MOSAIC CO
Form 10-KT
February 18, 2014
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

¨ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF**

THE SECURITIES EXCHANGE ACT OF 1934

For the year ended _____

x **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF**

THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from June 1, 2013 to December 31, 2013

Commission file number 001-32327

The Mosaic Company

(Exact name of registrant as specified in its charter)

Delaware	20-1026454
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3033 Campus Drive

Suite E490

Plymouth, Minnesota 55441

(800) 918-8270

(Address and zip code of principal executive offices and registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer , accelerated filer , and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of June 30, 2013, the aggregate market value of the registrant s voting common stock held by stockholders, other than directors, executive officers, subsidiaries of the Registrant and any other person known by the Registrant as of the date hereof to beneficially own ten percent or more of any class of Registrant s outstanding voting common stock, and consisting of shares of Common Stock and Class A Common Stock, was approximately $20.0 billion based upon the closing price of a share of Common Stock on the New York Stock Exchange on that date.

Indicate the number of shares outstanding of each of the registrant s classes of common stock: 340,169,796 shares of Common Stock, 58,680,763 shares of Class A Common Stock and 0 shares of Class B Common Stock, each par value $0.01 per share, as of February 14, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the registrant s definitive proxy statement to be delivered in conjunction with the 2014 Annual Meeting of Stockholders (Part III)

Table of Contents

2013 FORM 10-K CONTENTS

Table of Contents

PART I.

Item 1. Business.

OVERVIEW

The Mosaic Company is the world s leading producer and marketer of concentrated phosphate and potash crop nutrients. We are the largest integrated phosphate producer in the world and one of the largest producers and marketers of phosphate-based animal feed ingredients in the United States. We are the fourth largest producer of potash in the world. Through our broad product offering, we are a single source supplier of phosphate- and potash-based crop nutrients and animal feed ingredients. We serve customers in approximately 40 countries. We mine phosphate rock in Florida and process rock into finished phosphate products at facilities in Florida and Louisiana. We mine potash in Saskatchewan and New Mexico. We have other production, blending or distribution operations in Brazil, China, India, Argentina, and Chile, as well as strategic equity investments in a phosphate rock mine in the Bayovar region in Peru and a joint venture recently formed to develop a phosphate rock mine and chemical complexes in the Kingdom of Saudi Arabia. We plan to sell our assets in Argentina and Chile and exit our distribution business there, which we do not expect to significantly affect our sales in Latin America as we plan to continue to sell crop nutrients in these regions. Our operations serve the top four nutrient-consuming countries in the world.

The Mosaic Company is a Delaware corporation that was incorporated in March 2004 and serves as the parent company of the business that was formed through the October 2004 combination of IMC Global Inc. and the fertilizer businesses of Cargill, Incorporated. We are publicly traded on the New York Stock Exchange under the ticker symbol MOS and are headquartered in Plymouth, Minnesota.

As previously reported, we have changed our fiscal year end to December 31 from May 31. This transition report is for the seven-month transition period of June 1, 2013 through December 31, 2013.

We conduct our business through wholly and majority-owned subsidiaries as well as businesses in which we own less than a majority or a non-controlling interest. We are organized into two reportable business segments: Phosphates and Potash. The following charts show the respective contributions to the seven months ended December 31, 2013 sales volumes, net sales and operating earnings for each of these business segments:

Phosphates Segment We are the largest integrated phosphate producer in the world and the largest producer and marketer of phosphate-based animal feed ingredients in the United States. We sell phosphate-based crop nutrients and animal feed ingredients throughout North America and internationally. Our Phosphates segment also includes our international distribution activities. Our distribution activities include sales offices, port

Table of Contents

terminals and warehouses in the United States, Canada, and several other key international countries. In addition, the international distribution activities include blending, bagging or production facilities in Brazil, China, India, Argentina and Chile. We account for approximately 13% of estimated global annual production and 59% of estimated North American annual production of concentrated phosphate crop nutrients.

Potash Segment We are the fourth-largest producer of potash in the world. We sell potash throughout North America and internationally, principally as fertilizer, but also for use in industrial applications and, to a lesser degree, as animal feed ingredients. We account for approximately 14% of estimated global annual potash production and 43% of estimated North American annual potash production.

As used in this report:

Mosaic means The Mosaic Company, both before and after the Merger;

GNS means the company known as GNS II (U.S.) Corp. until it was renamed The Mosaic Company in connection with the Merger;

MOS Holdings means the company known as The Mosaic Company until it was renamed MOS Holdings Inc. in connection with the Merger;

we , ***us*** , and ***our*** refer to Mosaic and its direct and indirect subsidiaries, individually or in any combination;

IMC means IMC Global Inc.;

Cargill means Cargill, Incorporated and its direct and indirect subsidiaries, individually or in any combination;

Cargill Crop Nutrition means the crop nutrient business we acquired from Cargill in the Combination;

Combination means the October 22, 2004 combination of IMC and Cargill Crop Nutrition;

Cargill Transaction means the transactions described below under Cargill Transaction ;

MAC Trusts means the Margaret A. Cargill foundation established under the Acorn Trust dated January 30, 1995, as amended, and the Anne Ray Charitable Trust dated August 20, 1996, as amended;

Merger means a Merger that occurred on May 25, 2011 as part of the transaction described below under Cargill Transaction. The Merger was between a subsidiary of GNS and MOS Holdings and had the effect of recapitalizing our Common Stock and making GNS the parent company of MOS Holdings. Prior to the Merger, GNS was a wholly-owned subsidiary of the company then known as The Mosaic Company. In the Merger, all of the outstanding stock of MOS Holdings was converted, on a one-for-one basis, into GNS stock. In connection with the Merger, the company formerly known as The Mosaic Company was renamed MOS Holdings Inc. and GNS was renamed The Mosaic Company. Following the Merger, our common stock continues to trade under the ticker symbol MOS;

Stub Period refers to the seven-month transition period ended December 31, 2013;

tonne or ***tonnes*** means a metric tonne or tonnes of 2,205 pounds each unless we specifically state that we mean short or long tons;

Table of Contents

references in this report to a particular fiscal year are to the twelve months ended May 31 of that year; and

statements as to our industry position reflect information from the most recent period available.

Cargill Transaction

In May 2011, Cargill divested its interest in us in a split-off (the ***Split-off***) to its stockholders (the ***Exchanging Cargill Stockholders***), including the MAC Trusts, and a debt exchange (the ***Debt Exchange***) with certain Cargill debt holders (the ***Exchanging Cargill Debt Holders***). The agreements relating to the Cargill Transaction contemplated an orderly distribution of the approximately 64% (285.8 million) of our shares that Cargill formerly held. Following the Split-off and Debt Exchange, the MAC Trusts and Exchanging Cargill Debt Holders sold an aggregate of 157.0 million of these shares in underwritten public secondary offerings or to us. These transactions completed the disposition of shares designated to be sold during the 15-month period following the Split-off.

All other shares (approximately 128.8 million shares in the aggregate) of our Class A Common Stock (Class A Shares) received by the Exchanging Cargill Stockholders in the Split-off were generally subject to transfer restrictions unless we consent. These transfer restrictions are removed as the Class A Shares convert to regular Common Stock. The first such conversion, under which all 42.9 million outstanding Class A Shares, Series A-1, were converted into regular Mosaic Common Stock, par value $.01 per share (***Common Stock***), occurred on November 26, 2013.

The agreements relating to the Cargill Transaction continued to restrict our ability to engage in share buybacks until November 26, 2013, when the last of such restrictions expired.

On December 6, 2013, Mosaic entered into a share repurchase agreement with the MAC Trusts (the ***MAC Trusts Share Repurchase Agreement***) to purchase all of the remaining Class A Shares held by the MAC Trusts through a series of eight purchases occurring from January 8, 2014 through July 30, 2014. As of the date of this report, pursuant to the Share Repurchase Agreement, all 21,647,007 Class A Shares, Series A-3, held by the MAC Trusts, and 3,092,429 Class A Shares, Series A-2, had been repurchased for an aggregate of approximately $1.1 billion, and 18,554,579 Class A Shares, Series A-2, remain to be purchased as set forth in the table below:

	Class A Common Stock, Series A-2
March 7, 2014	3,092,429
April 4, 2014	3,092,429
May 5, 2014	3,092,429
June 3, 2014	3,092,429
July 1, 2014	3,092,429
July 30, 2014	3,092,434
Total	18,554,579

The MAC Trusts Share Repurchase Agreement provides for a per share price for each purchase equal to the Common Market Price, as defined in Mosaic s Restated Certificate of Incorporation, as of the date of the purchase. In general and subject to the terms and provisions of the Restated Certificate of Incorporation, the Common Market Price as of any date is equal to the volume weighted average trading price of Common Stock, for each trading day during the preceding 20-day trading period.

Table of Contents

In addition to the Class A Shares to be purchased by Mosaic under the MAC Trusts Share Repurchase Agreement, the MAC Trusts own an aggregate of 21,647,007 shares of Common Stock that were converted from outstanding Class A Shares, Series A-1, on November 26, 2013. Under the MAC Trusts Share Repurchase Agreement, through January 1, 2015, the MAC Trusts have granted Mosaic certain rights of first offer with respect to proposed sales in a market transaction or block trade, through or with a broker or dealer, of more than 5,000,000 of these shares of Common Stock, and certain rights of first refusal with respect to other proposed sales by the MAC Trusts of more than 5,000,000 of these shares of Common Stock.

Also under the MAC Trusts Share Repurchase Agreement, among other things, the MAC Trusts agreed to release Mosaic from its contractual obligation to register any remaining shares of stock in a secondary offering under the Registration Agreement, dated as of January 18, 2011, by and among Mosaic, the MAC Trusts and the other parties thereto.

On February 14, 2014, we entered into share repurchase agreements with certain Cargill family member trusts (the ***Family Trusts Share Repurchase Agreements*** and together with the MAC Trusts Share Repurchase Agreement, the ***Share Repurchase Agreements***) to purchase an aggregate of approximately 8.2 million Class A Shares under the Repurchase Program. The transactions are structured in two tranches with the first purchase of approximately 2.4 million shares completed February 14, 2014 at a price of $46.43 per share. The second purchase of approximately 5.8 million shares is scheduled for March 17, 2014 with a per share price based on the Common Market Price similar to the MAC Trusts Repurchase Agreement discussed above.

Conversion of the remaining 17,176,068 Class A Shares, Series A-2, and 17,176,046 Class A Shares, Series A-3, which are held by Exchanging Cargill Stockholders, other than Class A Shares we have agreed to repurchase, into regular Common Stock is scheduled to occur in two further annual installments on November 26, 2014 and November 26, 2015, respectively.

We have included additional information about the Cargill Transaction in Note 2 of our Consolidated Financial Statements and in response to Item 13 of Part III of this report, which information is incorporated herein by reference, and the principal transaction documents related to the Cargill Transaction are incorporated by reference as exhibits to this report.

Other Business Developments during the Stub Period

We continue to execute on our strategic plans and other priorities. During the Stub Period, we took the following steps toward achieving our strategic priority of creating value for shareholders:

Growth: Grow our production of essential crop nutrients and operate with increasing efficiency

On August 5, 2013, we entered into a Shareholders Agreement with Saudi Arabian Mining Company (***Ma aden***) and Saudi Basic Industries Corporation (***SABIC***) under which the parties have formed a joint venture to develop, own and operate integrated phosphate production facilities in the Kingdom of Saudi Arabia (the ***Northern Promise Joint Venture***). We own 25% of the joint venture and will market approximately 25% of the production of the joint venture. When completed, the project is expected to diversify our sources for phosphate production and help us meet the increasing needs of our global customers.

On October 28, 2013, we entered into an agreement to acquire the Florida phosphate assets and assume certain related liabilities of CF Industries, Inc. (***CF***) for $1.2 billion plus an additional $200 million to fund CF s asset retirement obligation escrow (the ***CF Phosphate Assets Acquisition***). Under the terms of the agreement, we would acquire CF s phosphate mining and production operations in Central Florida and terminal and warehouse facilities in Tampa, Florida. These facilities currently produce approximately 1.8 million tonnes of phosphate fertilizer per year. On January 15, 2014, the U.S. Department of Justice advised us that it had closed its review under the Hart-Scott-Rodino Antitrust Improvements Act. This transaction is expected to close in the first half of 2014 and remains subject to receipt of other regulatory approvals.

Table of Contents

On October 28, 2013, we signed strategic supply agreements with CF under which CF will provide us with ammonia (the ***CF Ammonia Supply Agreements***). Under one of the agreements, we will purchase approximately 545,000 to 725,000 tonnes annually for up to fifteen years at a price tied to the prevailing price of U.S. natural gas. This agreement is expected to commence prior to January 1, 2017. Under a second agreement, we would purchase approximately 270,000 tonnes annually for three years from CF s Trinidad operations at CFR Tampa market-based pricing.

We continue the expansion of capacity in our Potash segment, with the K3 shaft at our Esterhazy mine and the expansion at our Colonsay mine. These projects are on track to be completed in 2014 through 2017 and combined will add an estimated 1.4 million tonnes to our potash operational capacity.

In December 2013, we successfully completed a test run of expanded capacity at our Esterhazy, Saskatchewan, potash mine, which increased our share of Canpotex Limited (***Canpotex***) sales from approximately 39.9% to 42.5% effective January 1, 2014.

Annual operational production at the Miski Mayo phosphate rock mine in Peru, in which we own a 35% economic interest through a joint venture, reached 3.5 million tonnes as of December 31, 2013, which represents approximately 90% of the total potential estimated capacity.

Market Access: Expand our reach and impact by continuously strengthening our distribution network

We continue our strategy to gain and protect access to distribution facilities in key growing geographies through our distribution relationships, and our own internal distribution network. We intend to increase our investment in Brazil a key growth region and strategically important country over the next four years.

Innovation: Build on our industry-leading product, process and sustainability innovations

We sold 1.4 million tonnes of MicroEssentials® (***MES***) in North America, during calendar 2013, an increase of 18% from the prior twelve months.

We announced the development of a potash based premium product named Aspire™.

Total Shareholder return: Deliver strong financial performance and provide meaningful returns to our shareholders

On November 7, 2013, we completed a $2.0 billion public debt offering consisting of $900 million aggregate principal amount of 4.250% Senior Notes due 2023, $500 million aggregate principal amount of 5.450% Senior Notes due 2033 and $600 million aggregate principal amount of 5.625% Senior Notes due 2043.

On December 5, 2013, we upsized and extended our prior $750 million unsecured revolving credit facility with a new unsecured five-year revolving credit facility in the amount of $1.5 billion.

As noted above, on December 6, 2013, Mosaic entered into the MAC Trusts Share Repurchase Agreement to purchase all of the MAC Trusts 43.3 million restricted Class A shares over the next eight months. As of the date of this report, we have repurchased

24, 739,436 of such shares for an aggregate of approximately $1.1 billion.

Subsequent to year end our Board of Directors authorized a $1 billion share repurchase program (the ***Repurchase Program***), allowing the Company to repurchase Class A Shares or Common Stock, through negotiated direct transactions or in the open market.

Table of Contents

On February 14, 2014, we entered into the Family Trusts Share Repurchase Agreements to purchase an aggregate of approximately 8.2 million Class A Shares under the Repurchase Program. The transactions are structured in two tranches with the first purchase of approximately 2.4 million shares completed February 14, 2014 at a price of $46.43 per share. The second purchase of approximately 5.8 million shares is scheduled for March 17, 2014 with a per share price based on the Common Market Price.

We have included additional information about these and other developments in our business during the Stub Period in our Management s Discussion and Analysis of Financial Condition and Results of Operations (***Management s Analysis***) and in the Notes to our Consolidated Financial Statements.

BUSINESS SEGMENT INFORMATION

The discussion below of our business segment operations should be read in conjunction with the following information that we have included in this report:

The risk factors discussed in this report in Part I, Item 1A, Risk Factors.

Our Management s Analysis.

The financial statements and supplementary financial information in our Consolidated Financial Statements (***Consolidated Financial Statements***). This information is incorporated by reference in this report in Part II, Item 8, Financial Statements and Supplementary Data.

Phosphates Segment

Our Phosphates business segment owns and operates mines and production facilities in Florida which produce concentrated phosphate crop nutrients and phosphate-based animal feed ingredients, and processing plants in Louisiana which produce concentrated phosphate crop nutrients. Our Phosphates segment s results include our international distribution activities in addition to the consolidated results of Phosphate Chemicals Export Association, Inc. (***PhosChem***), a U.S. Webb-Pomerene Act association of phosphate producers which exports concentrated phosphate crop nutrient products around the world for us and PhosChem s other member. Effective December 31, 2013, we and PhosChem s other member each assumed responsibility for PhosChem s former activities as they related to our respective products.

U.S. Phosphate Crop Nutrients and Animal Feed Ingredients

Our U.S. phosphates operations have capacity to produce approximately 4.3 million tonnes of phosphoric acid (P_2O_5) per year, or about 8% of world annual capacity and about 45% of North American annual capacity. Phosphoric acid is produced by reacting finely ground phosphate rock with sulfuric acid. Phosphoric acid is the key building block for the production of high analysis or concentrated phosphate crop nutrients and animal feed products, and is the most comprehensive measure of phosphate capacity and production and a commonly used benchmark in our industry. Our U.S. phosphoric acid production totaled approximately 2.3 million tonnes during the Stub Period and 3.8 million tonnes during calendar 2013. We account for approximately 10% of estimated global annual production and 45% of estimated North American annual output.

Our phosphate crop nutrient products are marketed worldwide to crop nutrient manufacturers, distributors, retailers and farmers. Our principal phosphate crop nutrient products are:

Diammonium Phosphate (18-46-0) Diammonium Phosphate (***DAP***) is the most widely used high-analysis phosphate crop nutrient worldwide. DAP is produced by first combining phosphoric acid with anhydrous ammonia. This initial reaction creates a slurry that is then pumped into a granulation plant where it is reacted with additional ammonia to produce DAP. DAP is a solid granular product that is applied directly or blended with other solid plant nutrient products such as urea and potash.

Table of Contents

Monoammonium Phosphate (11-52-0) Monoammonium Phosphate (***MAP***) is the second most widely used high-analysis phosphate crop nutrient and the fastest growing phosphate product worldwide. MAP is also produced by first combining phosphoric acid with anhydrous ammonia in a reaction vessel. The resulting slurry is then pumped into the granulation plant where it is reacted with additional phosphoric acid to produce MAP. MAP is a solid granular product that is applied directly or blended with other solid plant nutrient products.

MicroEssentials® is a value-added ammoniated phosphate product that is enhanced through a patented process that creates very thin platelets of sulfur and other micronutrients, such as zinc, on the granulated product. The patented process incorporates both the sulfate and elemental forms of sulfur, providing season long availability to crops.

Production of our animal feed ingredients products is located at our New Wales, Florida facility. We market our feed phosphate primarily under the leading brand names of Biofos® and Nexfos®.

Our primary phosphate crop nutrient production facilities are located in central Florida and Louisiana. The following map shows the locations of each of our phosphate concentrates plants in the United States and the locations of each of our active and planned phosphate mines in Florida:

Table of Contents

Annual capacity by plant as of December 31, 2013 and production volumes by plant for the calendar 2013 and the Stub Period are listed below:

(tonnes in millions)	Phosphoric Acid			Processed Phosphate[a]/DAP/MAP/MicroEssentials®/Feed Phosphate		
	Annual	Production		Annual	Production	
Facility	**Operational Capacity[b]**	**Calendar 2013**	**Stub Period**	**Operational Capacity[b]**	**Calendar 2013**	**Stub Period**
Florida:						
Bartow	0.9	0.9	0.6	2.2	2.1	1.3
New Wales	1.7	1.5	0.9	4.1	3.2	1.8
Riverview	0.9	0.7	0.4	1.8	1.6	0.9
	3.5	3.1	1.9	8.1	6.9	4.0
Louisiana:						
Faustina	-	-	-	1.6	1.4	0.8
Uncle Sam	0.8	0.7	0.4	-	-	-
	0.8	0.7	0.4	1.6	1.4	0.8
Total	4.3	3.8	2.3	9.7	8.3	4.8

(a) Our ability to produce processed phosphates has been less than our annual operational capacity stated in the table above, except to the extent we purchase phosphoric acid.

(b) Actual production varies from annual operational capacity shown in the above table due to factors that include among others the level of demand for our products, maintenance and turnaround time, accidents, mechanical failure, product mix, and other operating conditions.

The phosphoric acid produced at Uncle Sam is shipped to Faustina, where it is used to produce DAP, MAP and MES. Our Faustina plant also manufactures ammonia that is mostly consumed in our concentrate plants.

We produced approximately 4.5 and 7.7 million tonnes of concentrated phosphate crop nutrients during the Stub Period and calendar 2013, respectively. We account for approximately 13% of estimated world annual output and 59% of estimated North American annual production.

Phosphate Rock

Phosphate rock is the key mineral used to produce phosphate crop nutrients and feed phosphate. Our phosphate rock production totaled approximately 7.9 and 14.2 million tonnes in the Stub Period and the calendar year 2013, respectively. We account for approximately 7% of estimated world annual production and 46% of estimated North American annual production. We are the world s second largest miner of phosphate rock and currently operate four mines with a combined annual capacity of approximately 16.0 million tonnes. Production of one tonne of DAP requires between 1.6 and 1.7 tonnes of phosphate rock.

All of our wholly owned phosphate mines and related mining operations are located in central Florida. We operate four mines that were active during the Stub Period: Four Corners, South Fort Meade, Hookers Prairie and Wingate. In 2014, we expect to exhaust the reserves at the Hookers Prairie mine. We plan to develop reserves at Ona and at DeSoto to replace reserves that will be depleted at various times during the next decade.

The phosphate deposits of Florida are of sedimentary origin and are part of a phosphate-bearing province that extends from southern Florida north along the Atlantic coast into southern Virginia. Our active phosphate mines are primarily located in what is known as the Bone Valley Member of the Peace River Formation in the Central

8

Table of Contents

Florida Phosphate District. The southern portions of the Four Corners and Wingate mines are in what is referred to as the Undifferentiated Peace River Formation, in which our future Ona and DeSoto reserves are also located. Phosphate mining has been conducted in the Central Florida Phosphate District since the late 1800 s. The potentially mineable portion of the district encompasses an area approximately 80 miles in length in a north-south direction and approximately 40 miles in width.

We extract phosphate ore using large surface mining machines that we own called draglines. Prior to extracting the ore, the draglines must first remove a 10 to 50 foot layer of sandy overburden. At our Wingate mine, we also utilize dredges to remove the overburden and mine the ore. We then process the ore at beneficiation plants that we own at each active mine where the ore goes through washing, screening, sizing and flotation processes designed to separate the phosphate rock from sands, clays and other foreign materials. Prior to commencing operations at any of our planned future mines, we would need to acquire new draglines or move existing draglines to the mines and, unless the beneficiation plant at an existing mine were used, construct a beneficiation plant.

The following table shows, for each of our phosphate mines, annual capacity as of December 31, 2013 and rock production volume and grade for the calendar 2013, the Stub Period and the past two fiscal years:

(tonnes in millions)		Calendar 2013			Stub Period			Fiscal 2013			Fiscal 2012		
Facility	**Annual Operational Capacity[a]**	**Production**	**Average BPL[b]**	**% P2O5[c]**	**Production**	**Average BPL[b]**	**% P_2O_5[c]**	**Production**	**Average BPL[b]**	**% P_2O_5[c]**	**Production[d]**	**Average BPL[b]**	**% P_2O_5[c]**
Four Corners	7.0	6.0	64.0	29.3	3.6	63.5	29.1	6.4	64.5	29.5	7.4	64.1	29.3
South Fort Meade	5.5	5.0	64.4	29.5	2.5	64.0	29.3	5.5	64.2	29.4	1.2	65.6	30.0
Hookers Prairie[e]	2.0	1.9	65.2	29.8	1.0	64.1	29.3	2.0	65.6	30.0	2.1	65.9	30.2
Wingate	1.5	1.3	62.1	28.4	0.8	62.7	28.7	1.5	61.8	28.3	1.4	62.8	28.7
Total	16.0	14.2	64.1	29.3	7.9	63.7	29.1	15.4	64.4	29.5	12.1	64.4	29.5

(a) Actual production varies from annual operational capacity shown in the above table due to factors that include among others the level of demand for our products, the quality of the reserves, the nature of the geologic formations we are mining at any particular time, maintenance and turnaround time, accidents, mechanical failure, weather conditions, and other operating conditions, as well as the effect of recent initiatives intended to improve operational excellence.

(b) Bone Phosphate of Lime (***BPL***) is a traditional reference to the amount (by weight percentage) of calcium phosphate contained in phosphate rock or a phosphate ore body. A higher BPL corresponds to a higher percentage of calcium phosphate.

(c) The percent of P_2O_5 in the above table represents a measure of the phosphate content in phosphate rock or a phosphate ore body. A higher percentage corresponds to a higher percentage of phosphate content in phosphate rock or a phosphate ore body.

(d) Production at the South Fort Meade mine for fiscal 2012 reflects a reduced production level as a result of preliminary injunctions entered in connection with court proceedings over the federal wetlands permit for the extension of our South Fort Meade, Florida, phosphate rock mine into Hardee County.

(e) We expect to exhaust the Hookers Prairie mine s reserves in calendar 2014.

Reserves

We estimate our phosphate rock reserves based upon exploration core drilling as well as technical and economic analyses to determine that reserves can be economically mined. Proven (measured) reserves are those resources of sufficient concentration to meet minimum physical, chemical and economic criteria related to our current product standards and mining and production practices. Our estimates of probable (indicated) reserves are based on information similar to that used for proven reserves, but sites for drilling are farther apart or are otherwise less adequately spaced than for proven reserves, although the degree of assurance is high enough to assume continuity

Table of Contents

between such sites. Proven reserves are determined using a minimum drill hole spacing of two sites per 40 acre block. Probable reserves have less than two drill holes per 40 acre block, but geological data provides a high degree of assurance that continuity exists between sites.

The following table sets forth our proven and probable phosphate reserves as of December 31, 2013:

(tonnes in millions)	**Reserve Tonnes [a] [b] [c]**	**Average BPL[d]**	**% P_2O_5**
Active Mines			
Four Corners	46.8	62.8	28.7
South Fort Meade	46.5	64.4	29.5
Hookers Prairie	1.7[e]	65.2	29.8
Wingate	34.8	62.5	28.6
Total Active Mines	129.8	63.3	29.0
Planned Mining			
Ona	245.9	64.4	29.5
DeSoto	149.6[f]	64.6	29.5
Total Planned Mining	395.5	64.5	29.5
Total Mining	525.3	64.2	29.4

(a) Reserves are in areas that are fully accessible for mining; free of surface or subsurface encumbrance, legal setbacks, wetland preserves and other legal restrictions that preclude permittable access for mining; believed by us to be permittable; and meet specified minimum physical, economic and chemical criteria related to current mining and production practices.

(b) Reserve estimates are generally established by our personnel without a third party review. There has been no third party review of reserve estimates within the last five years, except that in fiscal 2008, we engaged a third party to review the recoverable reserves at our Wingate mine s Tract 2 pursuant to contractual requirements related to our acquisition of these reserves. The reserve estimates have been prepared in accordance with the standards set forth in Industry Guide 7 promulgated by the United States Securities and Exchange Commission (***SEC***).

(c) Of the reserves shown, 493.2 million tonnes are proven reserves, while probable reserves totaled 32.0 million tonnes.

(d) Average product BPL ranges from approximately 63% to 65%.

(e) Of the tonnes shown at Hookers Prairie, our lease of 0.8 million tonnes requires us to pay royalties of $2.00 per short ton of the reserves that we mine. We estimate that Hookers Prairie mine s reserves will be exhausted during calendar 2014.

(f) In connection with the sale in 1994 of certain of the surface rights related to approximately 40.7 million tonnes of the reported DeSoto reserves, we agreed not to mine such reserves until at least 2014, consistent with our plan for mining the DeSoto reserves. In addition, in connection with the purchase in 1996 of approximately 108.9 million tonnes of the reported DeSoto reserves, we agreed to (i) pay royalties of between $0.50 and $0.90 per ton of rock mined based on future levels of DAP margins, and (ii) pay to the seller lost income from the loss of surface use to the extent we use the property for mining related purposes before January 1, 2020.

We generally own the reserves shown for active mines in the table above, with the only significant exceptions being further described below:

We hold the reserves referred to in Note (e) to the above table under a lease that we have rights to extend to 2015.

Table of Contents

We own the above-ground assets of the South Fort Meade mine, including the beneficiation plant, rail track and the initial clay settling areas. A limited partnership, South Ft. Meade Partnership, L.P. (***SFMP***), owns the majority of the mineable acres shown in the table for the South Fort Meade mine.

We currently have a 95% economic interest in the profits and losses of SFMP. SFMP is included as a consolidated subsidiary in our financial statements.

We have a long-term mineral lease with SFMP. This lease expires on the earlier of December 31, 2025 or on the date that we have completed mining and reclamation obligations associated with the leased property. Lease provisions include royalty payments and a commitment to give mining priority to the South Fort Meade phosphate reserves. We pay the partnership a royalty on each BPL short ton mined and shipped from the areas that we lease from it. Royalty payments to SFMP normally average approximately $6 million annually.

Through its arrangements with us, SFMP also earns income from mineral lease payments, agricultural lease payments and interest income, and uses those proceeds primarily to pay dividends to its equity owners.

The surface rights to approximately 882 acres for the South Fort Meade Mine are owned by SFMP, while the U.S. government owns the mineral rights beneath. We control the rights to mine these reserves under a mining lease agreement and pay royalties on the tonnage extracted. Under the lease, we did not make any payments to the U.S. government during the Stub Period.

In light of the long-term nature of our rights to our reserves, we expect to be able to mine all reported reserves that are not currently owned prior to termination or expiration of our rights. Additional information regarding permitting is included in Part I, Item 1A, Risk Factors , under Environmental, Health and Safety Matters Operating Requirements and Permitting in our Management s Analysis, and under Phosphate Mine Permitting in Florida in Note 20 of our Consolidated Financial Statements.

Investments in Joint Ventures

We have a 35% economic interest in a joint venture which owns the Miski Mayo phosphate rock mine in the Bayovar region of Peru. Our investment in the Miski Mayo Mine and related commercial offtake supply agreement to purchase a share of the phosphate rock from the Miski Mayo Mine reduces our need to purchase phosphate rock from other suppliers. The Miski Mayo Mine s annual production capacity is 3.9 million tonnes.

On August 5, 2013, we entered into a Shareholders Agreement with Ma aden and SABIC to form the Northern Promise Joint Venture. The Northern Promise Joint Venture will develop a mine and chemical complexes that is presently expected to produce phosphate fertilizers, animal feed, food grade purified phosphoric acid and tripolyphosphate in the Kingdom of Saudi Arabia. We own a 25% interest in the Northern Promise Joint Venture and in connection with our equity share, we will market approximately 25% of the production of the joint venture. Subject to final financing terms, we expect our cash investment will be up to $1 billion, funded over a four-year period that began in calendar 2013. The joint venture s final financing arrangements are expected to include commitments by the shareholders to fund their proportionate shares of certain construction cost overruns and guarantee their proportionate shares of the joint venture s debt service payments through the construction phase. The approximate $7 billion greenfield project would be built in the northern region of Saudi Arabia at Wa ad Al Shamal Minerals Industrial City, and include further expansion of processing plants in Ras Al Khair Minerals Industrial City which is located on the east coast of Saudi Arabia. The facilities are expected to have a production capacity of approximately 3.5 million tonnes of finished product per year. The project is expected to benefit from the availability of key raw nutrients from sources within Saudi Arabia. Operations are expected to commence in late calendar 2016.

Table of Contents

Purchased Phosphate Rock

We also purchase phosphate rock. The level of our purchases of phosphate rock in the future will depend upon, among other factors, our phosphate rock mining plans, the status of our permits, our need for additional phosphate rock to allow us to operate our concentrates plants at or near full capacity, the quality and level of impurities in the phosphate rock that we mine, and our development or acquisition of additional phosphate rock deposits and mines. Depending on product mix and tonnage requirements, our need for purchased phosphate rock could increase in the future in order to meet product specifications.

Sulfur

We use molten sulfur at our phosphates concentrates plants to produce sulfuric acid primarily for use in our production of phosphoric acid. We purchased approximately 2.1 and 3.6 million long tons of sulfur during the Stub Period and calendar 2013, respectively. We purchase most of this sulfur from North American oil and natural gas refiners who are required to remove or recover sulfur during the refining process. Production of one tonne of DAP requires approximately 0.40 long tons of sulfur. We procure our sulfur from multiple sources and receive it by truck, rail, barge and vessel, either direct to our phosphate plants or have it sent for gathering to terminals that are located on the US gulf coast.

We own and operate sulfur terminals in Houston, Texas and Riverview, Florida. We also lease terminal space in Tampa, Florida and Galveston and Beaumont, Texas. We own two ocean-going barges and contract for operation of another ocean-going vessel that transport molten sulfur from the Texas terminals to Tampa and then onward by truck to our Florida phosphate plants. In addition, we own a 50% equity interest in Gulf Sulphur Services Ltd., LLLP (***Gulf Sulphur Services***), which is operated by our joint venture partner. Gulf Sulphur Services has a large sulfur transportation and terminaling business in the Gulf of Mexico, and handles these functions for a substantial portion of our Florida sulfur volume. Gulf Sulphur Services capabilities include melting solid sulfur into the molten form that we use, which permits us to access sources of solid as well as molten sulfur. We further round out our sulfur logistic assets with a large fleet of leased railcars that supplement our marine sulfur logistic system. Our Louisiana operations are served by rail and barge from nearby refineries.

Although sulfur is readily available from many different suppliers and can be transported to our phosphate facilities by a variety of means, sulfur is an important raw material used in our business that has in the past been and may in the future be the subject of volatile pricing and availability. Alternative transportation and terminaling facilities might not have sufficient capacity to fully serve all of our facilities in the event of a disruption to current transportation or terminaling facilities. Changes in the price of sulfur or disruptions to sulfur transportation or terminaling facilities could have a material impact on our business. We have included a discussion of sulfur prices in our Management s Analysis.

Ammonia

We use ammonia together with phosphoric acid to produce DAP, MAP and MES. We used approximately 0.8 and 1.3 million tonnes of ammonia during the Stub Period and calendar 2013, respectively. Production of one tonne of DAP requires approximately 0.23 tonnes of ammonia.

Our Florida ammonia needs are supplied by offshore producers, under multi-year contracts. Ammonia for our New Wales and Riverview plants is terminaled through an ammonia facility at Port Sutton, Florida that we lease for a term expiring in calendar 2014, which we may extend for up to four additional years. Ammonia for our Bartow plant is terminaled through another ammonia facility owned and operated by a third party at Port Sutton, Florida pursuant to an agreement that expires in calendar 2015. Ammonia is transported by pipeline from the terminals to our production facilities. We have service agreements with the operators of the pipelines for Bartow, New Wales, and Riverview, which provide service through June 30, 2015; the service agreements may be extended in one year increments unless either party objects.

Table of Contents

We produce ammonia at Faustina, Louisiana primarily for our own consumption. From time to time we sell surplus ammonia to unrelated parties.

On October 28, 2013, at the same time we signed the agreement for the CF Phosphate Assets Acquisition, we signed the CF Ammonia Supply Agreements. In light of these supply arrangements, we have decided to forego our proposed ammonia manufacturing plant at our Faustina, Louisiana facility, but we are reviewing debottlenecking our current Faustina ammonia facility.

Although ammonia is readily available from many different suppliers and can be transported to our phosphates facilities by a variety of means, ammonia is an important raw material used in our business that has in the past been and may in the future be the subject of volatile pricing, and alternative transportation and terminaling facilities might not have sufficient capacity to fully serve all of our facilities in the event of a disruption to existing transportation or terminaling facilities. Changes in the price of ammonia or disruptions to ammonia transportation or terminaling could have a material impact on our business. We have included a discussion of ammonia prices in our Management s Analysis.

Natural Gas

Natural gas is the primary raw material used to manufacture ammonia. At our Faustina facility, ammonia is manufactured on site. The majority of natural gas is purchased through firm delivery contracts based on published index-based prices and is sourced from Texas and Louisiana via pipelines interconnected to the Henry Hub. We use over-the-counter swap and/or option contracts to forward price portions of future gas purchases. The portions of gas purchases not forward priced are purchased at the index based prices or at domestic spot market prices under short-term contracts. On average, we purchase approximately 18 million MMbtu of natural gas per year for use in ammonia production at Faustina.

Because our ammonia requirements for our Florida operations are purchased rather than manufactured on site, we purchase on average approximately two million MMbtu of natural gas per year in Florida only as a thermal fuel for various production processes.

Florida Land Holdings

We are a significant landowner in the State of Florida, which in the future is expected to return to its historical status as one of the fastest areas of population growth in the United States. We own land comprising approximately 255,000 acres held in fee simple title in central Florida, and have the right to mine additional properties which contain phosphate rock reserves. Some of our land holdings are needed to operate our Phosphates business, while a portion of our land assets, such as reclaimed properties, are no longer required for our ongoing operations. As a general matter, more of our reclaimed property becomes available for uses other than for phosphate operations each year. Our real property assets are generally comprised of concentrates plants, port facilities, phosphate mines and other property which we have acquired through our presence in Florida. We are currently taking initial steps as part of a long-term future land use strategy to optimize the value of our land assets. For example, during fiscal 2011 we began development of Streamsong®, a destination resort and conference center, in an area of previously mined land as part of our long-term business strategy to maximize the value and utility of our extensive land holdings in Florida. In addition to the two golf courses and clubhouse that were opened in December 2012, the resort and conference center were opened in January 2014.

International Production

Our international operations include production in Brazil and Argentina. Our production facilities include plants that produce up to 740,000 tonnes per year of single superphosphate (***SSP***) and granulated SSP crop nutrients by mixing sulfuric acid with phosphate rock purchased from unrelated third parties and the Miski Mayo Mine. We are planning to divest our Argentina SSP plant, which has capacity of 240,000 tonnes per year.

Table of Contents

Potash Segment

We are one of the leading potash producers in the world. We mine and process potash in Canada and the United States and sell potash in North America and internationally. The term potash applies generally to the common salts of potassium. Muriate of potash (***MOP***) is the primary source of potassium for the crop nutrient industry. Red MOP has traces of iron oxide. The granular and standard grade Red MOP products are well suited for direct fertilizer application and bulk blending. White MOP has a higher percent potassium oxide (K_2O). White MOP, besides being well suited for the agricultural market, is used in many industrial applications.

Our potash products are marketed worldwide to crop nutrient manufacturers, distributors and retailers and are also used in the manufacture of mixed crop nutrients and, to a lesser extent, in animal feed ingredients. We also sell potash to customers for industrial use. In addition, our potash products are used for de-icing and as a water softener regenerant.

In 2013, we operated three potash mines in Canada, including two shaft mines with a total of three production shafts and one solution mine, as well as two potash mines in the United States, including one shaft mine and one solution mine. We also own related refineries at each of the mines.

We continue the expansion of capacity in our Potash segment, with the K3 shaft at our Esterhazy mine and the expansion at our Colonsay mine. These are on track to be completed in 2014 through 2017 and combined will add an estimated 1.4 million tonnes to our potash operational capacity.

The map below shows the location of each of our potash mines.

Our current potash annualized operational capacity totals 10.7 million tonnes of product per year and accounts for approximately 13% of world annual capacity and 37% of North American annual capacity. Production during the Stub Period and calendar 2013 totaled 4.2 and 8.0 million tonnes, respectively. We account for approximately 14% of estimated world annual production and 43% of estimated North American annual production.

Table of Contents

The following table shows, for each of our potash mines, annual capacity as of December 31, 2013 and volume of mined ore, average grade and finished product output for calendar 2013, the Stub Period and the past two fiscal years:

(tonnes in millions)			Calendar 2013			Stub Period			Fiscal 2013			Fiscal 2012		
Facility	**Annualized Proven Peaking Capacity** (a)(c)(d)	**Annual Operational Capacity** (a)(b)(d)(e)	**Ore Mined**	**Grade % K_2O**(f)	**Finished Product**(b)	**Ore Mined**	**Grade % K_2O**(f)	**Finished Product**(b)	**Ore Mined**	**Grade % K_2O**(f)	**Finished Product**	**Ore Mined**	**Grade % K_2O**(f)	**Finished Product**
Canada														
Belle Plaine MOP	2.8	2.4	8.2	18.0	2.2	4.5	18.0	1.2	8.1	18.0	2.1	8.8	18.0	2.3
Colonsay MOP	1.8	1.5	2.4	26.1	0.8	1.0	26.4	0.3	3.2	25.8	1.1	3.1	25.4	1.1
Esterhazy MOP	6.3	5.3	12.0	23.8	4.0	6.0	24.4	2.1	12.6	23.0	4.0	12.4	23.2	4.0
Canadian Total	10.9	9.2	22.6	21.9	7.0	11.5	22.1	3.6	23.9	21.7	7.2	24.3	21.6	7.4
United States														
Carlsbad MOP	0.5	0.5	3.3	10.7	0.3	1.9	10.6	0.2	3.2	10.5	0.3	2.5	10.6	0.2
Carlsbad K-Mag®(g)	1.1	1.0	3.7	5.9	0.7	2.0	5.9	0.4	3.7	5.7	0.7	3.8	5.1	0.8
Carlsbad Total	1.6	1.5	7.0	8.2	1.0	3.9	8.2	0.6	6.9	7.9	1.0	6.3	7.2	1.0
Hersey MOP(h)	-	-	0.1	26.7	-	0.1	26.7	-	0.1	26.7	0.1	0.2	26.7	0.1
United States Total	1.6	1.5	7.1		1.0	4.0		0.6	7.0		1.1	6.5		1.1
Totals	12.5	10.7	29.7	18.7	8.0	15.5	18.5	4.2	30.9	18.6	8.3	30.8	18.7	8.5
Total excluding toll production(i)											7.8	27.5		7.4

(a) Finished product.

(b) Actual production varies from annual operational capacity shown in the above table due to factors that include among others the level of demand for our products, maintenance and turnaround time, the quality of the reserves and the nature of the geologic formations we are mining at any particular time, accidents, mechanical failure, product mix, and other operating conditions.

(c) Represents full capacity assuming no turnaround or maintenance time.

(d) The annualized proven peaking capacity shown above is the capacity currently used to determine our share of Canpotex sales. Canpotex members respective shares of Canpotex sales are based upon the members respective proven peaking capacities for producing potash. When a Canpotex member expands its production capacity, the new capacity is added to that member s proven peaking capacity based on a test run at the maximum production level. The annual operational capacity reported in the table above can exceed the annualized proven peaking capacity until the test run has been completed. In December 2013, our Esterhazy mine successfully completed a test run of its expanded capacity, increasing its proven peaking capacity from 5.3 to 6.3 million tonnes, which increased our share of Canpotex sales from approximately 39.9% to 42.5%, effective January 1, 2014.

(e) Annual operational capacity is our estimated long term potash capacity based on the quality of reserves and the nature of the geologic formations expected to be mined, milled and/or processed over the long term, average amount of scheduled down time and product mix, and no significant modifications to operating conditions, equipment or facilities. Operational capacities will continue to be updated to the extent new production results impact ore grades assumptions.

(f) Grade % K_2O is a traditional reference to the percentage (by weight) of potassium oxide contained in the ore. A higher percentage corresponds to a higher percentage of potassium oxide in the ore.

(g) K-Mag is a specialty product that we produce at our Carlsbad facility.

(h) During the quarter ended September 30, 2013, we decided to sell the salt operations of the Hersey mine and close the related potash operations. We are currently decommissioning the potash assets.

(i) We toll produced MOP, for an unrelated third party, at our Esterhazy mine under a tolling agreement that expired December 31, 2012. Effective December 31, 2012, we received credit for an additional 1.2 million tonnes of capacity at our Esterhazy mine for purposes of calculating our relative share of annual sales of potash to international customers by Canpotex, in connection with expiration of the tolling

agreement.

Table of Contents

Canadian Mines

We operate three Canadian potash facilities all located in the southern half of the Province of Saskatchewan, including our solution mine at Belle Plaine, two interconnected mine shafts at our Esterhazy shaft mine and our shaft mine at Colonsay.

Extensive potash deposits are found in the southern half of the Province of Saskatchewan. The potash ore is contained in a predominantly rock salt formation known as the Prairie Evaporites. The Prairie Evaporites deposits are bounded by limestone formations and contain the potash beds. Three potash deposits of economic importance occur in Saskatchewan: the Esterhazy, Belle Plaine and Patience Lake members. The Patience Lake member is mined at Colonsay, and the Esterhazy member at Esterhazy. At Belle Plaine all three members are mined. Each of the major potash members contains several potash beds of different thicknesses and grades. The particular beds mined at Colonsay and Esterhazy have a mining height of 11 and 8 feet, respectively. At Belle Plaine several beds of different thicknesses are mined.

Our potash mines in Canada produce MOP exclusively. Esterhazy and Colonsay utilize shaft mining while Belle Plaine utilizes solution mining technology. Traditional potash shaft mining takes place underground at depths of over 1,000 meters where continuous mining machines cut out the ore face and load it onto conveyor belts. The ore is then crushed, moved to storage bins and hoisted to refineries above ground. In contrast, our solution mining process involves heated brine, which is pumped through a cluster to dissolve the potash in the ore beds at a depth of approximately 1,500 meters. A cluster consists of a series of boreholes drilled into the potash ore. A separate distribution center at each cluster controls the brine flow. The solution containing dissolved potash and salt is pumped to a refinery where sodium chloride, a co-product of this process, is separated from the potash through the use of evaporation and crystallization techniques. Concurrently, the solution is pumped into a cooling pond where additional crystallization occurs and the resulting product is recovered via a floating dredge. Refined potash is dewatered, dried and sized. Our Canadian operations produce 13 different MOP products, including industrial grades, many through proprietary processes.

Our potash mineral rights in the Province of Saskatchewan consist of the following:

	Belle Plaine	Colonsay	Esterhazy	Total
Acres under control				
Owned in fee	14,649	10,524	113,061	138,234
Leased from Province	51,568	67,006	191,593	310,167
Leased from others	-	2,726	69,537	72,263
Total under control	**66,217**	**80,256**	**374,191**	**520,664**

We believe that our mineral rights in Saskatchewan are sufficient to support current operations for more than a century. Leases are generally renewable at our option for successive terms, generally 21 years each, except that certain of the acres shown above as Leased from others are leased under long-term leases with terms (including renewals at our option) that expire from 2023 to 2142.

We pay Canadian resource taxes consisting of the Potash Production Tax and resource surcharge. The Potash Production Tax is a Saskatchewan provincial tax on potash production and consists of a base payment and a profits tax. We also pay a percentage of the value of resource sales from our Saskatchewan mines. In addition to the Canadian resource taxes, royalties are payable to the mineral owners in respect of potash reserves or production of potash. We have included a further discussion of the Canadian resource taxes and royalties in our Management s Analysis.

Since December 1985, we have effectively managed an inflow of salt saturated brine into our Esterhazy mine. At various times since then, we have experienced changing amounts and patterns of brine inflows at Esterhazy. To date, the brine inflow, including our remediation efforts to control it, have not had a material impact on our

Table of Contents

production processes or volumes. The volume of the net brine inflow (the rate of inflow less the amount we are pumping out of the mine) or net outflow (when we are pumping more brine out of the mine than the rate of inflow) fluctuates and is dependent on a number of variables, such as the location of the source of the inflow; the magnitude of the inflow; available pumping, surface and underground brine storage capacities; underground injection well capacities, and the effectiveness of calcium chloride and cementatious grout used to reduce or prevent the inflows, among other factors. As a result of these brine inflows, we incur expenditures, certain of which have been capitalized and others that have been charged to expense, in accordance with accounting principles generally accepted in the United States of America.

It is possible that the costs of remedial efforts at Esterhazy may further increase in the future and that such an increase could be material, or, in the extreme scenario, that the brine inflows, risk to employees or remediation costs may increase to a level which would cause us to change our mining processes or abandon the mine. See Key Factors that can Affect Results of Operations and Financial Condition and Potash Net Sales and Gross Margin in our Management s Analysis and Our Esterhazy mine has had an inflow of salt saturated brine for more than 25 years in Part I, Item 1A, Risk Factors in this report, which are incorporated herein by reference, for a discussion of costs, risks and other information relating to the brine inflows. We have begun construction of a new third shaft at the Esterhazy mine as part of our potash expansion plan which is also designed to mitigate risk from current and future inflows.

Due to the ongoing brine inflow at Esterhazy, underground operations at this facility are currently not insurable for water incursion problems. Like other potash producers shaft mines, our Colonsay, Saskatchewan, and Carlsbad, New Mexico, mines are also subject to the risks of inflow of water as a result of their shaft mining operations, but water inflow risks at these mines are included in our insurance coverage subject to deductibles, retentions and limits negotiated with our insurers.

United States Mines

In the United States, we have two potash facilities, including a shaft mine located in Carlsbad, New Mexico and a solution mine located in Hersey, Michigan. We have decided to sell the salt operations of the Hersey mine and close the related potash operations. We are currently decommissioning the Hersey potash assets.

The Carlsbad ore reserves are of two types: (1) sylvinite, a mixture of potassium chloride and sodium chloride that is the same as the ore mined in Saskatchewan, and (2) langbeinite, a double sulfate of potassium and magnesium. These two types of potash reserves occur in a predominantly rock salt formation known as the Salado Formation. The McNutt Member of this formation consists of eleven units of economic importance, of which we currently mine two. The McNutt Member s evaporite deposits are interlayered with anhydrite, polyhalite, potassium salts, clay, and minor amounts of sandstone and siltstone.

Continuous underground mining methods are utilized to extract the ore. Drum type mining machines are used to cut the sylvinite and langbeinite ores from the face. Mined ore is then loaded onto conveyors, transported to storage areas, and then hoisted to the surface for further processing at our refinery.

Two types of potash are produced at the Carlsbad refinery. MOP is the primary source of potassium for the crop nutrient industry. Double sulfate of potash magnesia is the second type of potash, which we market under our brand name K-Mag®, and contains sulfur, potassium and magnesium, with low levels of chloride.

At the Carlsbad facility, we mine and refine potash from 77,103 acres of mineral rights. We control these reserves pursuant to either (i) leases from the U.S. government that, in general, continue in effect at our option (subject to readjustment by the U.S. government every 20 years) or (ii) leases from the State of New Mexico that continue as long as we continue to produce from them. These reserves contain an estimated total of 266 million tonnes of potash mineralization (calculated after estimated extraction losses) in two mining beds evaluated at thicknesses ranging from 4.5 feet to in excess of 11 feet. At average refinery rates, these ore reserves are

Table of Contents

estimated to be sufficient to yield 16 million tonnes of concentrates from sylvinite with an average grade of approximately 60% K_2O and 21 million tonnes of langbeinite concentrates with an average grade of approximately 22% K_2O. At projected rates of production, we estimate that Carlsbad s reserves of sylvinite and langbeinite are sufficient to support operations for approximately 32 years and 21 years, respectively.

Royalties for the U.S. operations amounted to approximately $12.2 million for the Stub Period. These royalties are established by the U.S. Department of the Interior, Bureau of Land Management, in the case of the Carlsbad leases from the U.S. government, and pursuant to provisions set forth in the leases, in the case of the Carlsbad state leases.

Reserves

Our estimates below of our potash reserves and non-reserve potash mineralization are based on exploration drill hole data, seismic data and actual mining results over more than 35 years. Proven reserves are estimated by identifying material in place that is delineated on at least two sides and material in place within a half-mile radius or distance from an existing sampled mine entry or exploration core hole. Probable reserves are estimated by identifying material in place within a one mile radius from an existing sampled mine entry or exploration core hole. Historical extraction ratios from the many years of mining results are then applied to both types of material to estimate the proven and probable reserves. We believe that all reserves and non-reserve potash mineralization reported below are potentially recoverable using existing production shaft and refinery locations.

Our estimated recoverable potash ore reserves and non-reserve potash mineralization as of December 31, 2013 for each of our mines is as follows:

(tonnes of ore in millions)	***Reserves*[a][b]**		***Potash Mineralization*[a][c]**
Facility	**Recoverable Tonnes**	**Average Grade (% K_2O)**	**Potentially Recoverable Tonnes**
Canada			
Belle Plaine	796	18.0	2,331
Colonsay	223	26.4	295
Esterhazy	851	24.5	717
sub-totals	1,870	22.0	3,343
United States			
Carlsbad	266	7.7	-
Totals	2,136	20.2	3,343

(a) There has been no third party review of reserve estimates within the last five years. The reserve estimates have been prepared in accordance with the standards set forth in Industry Guide 7 promulgated by the SEC.

(b) Includes 1.3 billion tonnes of proven reserves and 0.9 billion tonnes of probable reserves.

(c) The non-reserve potash mineralization reported in the table in some cases extends to the boundaries of the mineral rights we own or lease. Such boundaries are up to 16 miles from the closest existing sampled mine entry or exploration core hole. Based on available geologic data, the non-reserve potash mineralization represents potash that we expect to mine in the future, but it may not meet all of the technical requirements for categorization as proven or probable reserves under Industry Guide 7.

As discussed more fully above, we either own the reserves and mineralization shown above or lease them pursuant to mineral leases that generally remain in effect or are renewable at our option, or are long-term leases. Accordingly, we expect to be able to mine all reported reserves that are leased prior to termination or expiration of the existing leases.

Table of Contents

Natural Gas

Natural gas is used at our potash solution mines as a fuel to produce steam and to dry potash products. The steam is used to generate electricity, in evaporation and crystallization processes and to provide thermal heat to the solution mining process. Our two solution mines typically account for approximately 78% of our Potash segment s total natural gas requirements for potash production. At our shaft mines, natural gas is used as a fuel to heat fresh air supplied to the shaft mines and for drying potash products. Combined natural gas usage for both the solution and shaft mines approximated 9 million MMbtu and 17 million MMbtu during the seven and twelve months ended December 31, 2013, respectively. We purchase our natural gas requirements on firm delivery index price-based physical contracts and on short term spot-priced physical contracts. Our Canadian operations purchase all of their physical gas in Saskatchewan via the TransGas pipeline system using AECO price indices as pricing references. The U.S. potash operations in New Mexico purchase physical gas in their respective regional markets via the El Paso Permian Basin market hubs as pricing references. We use financial derivative contracts to manage the price of portions of our future purchases.

SALES AND DISTRIBUTION ACTIVITIES

United States and Canada

We have a United States and Canada sales and marketing team that serves our business segments. We sell to wholesale distributors, retail chains, cooperatives, independent retailers and national accounts.

Customer service and the ability to effectively minimize the overall supply chain costs are key competitive factors in the crop nutrient and animal feed ingredients businesses. In addition to our production facilities, to service the needs of our customers, we own, lease or have contractual throughput or other arrangements at strategically located distribution warehouses along or near the Mississippi and Ohio Rivers as well as in other key agricultural regions of the United States and Canada. From these facilities, we market Mosaic produced phosphate and potash products for customers who in turn resell the product into the distribution channel or directly to farmers in the United States and Canada.

We own port facilities in Savage, Minnesota as well as warehouse distribution facilities in Pekin, Illinois; Henderson, Kentucky; and Houston, Texas, which has a deep water berth providing access to the Gulf of Mexico.

In addition to the geographically situated facilities that we own, our U.S. distribution operations also include leased distribution space or contractual throughput agreements in other key geographical areas such as California, Florida, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Minnesota, Nebraska, New York, North Dakota, Pennsylvania and Texas.

Our Canadian customers include independent dealers and national accounts. We also lease and own warehouse facilities in Saskatchewan, Ontario, Quebec and Manitoba in Canada.

International

Outside of the United States and Canada, we market our Phosphates segments products through our own international distribution activities. Until December 31, 2013, we also marketed our Phosphates segment s products outside the United States and Canada through PhosChem. During the Stub Period, PhosChem marketed approximately 47% of our phosphate export sales volume. We administered PhosChem on behalf of PhosChem s member companies. We estimate that PhosChem s sales represented approximately 39% of total U.S. export volume of concentrated phosphates and 9% of global trade volume. The countries that accounted for the largest amount of PhosChem s sales of concentrated phosphates include Brazil, India, Japan, Colombia and Australia. We and PhosChem s other member have determined to dissolve PhosChem, and effective December 31, 2013, we and PhosChem s other member each assumed responsibility for PhosChem s former activities as they related to our respective products. We do not expect this to adversely impact our future results of operations.

Table of Contents

Our sales outside of the United States and Canada of Saskatchewan potash products are made through Canpotex. Canpotex sales are allocated among its members based on peaking capacity. Our potash exports from Carlsbad are sold through our own sales force. We also market our Potash segment s products through our Phosphates segment international distribution activities, which acquire potash primarily through Canpotex. The countries that account for the largest amount of international potash sales, by volume, are Brazil, China, Indonesia, India and Malaysia.

Our Phosphates segment also purchases phosphates, potash and nitrogen products from unrelated third parties, which we either use to produce blended crop nutrients (***Blends***) or for resale.

To service the needs of our customers, our international distribution activities include a network of strategically located sales offices, crop nutrient blending and bagging facilities, port terminals and warehouse distribution facilities that we own and operate in key geographic areas throughout several countries. The blending and bagging facilities primarily produce Blends from phosphate, potash and nitrogen. The average product mix in our Blends (by volume) contains approximately 55% phosphate, 25% potash and 20% nitrogen, although this mix differs based on seasonal and other factors. Our international operations serve primarily as a sales outlet for our North American Phosphates production, both for resale and as an input for Blends. Our Potash segment also has historically furnished a portion of the raw materials needs for the production of Blends, primarily via Canpotex, and is expected to continue to do so in the future.

The following maps show the locations of our primary distribution operations in South America and Asia:

Other Products

With a strong brand position in a multi-billion dollar animal feed ingredients global market, our Phosphates segment supplies animal feed ingredients for poultry and livestock to customers in North America, Latin America and Asia. Our potash sales to non-agricultural users are primarily to large industrial accounts and the animal feed industry. Additionally, we sell potash for de-icing and as a water softener regenerant, as well as fluorosilicic acid for water fluoridation.

Table of Contents

COMPETITION

Because crop nutrients are global commodities available from numerous sources, crop nutrition companies compete primarily on the basis of delivered price. Other competitive factors include product quality, cost and availability of raw materials, customer service, plant efficiency and availability of product. As a result, markets for our products are highly competitive. We compete with a broad range of domestic and international producers, including farmer cooperatives, subsidiaries of larger companies, and independent crop nutrient companies. Foreign competitors often have access to cheaper raw materials, are required to comply with less stringent regulatory requirements or are owned or subsidized by governments and, as a result, may have cost advantages over North American companies. We believe that our extensive North American and international production and distribution system provides us with a competitive advantage by allowing us to achieve economies of scale, transportation and storage efficiencies, and obtain market intelligence. Also, we believe our premium products provide us a competitive advantage with customers in North and South America. Our sales of MES have increased steadily over the past few years, reaching 1.4 million tonnes during the past twelve months.

Unlike many of our competitors, we have our own distribution system to sell phosphate- and potash-based crop nutrients and animal feed ingredients, whether produced by us or by other third parties, around the globe. In North America, we have one of the largest and most strategically located distribution systems for crop nutrients, including warehouse facilities in key agricultural regions. We also have an extensive network of distribution facilities internationally, including in the key growth regions of Latin America and Asia, with port terminals, warehouses, and blending plants in the following countries: Brazil, China, and India. Our global presence allows us to efficiently serve customers in approximately 40 countries.

Phosphates Segment

Our Phosphates segment operates in a highly competitive global market. Among the competitors in the global phosphate industry are domestic and foreign companies, as well as foreign government-supported producers in Asia and North Africa. Phosphate producers compete primarily based on price and, to a lesser extent, product quality, service and innovation, such as our MicroEssentials® product. Major integrated producers of feed phosphates are located in the United States, Europe and China. Many smaller producers are located in emerging markets around the world. Many of these smaller producers are not miners of phosphate rock or manufacturers of phosphoric acid and are required to purchase this material on the open market.

We believe that we are a low cost integrated producer of phosphate-based crop nutrients, due in part to our scale, vertical integration and strategic network of production and distribution facilities. As the world s largest producer of concentrated phosphates, as well as the second largest miner of phosphate rock in the world and the largest in the United States, we maintain an advantage over some competitors as the scale of operations effectively reduces production costs per unit. We are also vertically integrated to captively supply one of our key inputs, phosphate rock, to our phosphate production facilities. We believe that our position as an integrated producer of phosphate rock provides us with a significant cost advantage over competitors that are non-integrated phosphate producers. Our investment in the Miski Mayo Mine and related commercial offtake supply agreement to purchase a share of the phosphate rock also allows us to reduce our purchases of phosphate rock from other suppliers. In addition, we expect that the Northern Promise Joint Venture will enable us to not only further diversify our sources of phosphates but also improve our access to key agricultural countries in Asia and the Middle East.

We produce ammonia at our Faustina, Louisiana concentrates plant in quantities sufficient to meet approximately one quarter of our total ammonia needs. With no captive ammonia production in Florida, we are subject to significant volatility in our purchase price of ammonia from world markets. One of the CF Ammonia Supply Agreements is expected to provide us with a long term supply of a substantial volume of ammonia at prices based on the price of natural gas, and is intended to lessen this volatility. With our own sulfur transportation barges and our 50% ownership interest in Gulf Sulphur Services, we are also well-positioned to source an adequate, flexible and cost-effective supply of sulfur, our third key input. We believe that our investments in sulfur transportation assets continue to afford us a competitive advantage compared to other North American producers in cost and access to sulfur.

Table of Contents

With facilities in both central Florida and Louisiana, we are logistically well positioned to fulfill our needs at very competitive prices. Those multiple production points also afford us the flexibility to optimally balance supply and demand.

We have a strong brand in several of the countries in which we have international distribution activities. In addition to having access to our own production, our international distribution activities have the capability to supply a wide variety of crop nutrients to our dealer/farmer customer base. Our strategic positions in Brazil, China and India allow us to capitalize on the growth in nutrient demand in these large and growing international regions.

We are subject to many environmental laws and regulations in Florida and Louisiana that are often more stringent than those to which producers in other countries are subject.

Potash Segment

Potash is a commodity available from several geographical regions around the world and, consequently, the market is highly competitive. Through our participation in Canpotex, we compete outside of North America against various independent and state-owned potash producers. Canpotex has substantial expertise and logistical resources for the international distribution of potash including strategically located export assets in Portland, Oregon and Vancouver, British Columbia. We also ship product from our Carlsbad, New Mexico, potash facility to our South American and Asian distribution centers. Our principal methods of competition with respect to the sale of potash include product pricing, and offering consistent, high-quality products and superior service. We believe that our potash cost structure is competitive in the industry and should improve as we achieve the expected increases in production from our potash expansion projects.

FACTORS AFFECTING DEMAND

Our results of operations historically have reflected the effects of several external factors which are beyond our control and have in the past produced significant downward and upward swings in operating results. Revenues are highly dependent upon conditions in the agriculture industry and can be affected by, among other factors: crop conditions; changes in agricultural production practices; worldwide economic conditions, including the increasing world population, household incomes, and demand for more protein rich food, particularly in developing regions such as China, India, and Latin America; changing demand for biofuels; variability in commodity pricing; governmental policies; the level of inventories in the crop nutrient distribution channels; customer expectations about farmer economics, future crop nutrient prices and availability and transportation costs, among other matters; market trends in raw material costs; market prices for crop nutrients; and weather. Furthermore, our crop nutrients business is seasonal to the extent farmers and agricultural enterprises in the markets in which we compete purchase more crop nutrient products during the spring and fall. The international scope of our business, spanning the northern and southern hemispheres, reduces to some extent the seasonal impact on our business. The degree of seasonality of our business can change significantly from year to year due to conditions in the agricultural industry and other factors. The seasonal nature of our businesses requires significant working capital for inventory in advance of the planting seasons.

We sell products throughout the world. Unfavorable changes in trade protection laws, policies and measures, government policies and other regulatory requirements affecting trade; unexpected changes in tax and trade treaties; strengthening or weakening of foreign economies as well as political relations with the United States may cause sales trends to customers in one or more foreign countries to differ from sales trends in the United States.

Our international operations are subject to risks from changes in foreign currencies, or government policy, which can affect local farmer economics.

Table of Contents

OTHER MATTERS

Employees

We had approximately 8,200 employees as of December 31, 2013, consisting of approximately 3,800 salaried and 4,400 hourly employees.

Labor Relations

As of December 31, 2013:

We had eleven collective bargaining agreements with unions covering 93% of our hourly employees in the U.S. and Canada. Of these employees, approximately 14% are covered under collective bargaining agreements scheduled to expire in 2014.

Agreements with ten unions covered all employees in Brazil, representing 73% of our international employees. More than one agreement may govern our relations with each of these unions. In general, the agreements are renewable on an annual basis.

Failure to renew any of our union agreements could result in a strike or labor stoppage that could have a material adverse effect on our operations. However, we have not experienced significant work stoppage in many years and historically have had good labor relations.

Financial Information about our Business Segments and Operations by Geographic Areas

We have included financial information about our business segments, our operations by geographic area and our revenues by class of similar products in Note 24 of our Consolidated Financial Statements.

Information Available on our Website

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments thereto, filed with the SEC pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder are made available free of charge on our website, (www.mosaicco.com), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information contained on our website is not being incorporated in this report.

EXECUTIVE OFFICERS

Information regarding our executive officers as of February 18, 2014 is set forth below:

Name	Age	Position
Anthony T. Brausen	54	Senior Vice President Finance and Chief Accounting Officer
Gary Bo N. Davis	61	Senior Vice President Phosphates Operations
Mark E. Kaplan	46	Vice President Public Affairs
Richard L. Mack	46	Executive Vice President, General Counsel and Corporate Secretary
Richard N. McLellan	57	Senior Vice President Commercial
James Joc C. O Rourke	53	Executive Vice President Operations and Chief Operating Officer
James T. Prokopanko	60	Chief Executive Officer, President and Director
Corrine D. Ricard	50	Senior Vice President Human Resources
Lawrence W. Stranghoener	59	Executive Vice President and Chief Financial Officer

Table of Contents

Anthony T. Brausen. Mr. Brausen was elected Senior Vice President Finance and Chief Accounting Officer of Mosaic in December 2011. His responsibilities include global Accounting, Financial Planning, Treasury, Tax, Risk Advisory & Assurance and Information Technology. Previously, Mr. Brausen served as Vice President Finance and Chief Accounting Officer since April 2006. Prior to joining Mosaic as an employee in February 2006, Mr. Brausen had been Vice President and Chief Financial Officer of Tennant Company, a designer, manufacturer and marketer of floor maintenance and outdoor cleaning equipment, chemical-free cleaning technologies, specialty surface coatings and related products, since March 2000. From 1989-2000, Mr. Brausen held several financial management positions, including Vice President and Treasurer, Assistant Controller and Director of Investor Relations, with International Multifoods Corporation, a diversified publicly-traded food processor and distributor. From 1981-1989, Mr. Brausen held various positions with KPMG LLP.

Gary Bo N. Davis. Mr. Davis was elected Senior Vice President Phosphate Operations of Mosaic in July 2011. Previously, Mr. Davis served as Vice President Phosphate Operations of Mosaic since June 2010, as Vice-President Phosphate Operations for all of Mosaic s Florida and Louisiana operations since 2007 and Vice President of Mining since Mosaic s formation in 2004. Prior to the Combination, Mr. Davis held several positions at Cargill, including Vice President, Operations for the fertilizer division from 1999 to 2004. Mr. Davis has worked in the crop nutrient industry for over 30 years.

Mark E. Kaplan. Mr. Kaplan was elected Vice President Public Affairs in August 2011. Mr. Kaplan joined Mosaic in January 2007 as Vice President Planning and Government Affairs of our subsidiary Mosaic Fertilizer, LLC to lead its government affairs function in Florida. In May 2010, Mr. Kaplan became Vice President Public Affairs and Policy for Mosaic s Phosphates business segment, leading its overall public affairs function. Prior to joining Mosaic, Mr. Kaplan served as chief of staff for former Florida Governor Jeb Bush. He also held roles as president and general counsel of Carlisle Development Group LLC, executive director of the Florida Housing Finance Corporation and a shareholder in the law firm Katz, Kutter, Haigler, Alderman, Bryant & Yon, P.A.

Richard L. Mack. Mr. Mack was elected Executive Vice President, General Counsel and Corporate Secretary effective January 1, 2009. Mr. Mack served as Senior Vice President, General Counsel and Corporate Secretary of Mosaic since its formation in 2004. Mr. Mack also provides executive oversight for Mosaic s land development and permitting organizations. Prior to the formation of Mosaic in 2004, Mr. Mack was a Senior Attorney in Cargill s worldwide law department and a co-founder of Cargill s venture capital business unit.

Richard N. McLellan. Mr. McLellan was elected as Senior Vice President Commercial in April 2007. Previously, Mr. McLellan had served us as our Vice President North American Sales since December 2005 and as Country Manager for our (and, prior to the Combination, Cargill s) Brazilian crop nutrient business since November, 2002. Mr. McLellan joined Cargill in 1989 and held various roles in its Canadian and U.S. operations, including grain, retail and wholesale crop nutrient distribution.

James Joc C. O Rourke. Mr. O Rourke was promoted to Executive Vice President Operations and Chief Operating Officer in August 2012. Previously, Mr. O Rourke served as Executive Vice President Operations since January 2009. Prior to joining Mosaic, Mr. O Rourke was President, Australia Pacific for Barrick Gold Corporation, the largest gold producer in Australia, since May 2006, where he was responsible for the Australia Pacific Business Unit consisting of ten gold and copper mines in Australia and Papua New Guinea. Before that, Mr. O Rourke was Executive General Manager Australia and Managing Director of Placer Dome Asia Pacific Ltd., the second largest gold producer in Australia, from December 2004, where he was responsible for the Australia Business Unit consisting of five gold and copper mines; and General Manager Western Australia Operations for Iluka Resources Ltd., the world s largest zircon and second largest titanium producer, from September 2003, where he was responsible for six mining and concentrating operations and two mineral separation/synthetic rutile refineries. Mr. O Rourke had previously held various management, engineering and other roles in the mining industry in Canada and Australia since 1984.

Table of Contents

James T. Prokopanko. Mr. Prokopanko became our President and Chief Executive Officer on January 1, 2007. Until joining us as Executive Vice President and Chief Operating Officer on July 31, 2006, Mr. Prokopanko was a Corporate Vice President of Cargill since 2004. He was Cargill s Corporate Vice President with executive responsibility for procurement from 2002 to 2006 and a platform leader responsible for Cargill s Ag Producer Services Platform from 1999 to July 2006. After joining Cargill in 1978, Mr. Prokopanko served in a wide range of leadership positions, including being named Vice President of North American crop inputs business in 1995. During his Cargill career, Mr. Prokopanko was engaged in retail agriculture businesses in the United States, Canada, Brazil, Argentina and the United Kingdom. Mr. Prokopanko resigned from all of his current positions with Cargill and its subsidiaries (other than Mosaic) in connection with his election as Executive Vice President and Chief Operating Officer of Mosaic. Mr. Prokopanko has served as a director of Mosaic since October 2004 and served as a member of the Corporate Governance and Nominating Committee and the Environmental, Health and Safety Committee of the Company s Board of Directors since his election to the Board through July 31, 2006.

Corrine D. Ricard. Ms. Ricard was named Senior Vice President Human Resources in April 2012. Ms. Ricard has held various leadership positions at Mosaic since its formation, including Vice President International Distribution, Vice President Business Development and Vice President Supply Chain. Prior to Mosaic s formation, Ms. Ricard worked for Cargill in various roles including risk management, supply chain and commodity trading.

Lawrence W. Stranghoener. Mr. Stranghoener joined us as Executive Vice President and Chief Financial Officer in October 2004. He previously served as Executive Vice President and Chief Financial Officer of Thrivent Financial for Lutherans and its predecessor organization from January 1, 2001 until October 2004, where he had responsibility over the organization s investments, finance and related functions. Prior to that, from 1983 through December 1999, Mr. Stranghoener worked in various senior management positions with Honeywell, Inc. in the United States and Europe, including Vice President and Chief Financial Officer, Vice President of Business Development, Vice President of Finance, Director of Corporate Financial Planning and Analysis and Director of Investor Relations. In December 1999, following the Honeywell-AlliedSignal merger, Mr. Stranghoener joined Techies.com of Edina, Minnesota, as Executive Vice President and Chief Financial Officer.

Our executive officers are generally elected to serve until their respective successors are elected and qualified or until their earlier death, resignation or removal. No family relationships, as that term is defined in Item 401(d) of Regulation S-K, exist among any of the listed officers.

Item 1A. Risk Factors.

Our business, financial condition or results of operations could be materially adversely affected by any of the risks and uncertainties described below.

Our operating results are highly dependent upon and fluctuate based upon business and economic conditions and governmental policies affecting the agricultural industry where we or our customers operate. These factors are outside of our control and may significantly affect our profitability.

Our operating results are highly dependent upon business and economic conditions and governmental policies affecting the agricultural industry, which we cannot control. The agricultural products business can be affected by a number of factors. The most important of these factors, for U.S. markets, are:

- weather patterns and field conditions (particularly during periods of traditionally high crop nutrients consumption);
- quantities of crop nutrients imported to and exported from North America;
- current and projected grain inventories and prices, which are heavily influenced by U.S. exports and world-wide grain markets; and

Table of Contents

U.S. governmental policies, including farm and biofuel policies, which may directly or indirectly influence the number of acres planted, the level of grain inventories, the mix of crops planted or crop prices.

International market conditions, which are also outside of our control, may also significantly influence our operating results. The international market for crop nutrients is influenced by such factors as the relative value of the U.S. dollar and its impact upon the cost of importing crop nutrients, foreign agricultural policies, including subsidy policies, the existence of, or changes in, import or foreign currency exchange barriers in certain foreign markets, changes in the hard currency demands of certain countries and other regulatory policies of foreign governments, as well as the laws and policies of the United States affecting foreign trade and investment.

Our most important products are global commodities, and we face intense global competition from other crop nutrient producers that can affect our prices and volumes.

Our most important products are concentrated phosphate crop nutrients, including diammonium phosphate, or DAP, monoammonium phosphate, or MAP, MES and muriate of potash, or MOP. We sell most of our DAP, MAP and MOP in the form of global commodities. Our sales of these products face intense global competition from other crop nutrient producers.

Changes in competitors production or shifts in their marketing focus have in the past significantly affected both the prices at which we sell our products and the volumes that we sell, and are likely to continue to do so in the future.

Competitors are more likely to increase their production at times when world agricultural and crop nutrient markets are strong, and to focus on sales into regions where their returns are highest. Increases in the global supply of DAP, MAP and MOP or competitors increased sales into regions in which we have significant sales could adversely affect our prices and volumes.

Competitors and potential new entrants in the markets for both concentrated phosphate crop nutrients and potash have in recent years expanded capacity, or begun, or announced plans, to expand capacity or build new facilities. The extent to which current global or local economic and financial conditions, changes in global or local economic and financial conditions, or other factors may cause delays or cancellation of some of these ongoing or planned projects, or result in the acceleration of existing or new projects, is unclear. In addition, the level of exports by producers of concentrated phosphate crop nutrients in China depends to a significant extent on Chinese government actions to curb exports through, among other measures, prohibitive export taxes at times when the government believes it desirable to assure ample domestic supplies of concentrated phosphate crop nutrients to stimulate grain and oilseed production.

In addition, some of our competitors who are expanding their potash production capacity include other members of Canpotex. Canpotex members respective shares of Canpotex sales is based upon the members respective proven peaking capacity for producing potash. When a Canpotex member expands its production capacity, the new capacity is added to that member s proven peaking capacity based on a test run at the maximum production level. Antitrust and competition laws prohibit the members of Canpotex from coordinating their production decisions, including the timing of their respective test runs. Worldwide potash production levels during these test runs could exceed then-current market demand, resulting in an oversupply of potash and lower potash prices.

We cannot accurately predict when or whether competitors or new entrants ongoing or planned capacity expansions or new facilities will be completed, the timing of competitors tests to prove peaking capacity for Canpotex purposes, the cumulative effect of these and recently completed expansions, the impact of future decisions by the Chinese government on the level of Chinese exports of concentrated phosphate crop nutrients, or the effects of these or other actions by our competitors on the prices for our products or the volumes that we are able to sell.

Table of Contents

Our crop nutrients and other products are subject to price and demand volatility resulting from periodic imbalances of supply and demand, which may cause our results of operations to fluctuate.

Historically, the market for crop nutrients has been cyclical, and prices and demand for our products have fluctuated to a significant extent, particularly for phosphates and, to a lesser extent, potash. Periods of high demand, increasing profits and high capacity utilization tend to lead to new plant investment and increased production. This growth increases supply until the market is over-saturated, leading to declining prices and declining capacity utilization until the cycle repeats.

As a result, crop nutrient prices and volumes have been volatile. This price and volume volatility may cause our results of operations to fluctuate and potentially deteriorate. The price at which we sell our crop nutrient products and our sales volumes could fall in the event of industry oversupply conditions, which could have a material adverse effect on our business, financial condition and results of operations. In contrast, high prices may lead our customers and farmers to delay purchasing decisions in anticipation of future lower prices, thus impacting our sales volumes.

Due to reduced market demand, depressed agricultural economic conditions and other factors, we and our predecessors have at various times suspended or reduced production at some of our facilities. The extent to which we utilize available capacity at our facilities will cause fluctuations in our results of operations, as we will incur costs for any temporary or indefinite shutdowns of our facilities and lower sales tend to lead to higher fixed costs as a percentage of sales.

Variations in crop nutrient application rates may exacerbate the cyclicality of the crop nutrient markets.

Farmers are able to maximize their economic return by applying optimum amounts of crop nutrients. Farmers decisions about the application rate for each crop nutrient, or to forego application of a crop nutrient, particularly phosphate and potash, vary from year to year depending on a number of factors, including among others, crop prices, crop nutrient and other crop input costs or the level of the crop nutrient remaining in the soil following the previous harvest. Farmers are more likely to increase application rates when crop prices are relatively high, crop nutrient and other crop input costs are relatively low and the level of the crop nutrient remaining in the soil is relatively low. Conversely, farmers are likely to reduce or forego application when farm economics are weak or declining or the level of the crop nutrients remaining in the soil is relatively high. This variability in application rates can materially accentuate the cyclicality in prices for our products and our sales volumes.

Our crop nutrient business is seasonal, which may result in carrying significant amounts of inventory and seasonal variations in working capital, and our inability to predict future seasonal crop nutrient demand accurately may result in excess inventory or product shortages.

The crop nutrient business is seasonal. Farmers tend to apply crop nutrients during two short application periods, the strongest one in the Spring before planting and the other in the Fall after harvest. As a result, the strongest demand for our products typically occurs during the Spring planting season, with a second period of strong demand following the Fall harvest. In contrast, we and other crop nutrient producers generally produce our products throughout the year. As a result, we and/or our customers generally build inventories during the low demand periods of the year in order to ensure timely product availability during the peak sales seasons. The seasonality of crop nutrient demand results in our sales volumes and net sales typically being the highest during the North American Spring season and our working capital requirements typically being the highest just prior to the start of the Spring season. Our quarterly financial results can vary significantly from one year to the next due to weather-related shifts in planting schedules and purchasing patterns.

If seasonal demand exceeds our projections, we will not have enough product and our customers may acquire products from our competitors, which would negatively impact our profitability. If seasonal demand is less than we expect, we will be left with excess inventory and higher working capital and liquidity requirements.

Table of Contents

The degree of seasonality of our business can change significantly from year to year due to conditions in the agricultural industry and other factors.

The distribution channels for crop nutrients have capacity to build significant levels of inventories. Significant levels of inventories in the distribution channels for crop nutrients can adversely affect our sales volumes and selling prices.

In order to balance the production needs of crop nutrient producers with farmers seasonal use of crop nutrients, crop nutrient distribution channels need to have the capacity to build significant inventories. The build-up of inventories in the distribution channels can become excessive, particularly during the cyclical periods of low demand that have been typical in the crop nutrient industry. When there are excessive inventories in the distribution channel, our sales volumes and selling prices can be adversely impacted, even during periods in which farmers use of crop nutrients may remain strong.

Changes in transportation costs can affect our sales volumes and selling prices.

The cost of delivery is a significant factor in the total cost to customers and farmers of crop nutrients. As a result, changes in transportation costs or in customer expectations about them can affect our sales volumes and prices.

Customer expectations about future events can have a significant effect on the demand for our products. These expectations can significantly affect our sales volumes and selling prices.

Customer expectations about future events has had and is expected to continue to have an effect on the demand and prices for crop nutrients. Future events that may be affected by customer expectations include, among others:

Customer expectations about future crop nutrient prices and availability.
Customer expectations about selling prices and availability of crop nutrients has had and is expected to continue to have an effect on the demand for crop nutrients. When customers anticipate increasing crop nutrient selling prices, customers tend to accumulate inventories before the anticipated price increases. This can result in a lag in our realization of rising market prices for our products. Conversely, customers tend to delay their purchases when they anticipate future selling prices for crop nutrients will stabilize or decrease, adversely affecting our sales volumes and selling prices. Customer expectations about availability of crop nutrients can have similar effects on sales volumes and prices.

Customer expectations about future farmer economics.
Similarly, customer expectations about future farmer economics has had and is expected to continue to have an effect on the demand for crop nutrients. When customers anticipate improving farmer economics, customers tend to accumulate crop nutrient inventories in anticipation of increasing sales volumes and selling prices. This can result in a lag in our realization of rising market prices for our products. Conversely, when customers anticipate declining farmer economics, customers tend to reduce the level of their purchases of crop nutrients, adversely affecting our sales volumes and selling prices.

Changes in customer expectations about transportation costs.
As discussed above, increasing transportation costs effectively increase customers and farmers costs for crop nutrients and can reduce the amount we realize for our sales. Expectations of decreasing transportation costs can result in customers and farmers anticipating that they may be able to decrease their costs by delaying purchases. As a result, changes in customer expectations about transportation costs can affect our sales volumes and prices.

Table of Contents

We conduct our operations primarily through a limited number of key production and distribution facilities. Any disruption at one of these facilities could have a material adverse impact on our business. The risk of material disruption increases when demand for our products results in high operating rates at our facilities.

We conduct our operations through a limited number of key production and distribution facilities. These facilities include our phosphate mines and concentrates plants; our potash mines; and the ports and other distribution facilities through which we, and the export associations and joint ventures in which we participate, conduct our respective businesses, as well as other commercial arrangements with unrelated third parties. Any disruption of operations at one of these facilities has the possibility of significantly affecting our production or our ability to distribute our products. Operating these facilities at high rates during periods of high demand for our products increases the risk of mechanical or structural failures, decreases the time available for routine maintenance and increases the impact on our operating results from any disruption. A disruption of operations at one of our key facilities could have a material adverse effect on our results of operations or financial condition.

Examples of the types of events that could result in a disruption at one of these facilities include: adverse weather; strikes or other work stoppages; deliberate, malicious acts; political and economic instability and other risks associated with our international operations; changes in permitting, financial assurance or other environmental, health and safety laws or other changes in the regulatory environment in which we operate; legal and regulatory proceedings; our relationships with other members of export associations and joint ventures in which we participate and their or our exit from participation in such export associations or joint ventures; other changes in our commercial arrangements with unrelated third parties; brine inflows at our Esterhazy, Saskatchewan, mine or our other shaft mines; other accidents occurring in the course of operating activities; and other factors.

Insurance market conditions, our loss experience and other factors affect the insurance coverage that we carry, and we are not fully insured against all potential hazards and risks incident to our business. As a result, our insurance coverage may not adequately cover our losses.

We maintain property, business interruption and casualty insurance policies, but we are not fully insured against all potential hazards and risks incident to our business. We are subject to various self-retentions and deductibles under these insurance policies. As a result of market conditions, our loss experience and other factors, our premiums, self-retentions and deductibles for insurance policies can increase substantially and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. In addition, significantly increased costs could lead us to decide to reduce, or possibly eliminate, coverage. As a result, a disruption of operations at one of our key facilities or a significant casualty could have a material adverse effect on our results of operation or financial condition.

Important raw materials and energy used in our businesses in the past have been and may in the future be the subject of volatile pricing. Changes in the price of our raw materials could have a material impact on our businesses.

Natural gas, ammonia and sulfur are key raw materials used in the manufacture of phosphate crop nutrient products. Natural gas is used as both a chemical feedstock and a fuel to produce anhydrous ammonia, which is a raw material used in the production of concentrated phosphate products. Natural gas is also a significant energy source used in the potash solution mining process. From time to time, our profitability has been and may in the future be impacted by the price and availability of these raw materials and other energy costs. Because most of our products are commodities, there can be no assurance that we will be able to pass through increased costs to our customers. A significant increase in the price of natural gas, ammonia, sulfur or energy costs that is not recovered through an increase in the price of our related crop nutrients products could have a material impact on our business.

Table of Contents

During periods when the price for concentrated phosphates is falling because of falling raw material prices, we may experience a lag in realizing the benefits of the falling raw materials prices. This lag can adversely affect our gross margins and profitability.

During some periods, changes in market prices for raw materials can lead to changes in the global market prices for concentrated phosphate crop nutrients. In particular, the global market prices for concentrated phosphate crop nutrients can be affected by changes in the market prices for sulfur, ammonia, phosphate rock and/or phosphoric acid raw materials. Increasing market prices for these raw materials tend to put upward pressure on the selling prices for concentrated phosphate crop nutrients, and decreasing market prices for these raw materials tend to put downward pressure on selling prices for concentrated phosphate crop nutrients. When the market prices for these raw materials plunge rapidly, the selling prices for our concentrated phosphate crop nutrients can fall more rapidly than we are able to consume our raw material inventory that we purchased or committed to purchase in the past at higher prices. As a result, our costs may not fall as rapidly as the selling prices of our products. Until we are able to consume the higher priced raw materials, our gross margins and profitability can be adversely affected.

During periods when the prices for our products are falling because of falling raw material prices, we could be required to write-down the value of our inventories. Any such write-down would adversely affect our results of operations and the level of our assets.

We carry our inventories at the lower of cost or market. In periods when the market prices for our products are falling rapidly in response to falling market prices for raw materials, it is possible that we could be required to write-down the value of our inventories if market prices fall below our costs. Any such write-down would adversely affect our results of operations and the level of our assets. Any such effect could be material.

Our estimates of future selling prices reflect in part the purchase commitments we have from our customers. As a result, defaults on these existing purchase commitments because of the global or local economic and financial conditions or for other reasons could adversely affect our estimates of future selling prices and require additional inventory write-downs.

In the event of a disruption to existing terminaling facilities or transportation for our products or raw materials, alternative terminaling facilities or transportation might not be available on a timely basis or have sufficient capacity to fully serve all of our customers or facilities.

In the event of a disruption of existing terminaling facilities or transportation for our products or raw materials, alternative terminaling facilities or transportation might not be available on a timely basis or have sufficient capacity to fully serve all of our customers or facilities.

Terminaling facilities and transportation include the ports and other distribution facilities through which we, and the export associations and joint ventures in which we participate, conduct our respective businesses; transportation and related equipment arrangements; and other commercial arrangements with unrelated third parties.

Examples of the types of events that could result in a disruption of terminaling facilities or transportation include: adverse weather; strikes or other work stoppages; deliberate, malicious acts; political and economic instability and other risks associated with our international operations; changes in permitting, financial assurance or other environmental, health and safety laws or other changes in the regulatory environment in which we operate; legal and regulatory proceedings; our relationships with other members of export associations and joint ventures in which we participate and their or our exit from participation in such export associations and joint ventures; other changes in our commercial arrangements with unrelated third parties; accidents occurring in the course of operating activities; lack of truck, rail, barge or ship transportation; and other factors. We discuss a number of these examples in more detail throughout this Risk Factors section.

Table of Contents

We are subject to risks associated with our international sales and operations, which could negatively affect our sales to customers in foreign countries as well as our operations and assets in foreign countries. Some of these factors may also make it less attractive to distribute cash generated by our operations outside the United States to our stockholders, or to utilize cash generated by our operations in one country to fund our operations or repayments of indebtedness in another country or to support other corporate purposes.

For the Stub Period, we derived approximately 61% of our net sales from customers located outside of the United States. As a result, we are subject to numerous risks and uncertainties relating to international sales and operations, including:

- difficulties and costs associated with complying with a wide variety of complex laws, treaties and regulations;
- unexpected changes in regulatory environments;
- increased government ownership and regulation of the economy in the countries we serve;
- political and economic instability, including the possibility for civil unrest, inflation and adverse economic conditions resulting from governmental attempts to reduce inflation, such as imposition of higher interest rates and wage and price controls;
- nationalization of properties by foreign governments;
- the imposition of tariffs, exchange controls, trade barriers or other restrictions; and
- currency exchange rate fluctuations between the U.S. dollar and foreign currencies, particularly the Brazilian real and the Canadian dollar.

The occurrence of any of the above in the countries in which we operate or elsewhere could jeopardize or limit our ability to transact business there and could adversely affect our revenues and operating results and the value of our assets located outside of the United States.

In addition, tax regulations, currency exchange controls and other restrictions may also make it economically unattractive to:

- distribute cash generated by our operations outside the United States to our stockholders; or
- utilize cash generated by our operations in one country to fund our operations or repayments of indebtedness in another country or to support other corporate purposes.

Our international assets are located in countries with volatile conditions, which could subject us and our assets to significant risks.

We are a global business with substantial assets located outside of the United States and Canada. Our operations in Brazil, China and India are a fundamental part of our business. We also have a joint venture investment in the Miski Mayo mine in Peru that supplies phosphate rock to us, and recently entered into the Northern Promise Joint Venture to develop a mine and chemical complexes that we presently expect would produce phosphate fertilizers, animal feed, feed grade purified phosphoric acid and sodium tripolyphosphate in the Kingdom of Saudi Arabia. Volatile economic, political and market conditions in these and other emerging market countries may have a negative impact on our operations, operating results and financial condition.

31

Table of Contents

Natural resource extraction is an important part of the economy in Peru, and, in the past, there have been protests against other natural resource operations in Peru. As of the date of this report, there remain numerous social conflicts that exist within the natural resource sector in Peru and as a result there is potential for active protests against natural resource companies. If the Government of Peru s proactive efforts to address the social and environmental issues surrounding natural resource activities were not successful, protests could extend to or impact the Miski Mayo mine and adversely affect our investment in the Miski Mayo joint venture or the supply of phosphate rock to us from the mine.

Adverse weather conditions, including the impact of potential hurricanes, excess rainfall or drought, have in the past, and may in the future, adversely affect our operations, particularly our Phosphates business, and result in increased costs, decreased production and potential liabilities.

Adverse weather conditions, including the impact of potential hurricanes and excess rainfall, have in the past and may in the future adversely affect our operations, particularly our Phosphates business. In the past, hurricanes have resulted in minor physical damage to our facilities in Florida and Louisiana. In addition, a release of phosphoric acid process wastewater at our Riverview, Florida facility during a hurricane resulted in a small civil fine, settlement for an immaterial amount of claims for natural resource damages by governmental agencies and an ongoing private class action lawsuit.

More significantly, water treatment costs, particularly at our Florida operations, due to high water balances tend to increase significantly following excess rainfall from hurricanes and other adverse weather. Some of our Florida facilities have high water levels that may, from time to time, require treatment. The high water balances at phosphate facilities in Florida also led the Florida Department of Environmental Protection to adopt new rules requiring phosphate production facilities to meet more stringent process water management objectives for phosphogypsum management systems.

If additional excess rainfall or hurricanes continue to occur in coming years, our facilities may be required to take additional measures to manage process water to comply with existing or future requirements and these measures could potentially have a material effect on our business and financial condition.

Adverse weather may also cause a loss of production due to disruptions in our supply chain. For example, oil refineries that supply sulfur to us can be closed as a result of a hurricane and incoming shipments of ammonia can be delayed, disrupting production at our Florida or Louisiana facilities.

Conversely, drought can also adversely affect us. For example, drought can reduce farmers crop yields and the uptake of phosphates and potash, reducing the need for application of additional phosphates and potash for the next planting season. Drought can also lower river levels, adversely affecting delivery of our products to our customers.

Our operations are dependent on having the required permits and approvals from governmental authorities. Denial or delay by a government agency in issuing any of our permits and approvals or imposition of restrictive conditions on us with respect to these permits and approvals may impair our business and operations.

We hold numerous governmental environmental, mining and other permits and approvals authorizing operations at each of our facilities. A decision by a government agency to revoke or substantially modify an existing permit or approval could have a material adverse effect on our ability to continue operations at the affected facility.

Expansion of our operations also is predicated upon securing the necessary environmental or other permits or approvals. Over the next several years, we and our subsidiaries will be continuing our efforts to obtain permits in support of our anticipated Florida mining operations at certain of our properties.

Table of Contents

A denial of, or delay in issuing, these permits, the issuance of permits with cost-prohibitive conditions, legal actions that prevent us from relying on permits or revocation of permits, could prevent us from mining at these properties and thereby have a material adverse effect on our business, financial condition or results of operations.

For example:

In Florida, local community participation has become an important factor in the permitting process for mining companies, and various local counties and other parties in Florida have in the past and continue to file lawsuits challenging the issuance of some of the permits we require. In fiscal 2009, in connection with our efforts to permit an extension of our Four Corners, Florida, phosphate rock mine, non-governmental organizations for the first time filed a lawsuit in federal court against the U.S. Army Corps of Engineers (the ***Corps***) with respect to its actions in issuing a federal wetlands permit. The federal wetlands permit issued by the Corps remained in effect. Mining on the extension commenced and approximately 600 acres were mined and/or disturbed. In September 2013, this lawsuit was dismissed by the United States District Court for the Middle District of Florida, Jacksonville Division.

Delays in receiving a federal wetlands permit impacted the scheduled progression of mining activities for the extension of our South Fort Meade, Florida, phosphate rock mine into Hardee County. As a result, we began to idle a portion of our mining equipment at the mine in the latter part of fiscal 2010. In June 2010, the Corps issued the federal wetlands permit. Subsequently, certain non-governmental organizations filed another lawsuit in the United States District Court for the Middle District of Florida, Jacksonville Division, contesting the issuance of this federal wetlands permit, alleging that the Corps actions in issuing the permit violated several federal laws relating to the protection of the environment. Preliminary injunctions entered into in connection with this lawsuit resulted in shutdowns or reduced production at our South Fort Meade mine until April 2012. Following a settlement of the lawsuit in February 2012 and court approval, we were able to resume normal production at our South Fort Meade mine.

The periods of shutdown and reduced phosphate rock production at our South Fort Meade mine resulted in costs to suspend operations and idle plant costs. Lower phosphate rock mining production levels also adversely affected gross margin.

In fiscal 2011, we were notified by the Corps that it planned to conduct an area-wide environmental impact statement (***AEIS***) for the central Florida phosphate district. On June 1, 2012 the Corps published notice of availability of the draft AEIS in the Federal Register and announced that it would accept public comment on the draft AEIS through July 31, 2012. We, along with other members of the public, submitted comments for the Corps to consider as it completed the final AEIS. The Corps issued the final AEIS on April 25, 2013. The final AEIS includes information on environmental impacts upon which the Corps will rely in its consideration of our pending federal wetlands permits for our future mining of our Wingate, Ona and DeSoto phosphate rock reserves.

We have included additional discussion about permitting for our phosphate mines in Florida under Environmental, Health and Safety Matters Permitting in our Management s Analysis and in Note 20 of our Consolidated Financial Statements.

We are subject to financial assurance requirements as part of our routine business operations. These financial assurance requirements affect our costs and increase our liquidity requirements. If we were unable to satisfy applicable financial assurance requirements, we might not be able to obtain or maintain permits we need to operate our business as we have in the past. Our need to comply with these requirements could materially affect our business, results of operations or financial condition.

In many cases, as a condition to procuring or maintaining permits and approvals or otherwise, we are required to comply with financial assurance regulatory requirements. The purpose of these requirements is to provide

Table of Contents

comfort to the government that sufficient funds will be available for the ultimate closure, post-closure care and/or reclamation of our facilities. In most cases, these financial assurance requirements have historically been satisfied without the need for any expenditure of corporate funds to the extent our financial statements meet certain balance sheet and income statement financial strength tests. In the event that we are unable to satisfy these financial strength tests, we must utilize alternative methods of complying with the financial assurance requirements or could be subject to enforcement proceedings brought by relevant government agencies. Potential alternative methods of compliance include negotiating a consent decree that imposes alternative financial assurance or other conditions or, alternatively, providing credit support in the form of cash escrows or trusts, surety bonds from insurance companies, letters of credit from banks, or other forms of financial instruments or collateral to satisfy the financial assurance requirements. Use of these alternative means of financial assurance imposes additional expense on us. Some of them, such as letters of credit, also use a portion of our available liquidity. Other alternative means of financial assurance, such as surety bonds, may in some cases require collateral and generally require us to obtain a discharge of the bonds or to post additional collateral (typically in the form of cash or letters of credit) at the request of the issuer of the bonds. Collateral that is required may be in many forms including letters of credit or other financial instruments that utilize a portion of our available liquidity, or in the form of assets such as real estate, which reduces our flexibility to manage or sell assets. In the past, we have also not always been able to satisfy applicable financial strength tests, and in the future, it is possible that we will not be able to pass the applicable financial strength tests, negotiate consent decrees, establish escrow or trust accounts or obtain letters of credit, surety bonds or other financial instruments on acceptable terms and conditions or at a reasonable cost, or that the form and/or cost of compliance could increase, which could materially adversely affect our business, results of operations or financial condition.

As more fully discussed in Note 20 of our Consolidated Financial Statements, the U.S. Environmental Protection Agency is engaged in an ongoing review of mineral processing industries, including us and other phosphoric acid producers, under the U.S. Resource Conservation and Recovery Act. We are negotiating with the government the terms of a possible settlement of certain matters related to this review. The final terms of this possible settlement are not yet agreed or approved; however, if a settlement can be achieved, in all likelihood our multi-faceted commitments would include as one of its key elements our deposit into a trust fund of an amount currently estimated at $625 million to pre-fund a material portion of our existing asset retirement obligations for closure and post-closure care of our phosphogypsum management systems.

We have included additional discussion about financial assurance requirements under Off Balance Sheet Arrangements and Obligations Other Commercial Commitments in our Management s Discussion and Analysis of Financial Condition and Results of Operations.

The other environmental regulations to which we are subject may also have a material adverse effect on our business, financial condition and results of operations.

In addition to permitting and financial assurance requirements, we are subject to numerous other environmental, health and safety laws and regulations in the U.S., Canada, China, Brazil and other countries where we operate. These laws and regulations govern a wide range of matters, including environmental controls, land reclamation, discharges to air and water and remediation of hazardous substance releases. They significantly affect our operating activities as well as the level of our operating costs and capital expenditures. In some international jurisdictions, environmental laws change frequently and it may be difficult for us to determine if we are in compliance with all material environmental laws at any given time.

We are, and may in the future be, involved in legal and regulatory proceedings that could be material to us. These proceedings include legacy matters arising from activities of our predecessor companies and from facilities and businesses that we have never owned or operated.

We have in the past been, are currently and may in the future be subject to legal and regulatory proceedings that could be material to our business, results of operations, liquidity or financial condition. Joint ventures in which

Table of Contents

we participate could also become subject to these sorts of proceedings. These proceedings may be brought by the government or private parties and may arise out of a variety of matters, including:

- Allegations by the government or private parties that we have violated the permitting, financial assurance or other environmental, health and safety laws and regulations discussed above. For example, in connection with possible settlement of matters relating to the U.S. Environmental Protection Agency s ongoing review of mineral processing industries under the U.S. Resource Conservation and Recovery Act, we anticipate that any settlement would include, in general and among other elements, in addition to the trust fund discussed above, our commitment to capital expenditures likely to exceed $150 million in the aggregate over a period of several years and civil penalties. We are also involved in other proceedings alleging that, or to review whether, we have violated environmental laws in the United States and Brazil.

- Other environmental, health and safety matters, including alleged personal injury, wrongful death, complaints that our operations are adversely impacting nearby farms and other business operations, other property damage, subsidence from mining operations, natural resource damages and other damage to the environment, arising out of operations, including accidents. For example, several actions were initiated by the government and private parties related to releases of phosphoric acid process wastewater at our Riverview, Florida facility during the hurricanes in 2004.

- Antitrust, commercial, tax (including tax audits) and other disputes. For example, we were one of a number of defendants in multiple class-action lawsuits, in which the plaintiffs sought unspecified amounts of damages including treble damages, alleging that we and other defendants conspired to, among other matters, fix the price at which potash was sold in the United States, allocated market shares and customers and fraudulently concealed their anticompetitive conduct. In January 2013, we settled these class action antitrust lawsuits for an aggregate of $43.8 million.

The legal and regulatory proceedings to which we are currently or may in the future be subject can, depending on the circumstances, result in monetary damage awards, fines, penalties, other liabilities, injunctions or other court or administrative rulings that interrupt, impede or otherwise materially affect our business operations, and/or criminal sanctions.

Among other environmental laws, the U.S. Comprehensive Environmental Response, Compensation, and Liability Act (***CERCLA***) imposes liability, including for cleanup costs, without regard to fault or to the legality of a party s conduct, on certain categories of persons, including current and former owners and operators of a site and parties who are considered to have contributed to the release of hazardous substances into the environment. Under CERCLA, or various U.S. state analogs, one party may, under certain circumstances, be required to bear more than its proportional share of cleanup costs at a site where it has liability if payments cannot be obtained from other responsible parties. As a crop nutrient company working with chemicals and other hazardous substances, we will periodically incur liabilities and cleanup costs, under CERCLA and other environmental laws, with regard to our current or former facilities, adjacent or nearby third-party facilities or offsite disposal locations.

Pending and potential legal and regulatory proceedings may arise out of our present activities, including operations at current facilities. They may also arise out of past activities by us, our predecessor companies and subsidiaries that our predecessors have sold. These past activities were in some cases at facilities that we and our subsidiaries no longer own or operate and may have never owned or operated.

Settlements of legal and regulatory matters frequently require court approval. In the event a court were not to approve of a settlement, it is possible that we and the other party or parties to the matter might not be able to settle it on terms that were acceptable to all parties or that we could be required to accept more stringent terms of settlement than required by the opposing parties.

Table of Contents

We have included additional information with respect to pending legal and regulatory proceedings in Note 20 of our Consolidated Financial Statements and in this report in Part I, Item 3, Legal Proceedings .

These legal and regulatory proceedings involve inherent uncertainties and could negatively impact our business, results of operations, liquidity or financial condition.

The permitting, financial assurance and other environmental, health and safety laws and regulations to which we are subject may become more stringent over time. This could increase the effects on us of these laws and regulations, and the increased effects could be material.

Continued government and public emphasis on environmental, health and safety issues in the U.S., Canada, China, Brazil and other countries where we operate can be expected to result in requirements that apply to us and our operations that are more stringent than those that are described above and elsewhere in this report. These more stringent requirements may include among other matters increased levels of future investments and expenditures for environmental controls at ongoing operations which will be charged against income from future operations, increased levels of the financial assurance requirements to which we are subject, increased efforts or costs to obtain permits or denial of permits, other new or interpretations of existing statutes or regulations that impose new or more stringent restrictions or liabilities, including liabilities under CERCLA or similar statutes, including restrictions or liabilities related to elevated levels of naturally-occurring radiation that arise from disturbing the ground in the course of mining activities, and other matters that could increase our expenses, capital requirements or liabilities or adversely affect our business, liquidity or financial condition. In addition, to the extent restrictions imposed in countries where our competitors operate, such as China, India, Former Soviet Union countries or Morocco, are less stringent than in the countries where we operate, our competitors could gain cost or other competitive advantages over us. These effects could be material.

Among other matters, there are several ongoing initiatives relating to nutrient discharges. New regulatory restrictions from these initiatives could have a material effect on either us or our customers. For example:

On December 6, 2010, the EPA adopted numeric water quality standards for the discharge of nitrogen and/or phosphorus into Florida lakes and streams (the NNC Rule). The NNC Rule set criteria for such discharges that would require drastic reductions in the levels of nutrients allowed in Florida lakes and streams, and would have required us and others to significantly limit discharges of these nutrients in Florida by March, 2012. Subsequently, in a lawsuit that we and others brought, a federal court invalidated the NNC Rule in part, upheld it in part, remanded the invalid parts of the rule to the EPA for reconsideration and reproposal and postponed the effective date of the parts of the rule that the court upheld. The part of the EPA s NNC Rule that applies to lakes and springs is now in effect, and we are reviewing its potential effect on us. Other portions of the proposed NNC Rule remain pending. The Florida Department of Environmental Protection (FDEP) has adopted, and EPA has approved, state nutrient criteria rules that would supplant the federal NNC Rule. A recent court ruling paves the way for the EPA to withdraw the federal NNC Rule for lakes and springs, and to withdraw the proposed federal NNC Rule for streams and flowing waters, allowing the FDEP criteria to become effective. Subject to further rulemaking and litigation developments, we expect that compliance with the requirements of nutrient criteria rules could adversely affect our Florida Phosphate operations, require significant capital expenditures and substantially increase our annual operating expenses.

The Gulf Coast Ecosystem Restoration Task Force, established by executive order of the President and comprised of five Gulf states and eleven federal agencies, has delivered a final strategy for long-term ecosystem restoration for the Gulf Coast. The strategy calls for, among other matters, reduction of the flow of excess nutrients into the Gulf through state nutrient reduction frameworks, new nutrient reduction approaches and reduction of agricultural and urban sources of excess nutrients. Implementation of the strategy will require legislative or regulatory action at the state level. We cannot predict what the requirements of any such legislative or regulatory action could be or whether or how it would affect us or our customers.

Table of Contents

In March 2012, several nongovernmental organizations brought a lawsuit in federal court against the EPA, seeking to require it to establish numeric nutrient criteria for nitrogen and phosphorous in the Mississippi River basin and the Gulf of Mexico. The EPA had previously denied a 2008 petition seeking such standards. On May 30, 2012, the court granted our motion to intervene in this lawsuit. On September 20, 2013 the Court ruled that the EPA had to respond directly to the environmental organizations petition as to whether numeric nutrient criteria for the Mississippi River basin and Gulf of Mexico are necessary under the Clean Water Act, but that the EPA had the discretion to rely on administrative, policy and other non-technical factors in responding to the petition. The EPA is considering appealing the district court decision. In the event that the EPA were to adopt numeric nutrient criteria for the Mississippi River basin and the Gulf of Mexico, we cannot predict what these requirements would be or the effects they would have on us or our customers.

Regulatory restrictions on greenhouse gas emissions in the United States, Canada or elsewhere could adversely affect us, and these effects could be material.

Various governmental initiatives to limit greenhouse gas emissions are under way or under consideration around the world. These initiatives could restrict our operating activities, require us to make changes in our operating activities that would increase our operating costs, reduce our efficiency or limit our output, require us to make capital improvements to our facilities, increase our energy, raw material and transportation costs or limit their availability, or otherwise adversely affect our results of operations, liquidity or capital resources, and these effects could be material to us.

Governmental greenhouse gas emission initiatives include among others:

Initiatives in the United States: Various legislative or regulatory initiatives relating to greenhouse gases have been adopted or considered by the U.S. Congress, the EPA or various states. It is possible that future legislation or regulation addressing climate change could adversely affect our operating activities, energy, raw material and transportation costs, results of operations, liquidity or capital resources, and these effects could be material.

Initiatives in Canada: Canada remains committed to addressing climate change. Under the United Nations Framework Convention on Climate Change (UNFCCC), Canada signed the Copenhagen Accord in December 2009 and committed to reduce its greenhouse gas (GHG) emissions to 17% below 2005 levels by 2020. The government is pursuing a sector-by-sector regulatory approach aligned with the United States, where appropriate. Our Saskatchewan Potash facilities continue to work with the Canadian Fertilizer Institute and Environment Canada on a sector based approach.

In May 2009, the Province of Saskatchewan, in which our Canadian potash mines are located, began to consider legislation intended to lead to the development and administration of climate change regulation in Saskatchewan by the Province rather than the federal government. Key elements under consideration by the Province include a primary focus on achieving a 20% reduction by 2020. Under the proposed framework, compliance mechanisms such as the Technology Fund, Recognition for Early Action, Pre-Certified Investments, Emission Intensive Trade Exposed credits and carbon offsets would be established to provide flexibility for regulated emitters to meet their greenhouse gas reduction obligations.

International Initiatives. Although international negotiations concerning greenhouse gas emission reductions and other responses to climate change are underway, final obligations in the post-Kyoto Protocol period after 2012 remain undefined. Any new international agreements addressing climate change could adversely affect our operating activities, energy, raw material and transportation costs, results of operations, liquidity or capital resources, and these effects could be material. In addition, to the extent climate change restrictions imposed in countries where our competitors operate, such as China, India, Former Soviet Union countries or Morocco, are less stringent than in the United States or Canada, our competitors could gain cost or other competitive advantages over us.

Table of Contents

Future climate change could adversely affect us.

The prospective impact of potential climate change on our operations and those of our customers and farmers remains uncertain. Some scientists have hypothesized that the impacts of climate change could include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperature levels and that these changes could be severe. These impacts could vary by geographic location. At the present time, we cannot predict the prospective impact of potential climate change on our results of operations, liquidity or capital resources, or whether any such effects could be material to us.

Some of our competitors and potential competitors have greater resources than we do which may place us at a competitive disadvantage and adversely affect our sales and profitability. These competitors include state-owned and government-subsidized entities in other countries.

We compete with a number of producers in North America and throughout the world, including state-owned and government-subsidized entities. Some of these entities may have greater total resources than we do, and may be less dependent on earnings from crop nutrients sales than we are. In addition, some of these entities may have access to lower cost or government-subsidized natural gas supplies, placing us at a competitive disadvantage. Furthermore, governments as owners of some of our competitors may be willing to accept lower prices and profitability on their products in order to support domestic employment or other political or social goals. To the extent other producers of crop nutrients enjoy competitive advantages or are willing to accept lower profit levels, the price of our products, our sales volumes and our profits may be adversely affected.

We have substantial cash balances that we invest in what we believe to be relatively short-term, highly liquid and high credit quality investments. We intend the investment risks, including counterparty default and lack of liquidity, on these types of investments to be relatively low, but market rates of return on these types of investments are also generally relatively low. In addition, our efforts to manage the investment risks could be unsuccessful. This could result in a material adverse effect on our results of operations, liquidity or financial condition.

Our significant cash flows from operations have resulted in cash and cash-equivalents of approximately $5.3 billion as of December 31, 2013. Our cash and cash-equivalents should continue to increase when we generate cash from operations, except to the extent we reinvest in our business or make distributions to our stockholders. We generally invest these cash and cash-equivalents in what we believe to be relatively short-term, highly liquid and high credit quality instruments. Because of these characteristics of our cash and cash-equivalents, the market rates of return on them are lower than our expectations for the return on capital invested in our business operations. Moreover, our efforts to manage investment risk by focusing our investing on short-term, highly liquid and high credit quality investments could prove unsuccessful. The likelihood that our efforts to manage investment risk might prove unsuccessful is heightened during times when there is significant turmoil in the financial markets. As a result, counterparties could default on their obligations to us, or the liquidity of financial instruments that we hold could become impaired. Any such event could have a material adverse effect on our results of operations, liquidity or financial condition.

Until November 26, 2013, the agreements relating to the Cargill Transaction restricted our ability to repurchase shares of our stock. Since December 31, 2013, we have repurchased approximately 27.2 million Class A Shares, and we have agreed to repurchase an additional aggregate 24.3 million Class A Shares. We have also recently announced a share repurchase program of up to $1 billion, in line with our capital management policy. These share repurchases have, and are expected to continue to, reduce our cash balances and liquidity.

The agreements relating to the Cargill Transaction prevented us from repurchasing our shares in a negotiated transaction or through open market repurchases until November 26, 2013. On December 6, 2013, we entered into the MAC Trusts Share Repurchase Agreement to purchase all of our Class A Shares held by the MAC

Table of Contents

Trusts through a series of eight purchases during the period January 8, 2014 through July 30, 2014. As of the date of this report, we have repurchased 24,739,436 of such shares for an aggregate of $1.1 billion, and an additional 18,554,579 Class A Shares remain to be repurchased.

In addition to the Class A Shares repurchased or to be repurchased by Mosaic under the MAC Trusts Share Repurchase Agreement, the MAC Trusts own an aggregate of 21,647,007 shares of Common Stock that were converted from outstanding Class A shares Series A-1, on November 26, 2013. Under the MAC Trusts Share Repurchase Agreement, through January 1, 2015, the MAC Trusts have granted Mosaic certain rights of first offer with respect to proposed sales in a market transaction or block trade, through or with a broker or dealer, of more than 5,000,000 of these shares of Common Stock, and certain rights of first refusal with respect to other proposed sales by the MAC Trusts of more than 5,000,000 of these shares of Common Stock. On February 11, 2014, we also announced that our Board of Directors has authorized a share repurchase program of up to $1 billion, allowing us to repurchase Class A Shares or shares of Common Stock, through direct buybacks or in open market transactions, in line with our capital management policy. On February 14, 2014, we announced that we had entered into the Family Trusts Share Repurchase Agreements pursuant to which we had purchased 2.4 million Class A Shares for approximately $112 million and had agreed to repurchase an additional 5.8 million Class A Shares as of March 17, 2014 as part of the Repurchase Program.

Under our capital management policy, we have also indicated our willingness to use our available debt capacity, as well as our surplus cash, to fund share repurchases, financial assurance requirements arising in our business and strategic investments. Our use of our surplus cash and/or available debt capacity for these purposes has reduced our available cash and liquidity since December 31, 2013. To the extent we use our surplus cash and/or available debt capacity for these purposes in the future, our available cash and liquidity could be further reduced.

Our purchase price per Class A share for our future purchases under the Share Repurchase Agreements is determined by reference to the market price of our Common Stock for the twenty trading days preceding each repurchase. To the extent the market price of our Common Stock increases during this period, the price per Class A share under the Share Repurchase Agreements will increase.

Our purchase price per Class A share for future purchases under the Share Repurchase Agreements is determined by the Common Market Price, as defined in Mosaic s Restated Certificate of Incorporation, which, in turn, is determined by reference to the market price of our Common Stock for the twenty trading days prior to each repurchase. To the extent the market price of our Common Stock increases during the twenty trading day period prior to any repurchase, the price per Class A share under the Share Repurchase Agreements will increase. If the market price of our Common Stock increases beyond our expectations, our purchase price could increase beyond our expectations and adversely affect the benefits we anticipate from our repurchases of Class A shares under the Share Repurchase Agreements and our liquidity.

We do not own a controlling equity interest in our non-consolidated companies, some of which are foreign companies, and therefore our operating results and cash flow may be materially affected by how the governing boards and majority owners operate such businesses. There may also be limitations on monetary distributions from these companies that are outside of our control. Together, these factors may lower our equity earnings or cash flow from such businesses and negatively impact our results of operations.

We recently entered into the Northern Promise Joint Venture to develop a mine and chemical complexes for an estimated $7 billion that would produce phosphate fertilizers, animal feed, feed grade purified phosphoric acid and sodium tripolyphosphate in the Kingdom of Saudi Arabia. We have a 25% interest in the joint venture and expect our cash investment will be up to $1 billion, funded over a four-year period. The success of this joint venture will depend on, among other matters, the ability of the Northern Promise Joint Venture to obtain project financing in acceptable amounts and upon acceptable terms, the future success of current plans for the Northern Promise Joint Venture and any future changes in those plans.

Table of Contents

We also hold minority ownership interests in a joint venture that owns and operates a phosphate rock mine and in other companies that are not controlled by us. We expect that the operations and results of the Northern Promise Joint Venture will be, and the operations or results of some of the other joint ventures or companies are, significant to us, and their operations can affect our earnings. Because we do not control these companies either at the board or stockholder levels and because local laws in foreign jurisdictions and contractual obligations may place restrictions on monetary distributions by these companies, we cannot ensure that these companies will operate efficiently, pay dividends, or generally follow the desires of our management by virtue of our board or stockholder representation. As a result, these companies may contribute less than anticipated to our earnings and cash flow, negatively impacting our results of operations and liquidity.

Strikes or other forms of work stoppage or slowdown could disrupt our business and lead to increased costs.

Our financial performance is dependent on a reliable and productive work force. A significant portion of our workforce, and that of the joint ventures in which we participate, is covered by collective bargaining agreements with unions. Unsuccessful contract negotiations or adverse labor relations could result in strikes or slowdowns. Any disruptions may decrease our production and sales or impose additional costs to resolve disputes. The risk of adverse labor relations may increase as our profitability increases because labor unions expectations and demands generally rise at those times.

Our Esterhazy mine has had an inflow of salt saturated brine for more than 25 years.

Since December 1985, we have had inflows of salt saturated brine into our Esterhazy, Saskatchewan mine. Over the past century, several potash mines experiencing water inflow problems have flooded. In order to control brine inflows at Esterhazy, we have incurred, and will continue to incur, expenditures, certain of which, due to their nature, have been capitalized, while others have been charged to expense.

At various times, we experience changing amounts and patterns of brine inflows at the Esterhazy mine. Periodically, some of these inflows have exceeded available pumping capacity. If that were to continue for several months without abatement, it could exceed our available storage capacity and ability to effectively manage the brine inflow. This could adversely affect production at the Esterhazy mine. See Key Factors that can Affect Results of Operations and Financial Condition and Potash Net Sales and Gross Margin in our Management s Analysis for a discussion of costs and other information relating to the brine inflows. The brine inflow is variable, resulting in both net inflows (the rate of inflow is more than the amount we are pumping out of the mine) and net outflows (when we are pumping more brine out of the mine than the rate of inflow). There can be no assurance that:

- our pumping, surface storage, underground storage or injection well capacities for brine will continue to be sufficient, or that the pumping, grouting and other measures that we use to manage the inflows at the Esterhazy mine will continue to be effective;
- there will not be a disruption in the supply of calcium chloride, which is a primary material used to reduce or prevent the flow of incoming brine;
- our estimates of the volumes of net inflows or net outflows of brine, or storage capacity for brine at the Esterhazy mine, are accurate;
- the volumes of the brine inflows will not fluctuate from time to time, the rate of the brine inflows will not be greater than our prior experience or current assumptions, changes in inflow patterns will not adversely affect our ability to locate and manage the inflows, or that any such fluctuations, increases or changes would not be material; and
- the expenditures to control the inflows will be consistent with our prior experience or future estimates.

Table of Contents

From time to time, new or improved technology becomes available to facilitate our remediation of the inflows, such as horizontal drilling techniques. Taking advantage of these new or improved technologies may require significant capital expenditures and/or may increase our costs of remediation.

It is possible that the costs of remedial efforts at Esterhazy may further increase beyond our current estimates in the future and that such an increase could be material, or, in the extreme scenario, that the water inflows, risk to employees or remediation costs may increase to a level which would cause us to change our mining processes or abandon the mine, which in turn could significantly negatively impact our results of operations, liquidity or capital resources.

Due to the ongoing brine inflow at Esterhazy, underground operations at this facility are currently not insurable for water incursion problems. Our mines at Colonsay, Saskatchewan, and Carlsbad, New Mexico, are also subject to the risks of inflow of water as a result of our shaft mining operations.

Other accidents occurring in the course of our operating activities could result in significant liabilities, interruptions or shutdowns of facilities or the need for significant safety or other expenditures.

We engage in mining and industrial activities that can result in serious accidents. Mining, in particular, can be a dangerous activity. If our safety procedures are not effective, or if an accident occurs, we could be subject to liabilities arising out of personal injuries or death, our operations could be interrupted and we might have to shut down or abandon affected facilities. Accidents could cause us to expend significant amounts to remediate safety issues or to repair damaged facilities. For example:

Some of our mines are subject to potential damage from earthquakes.
The excavation of mines can result in potential seismic events or can increase the likelihood or potential severity of a seismic event. The rise and fall of water levels, such as those arising from the brine inflows and our remediation activities at our Esterhazy mine, can also result in or increase the likelihood or potential severity of a seismic event. Our Esterhazy mine has experienced minor seismic events from time to time. A significant seismic event at one of our mines could result in damage to or flooding of the mine or, in the extreme scenario, cause us to change our mining process or abandon the mine.

Our underground potash shaft mines are subject to risk from fire. In the event of a fire, if our emergency procedures are not successful, we could have significant injuries or deaths. In addition, fire at one of our underground shaft mines could halt our operations at the affected mine while we investigate the origin of the fire or for longer periods for remedial work or otherwise.
Our underground potash shaft mines at Esterhazy and Colonsay, Saskatchewan and Carlsbad, New Mexico are subject to risk from fire. Any failure of our safety procedures in the future could result in serious injuries or death, or shutdowns, which could result in significant liabilities and/or impact on the financial performance of our Potash business, including a possible material adverse effect on our results of operations, liquidity or financial condition.

We handle significant quantities of ammonia at several of our facilities. If our safety procedures are not effective, an accident involving our ammonia operations could result in serious injuries or death, or result in the shutdown of our facilities.
We produce ammonia at our Faustina, Louisiana phosphate concentrates plant, use ammonia in significant quantities at all of our Florida and Louisiana phosphates concentrates plants and store ammonia at some of our distribution facilities. For our Florida phosphates concentrates plants, ammonia is received at terminals in Tampa and transported by pipelines to our facilities. Our ammonia is generally stored and transported at high pressures. An accident could occur that could result in serious injuries or death, or the evacuation of areas near an accident. An accident could also result in property

Table of Contents

damage or the shutdown of our Florida or Louisiana phosphates concentrates plants, the ammonia terminals or pipelines serving those plants or our other ammonia storage and handling facilities. As a result, an accident involving ammonia could have a material adverse effect on our results of operations, liquidity or financial condition.

We also use or produce other hazardous or volatile chemicals at some of our facilities. If our safety procedures are not effective, an accident involving these other hazardous or volatile chemicals could result in serious injuries or death, or result in the shutdown of our facilities.

We use sulfuric acid in the production of concentrated phosphates in our Florida and Louisiana operations. Some of our Florida and Louisiana facilities produce fluorosilicic acid, which is a hazardous chemical, for resale to third parties. We also use or produce other hazardous or volatile chemicals at some of our facilities. An accident involving any of these chemicals could result in serious injuries or death, or evacuation of areas near an accident. An accident could also result in property damage or shutdown of our facilities, or cause us to expend significant amounts to remediate safety issues or to repair damaged facilities. As a result, an accident involving any of these chemicals could have a material adverse effect on our results of operations, liquidity or financial condition.

Deliberate, malicious acts, including terrorism, could damage our facilities, disrupt our operations or injure employees, contractors, customers or the public and result in liability to us.

Intentional acts of destruction could hinder our sales or production and disrupt our supply chain. Our facilities could be damaged or destroyed, reducing our operational production capacity and requiring us to repair or replace our facilities at substantial cost. Employees, contractors and the public could suffer substantial physical injury for which we could be liable. Governmental authorities may impose security or other requirements that could make our operations more difficult or costly. The consequences of any such actions could adversely affect our operating results and financial condition.

We may be adversely affected by changing antitrust laws to which we are subject. Increases in crop nutrient prices can increase the scrutiny to which we are subject under these laws.

We are subject to antitrust and competition laws in various countries throughout the world. We cannot predict how these laws or their interpretation, administration and enforcement will change over time. Changes in antitrust laws globally, or in their interpretation, administration or enforcement, may limit our existing or future operations and growth, or the operations of Canpotex and PhosChem, which serve as export associations for our Potash and Phosphates businesses, respectively. Increases in crop nutrient prices have in the past resulted in increased scrutiny of the crop nutrient industry under antitrust and competition laws and can increase the risk that these laws could be interpreted, administered or enforced in a manner that could affect our operating practices or impose liability on us in a manner that could materially adversely affect our operating results and financial condition.

We may be adversely affected by other changes in laws resulting from increases in food and crop nutrient prices.

Increases in prices for, among other things, food, fuel and crop inputs (including crop nutrients) have in the past been the subject of significant discussion by various governmental bodies and officials throughout the world. In response to increases, it is possible that governments in one of more of the locations in which we operate or where we or our competitors sell our products could take actions that could affect us. Such actions could include, among other matters, changes in governmental policies relating to agriculture and biofuels (including changes in subsidy levels), price controls, tariffs, windfall profits taxes or export or import taxes. Any such actions could materially adversely affect our operating results and financial condition.

Table of Contents

Our competitive position could be adversely affected if we are unable to participate in continuing industry consolidation.

Most of our products are readily available from a number of competitors, and price and other competition in the crop nutrient industry is intense. In addition, crop nutrient production facilities and distribution activities frequently benefit from economies of scale. As a result, particularly during pronounced cyclical troughs, the crop nutrient industry has a long history of consolidation. Mosaic itself is the result of a number of industry consolidations. We expect consolidation among crop nutrient producers could continue. Our competitive position could suffer to the extent we are not able to expand our own resources either through consolidations, acquisitions, joint ventures or partnerships. In the future, we may not be able to find suitable companies to combine with, assets to purchase or joint venture or partnership opportunities to pursue. Even if we are able to locate desirable opportunities, we may not be able to enter into transactions on economically acceptable terms. If we do not successfully participate in continuing industry consolidation, our ability to compete successfully could be adversely affected and result in the loss of customers or an uncompetitive cost structure, which could adversely affect our sales and profitability.

Our strategy for managing market risk may not be effective.

Our businesses are affected by fluctuations in market prices for our products, the purchase price of natural gas, ammonia and sulfur consumed in operations, freight and shipping costs and foreign currency exchange rates. We periodically enter into derivatives and forward purchase contracts to mitigate some of these risks. However, our strategy may not be successful in minimizing our exposure to these fluctuations. See Market Risk in our Management s Analysis and Note 14 of our Consolidated Financial Statements that is incorporated by reference in this report in Part II, Item 8.

A shortage of railcars, barges and ships for carrying our products and the raw materials we use in our business could result in customer dissatisfaction, loss of production or sales, and higher transportation or equipment costs.

We rely heavily upon truck, rail, barge and ocean freight transportation to obtain the raw materials we need and to deliver our products to our customers. In addition, the cost of transportation is an important part of the final sale price of our products. Finding affordable and dependable transportation is important in obtaining our raw materials and to supply our customers. Higher costs for these transportation services or an interruption or slowdown due to factors including high demand, high fuel prices, labor disputes, layoffs or other factors affecting the availability of qualified transportation workers, adverse weather or other environmental events, or changes to rail, barge or ocean freight systems, could negatively affect our ability to produce our products or deliver them to our customers, which could affect our performance and results of operations.

Strong demand for grain and other products and a strong world economy increase the demand for and reduce the availability of transportation, both domestically and internationally. Shortages of railcars, barges and ocean transport for carrying product and increased transit time may result in customer dissatisfaction, loss of sales and higher equipment and transportation costs. In addition, during periods when the shipping industry has a shortage of ships the substantial time needed to build new ships prevents rapid market response. Delays and missed shipments due to transportation shortages, including vessels, barges, railcars and trucks, could result in customer dissatisfaction or loss of sales potential, which could negatively affect our performance and results of operations.

A lack of customers access to credit can adversely affect their ability to purchase our products.

Some of our customers require access to credit to purchase our products. A lack of available credit to customers in one or more countries, due to global or local economic conditions or for other reasons, could adversely affect demand for crop nutrients.

Table of Contents

We extend trade credit to our customers and guarantee the financing that some of our customers use to purchase our products. Our results of operations may be adversely affected if these customers are unable to repay the trade credit from us or financing from their banks. Increases in prices for crop nutrient, other agricultural inputs and grain may increase this risk.

We extend trade credit to our customers in the United States and throughout the world, in some cases for extended periods of time. In Brazil, where there are fewer third-party financing sources available to farmers, we also have several programs under which we guarantee customers financing from financial institutions that they use to purchase our products. As our exposure to longer trade credit extended throughout the world and use of guarantees in Brazil increases, we are increasingly exposed to the risk that some of our customers will not pay us or the amounts we have guaranteed. Additionally, we become increasingly exposed to risk due to weather and crop growing conditions, fluctuations in commodity prices or foreign currencies, and other factors that influence the price, supply and demand for agricultural commodities. Significant defaults by our customers could adversely affect our financial condition and results of operations.

Increases in prices for crop nutrients increase the dollar amount of our sales to customers. The larger dollar value of our customers purchases may also lead them to request longer trade credit from us and/or increase their need for us to guarantee their financing of our products. Either factor could increase the amount of our exposure to the risk that our customers may be unable to repay the trade credit from us or financing from their banks that we guarantee. In addition, increases in prices for other agricultural inputs and grain may increase the working capital requirements, indebtedness and other liabilities of our customers, increase the risk that they will default on the trade credit from us or their financing that we guarantee, and decrease the likelihood that we will be able to collect from our customers in the event of their default.

Tax rules governing the Cargill Transaction limited our ability to execute certain actions for a period of time following the Cargill Transaction and, if our procedures for compliance with those restrictions were ineffective, notwithstanding the IRS ruling and tax opinion issued to Cargill in connection with the Cargill Transaction, we could owe significant tax-related indemnification liabilities to Cargill.

The IRS issued a ruling to the effect that the Split-off that was part of the Cargill Transaction would be tax-free to Cargill and its stockholders, and in connection with the completion of the Cargill Transaction, Cargill received a tax opinion relating to certain tax consequences of the Cargill Transaction. Notwithstanding the IRS ruling and tax opinion, however, the Split-off and Debt Exchanges could be taxable to Cargill and its stockholders under certain circumstances. Therefore, we and Cargill agreed to tax-related restrictions and indemnities set forth in a tax agreement related to the Cargill Transaction, under which we were restricted or deterred from taking certain actions until May 26, 2013, including (i) redeeming or purchasing our stock in excess of agreed-upon amounts; (ii) issuing any equity securities in excess of agreed upon amounts; (iii) approving or recommending a third party s acquisition of us; (iv) permitting any merger or other combination of Mosaic or MOS Holdings; and (v) entering into an agreement for the purchase of any interest in Mosaic or MOS Holdings, subject to certain exceptions. We agreed to indemnify Cargill for taxes and tax-related losses imposed on Cargill as a result of the Split-off and/or Debt Exchange failing to qualify as tax-free, if the taxes and related losses are attributable to, arise out of or result from certain prohibited acts or to any breach of, or inaccuracy in, any representation, warranty or covenant made by us in the tax agreement referred to above. The taxes and tax-related losses of Cargill would be material if these transactions fail to qualify as tax-free, and, if our procedures for avoiding any of these prohibited acts or breaches were ineffective, this indemnity would result in material liabilities from us to Cargill that could have a material adverse effect on us. For a further discussion of the restrictions and indemnities set forth in the agreements related to the Cargill Transaction, please see Note 2 to our Consolidated Financial Statements.

Provisions in our restated certificate of incorporation and bylaws and of Delaware law may prevent or delay an acquisition of our company, which could decrease the trading price of our common stock.

Our restated certificate of incorporation and our amended and restated bylaws contain provisions that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by our board of

Table of Contents

directors. These provisions include the ability of our board of directors to issue preferred stock without stockholder approval, the classification of our board of directors into three classes, a prohibition on stockholder action by written consent and the inability of our stockholders to request that our board of directors or chairman of our board call a special meeting of stockholders.

We are also subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years from the date of the transaction in which the person became an interested stockholder, unless the interested stockholder attained this status with the approval of the board of directors or unless the business combination was approved in a prescribed manner. A business combination includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to exceptions, an interested stockholder is a person who, together with affiliates and associates, owns, or within three years owned, 15% or more of the corporation s voting stock. This statute could prohibit or delay the accomplishment of mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us.

These provisions apply not only when they may protect our stockholders from coercive or otherwise unfair takeover tactics but even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in our best interests or those of our stockholders.

Our success will increasingly depend on our ability to attract and retain highly qualified and motivated employees.

We believe our continued success depends on the collective abilities and efforts of our employees. Like many businesses, a significant number of our employees, including some of our most highly skilled employees with specialized expertise in potash and phosphates operations, will be approaching retirement age throughout the next decade and beyond. In addition, we compete for a talented workforce with other businesses, particularly within the mining and chemicals industries in general and the crop nutrients industry in particular. Our expansion plans are highly dependent on our ability to attract, retain and train highly qualified and motivated employees who are essential to the success of our ongoing operations as well as to our expansion plans. If we were to be unsuccessful in attracting, retaining and training the employees we require, our ongoing operations and expansion plans could be materially and adversely affected.

Future technological innovation could affect our business.

Future technological innovation such as the development of seeds that require less crop nutrients, or developments in the application of crop nutrients, if they occur, could have the potential to adversely affect the demand for our products and our results of operations, liquidity and capital resources.

The success of our strategic initiatives depends on our ability to effectively manage these initiatives.

We have initiated several significant strategic initiatives, principally our plans to expand the annual production capacity of our Potash business, the Northern Promise Joint Venture and the CF Phosphate Assets Acquisition. These strategic initiatives involve capital and other expenditures of several billions of dollars over a number of years and require effective project management. To the extent the processes we (or, for the Northern Promise Joint Venture, we together with Ma aden and SABIC) put in place to manage these initiatives are not effective, our capital expenditure and other costs may exceed our expectations or the benefits we expect from these initiatives might not be fully realized.

We may fail to realize the anticipated benefits and cost savings of the CF Phosphate Assets Acquisition and the CF Ammonia Supply Agreements within the anticipated time frame or at all.

The success of the proposed CF Phosphate Assets Acquisition and the CF Ammonia Supply Agreements will depend, in part, on our ability to realize the anticipated benefits and cost savings from combining CF s phosphate

Table of Contents

mining and production operations with our operations in Central Florida, our ability to avoid or delay future capital spending as a result of the transactions and our ability to realize cost savings from natural gas based pricing under one of the long term CF Ammonia Supply Agreements. Our ability to realize these anticipated benefits and cost savings is subject to certain risks including:

- Our ability to successfully consolidate both companies phosphate mining, manufacturing, purchasing, transportation and logistics activities in Central Florida and to eliminate duplicative overhead and other costs;
- Our ability to avoid certain planned capital expenditures necessary for future mines through utilization of some of the mining infrastructure assets we would acquire from CF and to avoid the capital expenditures for our own new ammonia plant as a result of the CF Ammonia Supply Agreements;
- Whether the combined operations will perform as expected;
- Whether CF successfully performs its obligations under the CF Ammonia Supply Agreements over the life of its commitment;
- Whether the integration of operations in Central Florida takes longer than anticipated or involves higher than projected integration costs;
- Whether the integration process disrupts our on-going operations in Central Florida or diverts the attention of our management from our current operations; and
- The cooperation of federal, state and local governmental agencies on matters relating to the acquisition, including permitting, replacement of CF s $200 million of escrowed financial assurance earmarked for closure and long-term care of CF s phosphogypsum stacks in Florida, and other regulatory enforcement matters.

If we are not able to successfully combine CF s operations with our operations within the anticipated time frame, or at all, the anticipated cost savings and other benefits of the proposed acquisition may not be realized fully or at all or may take longer to realize than expected, and the combined operations may not perform as expected.

In addition, we use ammonia as a raw material in the production of our concentrated phosphate products. Under one of the CF Ammonia Supply Agreements, we have agreed to purchase 545,000 to 725,000 tonnes of ammonia per year for up to 15 years at a price to be determined by a formula based on the prevailing price of U.S. natural gas. This agreement is expected to commence prior to January 1, 2017, whether or not the acquisition closes. If the price of natural gas rises or the market price for ammonia falls outside of the range we currently anticipate, we may not fully realize the cost benefit we anticipate from the natural gas based pricing under this agreement, or the cost of our ammonia under this agreement could be a competitive disadvantage.

The CF Phosphate Assets Acquisition is subject to review under antitrust laws and requires governmental approvals which could jeopardize completion of the acquisition or impose conditions on the acquisition that could have a material adverse effect on our ability to realize the anticipated benefits of the acquisition.

Completion of the acquisition is conditioned upon obtaining certain required governmental authorizations. Although we and CF have agreed to use our commercially reasonable efforts, subject to certain limitations, to make certain governmental filings or obtain the required governmental authorizations, as the case may be, there can be no assurance that the authorizations will be obtained, and we and CF are not obligated to accept any and all conditions imposed by governmental authorities in order to obtain such authorizations. In addition, the governmental authorities with or from which these authorizations are required have broad discretion in administering the governing regulations. As a condition to authorization of the acquisition, these governmental authorities may impose requirements, limitations or costs or require divestitures or place restrictions on our

46

Table of Contents

conduct of the business after completion of the acquisition. Our acceptance of any such divestiture requests or other restrictions on operations could diminish the benefits of the acquisition and result in additional transaction costs, loss of revenue or other effects associated with restrictions on business operations.

In addition, at any time before or after completion of the acquisition, the Antitrust Division of the U.S. Department of Justice or the U.S. Federal Trade Commission, any state or certain foreign governments could take various actions under antitrust, competition or similar laws, including seeking to enjoin the completion of the acquisition or to rescind the acquisition. Private parties also may seek to take legal action under antitrust, competition or similar laws under certain circumstances. A challenge to the acquisition on antitrust, competition or similar grounds may be made by any of these governmental or private parties and, if such a challenge is made, it is possible that we and CF will not prevail.

Our benefits from the proposed CF Phosphate Assets Acquisition depend on the accuracy of our estimates of the liabilities and obligations we are assuming in the transaction.

We are assuming various liabilities and obligations of CF as part of the CF Phosphate Assets Acquisition. The benefits we expect from the acquisition depend on our estimates of these liabilities and obligations. To the extent we have underestimated these liabilities and obligations, we might not fully realize the benefits we are expecting from the acquisition.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Information regarding our plant and properties is included in Part I, Item 1, Business, of this report.

Item 3. Legal Proceedings.

We have included information about legal and environmental proceedings in Note 20 of our Notes to Consolidated Financial Statements. This information is incorporated herein by reference.

We are also subject to the following legal and environmental proceedings in addition to those described in Note 20 of our Notes to Consolidated Financial Statements:

Water Quality Regulations for Nutrient Discharges in Florida. On December 7, 2010, we filed a lawsuit in the U.S. District Court for the Northern District of Florida, Pensacola Division, against the EPA challenging a rule adopted by the EPA that set numeric water quality standards (the ***NNC Rule***) for nitrogen and/or phosphorus in Florida lakes and streams. Our lawsuit was subsequently transferred to the U.S. District Court for the Northern District of Florida, Tallahassee Division (the ***Tallahassee District Court***), for consolidation with a number of lawsuits brought by other parties challenging the NNC Rule. The NNC Rule set criteria that would require drastic reductions in the levels of nutrients discharged into Florida lakes and streams, and would have required us and others to significantly limit discharges of these nutrients in Florida beginning in March 2012. Our lawsuit asserted, among other matters, that the criteria set by the EPA did not comport with the requirements of the Federal Water Pollution Control Act or the Administrative Procedure Act, and sought a declaration that the NNC Rule is arbitrary, capricious, an abuse of discretion and not in accordance with law, and vacating the NNC Rule and remanding it for further rulemaking proceedings consistent with the Federal Water Pollution Control Act and its implementing regulations.

In February 2012, the Tallahassee District Court invalidated the NNC Rule in part and upheld it in part, and remanded the invalid parts of the rule to the EPA for reconsideration and reproposal. The Tallahassee

Table of Contents

District Court subsequently ordered that the effective date of the parts of the NNC Rule that the court had upheld and any parts re-proposed to comply with the court s order be postponed until January 2013.

The Florida Department of Environmental Protection (the ***FDEP***) has adopted state rules that will, if they ultimately become effective, supplant the requirements of the NNC Rule and mitigate some of the potential adverse effects of the NNC Rule. In June 2012, the FDEP rule was upheld by a state administrative law judge in an administrative proceeding challenging the rule brought by certain nongovernmental organizations and the FDEP rule was submitted to the EPA for approval. In July 2012, the nongovernmental organizations appealed the state administrative law judge s decision upholding the FDEP rule to the Florida First District Court of Appeal. In February 2013, the Florida First District Court of Appeal upheld the administrative law judge s decision.

In November 2012, the EPA approved the FDEP rule, and also proposed two rules that would establish new federal nutrient criteria for (i) streams and unimpaired lakes, and (ii) coastal waters, certain estuaries not covered in the FDEP rule and flowing waters in South Florida. The EPA has stated that the criteria in the two new proposed rules will not go into effect if the EPA and FDEP take actions necessary to modify the terms of a 2009 consent decree to enable EPA approval of the FDEP rule to meet the consent decree obligations.

On March 15, 2013, the EPA and the FDEP announced that the agencies had reached an agreement in principle under which the FDEP, not the EPA, would implement numeric nutrient criteria for Florida s waters.

On April 12, 2013, the Tallahassee District Court granted the EPA s motion to delay the effective date of the EPA s rules establishing downstream protection values but denied the EPA s motion to delay the effective date of the EPA s NNC Rule for lakes and springs, which are now in effect. We are reviewing the potential effect on us of the NNC Rule for lakes and springs.

On January 7, 2014, the court granted the EPA s motion to modify the consent decree and denied the environmental plaintiffs motion to enforce the consent decree according to its original terms, which would have had the effect of requiring the EPA to finalize and apply the federal NNC Rule and prevent the state numeric nutrient criteria from becoming effective. This ruling paves the way for the EPA to withdraw the federal NNC Rule for lakes and springs, and to withdraw the proposed federal NNC Rule for streams and flowing waters, allowing the FDEP criteria to become effective.

Subject to further litigation or rulemaking developments, we expect that compliance with the requirements of nutrient criteria rules could adversely affect our Florida Phosphate operations, require significant capital expenditures and substantially increase our annual operating expenses.

Nutrient Discharges into the Gulf of Mexico and Mississippi River Basin. On March 13, 2012, the Gulf Restoration Network, the Missouri Coalition for the Environment, the Iowa Environmental Council, the Tennessee Clean Water Network, the Minnesota Center for Environmental Advocacy, Sierra Club, the Waterkeeper Alliance, Inc., the Prairie Rivers Network, the Kentucky Waterways Alliance, the Environmental Law & Policy Center and the Natural Resources Defense Council, Inc. brought a lawsuit in the U.S. District Court for the Eastern District of Louisiana (the ***Louisiana District Court***) against the EPA, seeking to require it to establish numeric nutrient criteria for nitrogen and phosphorous in the Mississippi River basin. In July 2011, the EPA had denied the plaintiffs July 2008 petition seeking such standards. On May 30, 2012, the Louisiana District Court granted our motion to intervene in this lawsuit.

On September 20, 2013, the Louisiana District Court issued a decision in this matter, holding that while the EPA was required to respond directly to the petition and find that numeric nutrient criteria either

Table of Contents

were or were not necessary for the Mississippi River watershed, the EPA had the discretion to decide this issue based on non-technical factors, including cost, policy considerations, administrative complexity and other issues. We understand that the EPA is considering an appeal of this decision.

We intend to defend vigorously the EPA s decision not to establish numeric nutrient criteria for nitrogen and phosphorous in the Mississippi River basin and the Gulf of Mexico. In the event that the EPA were to adopt such a rule, we cannot predict what its requirements would be or the effects it would have on us or our customers.

Item 4. Mine Safety Disclosures.

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this report.

Table of Contents

PART II.

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

We have included information about the market price of, dividends on and the number of holders of our common stock under Quarterly Results (Unaudited) in the financial information that is incorporated by reference in this report in Part II, Item 8, Financial Statements and Supplementary Data.

The principal stock exchange on which our common stock is traded is The New York Stock Exchange.

The following provides information related to equity compensation plans:

Plan category	Number of shares to be issued upon exercise of outstanding options, warrants and rights [(a)]	Weighted-average exercise price of outstanding options, warrants and rights [(b)]	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in first column)
Equity compensation plans approved by stockholders	3,784,936	$ 44.82	16,369,739
Equitycompensation plans not approved by stockholders	-	-	-
Total	**3,784,936**	**$ 44.82**	**16,369,739**

(a) Includes grants of stock options, time-based restricted stock units, performance units and retention awards. For purposes of the table above, the number of shares to be issued under a performance unit reflects the maximum number of shares of our common stock that may be issued pursuant to such performance unit; the actual number of shares to be issued will depend on the change in the market price of our common stock over a three-year vesting period, with no shares issued if the market price of a share of our common stock at the vesting date (plus, for grants made on and after July 18, 2012 dividends thereon), is less than 50% of its market price on the date of grant and the maximum number issued only if the market price of a share of our common stock at the vesting date (plus, for grants made on and after July 18, 2012 dividends thereon) is at least twice its market price on the date of grant. For purposes of the table above, the number of shares to be issued under a retention award reflects the fixed dollar value of the award divided by the market price of a share of our common stock at the close of business on December 31, 2013. A retention award will be paid if the participant is employed by us on July 21, 2014.

(b) Includes weighted average exercise price of stock options only.

Pursuant to our equity compensation plans, we have granted and may in the future grant employee stock options to purchase shares of common stock of Mosaic for which the purchase price may be paid by means of delivery to us by the optionee of shares of common stock of Mosaic that are already owned by the optionee (at a value equal to market value on the date of the option exercise). During the period covered by this report, no options to purchase shares of common stock of Mosaic were exercised for which the purchase price was so paid.

Item 6. Selected Financial Data.

We have included selected financial data for the Stub Period and our fiscal years 2009 through 2013 under Five Year Comparison, in the financial information that is included in this report in Part II, Item 8, Financial Statements and Supplementary Data. This information is incorporated herein by reference.

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operation.

The Management s Discussion and Analysis of Financial Condition and Results of Operations listed in the Financial Table of Contents included in this report is incorporated herein by reference.

50

Table of Contents

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We have included a discussion about market risks under Market Risk in the Management s Analysis that is included in this report in Part II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operation . This information is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

Our Consolidated Financial Statements, the Notes to Consolidated Financial Statements, the report of our Independent Registered Public Accounting Firm, and the information under Quarterly Results listed in the Financial Table of Contents included in this report are incorporated herein by reference. All other schedules for which provision is made in the applicable accounting regulation of the SEC are not required under the related instructions or are inapplicable, and therefore, have been omitted.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

(a) Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 (the ***Exchange Act***) is (i) recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and (ii) accumulated and communicated to management, including our principal executive officer and our principal financial officer, to allow timely decisions regarding required disclosures. Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Transition Report on Form 10-K. Our principal executive officer and our principal financial officer have concluded, based on such evaluations, that our disclosure controls and procedures were effective for the purpose for which they were designed as of the end of such period.

(b) Management s Report on Internal Control Over Financial Reporting

We have included management s report on internal control over financial reporting under Management s Report on Internal Control Over Financial Reporting listed in the Financial Table of Contents included in this report.

We have included our registered public accounting firm s attestation report on our internal controls over financial reporting under Report of Independent Registered Public Accounting Firm listed in the Financial Table of Contents included in this report.

This information is incorporated herein by reference.

(c) Changes in Internal Control Over Financial Reporting

Our management, with the participation of our principal executive officer and our principal financial officer, have evaluated any change in internal control over financial reporting that occurred during the calendar quarter ended December 31, 2013 in accordance with the requirements of Rule 13a-15(d) promulgated by the SEC under the Exchange Act. There were no changes in internal control over financial reporting identified in connection with management s evaluation that occurred during the calendar quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

51

Table of Contents

PART III.

Item 10. Directors, Executive Officers and Corporate Governance.

The information contained under the headings Proposal No. 1 Election of Directors, Corporate Governance Committees of the Board of Directors, and Section 16(a) Beneficial Ownership Reporting Compliance included in our definitive proxy statement for our 2014 annual meeting of stockholders and the information contained under Executive Officers of the Registrant in Part I, Item 1, Business, in this report is incorporated herein by reference.

We have a Code of Business Conduct and Ethics within the meaning of Item 406 of Regulation S-K adopted by the SEC under the Exchange Act that applies to our principal executive officer, principal financial officer and principal accounting officer. Our Code of Business Conduct and Ethics is available on Mosaic s website (www.mosaicco.com), and we intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to, or waiver from, a provision of our code of ethics by posting such information on our website. The information contained on Mosaic s website is not being incorporated herein.

Item 11. Executive Compensation.

The information under the headings Director Compensation , Executive Compensation , and Compensation Committee Interlocks and Insider Participation included in our definitive proxy statement for our 2014 annual meeting of stockholders is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information under the headings Beneficial Ownership of Securities and Certain Relationships and Related Transactions included in our definitive proxy statement for our 2014 annual meeting of stockholders is incorporated herein by reference. The table set forth in Part II, Item 5, Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities, of this report is also incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information under the headings Corporate Governance Board Independence, Corporate Governance Committees of the Board of Directors, Corporate Governance Other Policies Relating to the Board of Directors Policy and Procedures Regarding Transactions with Related Persons, and Certain Relationships and Related Transactions included in our definitive proxy statement for our 2014 annual meeting of stockholders is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information included under Audit Committee Report and Payment of Fees to Independent Registered Public Accounting Firm Fees Paid to Independent Registered Public Accounting Firm and Audit Committee Report and Payment of Fees to Independent Registered Public Accounting Firm Pre-approval of Independent Registered Public Accounting Firm Services included in our definitive proxy statement for our 2014 annual meeting of stockholders is incorporated herein by reference.

Table of Contents

PART IV.

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) Consolidated Financial Statements filed as part of this report are listed in the Financial Table of Contents included in this report and incorporated by reference in this report in Part II, Item 8, Financial Statements and Supplementary Data.

(2) All schedules for which provision is made in the applicable accounting regulations of the SEC are listed in this report in Part II, Item 8, Financial Statements and Supplementary Data.

(3) Reference is made to the Exhibit Index beginning on page E-1 hereof.

(b) Exhibits
Reference is made to the Exhibit Index beginning on page E-1 hereof.

(c) Summarized financial information of 50% or less owned persons is included in Note 9 of Notes to Consolidated Financial Statements. Financial statements and schedules are omitted as none of such persons are significant under the tests specified in Regulation S-X under Article 3.09 of general instructions to the financial statements.

Table of Contents

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE MOSAIC COMPANY
(Registrant)

/s/ James T. Prokopanko
James T. Prokopanko
Chief Executive Officer and President

Date: February 18, 2014

Table of Contents

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Name	Title	Date
/s/ James T. Prokopanko James T. Prokopanko	Chief Executive Officer and President and Director (principal executive officer)	February 18, 2014
/s/ Lawrence W. Stranghoener Lawrence W. Stranghoener	Executive Vice President and Chief Financial Officer (principal financial officer)	February 18, 2014
/s/ Anthony T. Brausen Anthony T. Brausen	Senior Vice President Finance and Chief Accounting Officer (principal accounting officer)	February 18, 2014
* Robert L. Lumpkins	Chairman of the Board of Directors	February 18, 2014
* Nancy E. Cooper	Director	February 18, 2014
* Gregory L. Ebel	Director	February 18, 2014
* Timothy S. Gitzel	Director	February 18, 2014
* William R. Graber	Director	February 18, 2014
* Emery N. Koenig	Director	February 18, 2014
* William T. Monahan	Director	February 18, 2014
* James L. Popowich	Director	February 18, 2014
* David T. Seaton	Director	February 18, 2014
* Steven M. Seibert	Director	February 18, 2014

***By:**

/s/ Lawrence W. Stranghoener
Lawrence W. Stranghoener

Attorney-in-Fact

Table of Contents

Exhibit Index

Exhibit No.	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
2.i.	Agreement and Plan of Merger and Contribution, dated as of January 26, 2004, by and among IMC Global Inc. (now known as Mosaic Global Holdings Inc.), Global Nutrition Solutions, Inc. (now known as MOS Holdings Inc. (MOS Holdings)), GNS Acquisition Corp., Cargill, Incorporated (Cargill) and Cargill Fertilizer, Inc., as amended by Amendment No. 1 to Agreement and Plan of Merger and Contribution, dated as of June 15, 2004, and as further amended by Amendment No. 2 to Agreement and Plan of Merger and Contribution, dated as of October 18, 2004*	Exhibit 2.1 to the Current Report on Form 8-K of Mosaic dated October 22, 2004, and filed on October 28, 2004**	
2.ii.	Letter Agreement dated April 11, 2005, to Agreement and Plan of Merger and Contribution, dated as of January 26, 2004, by and among IMC Global Inc., Global Nutrition Solutions, Inc., Cargill and Cargill Fertilizer, Inc., as amended by Amendment No. 1 to Agreement and Plan of Merger and Contribution, dated as of June 15, 2004, and as further amended by Amendment No. 2 to Agreement and Plan of Merger and Contribution, dated as of October 18, 2004	Exhibit 2 to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period ended February 28, 2005**	
2.iii	Form of Merger and Distribution Agreement, dated January 18, 2011, by and among MOS Holdings Inc., Cargill, The Mosaic Company (Mosaic, formerly known as GNS II (U.S.) Corp. (GNS), GNS Merger Sub LLC, and, for the limited purposes set forth therein, the Margaret A. Cargill Foundation, the Acorn Trust, the Lilac Trust and the Anne Ray Charitable Trust*	Annex A to the proxy statement/prospectus forming a part of the Registration Statement on Form S-4 filed by GNS pursuant to Rule 424(b)(3) of the Securities Act on April 11, 2011***	
2.iv.	Form of Registration Agreement, dated January 18, 2011, by and among MOS Holdings, Cargill, Mosaic, the Margaret A. Cargill Foundation, the Acorn Trust, the Lilac Trust and the Anne Ray Charitable Trust	Annex D to the proxy statement/prospectus forming a part of the Registration Statement on Form S-4 filed by GNS on February 4, 2011***	
2.v.	Form of Tax Agreement, dated January 18, 2011, by and among MOS Holdings, Mosaic and Cargill (the Tax Agreement)	Annex F to the proxy statement/prospectus forming a part of the Registration Statement on Form S-4 filed by GNS on February 4, 2011***	

Table of Contents

Exhibit No.	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
2.vi.	Amendment, dated May 24, 2011, to Tax Agreement	Exhibit 2.1 to the Current Report on Form 8-K12B of Mosaic dated May 24, 2011 and filed on May 25, 2011**	
2.vii.	Amended and Restated Governance Agreement, dated as of May 25, 2011, by and among MOS Holdings, Mosaic and each of the other parties thereto	Exhibit 2.2 to the Current Report on Form 8-K12B of Mosaic dated May 24, 2011 and filed on May 25, 2011**	
2.viii.	Form of Registration Rights Agreement, dated as of January 18, 2011, among MOS Holdings, Mosaic and Cargill	Annex G to the proxy statement/prospectus forming a part of the Registration Statement on Form S-4 filed by GNS on February 4, 2011***	
2.ix.	Form of Asset Purchase Agreement dated as of October 28, 2013, among CF Industries Holdings, Inc., CF Industries, Inc. and The Mosaic Company*	Exhibit 2.i. to the Current Report on Form 8-K of Mosaic dated October 28, 2013 and filed on October 29, 2013**	
3.i.	Restated Certificate of Incorporation of Mosaic	Exhibit 3.1 to Mosaic s Form 8-K12B dated May 24, 2011, and filed on May 25, 2011**	
3.ii.	Amended and Restated Bylaws of Mosaic, effective July 19, 2012	Exhibit 3.1 to Mosaic s Current Report on Form 8-K dated July 19, 2012, and filed on July 25, 2012**	
4.ii.	Indenture dated as of October 24, 2011, between Mosaic and U.S. Bank National Association, as trustee	Exhibit 4.i. to Mosaic s Current Report on Form 8-K dated October 24, 2011 and filed on October 24, 2011**	
4.iii.	Registrant hereby agrees to furnish to the Commission, upon request, with all other instruments defining the rights of holders of each issue of long-term debt of the Registrant and its consolidated subsidiaries		
10.i.(a).	MAC Trusts Share Repurchase Agreement dated December 6, 2013	Exhibit 10.i. to Mosaic s Current Report on Form 8-K dated December 5, 2013 and filed on December 10, 2013**	
10.i.(b).	Form of Family Trusts Share Repurchase Agreements dated February 14, 2014		X
10.iii.a.****	The Mosaic Company 2004 Omnibus Stock and Incentive Plan (the Omnibus Incentive Plan), as amended October 8, 2009	Appendix A to the Proxy Statement of The Mosaic Company dated August 25, 2009**	
10.iii.b.****	Form of Employee Non-Qualified Stock Option under the Omnibus Incentive Plan	Exhibit 10.iii.b. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended November 30, 2004**	

Table of Contents

Exhibit No.	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
10.iii.c.****	Description of Executive Physical Program	Fourth Paragraph of Item 1.01 of the Current Report on Form 8-K of Mosaic dated May 26, 2005, and filed on June 1, 2005**	
10.iii.d.****	Description of Mosaic Management Incentive Program		X
10.iii.e.****	Form of Employee Non-Qualified Stock Option under the Omnibus Incentive Plan, effective August 1, 2005	Exhibit 99.1 to the Current Report on Form 8-K of Mosaic dated August 2, 2006, and filed on August 2, 2006**	
10.iii.f.****	Summary of Board of Director Compensation of Mosaic	Exhibit 10.iii.f. to the Quarterly Report on Form 10-Q for the Fiscal Quarter Ended August 31, 2011**	
10.iii.g.****	Form of Employee Non-Qualified Stock Option under the Omnibus Incentive Plan, approved July 6, 2006	Exhibit 99.3. to the Current Report on Form 8-K of Mosaic dated August 2, 2006, and filed on August 2, 2006**	
10.iii.h.****	Form of Employee Non-Qualified Stock Option under the Omnibus Incentive Plan, approved July 30, 2008	Exhibit 10.iii.a. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended August 31, 2008**	
10.iii.i.****	Form of Indemnification Agreement between Mosaic and its directors and executive officers	Exhibit 10.iii. to the Current Report on Form 8-K of Mosaic dated October 8, 2008, and filed on October 14, 2008**	
10.iii.j.****	Form of Mosaic Nonqualified Deferred Compensation Plan, as amended and restated effective October 9, 2008	Exhibit 10.iii.b. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended November 30, 2008**	
10.iii.k.****	Form of Director Restricted Stock Unit Award Agreement under the Omnibus Incentive Plan, approved October 9, 2008	Exhibit 10.iii.c. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended November 30, 2008**	
10.iii.l.****	Description of Executive Financial Planning Program, as amended effective January 1, 2009	Exhibit 10.iii.a. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 28, 2009**	
10.iii.m.****	Form of Senior Management Severance and Change in Control Agreement	Exhibit 10.78 to Amendment No. 2 to Registration Statement on Form S-1 filed by GNS II (U.S.) Corp. pursuant to Rule 424(b)(3) of the Securities Act on May 12, 2011*****	

Table of Contents

Exhibit No.	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
10.iii.n.****	Form of Amendment dated April 13, 2011, to the Mosaic Nonqualified Deferred Compensation Plan, as amended and restated effective October 9, 2008	Exhibit 10.iii.r. to the Annual Report on Form 10-K of Mosaic for the Fiscal Year Ended May 31, 2011**	
10.iii.o.****	Form of Amendment dated May 11, 2011, to the Omnibus Incentive Plan	Exhibit 10.iii.u. to the Annual Report on Form 10-K of Mosaic for the Fiscal Year Ended May 31, 2011**	
10.iii.p.****	Form of Employee Nonqualified Stock Option under the Omnibus Incentive Plan, approved July 20, 2011	Exhibit 10.iii.b. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period ended August 31, 2011**	
10.iii.q.****	Form of Employee Restricted Stock Unit Award Agreement under the Omnibus Incentive Plan, approved July 20, 2011	Exhibit 10.iii.c. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period ended August 31, 2011**	
10.iii.r.****	Form of Performance Unit Award Agreement under the Omnibus Incentive Plan, approved August 29, 2011	Exhibit 10.iii.d. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period ended August 31, 2011**	
10.iii.s.****	Summary of executive life and disability plans	The material under Compensation Discussion and Analysis Compensation Components and Process Elements of Compensation Executive Life and Disability Plans in the Proxy Statement of Mosaic dated August 23, 2012**	
10.iii.t.****	Form of Retention Award Agreement under the Omnibus Incentive Plan, approved July 20, 2011	Exhibit 10.iii.g. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period ended August 31, 2011**	
10.iii.u.****	Form of Performance Unit Award Agreement under the Omnibus Incentive Plan, approved July 18, 2012	Exhibit 10.iii.a. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period ended August 31, 2012**	
10.iii.v.****	Form of Agreement between Cargill and Mosaic relating to certain former Cargill employees participation in the Cargill International Pension Plan	Exhibit 10.iii.b. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period ended August 31, 2012**	
10.iii.w.****	Form of Supplemental Agreement between Mosaic and certain former participants in the Cargill International Pension Plan.	Exhibit 10.iii.x. to the Annual Report on Form 10-K of Mosaic for the Fiscal Year Ended May 31, 2013**	

Table of Contents

Exhibit No.	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
10.iii.x.****	Form of Employee Restricted Stock Unit Award Agreement under The Mosaic Company 2004 Omnibus Stock and Incentive Plan, approved July 17, 2013	Exhibit 10.iii.a. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period ended September 30, 2013**	
10.iii.y.****	Form of Performance Unit Award Agreement under The Mosaic Company 2004 Omnibus Stock and Incentive Plan, approved July 17, 2013	Exhibit 10.iii.b. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period ended September 30, 2013**	
18	Letter dated February 18, 2014, from KPMG LLP, registered independent accounting for Mosaic regarding change in accounting principle		X
21	Subsidiaries of the Registrant		X
23.1	Consent of KPMG LLP, independent registered public accounting firm for Mosaic		X
24	Power of Attorney		X
31.1	Certification of Chief Executive Officer Required by Rule 13a-14(a)		X
31.2	Certification of Chief Financial Officer Required by Rule 13a-14(a)		X
32.1	Certification of Chief Executive Officer Required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code		X
32.2	Certification of Chief Financial Officer Required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code		X
95	Mine Safety Disclosures		X
101	Interactive Data Files		X

* Mosaic agrees to furnish supplementally to the Commission a copy of any omitted schedules and exhibits to the extent required by rules of the Commission upon request.
** SEC File No. 001-32327
*** Registration Statement No. 333-172076
**** Denotes management contract or compensatory plan.
***** Registration Statement No. 333-172253

Table of Contents

Financial Table of Contents

Table of Contents

Management s Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The Mosaic Company (before or after the Cargill Transaction, as defined below, ***Mosaic***, and with its consolidated subsidiaries, ***we***, ***us***, ***our***, or the ***Company***) is the parent company of the business that was formed through the business combination (***Combination***) of IMC Global Inc. and the Cargill Crop Nutrition fertilizer businesses of Cargill, Incorporated and its subsidiaries (collectively, ***Cargill***) on October 22, 2004. In May 2011, Cargill divested its approximately 64% equity interest in us in the first of a series of transactions (collectively, the ***Cargill Transaction***). Further information regarding this transaction is included in the Overview section of this Management s Discussion and Analysis of Financial Condition and Results of Operations and in Note 2 of our Notes to Consolidated Financial Statements.

We produce and market concentrated phosphate and potash crop nutrients. We conduct our business through wholly and majority owned subsidiaries as well as businesses in which we own less than a majority or a non-controlling interest, including consolidated variable interest entities and investments accounted for by the equity method. We are organized into the following business segments:

Our **Phosphates** business segment includes mines and production facilities in Florida which produce concentrated phosphate crop nutrients and phosphate-based animal feed ingredients, and processing plants in Louisiana which produce concentrated phosphate crop nutrients. Additionally, the Phosphates segment has a 35% economic interest in a joint venture that owns a phosphate rock mine (the ***Miski Mayo Mine***) in Peru. On August 5, 2013, we entered into a Shareholders Agreement with Saudi Arabian Mining Company (***Ma aden***) and Saudi Basic Industries Corporation (***SABIC***) under which the parties have formed a joint venture to develop, own and operate integrated phosphate production facilities in the Kingdom of Saudi Arabia. We own 25% of the joint venture and will market approximately 25% of the production of the joint venture.

Our Phosphates segment s results also include our North American phosphate distribution activities and all of our international distribution activities as well as the consolidated results of Phosphate Chemicals Export Association, Inc. (***PhosChem***), a U.S. Webb-Pomerene Act association of phosphate producers that exported concentrated phosphate crop nutrient products around the world for us and PhosChem s other member. Our share of PhosChem s sales volume was approximately 86% for the seven months ended December 31, 2013. We and PhosChem s other member have determined to dissolve PhosChem, and effective December 31, 2013, we and PhosChem s other member each assumed responsibility for PhosChem s former activities as they related to our respective products. We do not expect this to adversely impact our future results of operations.

Our **Potash** business segment owns and operates potash mines and production facilities in Canada and the U.S. which produce potash-based crop nutrients, animal feed ingredients and industrial products. Potash sales include domestic and international sales. We are a member of Canpotex, Limited (***Canpotex***), an export association of Canadian potash producers through which we sell our Canadian potash outside of the U.S. and Canada.

As previously reported, we have changed our fiscal year end to December 31 from May 31. This transition report is for the seven-month period of June 1, 2013 through December 31, 2013 (the ***Stub Period***).

Key Factors that can Affect Results of Operations and Financial Condition

Our primary products, phosphate and potash crop nutrients, are, to a large extent, global commodities that are also available from a number of domestic and international competitors, and are sold by negotiated contracts or by reference to published market prices. The most important competitive factor for our products is delivered price and the markets for our products are highly competitive. Business and economic conditions and governmental policies affecting the agricultural industry and customer sentiment are the most significant factors affecting worldwide demand for crop nutrients. The profitability of our businesses is heavily influenced by worldwide supply and demand for our products, which affects our sales prices and volumes. Our costs per tonne to produce our products are also heavily influenced by fixed costs associated with owning and operating our major facilities and by significant raw material costs in our Phosphates business.

World prices for the key raw material inputs for concentrated phosphate products, including ammonia, sulfur and phosphate rock, have an effect on industry-wide phosphate prices and costs. The primary feedstock for producing

Table of Contents

ammonia is natural gas, and costs for ammonia are generally highly dependent on the supply and demand balance for ammonia. We believe the natural gas based pricing under one of the ammonia supply agreements we entered into with CF Industries, Inc. (***CF***) will provide us a competitive advantage in the future. Sulfur is a global commodity that is primarily produced as a co-product of oil refining, where the market price is based primarily on the supply and demand balance for sulfur. We believe our investments in sulfur transportation assets continue to afford us a competitive advantage. We produce most of our phosphate rock requirements through either wholly or partly owned mines.

Our products are generally sold based on the market prices prevailing at the time the sales contract is signed or through contracts which are priced at the time of shipment based on a formula. Additionally, in certain circumstances the final price of our products is determined after shipment based on the current market at the time the price is agreed to with the customer. Forward sales programs at fixed prices increase the lag between prevailing market prices and our average realized selling prices. The mix and parameters of these sales programs vary over time based on our marketing strategy, which considers factors that include among others optimizing our production and operating efficiency with warehouse limitations, as well as customer requirements. The use of forward sales programs and level of customer prepayments may vary from period to period due to changing supply and demand environments and market sentiments.

Our per tonne selling prices for potash are affected by shifts in the product mix, geography and customer mix. Our Potash business is significantly affected by Canadian resource taxes and royalties that we pay the Province of Saskatchewan to mine and sell our potash products. In addition, cost of goods sold is affected by the level of periodic inflationary pressures on resources, such as labor, processing materials and construction costs, due to the rate of economic growth in western Canada where we produce most of our potash; natural gas costs for operating our potash solution mine at Belle Plaine, Saskatchewan; and the operating costs we incur to manage salt saturated brine inflows at our potash mine at Esterhazy, Saskatchewan which are affected by changes in the amount and pattern of the inflows, among other factors. We also incur capital costs to manage the brine inflows at Esterhazy.

We manage brine inflows at Esterhazy through a number of methods, primarily by reducing or preventing particular sources of brine inflow by locating the point of entry through the use of various technologies, including 3D seismic surveys, injecting calcium chloride into the targeted areas from surface, and grouting targeted areas from underground. We also pump brine out of the mine, which we impound in surface storage areas and dispose of by injecting it below the surface through the use of injection wells. Excess brine is also stored in mined-out areas of the mine, and the level of this stored brine fluctuates, from time to time, depending on the net inflow or net outflow rate. To date, our brine inflow and remediation efforts have not had a material impact on our production processes or volumes. In recent years, we have been investing in additional capacity and technology to manage the brine inflows. For example, in order to more effectively manage the brine inflow, we have significantly expanded our pumping capacity at Esterhazy in the last several years. In addition, we have also introduced horizontal drilling capabilities to locate points of inflow and inject calcium chloride, and have added additional brine injection capacity at a site that is remote from our current mine workings and allows us to be more disciplined and efficient in our approach to managing the brine inflow.

Our results of operations are also affected by changes in currency exchange rates due to our international footprint. The most significant currency impacts are generally from the Canadian dollar and the Brazilian real.

A discussion of these and other factors that affected our results of operations and financial condition for the periods covered by this Management s Discussion and Analysis of Financial Condition and Results of Operations is set forth in further detail below. This Management s Discussion and Analysis of Financial Condition and Results of Operations should also be read in conjunction with the narrative description of our business in Item 1, and the risk factors described in Item 1A, of Part I of this transition period report on Form 10-K, and our Consolidated Financial Statements, accompanying notes and other information listed in the accompanying Financial Table of Contents.

Throughout the discussion below, we measure units of production, sales and raw materials in metric tonnes which are the equivalent of 2,205 pounds, unless we specifically state that we mean short or long ton(s) which are the equivalent of 2,000 pounds and 2,240 pounds, respectively. References to a particular fiscal year are to the twelve months ended May 31 of that year. In the following table, there are certain percentages that are not considered to be meaningful and are represented by NM .

Table of Contents

Results of Operations

The following table shows the results of operations for the seven months ended December 31, 2013 and 2012 and the fiscal years ended May 31, 2013, 2012 and 2011:

	Seven Months Ended December 31,		2013-2012		Years Ended May 31,		
(in millions, except per share data)	**2013**	**2012 (unaudited)**	**Change**	**Percent**	**2013**	**2012**	**2011**
Net sales	$ 4,765.9	$ 5,700.0	$ (934.1)	(16%)	$ 9,974.1	$ 11,107.8	$ 9,937.8
Cost of goods sold	3,937.6	4,126.9	(189.3)	(5%)	7,213.9	8,022.8	6,816.0
Gross margin	828.3	1,573.1	(744.8)	(47%)	2,760.2	3,085.0	3,121.8
Gross margin percentage	17.4%	27.6%			27.7%	27.8%	31.4%
Selling, general and administrative expenses	211.8	245.6	(33.8)	(14%)	427.3	410.1	372.5
Loss on write-down of assets	122.8	-	122.8	NM	-	-	-
Other operating expenses	76.8	40.8	36.0	88%	123.3	63.8	85.1
Operating earnings	416.9	1,286.7	(869.8)	(68%)	2,209.6	2,611.1	2,664.2
Change in value of share repurchase agreement	73.2	-	73.2	NM	-	-	-
Interest (expense) income, net	(13.3)	11.5	(24.8)	NM	18.8	18.7	(5.1)
Foreign currency transaction gain (loss)	16.5	(34.2)	50.7	NM	(15.9)	16.9	(56.3)
Gain on sale of equity investment	-	-	-	NM	-	-	685.6
Other income (expense)	(9.1)	(0.4)	(8.7)	NM	2.0	(17.8)	(17.1)
Earnings from consolidated companies before income taxes	484.2	1,263.6	(779.4)	(62%)	2,214.5	2,628.9	3,271.3
Provision for income taxes	152.6	109.0	43.6	40%	341.0	711.4	752.8
Earnings from consolidated companies	331.6	1,154.6	(823.0)	(71%)	1,873.5	1,917.5	2,518.5
Equity in net earnings (loss) of nonconsolidated companies	10.9	14.3	(3.4)	(24%)	18.3	13.3	(5.0)
Net earnings including non- controlling interests	342.5	1,168.9	(826.4)	(71%)	1,891.8	1,930.8	2,513.5
Less: Net earnings (loss) attributable to noncontrolling interests	2.5	3.2	(0.7)	(22%)	3.1	0.6	(1.1)
Net earnings attributable to Mosaic	$ 340.0	$ 1,165.7	$ (825.7)	(71%)	$ 1,888.7	$ 1,930.2	$ 2,514.6
Diluted net earnings per share attributable to Mosaic	$ 0.80	$ 2.73	$ (1.93)	(71%)	$ 4.42	$ 4.42	$ 5.62
Diluted weighted average number of shares outstanding	422.0	426.8			426.9	436.5	447.5

Table of Contents

Overview of the Seven Months ended December 31, 2013 and Fiscal 2013, 2012 and 2011

Net earnings attributable to Mosaic for the seven months ended December 31, 2013 and 2012 were $340.0 million, or $0.80 per diluted share, and $1.2 billion, or $2.73 per diluted share, respectively. Included in net earnings for the seven months ended December 31, 2013, is $122.8 million, or $0.19 per diluted share, related to the write-down of assets in our Argentina and Chile distribution businesses and our Hersey, Michigan potash business and the write-off of engineering costs of our ammonia plant. Net earnings for this seven-month period also included a gain of $73.2 million, or $0.17 per diluted share, related to change in value of our share repurchase agreement and a discrete income tax expense of approximately $104 million, or $0.24 per diluted share. Net earnings attributable to Mosaic for fiscal 2013 and 2012 were $1.9 billion, or $4.42 per diluted share, and $2.5 billion, or $5.62 per diluted share, for fiscal 2011. Included in fiscal 2013 net earnings is a discrete income tax benefit of approximately $180 million, or $0.42 per diluted share, related to the resolution of certain tax matters and resulting in a lower overall effective tax rate. Fiscal 2011 included a $685.6 million pre-tax gain on the sale of our interest in Vale Fertilizantes S.A. (formerly Fosfertil S.A. or ***Fosfertil***), or an after tax earnings per share impact of $1.27. The more significant factors that affected our results of operations and financial condition in the seven months ended December 31, 2013 and 2012, and fiscal 2013, 2012 and 2011 are listed below. These factors are discussed in more detail in the following sections of this Management s Discussion and Analysis of Financial Condition and Results of Operations.

Seven months ended December 31, 2013

Operating earnings for the seven months ended December 31, 2013, were impacted by lower phosphate and potash selling prices compared to the same period in the prior year.

Potash selling prices have declined from prior year levels due to supply and demand fundamentals. Uncertainty in the potash market was exacerbated by the announcement in July 2013 by one of our competitors that it would significantly increase its production volumes, leading customers to expect lower potash prices. At the beginning of the Stub Period, Potash sales volumes were constrained by negative sentiments and cautious purchasing behavior by customers in the market; however, the demand improved in the fourth quarter of calendar 2013 with a strong fall application.

Our average selling price for phosphates have declined from prior year levels, due in part to softer demand caused by higher producer inventories, a decline in India s import demand and Chinese export policies. However, we believe prices hit a floor during the latter part of calendar 2013 and we saw prices begin to rise in December. The decrease in the average selling price was partially offset by lower raw material costs, including sulfur, ammonia and phosphate rock, for our phosphates products. Phosphates sales volumes for the seven months ended December 31, 2013 were higher than the same period in the prior year, due to higher domestic sales volumes driven by a strong fall application season in North America, strong demand in Brazil and customers taking position when prices started rising in December after a steady decline in prices over the past year.

Other highlights in the seven months ended December 31, 2013:

We generated $889.4 million in cash flows from operations for the seven months ended December 31, 2013. We maintained cash and cash equivalents of $5.3 billion as of December 31, 2013 compared to $3.7 billion as of May 31, 2013.

We continue to execute on our strategic plans and other priorities. During the seven months ended December 31, 2013, we took the following steps toward achieving our strategic priorities:

Growth: Grow our production of essential crop nutrients and operate with increasing efficiency

On August 5, 2013, we entered into a Shareholders Agreement with Ma aden and SABIC under which the parties have formed a joint venture to develop, own and operate integrated phosphate production

Table of Contents

facilities in the Kingdom of Saudi Arabia (the ***Northern Promise Joint Venture***). We own 25% of the joint venture and will market approximately 25% of production of the joint venture. When completed, the project is expected to diversify our sources for phosphate production and allow us to meet the increasing needs of our global customers. For further information see Liquidity and Capital Resources below and Note 9 to our Notes to Consolidated Financial Statements.

On October 28, 2013, we entered into an agreement to acquire the Florida phosphate assets and assume certain related liabilities of CF for $1.2 billion plus an additional $200 million to fund CF s asset retirement obligation escrow (the ***CF Phosphate Assets Acquisition***). Under the terms of the agreement, we would acquire CF s phosphate mining and production operations in Central Florida and terminal and warehouse facilities in Tampa, Florida. These facilities currently produce approximately 1.8 million tonnes of phosphate fertilizer per year. This transaction is expected to close in the first half of 2014.

We also signed strategic supply agreements with CF under which CF will provide us with ammonia (the ***CF Ammonia Supply Agreements***). Under one of the agreements, we will purchase approximately 545,000 to 725,000 tonnes annually for up to fifteen years at a price tied to the prevailing price of U.S. natural gas. This agreement is expected to commence prior to January 1, 2017 and is not dependent upon the close of the CF Phosphates Acquisition. Under a second agreement, we would purchase approximately 270,000 tonnes annually for three years from CF s Trinidad operations at CFR Tampa market-based pricing, which is contingent on the close of the CF Phosphates Acquisition. In light of these supply agreements, we have decided to forego construction of our proposed ammonia manufacturing plant at our Faustina, Louisiana facility. Therefore, as of September 30, 2013 we wrote off our initial investment in the project of approximately $25 million and recorded a corresponding tax benefit of approximately $9 million.

In addition to the $1.4 billion total consideration in connection with the CF Phosphate Assets Acquisition, we expect to spend an estimated $500 million to develop reserves and improve existing mines and an estimated $200 million on marine assets to transport ammonia from Louisiana to our Florida facilities. These estimated $2.1 billion of investments and capital expenditures are expected to be offset by an estimated $2.1 billion in capital savings related to the cancellations of (i) our Faustina ammonia project, saving approximately $1.1 billion in future capital expenditures, and (ii) a planned $1.0 billion beneficiation facility for our future Ona phosphate rock mine, because the proximity of the existing infrastructure at CF s South Pasture mine to Ona would allow us to take advantages of synergies associated with the combined mining assets. We also expect to capture significant additional operating efficiencies.

In December 2013, we successfully completed a test run of the expanded capacity at our Esterhazy, Saskatchewan, potash mine, which increased our share of Canpotex sales from approximately 39.9% to 42.5% effective January 1, 2014.

Also, in the quarter ended September 30, 2013, we decided to close the Hersey, Michigan potash business and sell the related salt operations. In connection with the planned sale, we wrote down the related assets by approximately $48 million, to their estimated fair value, and recorded a corresponding tax benefit of approximately $17 million.

Market Access: Expand our reach and impact by continuously strengthening our distribution network

We are increasing our investment in Brazil a key growth region and strategically important county. We have completed the expansion of our blending facility in Candeias, in the state of Bahia, Brazil with the construction of an additional 50,000 tonne capacity warehouse including increased blending capacity and improved logistics capabilities at the plant. We have also started construction on an additional 50,000 tonne capacity warehouse in Sorriso, in the state of Mato Grosso, Brazil. We expect these and other potential investments in Brazil will enable us to grow our share of sales in this key country.

Table of Contents

In the quarter ended September 30, 2013, we made the decision to exit our Argentina and Chile distribution businesses. In connection with this decision, we wrote down the related assets by approximately $50 million. There was no tax benefit recorded related to this write-down.

Innovation: Build on our industry-leading products, process and sustainability innovations

Sales volume for our premium MicroEssentials® product increased approximately 13% in the seven months ended December 31, 2013 from the prior year period contributing to a new Mosaic record for sales of MicroEssentials®.

Total Shareholder Return: Deliver strong financial performance and provide meaningful returns to our shareholders

On December 6, 2013, we entered into a share repurchase agreement (the ***MAC Trusts Share Repurchase Agreement***) with two former Cargill stockholders (the ***MAC Trusts***) to purchase all of the remaining Class A Shares held by the MAC Trusts through a series of eight purchases occurring from January 8, 2014 through July 30, 2014. As of the date of this report, all 21,647,007 Class A Shares, Series A-3, held by the MAC Trusts, and 3,092,429 Class A Shares, Series A-2, had been repurchased for an aggregate of $1.1 billion and 18,554,579 Class A Shares, Series A-2, remain to be purchased.

On November 7, 2013, we completed a $2.0 billion public debt offering consisting of $900 million aggregate principal amount of 4.250% Senior Notes due 2023, $500 million aggregate principal amount of 5.450% Senior Notes due 2033 and $600 million aggregate principal amount of 5.625% Senior Notes due 2043.

On December 5, 2013, we upsized and extended our prior $750 million unsecured revolving credit facility with a new unsecured five-year revolving credit facility in the amount of $1.5 billion.

Subsequent to year-end our Board of Directors authorized a $1 billion share repurchase program (the ***Repurchase Program***), allowing the Company to repurchase Class A Shares or Common Stock, through negotiated direct transactions or in the open market.

On February 14, 2014, we entered into share repurchase agreements with certain Cargill family member trusts (the ***Family Trusts Share Repurchase Agreements*** and collectively with the MAC Trusts Share Repurchase Agreement, the ***Share Repurchase Agreements***) to purchase an aggregate approximately 8.2 million shares of Class A under the Repurchase Program. The transactions are structured in two tranches with the first purchase of approximately 2.4 million shares completed February 14, 2014 at a price of $46.43 per share. The second purchase of approximately 5.8 million shares is scheduled for March 17, 2014.

Fiscal 2013

In fiscal 2013, average Potash selling prices were lower than the prior year primarily due to cautious customer purchasing behavior leading up to the signing of significant supply contracts with customers in both China and India in the third quarter of fiscal 2013. The impact of lower selling prices was more than offset by higher Potash sales volumes compared to the prior year. North American sales volumes increased in the second half of fiscal 2013 compared to fiscal 2012 due primarily due to robust spring demand and continuing strong farmer economics. Our international potash sales through Canpotex also increased in the second half of fiscal 2013 due to an increase in our allocation of annual sales by Canpotex combined with the signing of supply contracts with India and China mentioned above. Additionally, Potash sales volumes in fiscal 2012 were constrained by high pipeline inventories and the related impact on buyer sentiment.

Table of Contents

Average Phosphates selling prices were lower than fiscal 2012. Phosphate fertilizer prices remained below those in fiscal 2012 due to a market recalibration that occurred in the third quarter of that year. Phosphate sales volumes decreased from fiscal 2012 due primarily to lack of product availability as a result of entering fiscal 2013 with lower inventory levels and lower shipments to India.

Lower raw material costs, including sulfur, ammonia and phosphate rock, partially offset the decrease in selling prices for our phosphates products. The lower costs for ammonia were the result of internal production of ammonia at our Faustina ammonia facility which was operating at near full capacity in fiscal 2013, but was temporarily shut down during the first half of fiscal 2012 due to an unplanned outage. The lower phosphate rock costs were due to increased production from our South Fort Meade mine in fiscal 2013 compared to fiscal 2012 when it operated on a limited basis because of preliminary injunctions relating to the extension of our South Fort Meade, Florida, phosphate rock mine into Hardee County.

Beginning with the dividend paid in in August 2012, we increased our annual dividend 100% to $1.00 per share, from the level of $0.50 per share announced in February 2012. Dividend payments were $426.6 million in fiscal 2013.

We ended our obligation to supply potash from our Esterhazy mine under a tolling agreement (the ***Tolling Agreement***) at the end of calendar 2012. Under the Tolling Agreement, we had been delivering up to 1.1 million tonnes of potash per year.

On January 30, 2013, we entered into agreements to settle certain lawsuits against us under federal and state antitrust laws (the ***Potash Antitrust Cases***) for an aggregate of $43.8 million. The settlement and related costs resulted in a pre-tax charge of $42 million, or $0.07 per diluted share, in the third quarter of fiscal 2013, and total pre-tax charges for fiscal 2013 of $51 million, or $0.09 per diluted share, included in other operating expenses.

We generated $1.9 billion in cash flows from operations in fiscal 2013 and maintained cash and cash equivalents of $3.7 billion as of May 31, 2013.

Fiscal 2012

In fiscal 2012, the average Phosphates and Potash selling prices were higher than fiscal 2011 as a result of stronger farmer economics and increased grain prices, particularly corn. Beginning in fiscal 2011, Phosphate selling prices increased steadily throughout the year and the increases continued through the first half of fiscal 2012. In the second half of fiscal 2012, we saw lower average selling prices due to a market recalibration that occurred in the third quarter. However, in the latter part of fiscal 2012 and early in fiscal 2013 Phosphate selling prices increased but remained below levels of the first half of fiscal 2012. The average Potash selling price increased early in fiscal 2012 and remained within a fairly narrow range for the remainder of the year.

Phosphate sales volumes remained relatively flat from the prior year. Fiscal 2012 started with high phosphate producer inventory levels. The high phosphate producer inventory levels were reduced by the end of fiscal 2012 to low levels as a result of an extended North American spring application period, elevated global demand and modest production curtailments from January thru March 2012. Potash sales volumes decreased compared to the prior year due to cautious customer purchasing behavior in North America. Potash producer inventory levels were low entering fiscal 2012. These potash producer inventory levels increased throughout fiscal 2012 and ended at relatively high levels.

Higher raw material costs more than offset the benefit from the increase in selling prices for our phosphate products. The higher prices for our key raw materials for concentrated phosphates, primarily sulfur and ammonia, resulted from higher global demand and tighter supply for these raw materials in fiscal 2012 compared to the prior year. In addition, because our South Fort Meade mine was operating on a limited basis, we increased our use of phosphate rock purchased from third parties in our production of crop nutrients, contributing to increased raw material costs.

On February 21, 2012, we announced that we had entered into a settlement (the ***Hardee County Extension Permit Litigation Settlement***) that resolved in their entirety the pending court proceedings over the federal

Table of Contents

wetlands permit for the extension of our South Fort Meade, Florida, phosphate rock mine into Hardee County and allowed mining at the South Fort Meade mine to proceed. The settlement resulted in a pre-tax charge of approximately $13 million included in other operating expenses. We received final court approval of the settlement on March 28, 2012.

On October 24, 2011, we completed a $750 million public debt offering consisting of $450 million aggregate principal amount of 3.750% Senior Notes due 2021 and $300 million aggregate principal amount of 4.875% Senior Notes due 2041 (collectively, the ***Senior Notes of 2011***). On December 1, 2011, we redeemed the remaining $469.3 million aggregate principal amount of the 7-5/8% Senior Notes due December 2016 (the ***7-5/8% Senior Notes***) of our subsidiary, MOS Holdings Inc. We recorded a pre-tax charge of approximately $20 million in other expense, primarily related to the call premium.

On November 17, 2011, we purchased an aggregate 21.3 million shares of our Class A Common Stock, Series A-4 from the MAC Trusts. The purchase price was $54.58 per share, the closing price for our common Stock on November 16, 2011, resulting in a total purchase price of $1.2 billion.

On September 23, 2011, Standard and Poor s included us in the S&P 500 index and on September 29, 2011, we completed an underwritten secondary public offering by the MAC Trusts of 20.7 million shares of our Common Stock that the MAC Trusts acquired in the Cargill Transaction.

We generated a fiscal record of $2.7 billion in cash flows from operations in fiscal 2012 and maintained cash and cash equivalents of $3.8 billion as of May 31, 2012.

Fiscal 2011

Our results for fiscal 2011 reflected continued strengthening of phosphate sales prices compared to fiscal 2010 when the recovery in phosphates selling prices was in its early stages. Potash sales volumes increased compared to the prior year due to increasing demand. The crop nutrient market showed significant improvement compared to fiscal 2010 due to the strengthening global outlook for agriculture fundamentals, supported by increased demand for grains and oilseeds in fiscal 2011. Other factors contributing to the strong market dynamics were low producer and pipeline inventories and the impact of improving application rates as farmers made up for lower rates in recent years.

The selling prices for our phosphate products in fiscal 2011 were significantly higher than in fiscal 2010 due to the factors discussed above and the effect on selling prices of high raw material costs.

Higher raw material costs partially offset the benefit from the increase in market prices for our phosphates products. The higher prices for our key raw materials for concentrated phosphates, primarily sulfur and ammonia, resulted from higher global demand for these raw materials in fiscal 2011 compared to fiscal 2010.

In the first quarter of fiscal 2011, we acquired a 35% economic interest in a joint venture that owns the Miski Mayo Mine in the Bayovar region of Peru for approximately $385 million. We also entered into a commercial supply agreement to purchase phosphate rock from the Miski Mayo Mine for volumes proportionate to our economic interest. Phosphate rock production started at the Miski Mayo Mine during the first quarter of fiscal 2011 and shipments began that same quarter.

In the second quarter of fiscal 2011, we completed the sale of our interest in Fosfertil, which resulted in a pre-tax gain of $685.6 million ($569.4 million after tax). The tax impact of this transaction was $116.2 million and is included in our provision for income taxes for the year ended May 31, 2011.

In the fourth quarter of fiscal 2011, we, Cargill and certain Cargill shareholders consummated the first in a series of transactions as part of the Cargill Transaction as discussed further in Note 2 to our Consolidated Financial Statements and in the Overview section of this Management s Discussion and Analysis of Financial Condition and Results of Operations.

Table of Contents

We generated cash flow from operations of $2.4 billion in fiscal 2011 and maintained cash and cash equivalents of $3.9 billion as of May 31, 2011.

Phosphates Net Sales and Gross Margin

The following table summarizes Phosphates net sales, gross margin, sales volumes and certain other information:

	Seven Months Ended December 31,		2013-2012		Years Ended May 31,		
(in millions, except price per tonne or unit)	2013	2012 (unaudited)	Change	Percent	2013	2012	2011
Net sales:							
North America	$ 1,275.4	$ 1,440.2	$ (164.8)	(11%)	$ 2,467.9	$ 2,553.0	$ 2,185.6
International	2,162.8	2,371.1	(208.3)	(9%)	4,026.7	5,286.2	4,709.6
Total	3,438.2	3,811.3	(373.1)	(10%)	6,494.6	7,839.2	6,895.2
Cost of goods sold	2,993.2	3,118.0	(124.8)	(4%)	5,332.4	6,372.3	5,241.2
Gross margin	$ 445.0	$ 693.3	$ (248.3)	(36%)	$ 1,162.2	$ 1,466.9	$ 1,654.0
Gross margin as a percent of net sales	12.9%	18.2%			17.9%	18.7%	24.0%
Sales volume (in thousands of metric tonnes)							
Crop Nutrients[a][b]:							
North America	1,795	1,695	100	6%	3,803	3,746	3,441
International	1,484	1,357	127	9%	3,126	3,810	4,116
MicroEssentials®	758	670	88	13%			
Crop Nutrient Blends[c]	1,768	1,731	37	2%	2,651	2,620	2,636
Feed Phosphates	347	308	39	13%	534	621	567
Other[d]	805	691	114	16%	1,092	1,039	1,188
Total	6,957	6,452	505	8%	11,206	11,836	11,948
Average selling price per tonne:							
DAP (FOB plant)	$ 409	$ 532	$ (123)	(23%)	$ 512	$ 555	$ 491
Crop Nutrient Blends (FOB destination)	489	546	(57)	(10%)	555	579	475
Average price per unit:							
Ammonia (metric tonne)(Central Florida)	$ 457	$ 513	$ (56)	(11%)	$ 524	$ 528	$ 407
Sulfur (long ton)	145	192	(47)	(24%)	184	223	162

(a) Excludes tonnes sold by PhosChem for its other member.
(b) Excludes Crop Nutrient Blends and beginning with the seven months ended December 31, 2013, excludes MicroEssentials.
(c) The average product mix in crop nutrient blends (***Blends***) (by volume) contains approximately 55% phosphate, 25% potash and 20% nitrogen.
(d) Other volumes are primarily single superphosphate (***SSP***), potash and urea sold outside of North America.

Table of Contents

Seven months ended December 31, 2013 and 2012 (Unaudited)

The Phosphates segment s net sales decreased to $3.4 billion in the current period, compared to $3.8 billion in the seven months ended December 31, 2012. The decrease was due to lower sales prices that resulted in a reduction to net sales of approximately $660 million, partially offset by higher sales volumes that impacted net sales by approximately $280 million.

Our average DAP selling price was $409 per tonne for the seven months ended December 31, 2013, a decrease of $123 per tonne or 23% compared with the same period a year ago due to the factors discussed in the Overview. The selling price per tonne of Blends decreased 10% in the current period compared with the seven months ended December 31, 2012. We have moved to selling more high value phosphate product, including MicroEssentials and MAP, in Blends, which has helped soften the decrease in these selling prices.

The Phosphates segment s sales volumes increased to 7.0 million tonnes for the seven months ended December 31, 2013, compared to 6.5 million tonnes in the same period a year ago. The increase in phosphate sales volumes from the same period in the prior year was due to the factors discussed in the Overview.

We consolidate the results of PhosChem. Included in our results for the current period are PhosChem net sales and costs for its other member of $70 million compared with $64 million for the seven months ended December 31, 2012. Effective December 31, 2013, we and PhosChem s other member each assumed responsibility for PhosChem s former activities as they related to our respective products. We do not expect this to adversely impact our future results of operations.

Gross margin for the Phosphates segment decreased to $445.0 million in the current period compared with $693.3 million for the seven months ended December 31, 2012. Lower sales prices had an unfavorable impact on gross margin of approximately $660 million which was partially offset by higher sales volumes and lower product costs of approximately $20 million and $380 million, respectively. Approximately $230 million of the lower product costs was due to lower input cost of products sold by our international distribution locations, including Blends. As this business is a distribution business, these costs are typically passed on to the customers. This is reflected in revenue; therefore, there is minimal impact on gross margin dollars. The margin percentage for Blends was lower in the Stub Period compared to the same period in the prior year due to pricing decreasing faster than raw material costs. Approximately $110 million of the decrease in product costs was due to lower sulfur and ammonia costs, and approximately $40 million was due to the lower cost of phosphate rock used in our North America operations. Other factors affecting gross margin and costs are discussed below. As a result of these factors, gross margin as a percentage of net sales decreased to 13% for the seven months ended December 31, 2013 compared to 18% for the same period a year ago.

The average consumed price for ammonia for our North American operations decreased to $457 per tonne in the current period from $513 in the same period a year ago. The average consumed price for sulfur for our North American operations decreased to $145 per long ton for the seven months ended December 31, 2013 from $192 in the same period a year ago. The purchase price of these raw materials is driven by global supply and demand. The average consumed cost of purchased and produced rock decreased to $61 per tonne in the current period, compared to $66 per tonne in the same period a year ago. The percentage of phosphate rock purchased from our Miski Mayo Mine used in finished product production in our North American operations increased to 9% for the current period from 6% in the same period a year ago. This increase offset the percentage of purchased rock from unrelated parties used in phosphate finished product production in our North American operations which decreased to 3% in the current period, from 6% in the same period a year ago. We expect to continue to increase our use of phosphate rock from our Miski Mayo investment as their production increases.

Costs were also impacted by net unrealized mark-to-market derivative losses of $1.6 million for the seven months ended December 31, 2013, primarily on natural gas and foreign currency derivatives, compared to losses of $1.0 million in the same period a year ago, primarily on freight derivatives.

Table of Contents

The Phosphates segment s North American production of crop nutrient dry concentrates and animal feed ingredients was 4.8 million tonnes for the seven months ended December 31, 2013 and 2012. Our operating rate for processed phosphate production was 84% in the current period compared to 85% in the same period a year ago.

Our phosphate rock production was 7.9 million tonnes for the current period compared with 9.0 million tonnes in the same period a year ago. In addition to variations in rock reserve grade, production volumes declined as inventory levels had been rebuilt following the Hardee County Extension Permit Litigation Settlement and mining has been reduced in line with our inventory management strategy.

Fiscal 2013 compared to Fiscal 2012

The Phosphates segment s net sales decreased to $6.5 billion in fiscal 2013, compared to $7.8 billion in fiscal 2012. The decrease was primarily due to lower sales volumes in the first half of fiscal 2012 that resulted in a reduction to net sales of approximately $390 million combined with a decrease in sales prices that impacted net sales by approximately $390 million. We consolidate the results of PhosChem. Included in our results for fiscal 2013 are PhosChem net sales and costs for its other member of $92 million compared with $645 million in fiscal 2012.

Our average DAP selling price was $512 per tonne in fiscal 2013, a decrease of $43 per tonne or 8% compared with fiscal 2012 due to the factors discussed in the Overview. The selling price per tonne of Blends decreased 4% in fiscal 2013 compared with fiscal 2012, reflecting decreases in the price of materials used to produce Blends, primarily phosphates and potash while nitrogen remained flat.

The Phosphates segment s sales volumes decreased to 11.2 million tonnes in fiscal 2013, compared to 11.8 million tonnes in fiscal 2012. The decline in phosphate sales volumes was due to the factors discussed in the Overview.

Gross margin for the Phosphates segment decreased to $1.2 billion in fiscal 2013 compared with $1.5 billion in fiscal 2012, primarily due to lower average selling prices and sales volume. These factors unfavorably impacted gross margin by approximately $580 million partially offset by lower product costs of approximately $280 million. The lower costs were driven primarily by lower raw materials costs in our North American operations, which include sulfur, ammonia and phosphate rock, of approximately $210 million and lower product costs of approximately $130 million sold by our international distribution locations, including Blends. These lower costs were partially offset by approximately $40 million of increased plant spending. Other factors affecting gross margin and costs are discussed below. As a result of these factors, gross margin as a percentage of net sales decreased to 18% in fiscal 2013 compared to 19% for in fiscal 2012.

The average consumed price for ammonia for our North American operations decreased to $524 per tonne in fiscal 2013 from $528 in fiscal 2012. The average consumed price for sulfur for our North American operations decreased to $184 per long ton for fiscal 2013 from $223 in fiscal 2012. The purchase price of these raw materials is driven by global supply and demand. Despite higher market prices for ammonia during fiscal 2013 compared to the prior year, we benefitted from the internal production of ammonia at our Faustina facility which was operating at near full capacity in fiscal 2013, but was temporarily shut down during the first half of fiscal 2012 due to an unplanned outage. The average consumed cost of purchased and produced rock decreased to $65 per tonne in fiscal 2013, compared to $73 per tonne in fiscal 2012, primarily due to increased production from our South Fort Meade mine, following the Hardee County Extension Permit Litigation Settlement. The percentage of phosphate rock purchased from our Miski Mayo Mine used in finished product production in our North American operations increased to 8% for fiscal 2013 from 7% in fiscal 2012. The percentage of purchased rock from unrelated parties used in phosphate finished product production in our North American operations decreased to 5% in fiscal 2013, from 8% in fiscal 2012.

Costs were also impacted by net unrealized mark-to-market derivative gains of $1.8 million in fiscal 2013, primarily on natural gas derivatives, compared to losses of $3.6 million in fiscal 2012, primarily on freight and natural gas derivatives.

The Phosphates segment s North American production of crop nutrient dry concentrates and animal feed ingredients was 8.2 million tonnes for fiscal 2013 compared with 8.3 million tonnes in fiscal 2012. Our operating rate for processed phosphate production was consistent at 85% in fiscal 2013 and fiscal 2012.

Table of Contents

Our phosphate rock production was 15.4 million tonnes for fiscal 2013 compared with 12.1 million tonnes in fiscal 2012. The increase in phosphate rock production in fiscal 2013 was primarily due to the settlement of the Hardee County Extension Permit Litigation Settlement in the fourth quarter of fiscal 2012 that allowed us to resume normal mining operations at South Fort Meade.

Fiscal 2012 compared to Fiscal 2011

The Phosphates segment s net sales increased to $7.8 billion in fiscal 2012, compared to $6.9 billion in fiscal 2011. The increase was primarily due to an increase in sales prices that resulted in incremental net sales of approximately $770 million.

Our average DAP selling price was $555 per tonne in fiscal 2012, an increase of $64 per tonne or 13% compared with fiscal 2011 due to the factors discussed in the Overview. The selling price per tonne of Blends increased 22% in fiscal 2012 compared with fiscal 2011. The increase in Blends pricing was driven by the price increase in all nutrients used to produce Blends, mainly nitrogen and potash. During fiscal 2012, the price of these nutrients increased at a higher rate than phosphate prices.

The Phosphates segment s sales volumes remained relatively flat at 11.8 million tonnes in fiscal 2012, compared to 11.9 million tonnes in the same period a year ago. Domestic sales volumes increased due to a strong spring season and good farmer economics. The decrease in export sales volumes was due to our focus on growing volumes in North America.

We consolidate the results of PhosChem. Included in our results for fiscal 2012 is PhosChem net sales and costs for its other member of $645 million compared with $507 million in fiscal 2011.

Gross margin for the Phosphates segment decreased to $1.5 billion in fiscal 2012 compared with $1.7 billion in fiscal 2011, primarily due to higher product costs of approximately $990 million partially offset by higher average selling prices which favorably impacted gross margin by approximately $770 million. The higher costs were driven by higher raw materials costs in our North American operations, which include sulfur, ammonia and purchased rock, of approximately $490 million and higher raw materials costs used in the production of our international products, including the nitrogen and potash components of Blends, of approximately $420 million. Other factors affecting gross margin and costs are discussed below. As a result of these factors, gross margin as a percentage of net sales decreased to 19% in fiscal 2012 compared to 24% for the same period a year ago.

The average consumed price for sulfur increased to $223 per long ton in fiscal 2012 from $162 in the same period a year ago. The average consumed price for ammonia increased to $528 per tonne for fiscal 2012 from $407 in the same period a year ago. The increase in the market prices of these raw materials was due to the factors discussed in the Overview. The increase in ammonia costs was also impacted by approximately $60 million due to the temporary shutdown of our Faustina ammonia plant as a result of an outage, partially offset by insurance proceeds related to the outage of approximately $49 million of which $8 million is included in cost of goods sold and $41 million is included in other operating expense. The average consumed price for rock increased to $73 per tonne for fiscal 2012 from $59 in the same period a year ago as a result of the higher use of purchased rock. The percentage of phosphate rock from our Miski Mayo Mine used in finished product production in our North American operation increased from 4% in fiscal 2011 to 7% in fiscal 2012. The percentage of purchased rock from unrelated third parties used in phosphate finished product production in our North American operations increased from 4% in fiscal 2011 to 8% in fiscal 2012 primarily related to the limited production at our South Fort Meade mine in fiscal 2012.

Costs were also impacted by net unrealized mark-to-market derivative losses of $3.6 million in fiscal 2012, primarily on freight and natural gas derivatives, compared to gains of $0.5 million in fiscal 2011, primarily on natural gas derivatives.

Table of Contents

The Phosphates segment s North American production of crop nutrient dry concentrates and animal feed ingredients was 8.3 million tonnes for fiscal 2012 compared with 8.4 million tonnes in the same period a year ago. Our operating rate for processed phosphate production was 85% in fiscal 2012 compared to 87% in fiscal 2011. During the second half of fiscal 2012, we reduced finished phosphate production to help manage our inventory levels.

Our phosphate rock production was 12.1 million tonnes for fiscal 2012 compared with 11.5 million tonnes in fiscal 2011. The increase in phosphate rock production rates was primarily due to increased production at our Four Corners, Wingate and Hookers Prairie mines. The South Fort Meade mine, which was producing on a limited basis in fiscal 2012, was temporarily shutdown for most of the first half of fiscal 2011 and subsequently operated at a reduced production level for the remainder of fiscal 2011 due to the Hardee County Extension Permit Litigation Settlement.

Potash Net Sales and Gross Margin

The following table summarizes Potash net sales, gross margin, sales volumes and certain other information:

(in millions, except price per tonne or unit)	Seven Months Ended December 31, 2013	Seven Months Ended December 31, 2012 (unaudited)	2013-2012 Change	2013-2012 Percent	Years Ended May 31, 2013	Years Ended May 31, 2012	Years Ended May 31, 2011
Net sales:							
North America	$ 833.1	$ 1,270.9	$ (437.8)	(34%)	$ 2,108.0	$ 1,851.9	$ 1,949.7
International	554.1	653.7	(99.6)	(15%)	1,421.3	1,449.4	1,111.3
Total	1,387.2	1,924.6	(537.4)	(28%)	3,529.3	3,301.3	3,061.0
Cost of goods sold	1,012.9	1,043.1	(30.2)	(3%)	1,918.0	1,679.3	1,592.0
Gross margin	$ 374.3	$ 881.5	$ (507.2)	(58%)	$ 1,611.3	$ 1,622.0	$ 1,469.0
Gross margin as a percent of net sales	27.0%	45.8%			45.7%	49.1%	48.0%
Sales volume (in thousands of metric tonnes)							
Crop Nutrients[(a)]:							
North America	1,439	1,732	(293)	(17%)	3,139	2,350	3,263
International	1,918	1,665	253	15%	3,966	3,666	3,626
Total							