produce our products. All of the phosphate feed plants have completed BAPP installations, and Aurora and White Springs will complete them in 2003.

In nitrogen, risks are associated with the heat and pressure of the manufacturing processes and the toxicity of ammonia. There are also risks of explosion and fire. All of the nitrogen facilities are using the BAPP and root-cause investigations to reduce SHE risk exposures.

Environmental Spending

We have listed our environmental expenditures for each business on the performance tables, reporting operating and capital costs for the past three years.

Operating costs consist of ongoing reclamation and restoration costs, compliance expenditures and other ongoing environmental expenses. Capital costs include reclamation and restoration expenses and projects to improve pollution control facilities.

The current portion of restoration and reclamation costs accrued in 2002 was $18.6 million. The accrual values are based on estimates of potential site reclamation, and are usually incurred over a period of time. The company has accrued a total of $98.6 million for future reclamation and restoration costs as of December 31, 2002.

In 2002, our overall operating and capital environmental expenditure decreased from $100.6 million to $81 million. The operating portion dropped from $72.5 million in 2001 to $69.4 million. Phosphate production at our Aurora and White Springs facilities was decreased in 2002, accounting for much of the operating cost reduction. Over the three years, nitrogen's environmental operating expenses were steady.

Capital expenditure decreases stemmed from the completion of significant projects in our phosphate and nitrogen operations.

SAFETY HIGHLIGHTS

Our exemplary safety record includes:

- The nitrogen and phosphate production departments of our Geismar facility achieved 26 years without a lost-time injury in 2002 and 13 years facility-wide without a lost-time injury. Geismar completed 6 million hours worked without a lost-time injury on June 15, 2003.
- In Trinidad, our nitrogen plant achieved 2 million hours without a lost-time injury on July 30, 2002 and continues to work toward 3 million hours.
- Our New Brunswick potash mine completed 1 million hours without a lost-time injury on July 25, 2002 and continues to work toward 2 million hours.

Also in 2002:

- Our Cory potash mine completed 1 million hours worked without a lost-time injury.
- The Rocanville potash mine also worked 1 million hours without a lost-time injury.
- The potash mining facility at Cassidy Lake achieved 5 years without a lost-time injury.
- Our Patience Lake potash facility achieved more than 2.5 years without a lost-time injury.
- Our ammonia storage and distribution terminal in Savannah completed 7 years without a lost-time injury.

Safety, Health & Environmental Sustainability

On the following pages, we provide details of the processes and achievements that illustrate our commitment to safe, healthy and environmentally responsible operations.

PotashCorp's Basis for Safety, Health and Environmental Sustainability

Our Safety, Health and Environmental (SHE) Management System and an accompanying set of 88 SHE Expectations encompass the complete spectrum of safety, health and environmental risk management at PotashCorp.

A SYSTEM TO GUIDE US

The management system provides us with a formalized method to address issues of safety, health and the environment in a manner that provides clear direction and accountability at every level of the company.

The efficient use of the SHE Management System results in improved safety and facility performance, a cleaner environment and protection of our reputation. These processes support a distinctive leadership position in all areas of our business around the world, while also improving our liability profile.

All managers are obliged to adopt the PotashCorp Safety, Health and Environmental Management System and the SHE Expectations. These encompass the complete spectrum of safety, health and environmental risk management, including personnel security, technical/operational integrity of facilities and equipment, and product stewardship. Our managers must operate within these boundaries.

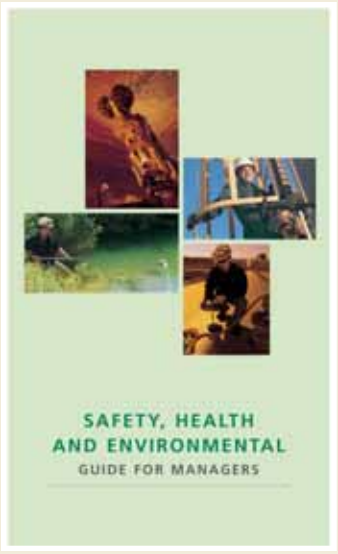
All facility leaders communicate the SHE Expectations to their teams and are accountable for delivery of SHE performance. Each facility has documented systems in place to meet the expectations, including justification if certain expectations are deemed not applicable.

Assuring Compliance

Facility and division leaders provide assurance to themselves and the Chief Executive Officer that all relevant SHE processes are in place and working. This is achieved through regular:

- Risk-assessment and risk-management processes
- Peer reviews and self-assessments
- Reviews of performance indicators against targets.

SHE assurance is regularly discussed between facility leaders and division presidents. Safety, Health and Environmental Assessments and Environmental Compliance Audits are conducted annually to provide a review of key internal controls. The Safety, Health and Environment Committee of the Board of Directors reviews these assessments and compliance audits. Additional information regarding the Safety, Health and Environmental Management System can be found on the company's web site at www.potashcorp.com/stewardship.



Management of risk is one of the cornerstones of our SHE Management System. It is a continuous process in which we identify hazards and assess the risks associated with our activities, take appropriate action to manage the risks by implementing risk elimination or reduction plans, and make a judgment about the significance and tolerability of various risks.

RISK MANAGEMENT

To evaluate risk, we look at both the likelihood of an event and the consequences stemming from that event. Knowing these helps us determine the risk level. Likelihood and severity are identified and placed on our risk tolerance matrix, allowing us to analyze and compare risks. Based on the level of risk, action plans are developed to mitigate exposure.

Facility Management

Facility siting is a textbook example of how our risk management processes work.

We manage the exposures presented by hazardous chemicals, such as anhydrous ammonia, that pose risks of fire, explosion and toxic releases to employees in occupied buildings. PotashCorp conducts facility-siting studies at its plants that use or produce the highly hazardous chemicals listed in the U.S. Occupational Safety and Health Administration's regulation 29CFR 1910.119. Siting studies are used to estimate potential consequences of releases of one of these chemicals.

PotashCorp has completed these facility risk evaluations and continues to update them as new technology becomes available, with the goal of reducing exposure to employees.

These detailed facility-siting studies use data that include process flow diagrams, computer models, engineering analyses, risk management plans, building designs, facility layouts and emergency response plans.

Occupied buildings are evaluated for three types of scenarios: explosion, fire and toxic release. The scenarios range from negligible to catastrophic and estimate harm to people on site. They also estimate monetary damage and plant downtime, as well as the risk to the plant's reputation.

Keeping Safe

Safety at our worksites is of paramount importance to PotashCorp. It cannot be sacrificed to boost production, increase efficiency or lower costs. Rather, safety is a driver for increased profit, production and efficiency.

We use detailed procedures to investigate safety, health and environmental incidents because it is essential to discover the root causes in order to correct problems locally, share lessons with others who face similar risks, and track larger trends that management can act upon.

Our Safety Process

Company-wide, PotashCorp has adopted the Behavioral Accident Prevention Process®, which measures workplace exposure through observation of employee behaviors. See www.potashcorp.com/stewardship/safety for more detailed information.

RESCUE TRAINING

ISSUE

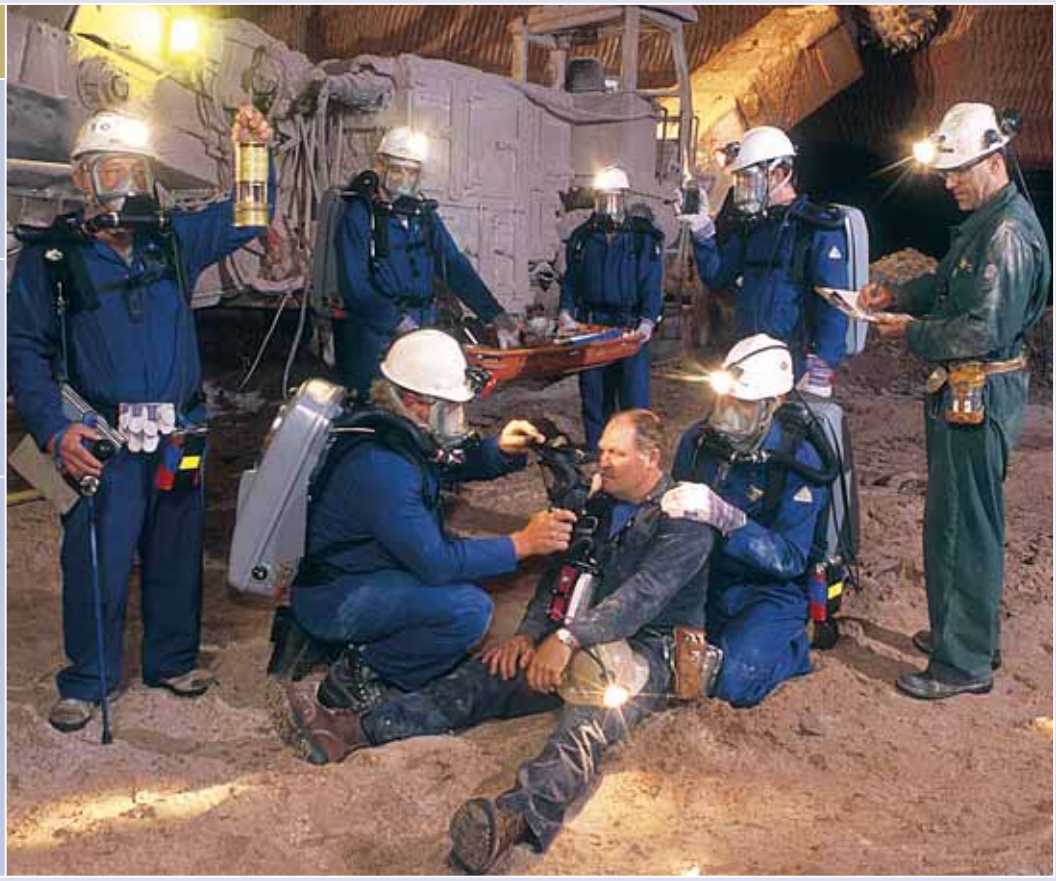
Safe mining and production at our potash operations require constant vigilance and preparedness.

ACTION

Our emergency response personnel train year-round for a variety of potential incidents that would require quick action and expertise.

RESULT

Our emergency response personnel are highly motivated and well trained. We routinely finish high among mining companies that participate in mine rescue competitions held in Saskatchewan and New Brunswick.



New Brunswick's trainer, Jim Watters, provides training feedback by acting the part of a rescued miner.

STAYING PREPARED

When the call goes out for firefighting, mine rescue or first aid, our potash employees are ready to go.

That's why PotashCorp emergency response personnel were the overall winners in mining safety at the 2003 Saskatchewan Provincial Competition in May. Our Rocanville team was the best overall underground crew. Our Patience Lake team took the surface operations award.

Teams from five of our potash mines competed against each other as well as teams from other companies. Competition included tests of proficiency, firefighting, first aid and mine rescue. PotashCorp teams took home 17 awards.

At Rocanville, 31 emergency responders comprise four crews and receive between 40 and 60 hours of training each year.

"Although Rocanville didn't have a mine fire that required so much as using a single fire extinguisher in 2002, the rescue team needs to always be at the ready," says Safety Trainer Terry Machnaik.

"We won a competition this year with just a few of our mine rescue team workers, but if we had a fire right now, I wouldn't hesitate to send any one of the team to fight it," Machnaik says. "Our people give me 100% all of the time."

The threat of criminal or terrorist activity against a chemical facility is more prevalent since the tragic events of September 11, 2001. PotashCorp keeps security in the forefront at our plants, with a security system designed to minimize threats before they occur.

SAFEGUARDING OUR FACILITIES

PotashCorp has taken a leadership role in the fertilizer industry by working with The Fertilizer Institute (TFI) to establish the TFI Security Code of Management Practice. The code recommends the use of a risk-based approach to identify, assess and address security vulnerabilities.

We conduct security vulnerability assessments (SVAs) at each of our facilities. Recent and anticipated regulation by the U.S. Department of Transportation and the U.S. Coast Guard, and anticipated U.S. legislation will require our industry to complete SVAs and security plans.

We chose the Center for Chemical Process Safety (CCPS) Security Vulnerability Analysis as the model for our SVAs. Our SVA employs a five-part process.

- Project planning
- Facility characterization
- Threat assessment
- Vulnerability analysis
- Countermeasures

The final step is to analyze existing countermeasures, identify gaps between the existing security and the desirable security level based on risk, and evaluate additional countermeasures.

The outcome of each facility SVA is a documented risk assessment and an appropriate action plan to reduce security risk.

Our 2003 security goals require that SVAs be conducted at all facilities where mandatory requirements are anticipated and an action plan with recommendations be prepared for those facilities.

Keeping Ahead of Health Risks

We strive to operate our facilities in a way that minimizes the health risks to our employees, contractors and the community. We also actively promote the adoption of a healthy lifestyle.

Our health risk management process encompasses four key activities at many of our facilities: business planning, health programs, health measurement/assessment and health-performance improvement.

Business planning for health issues involves identifying health risks whenever business operations change. Therefore, we assess potential health impacts: (1) at new operations or proposed acquisitions, (2) before and after modifications to plants or processes, and (3) to comply with changes in public or environmental health standards.

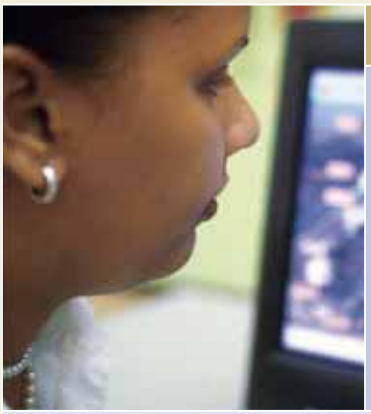
Our health programs cover medical management in the event of injury or illness, prevention practices to control workplace health risks, and promotion of activities that optimize the health and well-being of our people. Although program specifics vary by

site, the following are some of the things we do to help employees monitor and improve their health.

- Wellness exams (pulmonary function, stress, diet, blood pressure)
- Personalized advice on diet and exercise
- Fitness center
- Cancer awareness training
- Blood screening (cholesterol, triglyceride, sugar, PSA enzyme)
- Glaucoma screening
- Smoking cessation program

In addition, the company sponsors an employee assistance program where employees can seek confidential assistance on drug, alcohol and mental health issues.

We measure and assess the health of our employees with programs for reporting, investigating and documenting potential adverse health effects attributable to our operations. We also audit our health performance against our own expectations.



Tracey Andre monitors operations at our Trinidad nitrogen facility.

POLICY DEVELOPMENT

ISSUE	ACTION	RESULT
A strong commitment to safety, health and the environment should be demonstrated to the community and shared outside the plant gates.	In Trinidad, Safety, Health and Environment Manager Tracey Andre has been in the forefront of working with local and national groups to communicate PotashCorp's commitment.	We have a seat at the table during the current development of environmental policy for Trinidad and Tobago. We also have strong relationships throughout the Caribbean nation because of Tracey's efforts.

Our nitrogen plant in Point Lisas, Trinidad is dedicated to production that is safe for employees, its neighbors and the environment. It is working toward 3 million hours without a lost-time injury and is active in community organizations and industry groups in the area.

Tracey Andre, Safety, Health and Environment Manager, and her team have taken what they've learned at our operations and used it to help develop national SHE legislation in Trinidad and Tobago.

Through written submissions and ongoing direct discussions with regulators and fellow industrial representatives, the plant is forging key relationships with relevant regulatory bodies. Tracey sees her role as representing the interests of both her country and her company, and ensuring that PotashCorp is fully prepared to comply with new SHE standards that will be introduced by Trinidad and Tobago. Some of the issues that she has been involved with include legislation pertaining to air and water pollution, noise pollution, environmental clearances, sensitive areas and species, and planning and development.

In the community, she is involved in the Community Awareness and Emergency Response (CAER) Committee of the Point Lisas Industrial Estate. The CAER program includes an active relationship teaching and promoting safety at a local elementary school.

Tracey's efforts help to accurately convey a local and national image of a company that is fully committed to safety, health and the environment.

AN EYE TOWARD ENERGY

SaskPower International and ATCO Power opened a cogeneration facility at our Cory potash operation in 2003.

From mining to manufacturing our products, we are in an energy-intensive business.

In some places, expensive fuel oil must be burned to provide our energy needs. We were fortunate to be able to positively address that issue in New Brunswick this year when construction was completed on a nearby natural gas facility. By converting this potash site from fuel oil to natural gas, we expect to reduce the New Brunswick operation's carbon dioxide emissions by about 26% and its sulfur dioxide emissions by about 98% in the first full year of operation.

Whenever feasible, PotashCorp has invested in cogeneration. Cogeneration has proven to be both an economic boon and an environmental best practice.

Examples of our cogeneration initiatives:

1. In Geismar, we cogenerate more power than we purchase. In 2002, we cogenerated 184 megawatts of power and purchased 85 megawatts from external electrical suppliers. The operation's cogeneration unit has been in service since 1986, recovering waste heat from our ammonia plant. Annual savings are estimated at $1.5 million to $2.5 million.

2. Our White Springs phosphate operation has 48 megawatts of cogeneration capacity. The plant captures the waste heat from our operations that would otherwise be released into the atmosphere. We use the heat to make steam that generates enough electricity to supply nearly all of our chemical-manufacturing operations.

3. In Aurora, a similar on-site cogeneration plant supplies 40 megawatts of electricity for internal use.

4. Our nitrogen operation in Augusta uses mechanical cogeneration in which cogenerated energy is used to drive a process compressor, rather than a generator, to produce electrical power. Heat from gas-turbine exhaust is recovered at the site for both process and steam use within the plant. The mechanical power developed is 26,000 horsepower, which is equivalent to 19 megawatts. Annual savings are an estimated $3.7 million.

5. Most recently, a new cogeneration plant was built near our Cory potash mine. The SaskPower International/ATCO Power joint venture is a highly efficient 228-megawatt cogeneration facility on our site. The power plant produces electricity and steam from a dual natural gas turbine source. According to SaskPower, the station will turn between 55% and 70% of the natural gas's potential energy into electricity and steam, compared with an average of 35% achieved by conventional power stations. In addition to being highly efficient, emissions of greenhouse gases are about one-third of similar-sized coal-fired power station. PotashCorp serves as a nearby customer for the steam. We anticipate cost savings by purchasing the thermal energy from the cogeneration station and shutting down our existing less energy-efficient boiler plant. In addition, eliminating our direct-fired boiler will reduce the amount of greenhouse gases released from the Cory operation.

6. In Trinidad, a generator at the 04 plant produces virtually all of the 04 site's electrical needs.

7. A waste-heat electrical generator at our Memphis plant produces 20 megawatts of electricity daily.

We assess, manage and communicate the hazards associated with our products by providing up-to-date information to help users and others handle them in a safe and environmentally responsible manner.

PRODUCT RESPONSIBILITY

Our products are assessed for safety, health and environmental hazards and risks prior to marketing and distribution. They also are periodically reassessed for any changes resulting from new information about the product. Similarly, new uses or markets would trigger the product reassessment process.

We maintain records of product assessment and conclusions, updating our information throughout the product's life. Systems are in place to collect and analyze reports of adverse effects that could be related to our products. If a product defect could give rise to potential hazards, the company would immediately issue a recall.

We provide up-to-date information on safety, health and environmental hazards and risks related to use, storage, handling, transport and disposal of our products.

That is why PotashCorp worked with the rest of the fertilizer industry, through The Fertilizer Institute (TFI), to fund research on the acute and chronic toxicity of the products we produce. TFI, contracting with third-party researchers, completed this three-year project in 2002.

The resulting new data allow us to communicate more thoroughly with our customers, transporters, distributors and others who handle our products. We are in the process of updating Material Safety Data Sheets (MSDS) for many of our products. MSDSs provide detailed product information with respect to composition, hazards, first-aid measures, firefighting measures, accidental release measures, safe-handling and exposure controls.

In addition to providing the Material Safety Data Sheets according to the requirements of law, we provide our MSDS online at: www.potashcorp.com/customer_service/msds.

We have produced detailed safety videos for our nitrogen and liquid phosphate customers. In separate videotapes, we demonstrate the safe transportation of anhydrous ammonia, nitric acid, ammonium nitrate and purified phosphoric acid. The videos provide information on safe handling, first aid and mitigating the effects of leaks or spills of the product.

COMMUNITY PREPAREDNESS

ISSUE

The transportation of anhydrous ammonia carries risk exposures caused by leaks and emissions.

ACTION

PotashCorp prepares and trains for such risks. As part of our product stewardship program we send our HAZMAT training rail car to communities and customer sites to teach HAZMAT preparedness.

RESULT

The HAZMAT training rail car provides more than just safety information. It opens doors for dialogue with first responders in the communities where we do business and it shows our customers that PotashCorp's commitment to service goes beyond the point of sale.

SHARING OUR SAFETY EXPERIENCE

Handling millions of tons of anhydrous ammonia every year gives us extensive knowledge in the production, storage, loading and transportation of this product. We are committed to sharing this expertise. Over the past several years, for example, PotashCorp has conducted hands-on workshops with several hundred firefighters and other emergency response personnel throughout the U.S. and Canada. Our Hazardous Materials (HAZMAT) training rail car is a well-received tool in training emergency response personnel.

We share our experience with customers, firefighters, police, emergency medical workers and other public safety officials by providing information about:

- Production of anhydrous ammonia
- Rail car assessment
- Valve arrangement
- Potential leak sources
- Corrective actions
- Decontamination protocol

At the HAZMAT training rail car all-day sessions, emergency response technicians from various PotashCorp facilities teach safety procedures, inspection and basic leak repair techniques. The participants get to try their hand at repairing simulated leaks on the training rail car. The car's interior allows participants to view the cut-away of valves, piping arrangements for liquefied compressed gases, acids and non-hazardous products.

Our sites encourage their emergency response personnel to work with their communities and customers' operations. Personnel from the nitrogen and phosphate plants, as well as from our Savannah, Georgia transportation terminal, are regular participants in the HAZMAT rail car training sessions.

In 2002, we reached over 1,500 participants in eight U.S. states and Saskatchewan. Employees of our Geismar, Louisiana nitrogen plant used the training rail car to participate in a statewide safety Whistle Stop Tour, providing training to emergency responders in four cities in the state.

Joey Bruyninckx, a Safety, Health and Environmental Technician from our Augusta, Georgia nitrogen plant came to Chicago in 2003 to instruct firefighters on our HAZMAT training rail car.

Compliance Issues

While PotashCorp operates in five countries at 22 sites and works to have no environmental violations, there were three non-compliance incidents in 2002, as follows:

Our Aurora phosphate operation paid $12,450 for failure of an emissions test at its superphosphoric acid plant No. 2.

Our Geismar nitrogen plant paid a $1,000 fine for failure to report a release of compressed flammable gas within 60 minutes of the event. The release was reported 72 minutes after it occurred.

In January 2002, our Cassidy Lake potash site paid a $1,000 fine related to a brine spill that occurred in 2001.

Settlement of Geismar Investigation

In September 2002, PotashCorp pled guilty to one felony violation of the Clean Air Act in a Louisiana Federal Court and one felony violation of analogous state law in each of two Louisiana state courts having jurisdiction.

As part of the settlement agreement, the company agreed to pay a fine of $1.75 million to the U.S. government and $125,000 to each of the two state judicial districts.

Our guilty plea followed a lengthy investigation that began with a 1999 raid of the Geismar facility by state and federal agents. We launched our own investigation after the raid in which we discovered and self-reported errors and omissions in applications submitted to the Louisiana Department of Environmental Quality.

The Clean Air Act requires companies to identify all potential sources of air pollution at a facility and requires permits for each source. PotashCorp's internal investigation revealed both that we failed to identify sources of air pollution and understated the levels of emissions from various production units. We have amended our Title V permit applications to completely and accurately reflect our operations.

The settlement documents expressly recognize that PotashCorp has undertaken numerous environmental improvement projects. Many of the projects were under way before the plea agreement was made and none of the projects is a condition of sentencing.

Projects under way at Geismar include:

- Connecting relief valves in the ammonia plant, nitric acid plant and ammonium nitrate plant to the process flare for destruction of accidental or unintended ammonia emissions.
- Installing HDPE liners on stacking areas and in interceptor ditches at the byproduct gypsum stacks to further improve the quality of the Geismar facility's discharges to the Mississippi River.
- Installing a scrubber on ammonium nitrate train No. 1 to control ammonia and particulate matter emissions.

Appendices

In this section we highlight each of our facilities. We also state our Core Values and our 2003 Goals and Targets. Finally, a Glossary of Terms and Financial Appendix provide an explanation of the terminology and accounting procedures we use in this report.

We have presented a great deal of information in the preceding pages. This section provides additional support material. More can be found on our web site at www.potashcorp.com.

If you still have questions they can be submitted directly to us at pr@potashcorp.com.

POTASHCORP SITE HIGHLIGHTS

PCS Potash Operations

Allan

Allan, Saskatchewan S0K 0C0
(306) 257-5235
Moe Davyduke, General Manager
moe.davyduke@potashcorp.com

- Employment: 272 employees, average tenure of more than 21 years
- Operations and products: Underground mining operations are at a depth of 1,040 meters (3,400 feet). The facility produces soluble, granular and industrial-grade potash for agriculture and industrial use.
- Annual capacity: 1.885 million tonnes of KCl
- Major community activities:
  - Partnerships with Saskatchewan Abilities Council and Allan School
  - First Responders
  - Workplace Safety program
  - SafeLife program
- Unique characteristic:
  - Uses stress relief mining techniques developed specifically for the mine
- Environment: Nesting areas have been placed in wetlands on the Allan property and a program of tree planting is being undertaken.

Mining and production methods for each site can be found at www.potashcorp.com /about_potashcorp/operations_map

Cory

Box 1320
Saskatoon, Saskatchewan S7K 3N9
(306) 382-0525
Rob Bubnick, General Manager
rob.bubnick@potashcorp.com

- Employment: 184 employees, average tenure of more than 14 years
- Safety: The site completed 1 million hours worked without a lost-time injury on January 2, 2002.
- Operations and products: Underground mining operations are at a depth of 1,021 meters (3,350 feet). The facility produces white soluble and granular product, chicklets and K-Prills. Industrial product applications include water softeners and ice melt.
- Annual capacity: 1.361 million tonnes of KCl
- Major community activities:
  - United Way
  - YMCA
  - Kidney Foundation
  - Terry Fox Run
- Unique characteristics:
  - Produces white muriate of potash products from conventionally mined potash ore
  - Uses stress relief mining techniques developed specifically for the mine
  - Construction of a Cogeneration Power Station completed by SaskPower on-site in 2003
- Environment: As part of the company's policy to maintain or create wildlife habitat where opportunities exist, about 240 hectares (600 acres) of land owned by PotashCorp is being maintained in its natural condition. In addition, over 2,000 trees have been planted to create habitat and improve the appearance of the site.

Lanigan

Box 3100
Lanigan, Saskatchewan S0K 2M0
(306) 365-2030
Michael Hogan, General Manager
michael.hogan@potashcorp.com

- Employment: 331 employees, average tenure of more than 18 years
- Safety: Operations completed 1 million hours worked without a lost-time injury April 20, 2001.
- Operations and products: Underground mining operations are at a depth of 1,000 meters (3,300 feet). The facility produces granular, standard and suspension potash products.
- Annual capacity: 3.828 million tonnes of KCl
- Major community activities:
  - Sponsor of the Lanigan Arena/Hall Complex
  - Wildlife Enhancement Project
- Unique characteristics:
  - Largest mill in the industry, can handle more than 1,300 tonnes of ore per hour
  - Largest PotashCorp potash mine by capacity

Cory potash mine, Saskatchewan

Rocanville potash storage, Saskatchewan

- Environment: About 800 hectares (2,000 acres) of poor quality land on the Lanigan property — acres that were in cultivation prior to acquisition by PotashCorp — have been converted to permanent grasslands. Over 5,000 trees and shrubs have been planted and a waterfowl park is being created by developing a wetland area in front of the mine offices.

Patience Lake

Box 1320
Saskatoon, Saskatchewan S7K 3N9
(306) 382-0525
Rob Bubnick, General Manager
rob.bubnick@potashcorp.com

- Employment: 67 employees, average tenure of more than 22 years
- Safety: The operations completed 3 years without a lost-time injury as of March 16, 2003.
- Operations and products: Originally a conventional underground operation, it was converted to a solution mining operation in 1988 after two periods of closure due to flooding. Solution mining dissolves the potash from the ore by circulating brine through the flooded conventional mine workings 1,000 meters (3,300 feet) below the surface. The operation produces white standard, lawn and garden, and granular-grade potash for agriculture.
- Annual capacity: 1.033 million tonnes of KCl
- Major community activities:
  - Participate in Acres for Wildlife, Saskatchewan Wildlife Federation
  - Sponsor of Clavet Skating Club
  - Involved in Clavet Composite School activities
- Unique characteristic:
  - Mining process produces no waste products
- Environment: As part of a policy to maintain wildlife habitat, two wetlands on the Patience Lake property that are heavily used by waterfowl are being preserved. These wetlands have been enrolled in the "Acres for Wildlife" program operated by the Saskatchewan Wildlife Federation.

Rocanville

Box 460
Rocanville, Saskatchewan S0A 3L0
(306) 645-2870
Mark Fracchia, General Manager
mark.fracchia@potashcorp.com

- Employment: 324 employees, average tenure of more than 17 years
- Safety: The site completed 1 million hours worked without a lost-time injury on September 9, 2002.
- Operations and products: Underground mining operations are at a depth of 960 meters (3,150 feet) below the Saskatchewan prairie. Rocanville is a conventional potash mine and uses long room and pillar mining techniques to extract the ore. It produces granular, coarse and standard product for agricultural use, and standard industrial and feed-grade product.
- Annual capacity: 2.295 million tonnes of KCl
- Major community activities:
  - Job shadowing initiatives
  - Support of community arts programs
  - Contributions to local health care organizations
  - Preservation of 3,500 acres of aspen parkland
- Unique characteristic:
  - The site is the lowest-cost potash production facility in the world.
- Environment: About 1,400 hectares (3,500 acres) of aspen parklands owned by the Rocanville mine have been preserved in a natural condition. They form part of a network of areas established to preserve representatives of native ecosystems in Saskatchewan.

  PotashCorp has an agreement to have Ducks Unlimited develop a Rocanville-owned wetland as a waterfowl marsh.

Potash mine, New Brunswick

Cassidy Lake
Box 5039
Sussex, New Brunswick E4E 5L2
(506) 432-8400
Raoul Gauthier, General Manager
raoul.gauthier@potashcorp.com

- Employment: 32 employees, average tenure of more than 18 years
- Safety: Operations completed 5 years without a lost-time injury on August 22, 2002.
- Operations and products: The plant upgrades standard potash into granular potash product. It also facilitates brine disposal activities for PCS Potash New Brunswick.
- Major community activities:
  - Same as nearby New Brunswick facility

New Brunswick
Box 5039
Sussex, New Brunswick E4E 5L2
(506) 432-8400
Raoul Gauthier, General Manager
raoul.gauthier@potashcorp.com

- Employment: 331 employees, average tenure of more than 15 years
- Safety: Surface operations completed 8 years without a lost-time injury in June 2002. Underground mining operations completed 2 years without a lost-time injury in December 2002. The site completed 1 million hours without a lost-time injury on July 25, 2002.
- Operations and products: Underground mining operations are at a depth of between 400 and 700 meters (1,300 to 2,300 feet). Refinery operations produce sylvite (potash) and halite (salt).
- Annual capacity: 0.785 million tonnes of KCl
- Major community activities:
  - Hammond River Angling Association Watershed Restoration Committee
  - Sussex Health Center Cardiac Telemetry System
  - Kids Stuff theater group
- Unique characteristics:
  - New Brunswick's potash mining horizons are located on the flank of an elongated salt structure. Two shafts access the salt dome, producing up to 650,500 tonnes of rock salt annually.
- Environment: New Brunswick's unique closed loop mining and milling method makes it the only potash operation in the world that returns all of its tailings underground. Its sewage treatment system uses the treated water to create a waterfowl habitat.

  New Brunswick was a top winner in Canada's National Energy Efficiency Awards for a two-year project to recover and re-use heat from its crystallizers.

Yumbes
Box Y
Antofagasta, Chile
(56) 5-541-6900
Shandor Franulic, Operations Manager
sfranulic@potashcorp.cl

- Employment: 226 employees, average industry tenure of more than 16 years
- Operations and product: Bulldozers remove the overburden to expose the caliche ore body. The ore is extracted, loaded onto mobile screening equipment and transported to heap leach pads. Using salt water pumped 29 kilometers (18 miles) from the Pacific Ocean, the heap leaching process feeds nitrate-rich leachate into solar ponds. Yumbes produces sodium nitrate, potassium nitrate and iodine products.
- Major community activities:
  - Member Antofagasta Industrial Association
  - Hires college students at site and head office for job experience
  - Used computers are donated to an industrial arts school in the city of Antofagasta
- Unique characteristic:
  - The Yumbes operation is located in Northern Chile in the Atacama Desert, 1,850 meters (6,100 feet) above sea level. The location is so dry that no animal life and virtually no vegetation can survive. Employees and contractors stay in camps at the site, working either shifts of seven days on, seven days off, or four days on, three days off. Meals and living quarters are provided at the camps.
- Environment: Yumbes is located in a remote area where the potential for environmental impact is small. PotashCorp stresses energy efficiency while applying modern techniques of pollution control and water conservation.

PCS Phosphate Operations

Aurora

Box 48
Aurora, North Carolina 27806
(252) 322-4111
William Cooper, Jr., General Manager
bcooper@pcsphosphate.com

- Employment: 985 employees, average tenure of more than 18 years
- Safety: Operations completed more than 1 million hours worked without a lost-time injury on February 2, 2003.
- Operations and products: The site mines phosphate ore, which is refined into phosphate rock. Sulfuric acid is produced on-site and is mixed with the phosphate rock to produce phosphoric acid. From the phosphoric acid Aurora produces amber and green merchant-grade acid, green superphosphoric acid, di- and mono-ammonium phosphate fertilizer, ammonium polyphosphate solutions, purified acid and animal feed supplements.
- Annual capacity: 6.6 million tons of phosphate rock, 1.325 million P_2O_5 tons of phosphoric acid
- Major community activities:
  - North Carolina Community Colleges Foundation
  - American Cancer Society — Relay for Life
  - SafeLife Instruction in public school system
  - Aurora Fossil Museum
- Unique characteristics:
  - Cogeneration plant produces 40 megawatts of electricity on site
  - Carolina Star certified: recognized and promoted for effective safety and health management
- Environment: As a leader in land reclamation of mined areas, the site has received many awards from various agencies recognizing the effectiveness of these efforts.

White Springs

Box 300
15843 Southeast 78th Street
White Springs, Florida 32096
(386) 397-8101
Paul Barrett, General Manager
pbarrett@pcsphosphate.com

- Employment: 820 employees, average tenure of more than 24 years
- Safety: Operations completed 1 million hours worked without a lost-time injury on April 3, 2003.
- Operations and products: The facility mines phosphate ore, which is refined into phosphate rock. Chemical operations produce superphosphoric acid, merchant-grade acid, diammonium phosphate and animal feed supplements.
- Annual capacity: 4.0 million tons of phosphate rock, and 1.205 million P_2O_5 tons of phosphoric acid
- Major community activities:
  - Sponsor of the PCS/Hamilton County Industrial Park
  - Council for Sustainable Florida
  - Donated land for a new wastewater treatment plant for the community of White Springs
  - United Way
- Unique characteristic:
  - Cogeneration plant produces 48 megawatts of generating capacity – enough to supply nearly all chemical manufacturing operations.
- Environment: White Springs has received numerous environmental awards for its land reclamation program. As an example of its efforts, the site has planted more than 7 million trees on reclaimed land to date. Awards for other achievements include:
  - Council for Sustainable Florida's Annual Award for Best Practices for its innovative water management system
  - Southeast Agricultural Coalition's "2003 Agri-business of the Year" award

Aurora purified phosphoric acid plant, North Carolina

Cincinnati

10818 Paddys Run Road
Cincinnati, Ohio 45030
(513) 738-1261
Dan Having, Plant Manager
dhaving@pcsphosphate.com

- Employment: 15 employees, average tenure of more than 19 years
- Safety: Operations completed 2 years without a lost-time injury in November 2002.
- Operations and products: The plant employs continuous and batch chemical processes for production of phosphate products for food and technical applications.
- Major community activities:
  - Partner in Joint Emergency Preparedness
  - Ohio Chemical Council, Responsible Care Grand Award winner for Health, Safety, Environmental and Community Performance
  - Partnerships with Crosby Elementary, Harrison Junior High and Harrison High Schools
  - Sponsors drills and joint training with area emergency and neighboring chemical manufacturers
- Unique characteristic:
  - The plant has been formally recognized, four of the past 10 years, by the Chemical Manufacturers Association with Certificates of Honor and Achievement in the area of safety performance.

Norival Cezário, Mineral Salt Operator, works in the control room at our Brazilian feed plant.

Florida Favorite Fertilizer/
PCS Joint Venture Ltd.
Box 8000
Lakeland, Florida 33802
(863) 688-2442
Jim Bellar, General Manager
jsbellar@favfert.com

- Employment: 102 employees, average tenure of 10 years
- Consists of five sites located in:
  - Lakeland, FL
  - Clewiston, FL
  - Moore Haven, FL
  - Evergreen, AL
  - Moultrie, GA
- Safety: Five sites combined completed more than 500,000 hours worked without a lost-time injury in January 2003.
- Operations and products: The production facilities are retail only, with no mining activities. The operation produces all types of fertilizer: dry blends (bulk and bag), liquid blend and ammoniated (bulk and bag).
- Storage capacity: 85,000 tons of fertilizer products
- Major community activities:
  - Partnerships with local schools, civic groups and trade associations
- Unique characteristic:
  - Products from these five plants are sold regionally in Florida, Alabama, Georgia and Mississippi.

PCS Fosfatos do Brasil Ltda.
Rod. Padre Manoel da Nóbrega KM 286, 4
Samarita, São Vicente 11301-970
Brazil
(13) 3 566-1418
H. Sonny Fernandes, General Manager
hfernandes@pcsfosfatos.com.br

- Employment: 74 employees, average tenure of 2.8 years
- Safety: These operations experienced 1 lost-time injury during 2001 and 2002.
- Operations and products: The facility uses imported phosphoric acid and limestone to produce dicalcium phosphate (DCP). Mineral salts are also produced by blending DCP with mineral supplements. Site mixes, grinds and bags these products for animal feed.
- Annual capacity: 121,000 tons of DCP animal feed supplement
- Major community activities:
  - Supports local day care facility
  - Provides volunteers for community programs
  - Partnerships with local community organizations, civic groups and trade associations
  - Fire brigade training
- Unique characteristic:
  - Employee benefits program includes on-site meals, family food baskets, transportation, group life insurance and health insurance.

Joplin
Box 225
301 State Line Avenue
Joplin, Missouri 64802
(417) 624-5225
Paul Shoup, Operations Manager
poshoup@pcsphosphate.com

- Employment: 35 employees, average tenure of more than 14 years
- Safety: Acquired in March 2002, the site completed the year without any lost-time injuries.
- Operations and products: The animal feed ingredients plant produces dicalcium phosphate (DCP) and monocalcium phosphate (MCP). Products are shipped by truck and rail to customers in the West and Southwest United States and Mexico.
- Annual capacity: 180,000 tons of DCP and MCP animal feed supplements
- Major community activities:
  - Partnership with McKinley Elementary School
  - Joplin Area Chamber of Commerce
  - United Way
  - Joplin/Jasper County Local Emergency Planning Committee

Marseilles
2660 East U.S. Route 6
Marseilles, Illinois 61341
(815) 795-5111
Bob Startzer, Operations Manager
bstartzer@pcsphosphate.com

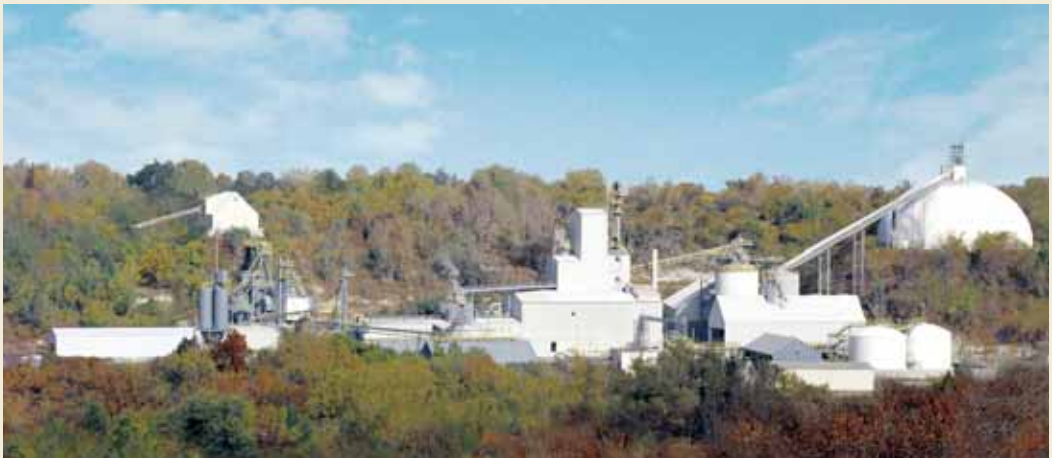
- Employment: 36 employees, average tenure of more than 12 years
- Safety: The site completed the year without a lost-time injury.
- Operations and products: The feed plant combines limestone and phosphoric acid to manufacture dicalcium phosphate (DCP) and monocalcium phosphate (MCP) animal feed supplements.
- Annual capacity: 306,000 tons of DCP and MCP animal feed supplements
- Major community activities:
  - Employee adoption of a one-mile stretch of road on the I&M Canal
  - Sponsors fire safety booklets for the Marseilles and Seneca elementary schools
  - Sponsors the Noon Farm Report on WLPO, a local radio station
  - Participates in MOSCAP (Marseilles/Ottawa/Seneca Community Advisory Panel)
- Unique characteristic:
  - Crushed limestone is supplied from the St. Louis area and is received by barge at the plant's unloading facility. Phosphoric acid is delivered by rail from a PotashCorp facility in Florida. Potash fertilizer is stored on the site in a 10,000-ton dome and shipped to customers within an 80-mile radius.

Weeping Water
Box 171
Weeping Water, Nebraska 68463
(402) 267-2915
William Donohue, Operations Manager
bdonohue@pcsphosphate.com

- Employment: 46 employees, average tenure of more than 19 years
- Safety: The site recently completed 4 years without a lost-time injury.
- Operations and products: Limestone is accessed in an on-site room and pillar type mine between 125 feet and 145 feet below the surface. The site uses drilling and explosives to blast out rock, which is hauled to a crusher by two 35-ton trucks. The feed ingredients plant produces dicalcium phosphate (DCP) and monocalcium phosphate (MCP).
- Annual capacity: 230,000 tons of DCP and MCP animal feed supplements
- Major community activities:
  - Member of Cass County Air Conservation Association
  - Sponsor of Weeping Water's Limestone Days/4th of July Celebration
  - Employees participate in SafeLife Program: 5th and 6th grade safety education
  - Sponsor of the Lofte Community Theatre at Weeping Water
- Unique characteristic:
  - Approximately 135,000 tons of limestone rock is removed from the underground mine per year

Savannah Ammonia Terminal
Gate 5 Georgia Port Authority
Garden City, Georgia 31408
(912) 964-1214
Thomas Tipton, Terminal Superintendent
ttipton@pcsphosphate.com

- Employment: 7 employees, average tenure of more than 16 years
- Safety: The terminal has not had a lost-time injury since 1996.
- Operations: This is an anhydrous ammonia storage/distribution facility engaged in the transfer of ammonia from vessel to storage.
- Land coverage: Located on 13 acres within the Georgia Ports Authority, the terminal is under a lease agreement expiring in December 2008.
- Major community activities:
  - Savannah Chamber of Commerce
  - Member of the area Local Emergency Planning Committee
  - United Way
  - Port Security Committee
  - Business Partner with Port Wentworth Elementary School
- Unique characteristic:
  - OSHA Star Site since 1994



Weeping Water feed plant, Nebraska

PCS Nitrogen Operations

Augusta
23 Columbia Nitrogen Road
Augusta, Georgia 30903
(706) 849-6000
Richard Atwood, General Manager
richard.atwood@pcsnitrogen.com

- Employment: 119 employees, average tenure of more than 16 years
- Safety: The site has experienced 2 recordable injuries in the past 5 years and at year-end had completed 300,000 hours worked without a lost-time injury.
- Operations and products: The site produces anhydrous ammonia, urea, nitric acid, ammonium nitrate, liquid carbon dioxide and liquid fertilizers.
- Annual capacity: 0.758 million tons ammonia
- Major community activities:
  - Partnerships with East Augusta Middle School and Hornsby Elementary School
  - Partnership with the Richmond County Juvenile Court
  - United Way
  - Support for University Healthcare Foundation
- Unique characteristics:
  - Largest producer of nitrogen chemical and fertilizer products on the east coast of the United States
  - ISO 9002 registered
- Environment: Advanced technology systems in Augusta's ammonia plant make it one of the most modern and energy-efficient in the world.

  Although internal audits found all operations to be in compliance, capital projects are minimizing environmental impact. At Augusta, a recently installed nitrate monitor for water effluent reduced Toxic Release Inventory emissions by 20%.

Geismar
Box 307
Geismar, Louisiana 70734
(225) 621-1500
Fred Elliott, General Manager
fred.elliott@pcsnitrogen.com

- Employment: 120 employees, average tenure of more than 12 years
- Safety: As of March 15, 2002, the Geismar plant facility-wide completed 13 years without a lost-time injury, and on June 15, 2003 completed 6 million hours worked without a lost-time injury.
- Operations and products: This operation produces ammonia, ammonium nitrate, nitric acid, urea, phosphate fertilizer and industrial products.
- Annual capacity: 0.532 million tons ammonia
- Major community activities:
  - United Way
  - Adoption of G.W. Carver School
  - Donations of cash and volunteer work to nearly two dozen area charities
  - Active with the Louisiana Chemical Association, Louisiana Ammonia Producers and Louisiana Chemical Industrial Alliance
- Unique characteristics:
  - Only plant in PotashCorp to produce both nitrogen and phosphate products
  - Largest nitric acid producer in the United States
- Environment: Geismar's continuous effluent water monitoring system, the first in Louisiana and one of only a few in the United States, is improving water systems discharge.

Lima
1900 Fort Amanda Road
Lima, Ohio 45804
(419) 226-1200
Don Johnson, General Manager
don.johnson@potashcorp.com

- Employment: 5 employees, average tenure of about 15 years
- Operations and products: This site produces ammonia, nitric acid, urea solutions, prill and granular urea, ammonium nitrate solutions and UAN.
- Annual capacity: 0.597 million tons ammonia
- Major community activities:
  - Partnership with the Ottawa River Coalition
  - Lima Chamber of Commerce
  - United Way
  - Sponsor of the American Heart Association's Annual Heart Walk
  - Partnering with SESE (Science Enhancement for Science Education)
- Unique characteristics:
  - BP Chemicals operates the Lima facility under an operational agreement with PotashCorp.
  - ISO 9000: 2000 certified
- Environment: Facility operator, BP Chemicals, utilizes a Safety, Health and Environmental Management System similar to PotashCorp's at all its facilities. It is ISO 14001 certified.

Augusta nitrogen plant, Georgia

Memphis
5790 Old Millington Road
Millington, Tennessee 38053
(901) 354-3300
John Hunt, General Manager
john.hunt@pcsnitrogen.com

- Employment: 131 employees, average tenure of more than 16 years
- Safety: The last lost-time injury was on July 26, 2001.
- Operations and products: The plant produces anhydrous ammonia, urea and liquid carbon dioxide.
- Annual capacity: 0.409 million tons ammonia
- Major community activities
  - Partnership with Lucy Elementary School
  - Memphis/Shelby County Air Pollution Control Board
  - Memphis/Shelby County Local Emergency Planning Commission (LEPC)
- Unique characteristics:
  - More than 7,000 megawatts of electricity cogenerated annually, which is slightly more than half of the site's annual requirements
  - 35 trained HAZMAT technicians on staff to respond to emergencies
- Environment: Capital projects are significantly reducing the amount of runoff, particularly during periods of heavy rain.

Geismar marine terminal, Louisiana

Trinidad
Bag 201
Point Lisas, Couva
Trinidad, West Indies
(868) 636-2010
Ian Welch, Managing Director
iewelch@pcsnitrogen.co.tt

- Employment: 397 employees, average tenure of more than 12 years
- Safety: Completed 2 million hours worked without a lost-time injury on June 28, 2002
- Operations and products: This plant produces ammonia and urea solids.
- Annual capacity: 2.040 million tons ammonia
- Major community activities:
  - Partnership with local elementary school
  - Board member of the Regulated Industries Commission, National Energy Center and the Trinidad and Tobago Chamber of Industry and Commerce
  - Supports two local steel band orchestras
  - Sponsorship of two educational funds at the University of the West Indies, Trinidad campus
- Unique characteristics:
  - The Managing Director is a member of the Ammonia Safety Committee of the American Institute of Chemical Engineers
  - Facilities have an employee-administered voluntary wellness program
  - Operations include a PotashCorp-owned and operated Technical Training Center
- Environment: Capital projects are minimizing environmental impact. In Trinidad, PotashCorp applies U.S. guidelines and has significantly reduced TRI emissions.

We are driven by the desire to be the world leader and low-cost supplier of potash, phosphate and nitrogen. The following values guide us toward that goal in a responsible and strategic manner.

CORE VALUES

We operate with integrity

We will operate under the very highest standards of business conduct. We will treat people fairly and communicate promptly, completely and accurately with all of our customers, employees, suppliers, community members, shareholders, regulators and all others with whom we do business. We will not mislead these stakeholders and will only make promises to them that we can keep.

We hold the safety of people and the environment as our overriding concern

Our goals are simply stated: "No harm to people, no accidents and no damage to the environment." That is why we commit to a continuous improvement safety process at all of our facilities. Similarly, we are committed to reducing waste, emissions and discharge from our operations. We are also continuously strengthening safety processes in all of our contractor relationships with an emphasis on product stewardship and the safe transport of our products.

We listen to all PotashCorp stakeholders

At PotashCorp, we value our stakeholders' opinions. We care about their views because we care about our company and the lives we affect. Only by listening do we learn. That is why we conduct periodic surveys and why we have an ongoing program of individual and group meetings with a broad array of stakeholders, including customers, employees, neighbors, community leaders, policymakers and investors. These initiatives give us an opportunity to listen and to use what we hear to improve PotashCorp.

We seek continuous improvement

As a leader in our industry and in our communities, we take responsibility (individually and collectively) for our actions. We are proactive, not passive — continuously reviewing our practices to ensure improvement. Our Best Practices Program takes safety, environmental and production processes that are successful at some PotashCorp facilities and develops them as company-wide best practices, putting them to work throughout all of our operations.

We share what we learn

Education is at the core of our business. Internally, we educate each other by clearly and truthfully explaining company policies, programs and practices. We ensure that all employees and contractors are well-informed, well-trained, engaged and committed to our safety, health and environmental improvement process. Our emphasis is on open, honest employee relations and safety programs. Externally, we teach safety and provide science-based explanations of how our products contribute to global food security. That's why we empower all of our employees to teach, building leaders at every level of the company and in our communities.

We're accessible and accountable

We establish goals and objectives for our fiscal, safety, environmental and social performance. Our policies and Code of Business Conduct are accessible to the public, government officials, customers and investors to aid them in understanding our directions, values and overall progress. PotashCorp is committed to publishing a comprehensive triple bottom line report annually. Our operating sites conduct community meetings on a periodic basis to inform the public about operations and to address questions and concerns.

GOALS AND TARGETS

Working toward our continuing goals

PotashCorp operates with a long-term focus and thus we have established a number of continuing goals. Each year, we set targets designed to surpass our previous year's performance and advance these goals.

1. Continue to outperform our peer group and other basic materials companies in total shareholder return.

2003 Targets:

- Decrease our non-cash working capital as a percentage of revenue by 10%.
- Increase cash flow return by 10%.
- Implement key corporate performance metrics on a comprehensive and systematic basis.

2. Remain the leader and preferred supplier of nitrogen, phosphate and potash products worldwide.

2003 Targets:

- Capture an equitable share of world potash consumption growth.
- Double our DAP and MAP sales volumes.
- Increase feed and industrial sales volumes in nitrogen by 10% and phosphate by 15% while achieving higher prices.
- Move specialty products from index pricing to negotiated pricing, reflecting their differentiation.
- Receive 20% of customer purchase orders through electronic interchange.

3. Be the industry's low-cost supplier.

2003 Targets:

- Reduce phosphate rock costs by 20% per tonne over the course of the year.
- Replace fuel oil at our New Brunswick operations with natural gas accessed and developed at our site, reducing costs by $2 million.
- Achieve average natural gas input costs in North America 10% below the average NYMEX spot price.
- Reduce domestic transportation costs by 5%.
- Achieve 96.5% reliability performance in nitrogen operations.

4. Constantly stress safety and care for the environment at our operations.

2003 Targets:

- Reduce recordable accident frequency rate by 10%.
- Reduce the number of environmental releases and permit excursions below 2002 levels.
- Complete security vulnerability analyses at all our nitrogen plants.

5. Align people practices with our business goals.

2003 Targets:

- Implement a human resources administration system enabled by information technology.
- Implement new systems and management processes to track benefits and identify potential areas for savings.
- Review and update performance management processes across the company to achieve consistency.
- Provide a competitive compensation program with a stronger incentive-based approach.

6. Continue to take seriously our responsibilities to our communities.

2003 Targets:

- Develop corporate volunteer projects in Saskatoon and Northbrook that reflect employees' interests.
- Produce our first Sustainable Development Report, providing information on PotashCorp's economic, social and environmental performance.
- Conduct communication drills in conjunction with emergency management exercises at all facilities, ensuring our ability to deliver information to our communities in a crisis situation.

7. Be in the forefront of good corporate governance standards.

2003 Target:

- Adopt a comprehensive statement of governance principles designed to capture current best practices.

GLOSSARY

General Terms

Canpotex
A potash export company owned by all Saskatchewan producers (PotashCorp, IMC Global and Agrium Inc.). Sales through Canpotex are generally allocated pro rata to each producer on the basis of productive capacity.

Cogeneration
A secondary step in a process by which we utilize excess energy produced in a combustion cycle.

Global Reporting Initiative
The Global Reporting Initiative (GRI) is an independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. Started in 1997 by the Coalition for Environmentally Responsible Economies (CERES), the GRI became independent in 2002, and is an official collaborating center of the United Nations Environment Programme (UNEP). For more information visit, www.globalreporting.org

PhosChem
An association formed under the U.S. Webb-Pomerence Act for exports of phosphate fertilizer products. Members are PotashCorp, IMC Global and Mississippi Chemical. PotashCorp is responsible for export sales of liquid fertilizers for all PhosChem members while IMC Global is responsible for sales of solid fertilizers for members.

Operating Terms

Capacity
The amount of a given nutrient PotashCorp can produce annually.

Feedstock
A basic product that is used to produce several different products.

HDPE
High Density Polyethylene, a nonporous plastic polymer that is used in a variety of environmental projects.

Reserves
The amount of nutrients we estimate we can produce given the natural resources we currently have access to. In potash, we estimate we have access to enough recoverable ore in Saskatchewan to yield 1.4 billion tonnes of finished product. In New Brunswick, we estimate recoverable ore for 11.9 million tonnes of finished product. In phosphate, our Aurora operations have access to about 369 million tons of phosphate rock and our White Springs site has about 52 million tons.

Salt brine
Water containing dissolved potassium and sodium salts, which may be used to carry undissolved salts as a brine slurry.

Stope
A large, underground production opening used in non-coal mines where thicker, more irregular ore bodies occur. In New Brunswick, the walls and roof are salt, while the floor is backfilled waste salts.

Measurements

Short ton
2,000 pounds, used for sales in the United States; to convert to metric tonnes, divide by 1.1023.

Tonne
A metric measurement of 2,204.6 pounds, used for sales outside the United States; to convert to short tons, multiply by 1.1023.

Product Terms

Potash

KCl	potassium chloride
K_2O	potassium oxide
KNO_3	potassium nitrate
$NaNO_3$	sodium nitrate

Phosphate

P_2O_5	phosphoric acid
MGA	merchant-grade acid, 54% P_2O_5 (liquid)
DAP	diammonium phosphate, 46% P_2O_5 (solid)
DFP	defluorinated phosphate
MAP	monoammonium phosphate, 52% P_2O_5 (solid)
SPA	superphosphoric acid, 70% P_2O_5 (liquid)
DCP	dicalcium phosphate
MCP	monocalcium phosphate

Nitrogen

NH_3	anhydrous ammonia, 82% N (gas, liquid)
HNO_3	nitric acid (liquid)
NH_4NO_3	ammonium nitrate, 34% N (solid, liquid)
$CO(NH_2)_2$	urea, 46% N (solid)
UAN solution	nitrogen solution, 28-32% N (liquid)

FINANCIAL APPENDIX

FINANCIAL RECONCILIATIONS AND CALCULATIONS
$ Millions

	2002	2001
Operating income	166.9	269.7
Cash taxes paid	(4.4)	(41.5)
Depreciation and amortization	219.1	185.7
	381.6	413.9
Total assets	4,685.6	4,597.3
Accumulated depreciation of property, plant and equipment	1,454.7	1,274.3
Accumulated amortization of goodwill	7.3	7.3
Accounts payable and accrued charges	(347.0)	(271.4)
Adjusted assets	5,800.6	5,607.5
Average adjusted assets	5,704.0	5,171.7
Cash flow return (%)[1]	6.7%	8.0%
Weighted average cost of capital (%)	7.0%	7.6%

1 PotashCorp uses cash flow return as an important measure of performance. Management believes that it is an important measure as it excludes the effect of depreciation and amortization, which primarily reflect the impact of long-term investment decisions, rather than the performance of PotashCorp's day-to-day operations. The company also believes that this measurement is used by certain investors and analysts as a performance measure. The company does not believe that there is a meaningful comparable GAAP measure for cash flow return.

Financial Terms

Cash flow return
= (operating income – cash taxes paid + depreciation and amortization) ÷ average (assets + accumulated depreciation and amortization – accounts payable and accrued charges)

Weighted average cost of capital
= after-tax market yield cost of debt x (market value of debt ÷ market value of total capital) + cost of equity* x (market value of equity ÷ market value of total capital)

*Where cost of equity = Industry Beta x market risk premium

These financial terms are included because certain investors and analysts use them as a measure of liquidity, financial leverage or of a company's ability to service debt, or as a valuation measurement. They are included for convenience only. They are not a measure of financial performance under Canadian Generally Accepted Accounting Principles (GAAP) or U.S. GAAP. In evaluating them, investors should consider that the methodology applied in calculating them may differ among companies and analysts.

CORPORATE INFORMATION

Corporate Officers and Key Management

Potash Corporation of Saskatchewan Inc.

William J. Doyle
President and Chief Executive Officer

James F. Dietz
Executive Vice President and Chief Operating Officer

Wayne R. Brownlee
Senior Vice President, Treasurer and Chief Financial Officer

John L. M. Hampton
Senior Vice President, General Counsel and Secretary

Betty-Ann L. Heggie
Senior Vice President, Corporate Relations

Barbara Jane Irwin
Senior Vice President, Administration

Robert A. Jaspar
Senior Vice President, Information Technology

G. David Delaney
President, PCS Sales

Garth W. Moore
President, PCS Potash

Thomas J. Regan, Jr.
President, PCS Phosphate

Daphne J. Arnason
Vice President, Internal Audit

Karen G. Chasez
Vice President, Procurement

Donald R. Roberts
Vice President, Safety, Health and Environment

Denis A. Sirois
Vice President and Corporate Controller

Corporate Offices

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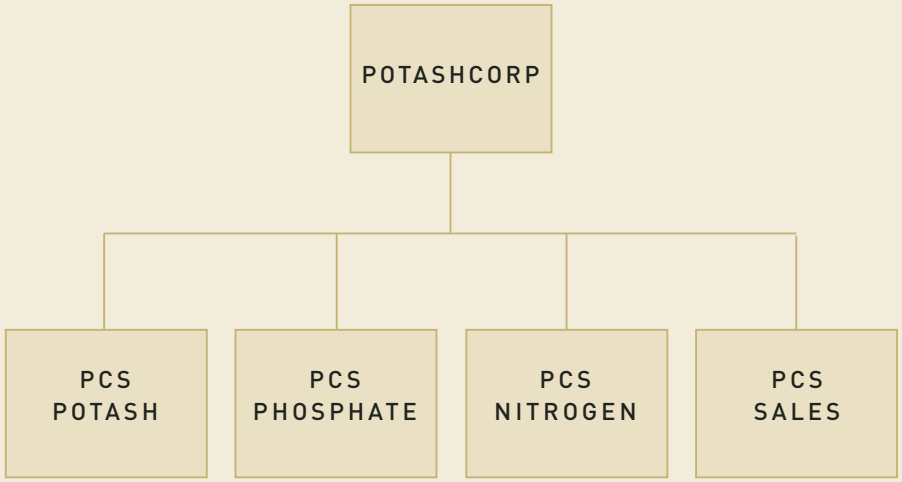

For more information on our corporate officers, see our web site at www.potashcorp.com/about_potashcorp/management.

Board of Directors

Frederick J. Blesi, of Glenview, Illinois, is a retired Chairman and CEO of the Phosphate Chemicals Export Association Inc. (PhosChem), the principal exporter of U.S. phosphate chemicals. (3,5)

William J. Doyle, of Saskatoon, Saskatchewan, is President and CEO of Potash Corporation of Saskatchewan Inc. (1)

John W. Estey, of Glenview, Illinois, is President and Chief Executive Officer of S&C Electric Company, Chicago, Illinois. (3,4)

Wade Fetzer III, of Glencoe, Illinois, is a Retired Partner with the investment banking firm Goldman Sachs. (2,3)

Dallas J. Howe, of Calgary, Alberta, serves in a management role with GE Medical Systems Information Technology. BDM Information Systems, the business he formerly owned, is now part of that company. He was elected Chairman of the Board in 2003. (1,2)

Alice D. Laberge, of Vancouver, British Columbia, is the Chief Financial Officer of Fincentric Corporation, a leading provider of enterprise wealth management and core banking software to the global financial services industry. (4,5)

Jeffrey J. McCaig, of Calgary, Alberta, is President, CEO and a director of Trimac Corporation, a bulk trucking and third-party logistics company. (3,5)

Mary Mogford, of Newcastle, Ontario, is a Corporate Director and Partner in Mogford Campbell Inc., a strategic business and financial consulting company. (2,5)

Paul J. Schoenhals, of Calgary, Alberta, President of Petroleum Industry Training Service, was Chairman of Potash Corporation of Saskatchewan, the Crown corporation, from 1987 to 1989. (3,4)

E. Robert Stromberg, Q.C., of Saskatoon, Saskatchewan, is associated with the Saskatchewan law firm Robertson Stromberg. (1,2,4)

Jack G. Vicq, Professor Emeritus of Accounting, University of Saskatchewan, was formerly Associate Dean of Commerce and responsible for the Centre for International Business Studies. (1,5)

Elena Viyella de Paliza, of the Dominican Republic, is President of Inter-Quimica, S.A., a company dedicated to the import and distribution of bulk industrial chemicals, and is also President and founder of Monte Rio Power Corp., a power generation company. (1,2)

1 Executive committee
2 Corporate governance and nominating committee
3 Compensation committee
4 Safety, health and environment committee
5 Audit committee

For more information about our Board of Directors, see our web site at www.potashcorp.com/investor_ relations/governance/board_of_directors.

PotashCorp

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