
**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 fiscal year ended May 31, 2009

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____ to ____

Commission file number 001-32327

The Mosaic Company
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-0891589
(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 ☒ 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 ☒

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 ☒ 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 ☐ 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. ☒

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 ☒ 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 ☒

As of November 30, 2008, the aggregate market value of the registrant's voting common stock held by non-affiliates was approximately \$4.81 billion based upon the closing price of these shares on the New York Stock Exchange.

Indicate the number of shares outstanding of each of the registrant's classes of common stock: 444,543,109 shares of Common Stock, par value \$0.01 per share, as of July 17, 2009.

DOCUMENTS INCORPORATED BY REFERENCE

- Portions of the registrant's Annual Report to Stockholders for the fiscal year ended May 31, 2009 (Part I and Part II)
- Portions of the registrant's definitive proxy statement to be delivered in conjunction with the 2009 Annual Meeting of Stockholders (Part III)

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PART I.

Item 1. Business.

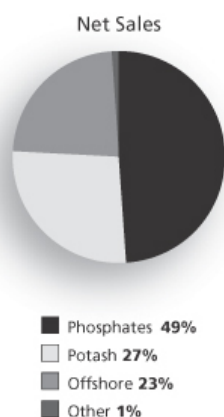
OVERVIEW

The Mosaic Company is one of the world's leading producers and marketers of concentrated phosphate and potash crop nutrients for the global agriculture industry. 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 more than 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, New Mexico and Michigan. We have made strategic equity investments in phosphate production facilities and phosphate rock mines in Brazil; and other production, blending or distribution operations or equity investments in nearly a dozen countries, including the top four nutrient-consuming countries in the world.

The Mosaic Company is a Delaware corporation that was incorporated in January 2004 to serve as the parent company of the business that was formed through the business combination of IMC Global Inc. and the fertilizer businesses of Cargill, Incorporated.

As of May 31, 2009, Cargill owned approximately 64.3% of our outstanding common stock. We are publicly traded on the New York Stock Exchange under the ticker symbol "MOS" and are headquartered in Plymouth, Minnesota.

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 equity interest. We are organized into three business segments: Phosphates, Potash and Offshore. The following chart shows the respective contributions to fiscal 2009 net sales for each of these business segments:



Phosphates Segment—We are the largest integrated phosphate producer in the world and the largest producer 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. We accounted for approximately 13% of estimated global production and 58% of U.S. production of finished phosphate products during fiscal 2009.

Potash Segment—We are the third-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

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degree, as animal feed ingredients. We accounted for approximately 13% of global potash production and 40% of North American potash production during fiscal 2009.

Offshore Segment—Our Offshore segment produces and/or markets phosphate-, potash- and nitrogen-based crop nutrients and animal feed ingredients. We have sales offices, crop nutrient blending and bagging facilities, port terminals and warehouses in several key international countries, including Brazil. In addition, we own or have strategic investments in production facilities in Brazil and a number of other countries. Our operations and strategic investments in Brazil make us one of the largest producers and distributors of blended crop nutrients in this key agricultural market.

Other—In fiscal 2009, we had a 50% interest in Saskferco Products Limited Partnership (the “*Partnership*”) and its wholly owned subsidiary, Saskferco Products ULC, a Saskatchewan, Canada-based producer of nitrogen fertilizer and feed ingredients. We were the exclusive marketing agent for the Partnership’s nitrogen products. “Other” net sales in the chart above include our fees from our marketing agreement with Saskferco as well as net sales from other sales of nitrogen products. See further discussion on our sale of the Partnership in Business Developments during Fiscal 2009 below.

A more detailed discussion of our business segments is included below under “Business Segment Information.”

As used in this report:

- “*Mosaic*” means The Mosaic Company;
- “*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 other than us, individually or in any combination;
- “*Cargill Crop Nutrition*” or “*CCN*” 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;
- references in this report to a particular fiscal year are to the twelve months ended May 31 of that year; and
- “*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.

Business Developments during Fiscal 2009

Fiscal 2009 began with a continuation of the strong agricultural fundamentals and industry demand from fiscal 2008. In the latter part of the second quarter, we began to experience a rapid softening of the strong agricultural fundamentals and industry demand that prevailed from the latter part of fiscal 2007 into fiscal 2009. The softening was due to a change in buyer sentiment resulting from, among other factors, lower grain and oilseed prices, a late North American harvest in the fall of 2008, a build-up of inventories in the distribution supply chain, the global economic slowdown and the re-calibration of the phosphate market to reflect lower raw material input costs. These market conditions caused phosphates selling prices to begin to decline sharply toward the end

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of the fiscal 2009 second quarter through the end of fiscal 2009. These factors also caused farmers to delay purchases of phosphates and potash crop nutrients in anticipation of reduced selling prices, resulting in lower crop nutrient application rates during fiscal 2009.

Any prolonged reduction of crop nutrients application will result in lower grain and oilseed crop yields. Despite the current weakness in crop nutrient demand, we expect a resurgence in crop nutrient demand in order to meet the increasing global demand for food and fuel as well as to increase grain and oilseed stocks to more secure levels.

Because of the lower demand for our products, we significantly reduced production volumes in both our Phosphate and Potash businesses in fiscal 2009. Toward the end of fiscal 2009, we increased Phosphate production volume somewhat in response to improving demand.

Also in fiscal 2009:

- We continued the expansion of capacity in our Potash segment, in line with our views of the long-term fundamentals of that business and consistent with our strategy. The planned expansions are expected to increase our annual capacity for finished product by more than five million tonnes over the next eleven years. Some of the expansions have been approved and are underway while others are in the planning and approval phases.
- The Partnership sold Saskferco Products ULC, a Saskatchewan, Canada-based producer of nitrogen fertilizer and feed ingredients, on October 1, 2008. Our share of the gross proceeds was approximately \$750 million. This sale is consistent with our strategy.
- The credit rating agencies that rate our 7-3/8% senior notes due 2014 and 7-5/8% senior notes due 2016 (the “*New Senior Notes*”) upgraded their ratings of the New Senior Notes and other unsecured debt to investment grade status in the first quarter of fiscal 2009.¹ As a result, most of the restrictive covenants relating to the New Senior Notes have fallen away. Certain restrictive covenants of the New Senior Notes, as well as the restrictive covenants under our senior secured bank credit facility, continue to apply.
- Our strong cash flows allowed us to initiate quarterly dividends, with a quarterly dividend of \$0.05 per share of common stock for fiscal 2009.

We have included additional information about these and other developments in our business during fiscal 2009 in our Management’s Discussion and Analysis of Financial Condition and Results of Operations (“*Management’s Analysis*”) that is incorporated by reference in this report in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

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.”

¹ A security rating is not a recommendation to buy, sell or hold securities. Although a security rating may be subject to revision or withdrawal at any time by the assigning rating organization, any such revision or withdrawal would not affect the fall-away of the covenants relating to the New Senior Notes. Each rating should be evaluated separately from any other rating.

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- 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

We produce phosphate crop nutrients and feed phosphate which are used in crop nutrients and animal feed ingredients, respectively. The principal inputs used in crop nutrients production are phosphate rock, sulfur and ammonia.

Phosphate Crop Nutrients and Animal Feed Ingredients

We are the largest producer of concentrated phosphate crop nutrients and animal feed ingredients in the world. We have capacity to produce approximately 4.4 million tonnes of phosphoric acid ("**P₂O₅**") per year, or about 10% of world capacity and about 46% of North American 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 phosphoric acid production totaled approximately 3.2 million tonnes during fiscal 2009 and accounted for approximately 10% of estimated global production and 47% of U.S. phosphoric acid output during fiscal 2009.

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

- Diammonium Phosphate ("**DAP**"). DAP is the most widely used high-analysis phosphate crop nutrient worldwide. DAP is produced by 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.
- Monoammonium Phosphate ("**MAP**"). 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. 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, but requires less ammonia and more sulfur than DAP.

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.

In addition, our Phosphates segment is one of the largest producers and marketers of phosphate-based animal feed ingredients in the world. Over the past year, customers' increasing use of an enzyme that can help optimize usage of phosphate-based animal feed ingredients led to a decrease in our sales of these feed ingredients. As a result, in fiscal 2009 we discontinued feed phosphate production at our Riverview, Florida facility, which was the smaller of our two feed phosphate facilities, and concentrated production at our larger New Wales, Florida facility in order to maximize efficiencies. The Riverview, Florida facility continues to produce concentrated phosphate crop nutrients. We market our feed phosphate primarily under the leading brand names of Biofos® and Multifos®.

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Our primary phosphate crop nutrient and feed phosphate 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 future phosphate mines in Florida:



Annual capacity by plant at May 31, 2009 and production volumes by plant for fiscal 2009 are listed below:

Facility	Phosphoric Acid		Processed Phosphate ^(a) /DAP/MAP MicroEssentials TM /Feed Phosphate	
	Capacity ^(c)	Production	Capacity ^(b)	Production
Florida:				
Bartow	1.0	0.7	2.1	1.5
New Wales	1.7	1.4	4.4	2.9
Riverview	0.9	0.6	1.7	1.2
	3.6	2.7	8.2	5.6
Louisiana:				
Faustina	-	-	1.8	1.1
Uncle Sam	0.8	0.5	-	-
	0.8	0.5	1.8	1.1
Total	4.4	3.2	10.0	6.7

^(a) Our effective capacity to produce processed phosphates has been less than our nominal capacity except to the extent we purchase phosphoric acid.

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⁽⁹⁾ Actual operating rates vary from those 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. During fiscal 2009, we reduced production at all plants in response to market demand for phosphates products. We have included a discussion of reduced volumes in our Management's Analysis.

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

Our Riverview facility is subject to the mortgage granted under our senior secured credit facility. Our senior secured credit facility is described under "Liquidity and Capital Resources" in our Management's Analysis.

We produced approximately 6.7 million tonnes of phosphate crop nutrients for fiscal 2009 and accounted for roughly 13% of world output and 58% of U.S. production.

Phosphate Rock

Phosphate rock is the key mineral used to produce phosphate crop nutrients and feed phosphate. Our phosphate rock production totaled approximately 13.2 million tonnes in fiscal 2009 and accounted for approximately 8% of estimated world production and 48% of North American production. We are the world's second largest miner of phosphate rock and currently operate five mines with a combined annual capacity of approximately 16.4 million tonnes. Production of one tonne of DAP requires between 1.6 and 1.7 tonnes of phosphate rock.

All of our phosphate mines and related mining operations are located in central Florida. During fiscal 2009, we operated five active mines: Four Corners, South Fort Meade, Hookers Prairie, Hopewell and Wingate. We also plan to develop two large mines at Ona and at Pine Level to replace mines that will be depleted, as we continue to operate, 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 in what is known as the Bone Valley Member of the Peace River Formation in the Central 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 Pine Level mines would also be 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 strip 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.

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The following table shows, for each of our phosphate mines, annual capacity at May 31, 2009 and rock production volume and grade for the past three fiscal years:

(tonnes in millions)		2009			2008			2007		
Facility	Annual Capacity ^(a)	Production	Average BPL ^(c)	% P ₂ O ₅ ^(d)	Production	Average BPL ^(c)	% P ₂ O ₅ ^(d)	Production	Average BPL ^(c)	% P ₂ O ₅ ^(d)
Four Corners	6.5	5.1	64.9	29.7	5.6	65.0	29.7	5.6	65.7	30.1
South Fort Meade	6.0	5.1	61.9	28.3	6.4	62.1	28.4	5.4	63.0	28.8
Hookers Prairie	2.0	1.6	64.8	29.7	2.3	64.6	29.6	2.1	64.9	29.7
Wingate ^(b)	1.4	0.9	65.5	30.0	1.0	62.9	28.8	-	-	-
Hopewell	0.5	0.5	70.9	32.4	0.5	68.8	31.5	0.6	66.1	30.2
Total	16.4	13.2	64.0	29.3	15.8	63.8	29.2	13.7	64.5	29.5

^(a) Actual operating rates vary from those shown in the above table due to factors that include among others the level of demand for our products, the quality of the reserves and 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. During fiscal 2009, we reduced production at all mines in response to market demand for phosphates products. We have included a discussion of reduced volumes in our Management's Analysis.

^(b) Our Wingate mine was idled in November 2005 and reopened in June 2007.

^(c) 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.

^(d) The percent of P₂O₅ 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.

We also purchase phosphate rock from time to time. 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, particularly as we develop our proposed Ona and Pine Level mines.

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 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.

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The following table sets forth our proven and probable phosphate reserves as of May 31, 2009:

(tonnes in millions)	Reserve Tonnes ^(a)	Average BPL ^(d)	% P ₂
Active Mines			
Four Corners	113.3	63.3	29.0
South Fort Meade	54.0	62.3	28.5
Hookers Prairie	29.6 ^(c)	65.3	29.9
Hopewell	0.8	67.8	31.0
Wingate	35.7 ^(b)	62.1	28.4
Total Active Mines	233.4	63.2	28.9
Future Mining			
Ona	183.3	64.6	29.6
Pine Level	148.0 ^(b)	64.8	29.7
Total Future Mining	331.3	64.7	29.6
Total Mining	564.7	64.1	29.3

^(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 permissible access for mining; believed by us to be permissible; 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. 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. Prior to the Combination, IMC retained an independent third party to prepare annual valuation analyses, primarily for tax purposes, that included valuations of IMC's reserves consistent with the information shown in the table above. In addition, as part of Cargill Crop Nutrition's due diligence assessments of mining properties and phosphate reserves, CCN retained consultants to conduct analyses in connection with its acquisitions of the Wingate mine and part of the Ona mine. We have taken these reviews into account in developing our calculations of 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, 537.0 million tonnes are proven reserves, while approximately 1.6 million tonnes at Ona and 26.1 million tonnes at Pine Level are probable reserves.

^(d) Average product BPL ranges from approximately 62% to 68%.

^(e) Of the tonnes shown at Hookers Prairie, our lease of 1.7 million tonnes requires us to pay royalties of \$2.00 per short ton of the reserves that we mine. In addition, our lease of 2.7 million tonnes requires us to pay royalties of \$1.25 per short ton that are generally credited against \$250,000 advance royalties that we paid when we entered into the lease.

^(f) We acquired Wingate Tract 2, relating to 26.7 million tonnes of the reserves shown for the Wingate mine, in March 2004 pursuant to an agreement that requires us to pay the seller approximately \$3.4 million by March 2010, unless we have not obtained all necessary permits. If we do not make this payment, the seller has an option for the subsequent 120 day period to repurchase Wingate Tract 2 from us for \$4.5 million plus interest from the date of our purchase of Wingate Tract 2 in March 2004.

^(g) In connection with the sale in 1994 of certain of the surface rights related to approximately 48.9 million tonnes of the reported Pine Level reserves, we agreed not to mine such reserves until at least 2014. Our current mining plans do not contemplate mining these reserves until at least that time. In addition, in connection with the purchase in 1996 of approximately 99.1 million tonnes of the reported Pine Level reserves, we agreed to (i) pay royalties of between \$0.50 and \$0.90 per ton of rock mined based on future

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levels of DAP margins, (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, 2015 and (iii) re-convey to the seller the lands which are not scheduled to be mined upon completion of the permitting process and the approval of the Development Order for the mine.

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

- Of the tonnes shown for the Wingate mine, 2.9 million tonnes are under a lease that we have the right to extend through 2014 and for which we have prepaid substantially all royalties.
- We hold the reserves referred to in Note (e) to the above table under leases that we have rights to extend to 2015 and 2022, respectively.
- We own the above-ground assets of the South Fort Meade mine, including the beneficiation plant, rail track and clay settling areas. A limited partnership, South Ft. Meade Partnership, L.P. (“*SFMP*”), owns all of the mineable acres shown in the table for the South Fort Meade mine.
 - We own 35% of SFMP and financial investors own the remaining 65%. SFMP is included as a consolidated subsidiary in our financial statements.
 - We have a long-term mineral lease with SFMP. This lease expires on 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 tonne mined and shipped from the areas that we lease from it. Royalty payments to SFMP total approximately \$15 million annually at current shipment rates.
 - Through its arrangements with us, SFMP also earns income from mineral lease payments, agricultural lease payments and interest income, and uses those proceeds to service debt and pay dividends to its equity owners.
- The U.S. government owns the mineral rights beneath approximately 551 acres shown in the table above for the South Fort Meade mine. The surface rights to this land are owned by SFMP. We control the rights to mine these reserves under a mining lease agreement and pay royalties on the tonnage extracted. Royalties on the approved leases equal approximately 5% of the six-month rolling average mining cost of production when mining these reserves. No such royalties were paid in fiscal 2009.

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 21 of our Consolidated Financial Statements.

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 3.0 million long tons of sulfur during fiscal 2009. We purchase most of this sulfur from North American oil and natural gas producers who are required to remove or recover sulfur during the refining process. Production of one tonne of DAP requires approximately 0.4 long tons of sulfur.

We own two ocean-going barges and contract for operation of another ocean-going vessel that transport molten sulfur from collection points located in the western United States and the Gulf of Mexico to our phosphate plants in Florida. We own and operate sulfur terminals in Houston, Texas and in Tampa, Florida. We also 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

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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 truck, 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 both DAP and MAP. We used approximately 1.2 million tonnes of ammonia during fiscal 2009. Production of one tonne of DAP requires approximately 0.2 tonnes of ammonia.

Our Florida ammonia needs are supplied by offshore producers, under multi-year and annual 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 2013, which we may extend for up to five additional years. A third party operates the Port Sutton ammonia facility pursuant to an agreement that expires in 2013, which we may extend for an unlimited number of additional five year terms, as long as we or the other party is entitled to operate the ammonia facility. 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 2015. Ammonia is transported by pipeline from the terminals to our production facilities. We have long-term service agreements with the pipeline provider.

We produce ammonia at Faustina, Louisiana primarily for our own consumption. Our annual capacity is 500,000 tonnes. From time to time we may sell surplus ammonia to unrelated parties.

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 pipeline interconnected to the Henry Hub. We use over-the-counter swap and 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. 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 approximately three million MMBtu of natural gas per year in Florida only as a thermal fuel for various production processes.

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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 250,000 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 not related to our operations. As a general matter, more of our property becomes available for uses other than phosphate operations each year. Our land 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 to optimize the value of our land assets.

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. 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.

We operate three potash mines in Canada, including two shaft mines with a total of three 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.

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



Our current potash capacity, excluding tonnage produced at Esterhazy for a third party pursuant to a contract described below, totals 10.4 million tonnes of product per year and accounted for approximately 14% of world capacity and 37% of North American capacity. Production during fiscal 2009, excluding tonnage produced for the third party at Esterhazy, totaled 5.9 million tonnes and accounted for approximately 13% of world production and 40% of North American production.

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The following table shows, for each of our potash mines, annual capacity at May 31, 2009 and volume of mined ore, average grade and finished product output for the past three fiscal years:

(tonnes in millions)		2009			2008			2007		
Facility	Annual Capacity ^{(a)(b)}	Ore	Grade % K ₂ O ^(g)	Finished Product	Ore	Grade % K ₂ O ^(g)	Finished Product	Ore	Grade % K ₂ O ^(g)	Finished Product
		Mined			Mined			Mined		
Canada										
Belle Plaine—MOP ^(c)	2.8	6.9	18.0	1.8	8.1	18.0	2.1	8.3	18.0	2.2
Colonsay—MOP ^(c)	1.8	2.6	26.6	1.0	3.6	27.2	1.4	3.3	27.1	1.3
Esterhazy—MOP ^(c)	5.3	8.3	25.1	3.0	11.3	25.5	4.1	11.7	25.2	3.9
Canadian Total	9.9	17.8	22.6	5.8	23.0	23.1	7.6	23.3	22.9	7.4
United States										
Carlsbad—MOP ^(c)	0.6	2.5	10.2	0.2	3.3	11.5	0.4	3.5	11.3	0.5
Carlsbad—K-Mag ^(d)	1.1	2.7	6.4	0.6	3.1	7.2	0.8	3.2	6.4	0.9
Carlsbad Total	1.7	5.2	8.2	0.8	6.4	9.4	1.2	6.7	9.0	1.4
Hersey—MOP ^(c)	0.1	0.2	26.7	0.1	0.2	26.7	0.1	0.2	26.7	0.1
United States Total	1.8	5.4		0.9	6.6		1.3	6.9		1.5
Totals	11.7	23.2	19.4	6.7	29.6	20.2	8.9	30.2	19.8	8.9
Total excluding toll production ^(f)	10.4	20.9		5.9	26.8		7.9	27.4		7.9

^(a) Finished product.

^(b) Actual operating rates vary from those 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. During fiscal 2009, we reduced production at all mines in response to market demand for potash products. We have included a discussion of reduced volumes in our Management's Analysis.

^(c) Muriate of potash ("MOP") is the primary source of potassium for the crop nutrient industry.

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

^(e) The Hersey facility also mines, processes and sells salt.

^(f) We toll produce MOP at our Esterhazy mine for a third party under a contract discussed below under "Canadian Mines."

^(g) Grade % K₂O 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.

Canadian Mines

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

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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 3,000 feet 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 water, which is pumped through a “cluster” to dissolve the potash in the ore beds at a depth of approximately 5,400 feet. A cluster consists of a series of boreholes drilled into the potash ore by a portable, all-weather, electric drilling rig. 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 150 acre 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 15 different MOP products, including industrial grades, many through proprietary processes.

Under a long-term contract (the “*PCS Tolling Contract*”) with Potash Corporation of Saskatchewan Inc. (“*PCS*”), we mine and refine the customer’s potash reserves at our Esterhazy mine for a fee plus a pro rata share of operating and capital costs. The contract provides that PCS may elect to receive between 0.45 million and 1.3 million tonnes of potash per year. The contract provides for a term through December 31, 2011 as well as certain renewal terms at the option of PCS, but only to the extent PCS has not received all of its available reserves under the contract. Based on our present calculations, we believe that our obligation to supply potash to PCS will expire by August 30, 2010 and have informed PCS that we will cease delivery of product following that date. Our calculations assume PCS continues to take 1.1 million tonnes annually under the contract (which is the volume PCS has elected to take for calendar 2009 and may be affected by PCS’ alleged inability to accept further deliveries of product) and that our current mining plans and conditions remain unchanged. PCS has filed a lawsuit against us contesting our basis and timing for termination of the contract and alleging damages based on our historical mining practices. We believe the allegations in PCS’ lawsuit are without merit. We have included a further description of the lawsuit under “Esterhazy Potash Mine Tolling Contract Disputes” in Note 21 of our Consolidated Financial Statements. After expiration of the contract or during other periods to the extent we are not fully utilizing the capacity to satisfy our obligations under the contract, the productive capacity at our Esterhazy mine otherwise used to satisfy our obligations under the contract is available to us for sales to any of our customers at then-current market prices.

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

	<u>Belle Plaine</u>	<u>Colonsay</u>	<u>Esterhazy</u>	<u>Total</u>
Acres under control				
Owned in fee	13,213	10,039	109,196	132,448
Leased from Province	51,568	65,429	137,736	254,733
Leased from others	-	320	22,837	23,157
Total under control	<u>64,781</u>	<u>75,788</u>	<u>269,769</u>	<u>410,338</u>

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 2094 to 2142.

We pay Canadian resource taxes consisting of the Potash Production Tax and capital taxes. The Potash Production Tax is a Saskatchewan provincial tax on potash production and consists of a base payment and a

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profits tax. We also pay a percentage of the value of our potash sales from our Saskatchewan mines and a capital tax in other Canadian provinces. 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.

The Belle Plaine and Colonsay facilities, including owned and leased mineral rights, respectively, are subject to the mortgage granted under our senior secured credit facility. Our senior secured credit facility is described under "Liquidity and Capital Resources" in our Management's Analysis.

Since December 1985, we have experienced an inflow of salt saturated brine into our Esterhazy mine. At various times since then, we have experienced new or substantially increased brine inflows at the Esterhazy mine. As a result of these brine inflows, we incur expenditures, certain of which have been capitalized while others have been charged to expense, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), to control the inflow. 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 process or abandon the mine. See "Potash Net Sales and Gross Margin" in our Management's Analysis and "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" in Part I, Item 1A, "Risk Factors" in this report, both of which are incorporated herein by reference, for a discussion of costs, risks and other information relating to the brine inflows.

Due to the ongoing brine inflow problem 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.

We have a long term potash capacity expansion plan in Saskatchewan, Canada in response to expected growth in global potash demand. We expect the total planned expansions to increase our annual capacity for finished product by more than five million tonnes. The expansions are projected to occur over the next eleven years, with the first expansion production coming on line in calendar 2010. We have included a further discussion of our potash capacity expansion plan in our Management's Analysis.

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.

Our potash mineral rights in the United States consist of the following:

	<u>Carlsbad</u>	<u>Hersey</u>	<u>Total</u>
Acres under control			
Owned in fee	-	581	581
Long-term leases	68,541	1,799	70,340
Total under control	<u>68,541</u>	<u>2,380</u>	<u>70,921</u>

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

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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 68,541 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 111 million tonnes of potash mineralization (calculated after estimated extraction losses) in two mining beds evaluated at thickness ranging from 4.5 feet to in excess of 11 feet. At average refinery rates, these ore reserves are estimated to be sufficient to yield 7.3 million tonnes of concentrates from sylvinite with an average grade of approximately 60% K₂O and 15.9 million tonnes of langbeinite concentrates with an average grade of approximately 22% K₂O. At projected rates of production, we estimate that Carlsbad's reserves of sylvinite and langbeinite are sufficient to support operations for more than 13 years and 18 years, respectively.

At Hersey, Michigan, we operate a solution mining facility which produces salt and potash. Mining occurs in the Michigan Basin in a predominantly rock salt formation called the Salina Group Evaporite. This formation is a clean salt deposit with interlayered beds of sylvinite and carbonate. At the Hersey facility, our mineral rights consist of 581 acres owned in fee and 1,799 acres controlled under leases that, in general, continue in effect at our option as long as we continue our operations at Hersey. These lands contain an estimated 40 million tonnes of potash mineralization contained in two beds ranging in thickness from 14 to 30 feet. The Hersey facility, including owned and leased mineral rights, is subject to the mortgage granted under our senior secured credit facility. Our senior secured credit facility is described under "Liquidity and Capital Resources" in our Management's Analysis.

Royalties for the U.S. operations amounted to approximately \$20.0 million for fiscal 2009. 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 and the Hersey 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.

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Our estimated recoverable potash reserves and non-reserve potash mineralization as of May 31, 2009 for each of our mines is as follows:

(tonnes in millions)	Facility	Reserves ^{(a)(b)}		Potash Mineralization ^{(a)(c)}
		Recoverable Tonnes	Average Grade (% K ₂ O)	Potentially Recoverable Tonnes
Canada				
	Belle Plaine	748.6	18.0	2,117.7
	Colonsay	228.4	26.5	175.0
	Esterhazy	592.3	24.5	389.2
	sub-totals	1,569.3	21.7	2,681.9
United States				
	Carlsbad	111.2	9.2	-
	Hersey	39.5	26.7	-
	sub-totals	150.7	13.8	-
	Totals	1,720.0	21.0	2,681.9

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

^(b) Includes both proven and 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.

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 accounted for approximately 80% of our Potash segment's total natural gas requirements for potash production in fiscal 2009. 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 14 million MMBtu for fiscal 2009. 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 Michigan and New Mexico purchase physical gas in their respective regional markets via the MichCon and El Paso Permian Basin market hubs as pricing references, respectively. We use financial derivative contracts to manage the price of portions of our future purchases.

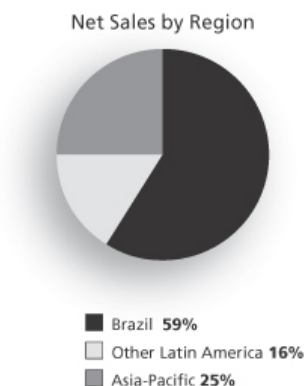
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Offshore Segment

Our Offshore segment produces and markets phosphate-, potash- and nitrogen-based crop nutrients and animal feed ingredients and provides other ancillary services to wholesalers, cooperatives, independent retailers, and farmers in South America and the Asia-Pacific regions.

Our Offshore segment operates production and blending facilities, port facilities and distribution businesses in several countries and owns significant strategic production assets in Brazil. It serves to market output from our Phosphates and Potash segments as well as its own production operations. It also purchases and markets products from other suppliers worldwide. Our Offshore segment's production facilities include (i) plants that produce single superphosphate ("SSP") and granulated single superphosphate ("GSSP") crop nutrients by mixing sulfuric acid with phosphate rock, (ii) blending facilities, (iii) NPK compound plants and (iv) an animal feed ingredient plant. A blending plant combines several crop nutrient products to make a mixture tailored to specific crop requirements. An NPK plant combines varying amounts of nitrogen, phosphorous and potassium into a single granule. We lease various warehouses depending on sales and production levels.

The following chart shows the respective contributions to fiscal 2009 net sales of our Offshore segment by region:



In addition, our equity in net earnings of nonconsolidated companies for Offshore in fiscal 2009 was \$66.0 million.

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



Brazil Operations

Including our strategic investments, we are one of the largest producers and distributors of blended crop nutrients for agricultural use in Brazil. Our crop nutrient operations, together with our strategic investments in other Brazilian crop nutrient companies, allow us to be vertically integrated and give us a significant presence in the Brazilian crop nutrient market.

We own and operate seven blending plants in Brazil and SSP plants at Paranaguá and Cubatão. In addition, we lease several other warehouses and blending units depending on sales and production levels. The Cubatão plant also produces animal feed ingredients. We also have a 62.1% ownership interest in Fospar, S.A. (“*Fospar*”). Fospar owns and operates a SSP granulation plant and a deep-water crop nutrition port and throughput warehouse terminal facility in Paranaguá. Together these plants annually distribute approximately 2.0 million tonnes of crop nutrients in Brazil. We also have an import terminal that handles approximately 1.4 million tonnes of imported crop nutrients.

We have a 20.1% direct and indirect interest in Fosfertil, a Brazilian publicly traded company. Fosfertil owns 100% of Ultrafertil, S.A. Fosfertil is the largest phosphate-based crop nutrient manufacturer in Brazil, operating a phosphate rock mine and a phosphate processing facility. Ultrafertil is a significant nitrogen company in Brazil that operates two nitrogen plants, a modern port facility at Santos, a phosphate rock mine and two smaller phosphate processing facilities. See Part I, Item 3 “Legal Proceedings” in this report, with respect to a proposed merger involving our interest in Fosfertil and certain legal proceedings that we have brought in connection with the proposed merger.

Other Latin American Operations

In Argentina, we supply products and services to wholesale, retail and large farmer customers. In fiscal 2009, we distributed approximately 220,000 tonnes of nitrogen, phosphate and blended crop nutrients in Argentina. Our Quebracho facility provides logistic services to third parties and provided throughput services for approximately

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121,000 tonnes in fiscal 2009. Our GSSP facility at Quebracho, which opened in fiscal 2007, produced approximately 165,000 tonnes in fiscal 2009. In addition, we provide agency services in Argentina for our Phosphates segment for sales to other importers.

In Chile, we distribute blended and straight crop nutrient products primarily to retail dealers. In fiscal 2009, we distributed approximately 169,000 tonnes of crop nutrient products.

We also operate a blending plant in Mexico.

Asia-Pacific Operations

In China, we have a 35% interest in a 600,000 tonne per year capacity DAP production plant, a 60% interest in a 170,000 tonne per year capacity NPK plant and we own two 200,000 tonne per year capacity blending plants. In fiscal 2009, we sold approximately 116,000 tonnes of blends and distributed another 60,000 tonnes of straight crop nutrients in China.

In India, we have distribution facilities and a deep-water port facility to import crop nutrients. In fiscal 2009, we distributed approximately 500,000 tonnes of phosphate crop nutrient products in India. We also serve as a marketing agent for our Phosphates segment and are a wholesale distributor of DAP in India.

In Thailand, we distribute crop nutrients and have a 240,000 tonne per year capacity blending facility. In fiscal 2009, we sold approximately 134,000 tonnes of blends and distributed another 59,000 tonnes of straight crop nutrients in Thailand.

SALES AND DISTRIBUTION ACTIVITIES

United States and Canada

We have a United States and Canada sales and marketing team that serves our Phosphates and Potash 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 geographic regions of the United States and Canada. From these facilities, we market Mosaic produced phosphate and potash products as well as purchased nitrogen crop nutrients to customers who in turn resell the product into the distribution channel or directly to farmers in the United States and Canada.

International

Internationally, we market our Phosphates segment's products through the Phosphate Chemicals Export Association, Inc. ("**PhosChem**"). PhosChem is an export association of certain United States phosphate producers. We also market our Phosphates segment's products through our Offshore segment. During fiscal 2009, PhosChem marketed approximately 71% of our phosphate export sales volume. We administer PhosChem on behalf of PhosChem's member companies. We estimate that PhosChem's sales represent approximately 57% of total U.S. export volume of concentrated phosphates. The countries that account for the largest amount of PhosChem's sales of concentrated phosphates include India, Australia, Japan, Brazil and Colombia. During fiscal 2009, PhosChem's concentrated phosphates exports to Asia were 68% of total shipments by volume, with India representing 58% of PhosChem's total export shipments.

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Our export sales of Saskatchewan potash products are made through Canpotex Limited (“*Canpotex*”). Canpotex is an export association of certain Canadian potash producers. Canpotex sales are generally allocated among the producer members based on production capacity. We currently supply approximately 37.1%, by volume, of Canpotex’s requirements. Our potash exports from Carlsbad are sold through our own sales force. We also market our Potash segment’s products through our Offshore segment, which acquires its potash primarily through Canpotex. The largest amount of international potash sales are to China, India, Japan, Korea, Taiwan, Southeast Asia, Australia and Latin America.

Our Offshore segment also purchases phosphates, potash and nitrogen products from, or markets these products for, unrelated third parties.

To service the needs of customers, we own and operate a network of warehouse distribution facilities strategically located in key geographic areas throughout several countries. During fiscal 2009, our Offshore segment accounted for approximately 13.6% of our sales of phosphate crop nutrients produced in North America and 6.1% of our sales of potash crop nutrients produced in North America.

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 markets 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.

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, integrated energy 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. Additionally, some foreign competitors may be motivated by other factors such as the need for hard currency.

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 and transportation and storage efficiencies and obtain market intelligence.

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 markets of Latin America and Asia, with port terminals, warehouses, and blending plants in seven countries including Brazil, Argentina, Chile, Mexico, China, India and Thailand. Our global presence allows us to efficiently serve customers in more than 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

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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 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. In addition, we produce ammonia at our Faustina 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. 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 infrastructure provide us with a significant competitive advantage in both cost and access to sulfur.

With production facilities in both central Florida near the Port of Tampa and in Louisiana on the Mississippi River, we are logistically positioned to supply both domestic and international customers as well as transport rock, sulfur and ammonia easily. In addition, those multiple production points afford us the flexibility to optimally balance supply and demand.

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 with various independent potash producers and consortia as well as other export organizations, including state-owned organizations. 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 planned expansions.

Offshore Segment

Our Offshore segment generally operates in highly competitive business environments in each of its markets, competing with local businesses and with products that are available from many other sources. We believe that our Offshore segment's vertical integration with our own production businesses, as well as our focus on product innovation and customer solutions, position us with an advantage over many of our competitors. In addition, our relationships with Cargill's agricultural operations provide us with additional sales opportunities. We have a strong brand in several of the countries in which we operate. In addition to having access to our own production, we have the capability to supply all three types of crop nutrients to our dealer/farmer customer base. Our presence in Latin America and Asia allows us to capitalize on the growth in nutrient demand in these large and growing international regions.

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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 failure; 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, increasing demand for biofuels, and 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. For example, a combination of a late North American fall harvest and a wet North American spring in 2009, the world economic slowdown and recalibration of crop nutrient markets resulted in reduced demand for our products in fiscal 2009. 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, 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, which can affect farmer economics.

OTHER MATTERS

Employees

We had approximately 7,500 employees as of May 31, 2009, consisting of approximately 3,000 salaried and 4,500 hourly employees.

Labor Relations

As of May 31, 2009:

- We had ten collective bargaining agreements with unions covering approximately 93% of our hourly employees in the U.S. and Canada. Of these employees, approximately 28% are covered under collective bargaining agreements scheduled to expire in fiscal 2010.
- Agreements with eight unions covered all employees in Brazil, representing 64% 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.
- We also had collective bargaining agreements with unions covering employees in several other countries.

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

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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 23 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 July 24, 2009 is set forth below. Each of our executive officers has served in the positions listed in the table below since the Combination, except as expressly indicated below:

Name	Age	Position
Norman B. Beug	57	Senior Vice President—Potash Operations
Anthony T. Brausen	50	Vice President—Finance and Chief Accounting Officer
Richard L. Mack	41	Executive Vice President, General Counsel and Corporate Secretary
Richard N. McLellan	52	Senior Vice President—Commercial
James C. “Joc” O’Rourke	48	Executive Vice President—Operations
James T. Prokopanko	56	Chief Executive Officer, President and Director
Cindy C. Redding	50	Vice President—Human Resources
Lawrence W. Stranghoener	55	Executive Vice President and Chief Financial Officer
Linda Thrasher	43	Vice President—Public Affairs

Norman B. Beug. Mr. Beug was elected as Senior Vice President—Potash Operations in October 2006. Prior to the Combination, Mr. Beug was the Vice President and General Manager of IMC’s Potash Business Segment from February 2003 through October 2004. In addition, Mr. Beug became Vice President—Potash Operations of Mosaic in June 2004. Mr. Beug joined a predecessor of IMC in 1977. Mr. Beug’s prior service for IMC and its predecessor companies included a variety of supervisory and management positions in the potash business.

Anthony T. Brausen. Mr. Brausen became Vice President—Finance and Chief Accounting Officer of Mosaic in 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 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, he held various positions with KPMG, LLP.

Richard L. Mack. Effective January 1, 2009, Mr. Mack was elected Executive Vice President, General Counsel and Corporate Secretary. 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.

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Richard N. McLellan. Mr. McLellan was elected as Senior Vice President—Commercial in April 2007. Previously, he 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 C. "Joc" O'Rourke. Mr. O'Rourke became Executive Vice President—Operations of Mosaic in 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. He had previously held various management, engineering and other roles in the mining industry in Canada and Australia since 1984.

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.

Cindy C. Redding. Ms. Redding was elected as Vice President-Human Resources effective July 30, 2007. She was previously Vice President-Human Resources of MDU Resources Group, Inc., a provider of value-added natural resource products and related services for energy and transportation infrastructure, since July 2003, and its Director of Human Resources from December 2002 to July 2003. Before that, Ms. Redding served from July 1998 until December 2002 in the positions of Director, Human Resources, Molded Plastics Division, as Corporate Benefits Planning & Delivery Manager, and as Manager, Strategic Staffing Services, for Sonoco Products Company, a global packaging company. Prior to that, Ms. Redding worked for Abbott Laboratories, a global health care company, as Manager, Human Resources, Abbott International Division, from 1997 to 1998. From 1980 to 1997, she worked in various business administration and human resource roles, domestic and international, for Amoco Corporation, a world-wide integrated energy company.

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. Mr. Stranghoener also serves as a member of the board of directors of Kennametal Inc.

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Linda Thrasher. Prior to the Combination, Ms. Thrasher was the Director of Public Policy for Cargill's Washington, D.C. office since joining Cargill in 1994. In addition, Ms. Thrasher became Vice President—Public Affairs of Mosaic on June 14, 2004. Ms. Thrasher handled extensive legislative and regulatory issues for Cargill's crop nutrient, salt and steel businesses and spent significant time working on environmental and trade issues.

Pursuant to the Investor Rights Agreement dated as of January 26, 2004, as amended, between Cargill and Mosaic, during the four year period that commenced on the October 22, 2004 effective date of the Combination and has now expired, Cargill and Mosaic had agreed to, among other things, take (and cause to be taken, including, without limitation, in the case of Cargill, to the extent permitted by applicable law, causing its representatives or designees on the Board of Directors to take) all commercially reasonable actions and agree to exercise all authority under applicable law to cause such individual as designated by Cargill for such purpose to be elected as our Chief Executive Officer and President. Pursuant to such provisions, Mr. Prokopanko was elected as our Chief Executive Officer and President.

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. Additional risks not presently known to us, or that we currently deem immaterial, may also impair our business, financial condition or results of operations.

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
- 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, 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.

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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, and monoammonium phosphate, or MAP, 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 announced plans to expand capacity over the next several years. The extent to which the downturn in the global economy and the crisis in the financial sector may cause delays or cancellation of some of these 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.

We cannot accurately predict when or whether competitors' capacity expansions will be completed, 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.

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 tends to lead to higher fixed costs as a percentage of sales.

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Variations in crop nutrient application rates may exacerbate the cyclical nature 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 cyclical nature 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, one in the Spring and the other in the Fall. 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.

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 build-up 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.

For example, a build-up of concentrated phosphates and potash in the distribution channels was one of several significant factors that led to softening selling prices for concentrated phosphate crop nutrients and weakened sales volumes for both concentrated phosphate crop nutrients and potash in our fiscal year ended May 31, 2009.

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.

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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. The 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.

For example, during portions of fiscal 2009, our customers anticipated a decline in the market price of concentrated phosphate crop nutrients because of falling global prices for sulfur and ammonia, two of the key raw materials used in the production of concentrated phosphates. Our customers' expectation of falling prices was one of several significant factors that led to weak sales volumes and softening selling prices for concentrated phosphate crop nutrients during portions of fiscal 2009.

- **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.

For example, a plunge in market prices for grains and oilseeds since peaks in June 2008 led customers to expect declining farmer economics. The expectation of declining farmer economics was one of several significant factors that led to softening selling prices for concentrated phosphate crop nutrients and weak sales volumes for concentrated phosphate crop nutrients and potash during portions of fiscal 2009.

- **Changes in customer expectations about transportation costs.**

As more fully 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.

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 large facilities include our phosphate mines and concentrates plants, our potash mines and the ports and other distribution facilities through which we conduct our business. Any disruption of operations at one of these

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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. 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 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 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 DAP and MAP. 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 our products are commodity-like, 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.

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.

For example, in our fiscal quarter ended November 30, 2008, we recorded lower of cost or market inventory write-downs principally in our Phosphate and Offshore segments. These lower of cost or market inventory write-downs, which totaled \$293.5 million, were necessary because the carrying cost of certain ending inventories exceeded our estimates of future selling prices less reasonably predictable selling costs.

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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 current global economic and financial turmoil 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 transportation or terminaling facilities for raw materials, alternative transportation and terminaling facilities might not have sufficient capacity to fully serve all of our facilities.

In the event of a disruption of existing transportation or terminaling facilities for raw materials, alternative transportation and terminaling facilities might not have sufficient capacity to fully serve all of our facilities.

An extended interruption in the supply of natural gas, ammonia or sulfur to our production facilities could have a material adverse effect on our business, financial condition or results of operations.

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 fiscal 2009, we derived approximately 70% 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 markets 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 markets in which we operate or in other developing markets could jeopardize or limit our ability to transact business in those markets 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.

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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, Argentina, Chile, China and India are a fundamental part of our business. 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.

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, 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, as well as a private class action lawsuit and claims for natural resource damages by governmental agencies. 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, the 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, following Hurricane Katrina in Louisiana in 2005, oil refineries that supply sulfur to us were closed and incoming shipments of ammonia were delayed, disrupting production at our Louisiana facilities.

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. 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 environmental groups for the first time filed a lawsuit in federal court against the U.S. Army Corps of Engineers with respect to its issuance of a federal wetlands permit and similar lawsuits could be brought in the future. A denial of, or delay in issuing, these permits or the issuance of permits with cost-prohibitive conditions 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, we have applied to the U.S. Army Corps of Engineers for a federal wetlands permit to extend our South Fort Meade mine in central Florida from Polk County into Hardee County, where we also have reserves. We cannot assure when the U.S. Army Corps of Engineers will issue the wetlands permit.

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We have included additional discussion about permitting for our phosphate mines in Florida in Note 21 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 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 can be 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, 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 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 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.

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.

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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. 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, 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 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, 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 and other disputes. For example, we are currently one of a number of defendants in multiple class-action lawsuits, in which the plaintiffs seek 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. We are also involved in a dispute among the owners of Fosfertil, S.A. in Brazil relating to a proposed reorganization of Fosfertil, and various tax matters in, among other countries, the U.S. and Brazil.

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, or 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.

We have included additional information with respect to pending legal and regulatory proceedings in Note 21 of our Consolidated Financial Statements and in this report in Part I, Item 3, “Legal Proceedings”.

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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, 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.

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

Pursuant to the Kyoto Protocol, Canada has already committed to reducing greenhouse gas emissions. It appears increasingly likely that the United States will begin to limit greenhouse gas emissions through federal legislation or regulatory action. International negotiations relating to greenhouse gas emission reductions and other responses to climate change are also underway. In addition, coalitions of U.S. states are working together to develop regional greenhouse gas emission reduction programs and some U.S. states are considering acting on their own. These and other future measures could attempt to restrict greenhouse gas emissions by a variety of means, including among others limitations on greenhouse gas emissions, other restrictions on operating activities, or taxes or emission allowance fees on greenhouse gas emissions. These measures 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 costs for energy, raw material or transportation or limit their availability, or otherwise adversely affect our results of operations, liquidity or capital resources, and these effects could be material to us.

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.

Future climate change could adversely affect us, and these effects could be material.

The potential physical impacts of climate change on our operations and those of our customers and farmers are uncertain and may vary by geographic location. The impacts may include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperature levels that could adversely impact our costs and operating activities, the location and cost of global grain and oilseed production, and the supply and demand for grains and oilseeds. These effects could be material to our results of operations, liquidity or capital resources.

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Some of our 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.

The agreements governing our indebtedness contain various covenants that limit our discretion in the operation of our business and also require us to meet financial maintenance tests and other covenants. The failure to comply with such tests and covenants could have a material adverse effect on us.

The agreements governing our indebtedness contain various covenants, including those that restrict our ability to:

- borrow money, issue specified types of preferred stock or guarantee or provide other support for indebtedness of third parties, including guarantees to finance purchases of our products;
- pay dividends on, redeem or repurchase our capital stock;
- make investments in or loans to entities that we do not control, including joint ventures;
- fund our Offshore business segment from our North American operations;
- transact business with Cargill except under certain circumstances;
- transfer our principal properties, stock of our subsidiaries and intercompany indebtedness to Mosaic Global Holdings Inc. and its subsidiaries (which primarily include our subsidiaries that mine and produce potash) from The Mosaic Company and its other subsidiaries;
- use assets as security in other transactions;
- sell assets, other than sales of inventory in the ordinary course of business, except in compliance with specified limits and up to specified dollar amounts, and in some cases require that we use the net proceeds to repay indebtedness or reinvest in replacement assets;
- merge with or into other companies;
- enter into sale and leaseback transactions;
- enter into unrelated businesses;
- prepay indebtedness; and
- enter into speculative swaps, derivatives or similar transactions.

In addition, our senior secured bank credit facilities require that we meet certain financial tests, including an interest expense coverage ratio test and a leverage ratio test. During periods in which product prices or volumes, raw material prices or availability, or other conditions reflect the adverse impact of cyclical market trends or other factors, we may not be able to comply with the applicable financial covenants.

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Any failure to comply with the restrictions of our credit facilities or any agreement governing our other indebtedness may result in an event of default under those agreements. Such default may allow the creditors to accelerate the related debt, which acceleration may trigger cross-acceleration or cross-default provisions in other debt. Our assets and cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments, if accelerated, upon an event of default.

These covenants may limit our ability to effectively operate our business. For example, they could:

- increase our vulnerability to general adverse economic and industry conditions;
- make it difficult for us to optimally capitalize and manage the cash flow for our businesses;
- reduce stockholder returns by limiting distributions to stockholders or stock buybacks and restricting the types of investments we may make;
- limit our ability to expand through joint ventures or to fund our growth through external borrowings;
- limit our flexibility in planning for, or reacting to, changes in our businesses and the markets in which we operate;
- place us at a disadvantage to our competitors that are not limited by the same sort of restrictions; or
- limit our ability to borrow money or sell stock (other than the common stock of Mosaic) to fund our working capital, capital expenditures, acquisitions and debt service requirements and other financing needs.

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 \$2.7 billion at May 31, 2009. 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. As discussed above, the restrictive covenants under our indebtedness limit our use of our cash and cash-equivalents. 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.

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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 hold several minority ownership interests in crop nutrient manufacturing or distribution companies that are not controlled by us. As some of these companies are significant to us, their results of operations materially affect our equity 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 significantly less than anticipated to our equity 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 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.

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, 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:

- **Our Esterhazy mine has had an inflow of brine for more than 20 years. At various times, we have experienced new or increased inflows at the mine. The Esterhazy mine is not insured against the risk of floods and water inflows and the costs to control the brine inflows could increase in future years. The brine inflows, risk to employees or remediation costs could also cause us to change our mining process or abandon this mine, which in turn could significantly negatively impact our results of operations, liquidity or capital resources.**

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 have experienced new or increased brine inflows at the Esterhazy mine. For example, in late 2006, we identified a new salt saturated brine inflow in a mined out area located approximately 7,500 feet from our existing brine inflow management area. Initial data suggested that the new inflow was at the rate of 20,000 to 25,000 gallons per minute, which was significantly greater than the highest inflow rates that we had successfully managed (approximately 10,000 to 15,000 gallons per minute) at the Esterhazy mine since 1985. Without abatement, and assuming our initial estimates to be

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accurate, we estimated that we had storage capacity to handle the new brine inflow for several months before adversely affecting production at the Esterhazy mine. Our remediation efforts included grouting that reduced the level of the inflows to approximately historical rates and pumping to reduce the level of brine in the mine. See “Potash Net Sales and Gross Margin” in our Management’s Analysis for a discussion of costs and other information relating to the brine inflows. Inflow rate measurements reflect an estimate as of a particular point in time, and depending on when tests are conducted, rates can fluctuate up or down. There can be no assurance that:

- the pumping, grouting and other measures that we use to mitigate the inflows at the Esterhazy mine will continue to be successful in mitigating the inflows;
- our estimates of the volumes of the brine inflow 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 current assumptions and that any such fluctuations or increases would not be material; or
- the expenditures to control the inflows will be consistent with our current estimates.

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 process or abandon the mine.

Due to the ongoing brine inflow problem 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.

- **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.

- **We experienced a fire at our Esterhazy mine in 2006. If our emergency procedures had not been successful, we might have had significant injuries or deaths. Mine operations were halted while we investigated the origin of the fire.**

In January 2006, we experienced a fire at our Esterhazy mine. At the time of the fire, there were 72 mine workers underground. These mine workers were safely evacuated the following day. We halted operations at our Esterhazy mine for over a week during our investigation of the origin of the fire. Any failure of our safety procedures in the future could result in serious injuries or death, or lengthier 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. Any fire at our shaft mines at Colonsay, Saskatchewan and Carlsbad, New Mexico, could have a similar effect on us.

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- **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 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. Our 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. For example, in October 2006, an explosion occurred at our Faustina, Louisiana ammonia plant, which is located adjacent to our phosphate production facility. As a result, the ammonia plant was idle for repairs until mid-January 2007.

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 Limited and the Phosphate Chemicals Export Association, Inc., 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.

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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.

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 risk management strategy 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 15 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

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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. The global economic crisis has adversely affected our customers' access to credit and may continue to do so in the future.

Some of our customers require access to credit to purchase our products. The global economic crisis has reduced the availability of credit to borrowers worldwide. A lack of available credit was one of several significant factors that adversely affected international customers' demand for crop nutrients in some countries in our fiscal year ended May 31, 2009. Continued lack of access to credit by our international customers in these countries, or a lack of available credit to customers in other countries, due to the global economic crisis or for other reasons, could further adversely affect demand for crop nutrients.

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.

Cargill's status as a significant stockholder and its representation on our Board of Directors may create conflicts of interest with our other stockholders and could cause us to take actions that may not be beneficial to our other stockholders or that our other stockholders do not support.

As of May 31, 2009, Cargill owned 64.3% of the outstanding shares of our common stock. In addition, seven Cargill nominees are members of our twelve-member Board of Directors. Accordingly, Cargill effectively controls our strategic direction and significant corporate transactions, and its interests in these matters may conflict with the interests of other stockholders of Mosaic. As a result, Cargill could cause us to take actions that may not be beneficial to our other stockholders or that our other stockholders do not support.

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Cargill's significant ownership interest in Mosaic and our classified Board of Directors and other anti-takeover provisions could deter an acquisition proposal for Mosaic that other stockholders may consider favorable.

Because Cargill is the owner of a majority of the shares of our common stock, a third party will not be able to acquire control of us without Cargill's consent because Cargill could vote its shares of our common stock against any takeover proposal submitted for stockholder approval. In addition, we have a classified Board of Directors and other takeover defenses in our certificate of incorporation and bylaws. Cargill's ownership interest in us and these other anti-takeover provisions could discourage potential acquisition proposals for us and could delay or prevent a change of control of Mosaic. These deterrents could make it very difficult for non-Cargill holders to remove or replace members of our Board of Directors or management, which could be detrimental to our other stockholders.

Our stockholders may be adversely affected by the expiration of the standstill restrictions in our Investor Rights Agreement with Cargill, which enables Cargill to, among other things, increase its ownership percentage of our common stock above 64.3% or seek additional representation on our Board of Directors, any of which could have an impact on the price of our common stock. Our stockholders may also be adversely affected if Cargill were to transfer all or a significant percentage of its interest in our common stock to a third party.

Until they expired on October 22, 2008, standstill provisions in our Investor Rights Agreement with Cargill restricted Cargill from acquiring additional shares of our common stock from our public stockholders and taking other specified actions as a stockholder of Mosaic. Following the expiration of the standstill period, Cargill is free to increase its ownership interest in our common stock. Purchases of additional shares of our common stock by Cargill could result in lower trading volumes for our common stock and make it difficult for stockholders to sell shares of our common stock.

In addition, Cargill is permitted to sell its shares of our common stock. Cargill's sale or transfer of a significant number of shares of our common stock could create a decline in the price of our common stock. Furthermore, if Cargill's sales or transfers were made to a single buyer or group of buyers, it could result in a third party acquiring effective control of Mosaic.

Until the expiration of the standstill period, the Investor Rights Agreement also required that Cargill vote its shares of Mosaic common stock for the slate of director nominees recommended by the Mosaic Board of Directors, and that Cargill would cause its nominees on the Mosaic Board of Directors to recommend the four directors designated by IMC or the successors designated by the IMC-designated directors. Because the standstill period has expired, Cargill is now free to seek to increase its representation on the Mosaic Board of Directors above seven members. This action could further increase Cargill's control over Mosaic and deter or delay an acquisition of Mosaic thereby having a negative impact on the price of our common stock.

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 retain and to attract 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 retaining, attracting and training the employees we require, our ongoing operations and expansion plans could be materially and adversely affected.

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The success of our Potash expansion plans and other 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 by more than five million tonnes of finished product by 2020. 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 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.

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 21 of our 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 21 of our Consolidated Financial Statements:

- *Fosfertil Merger Proceedings.* In December 2006, Fosfertil S.A. (“**Fosfertil**”) and Bunge Fertilizantes S.A. (“**Bunge Fertilizantes**”) proposed a reorganization pursuant to which Bunge Fertilizantes would become a subsidiary of Fosfertil and subsidiaries of Bunge Limited (“**Bunge Group**”) would increase their ownership in Fosfertil. Pursuant to the proposed reorganization, the existing ownership interests in Fosfertil would be diluted to less than 50% of the combined enterprise. In June 2006, Mosaic Fertilizantes do Brazil S.A. (“**Mosaic Fertilizantes**”) filed a lawsuit against Fosfertil, Fertifos Administração e Participação S.A. (“**Fertifos**”, the parent holding company of Fosfertil) and other subsidiaries of Bunge Group (collectively, the “**Bunge Parties**”) in the Lower Court in Sao Paulo, Brazil, challenging the validity of corporate actions taken by Fosfertil and Fertifos in advance of the proposal for the reorganization. These corporate actions included, among other things, actions taken at an April 2006 meeting of the shareholders of Fertifos to replace our representatives on the Fertifos Board of Directors and subsequent acts by the reconstituted Fertifos Board. In February 2007, we petitioned the Brazilian Securities Commission, challenging, among other things, the valuation placed by the Bunge Parties on Fosfertil. Following an adverse decision in the Lower Court, we appealed and, in August 2007, the Court of Appeals ruled in our favor, nullifying the actions taken at the April 2006 meeting of shareholders to replace our representatives on the Board of Fertifos and subsequent acts by the Fertifos Board. Subsequently, the Court of Appeals rejected various appeals by the Bunge Parties. The Bunge Parties then appealed directly to the Supreme Courts. In May 2008, the Lower Court ordered Fertifos and Fosfertil to reestablish the composition of the Board of Fertifos as constituted prior to the April 2006 shareholders’ meeting and to reverse certain other actions taken by Fertifos and Fosfertil since that meeting. The Bunge Parties filed interlocutory appeals against the Lower Court’s order and, in June 2008, the Court of Appeals granted injunctions to suspend the Lower Court’s order until a decision on the interlocutory appeals. In June 2008, the Supreme Court granted Fosfertil’s and Fertifos’ request for an injunction to suspend the enforcement of the judgment until a final decision by the Supreme Court on the appeals by the Bunge Parties. Based on the injunction granted by the Supreme Court, the Court of Appeals dismissed the interlocutory appeals filed against the Lower

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Court's May 2008 order. In August 2008, Mosaic Fertilizantes appealed the injunction granted by the Supreme Court. In September 2008, the Supreme Court rejected Mosaic Fertilizantes' appeal and confirmed the injunction to suspend the enforcement of the judgment until a final decision by the Supreme Court on the appeals by the Bunge Parties. Subsequently, in September 2008, the Supreme Court agreed to hear on the merits the Bunge Parties' appeals against the Court of Appeals' August 2007 ruling. We will vigorously defend the Court of Appeals' August 2007 ruling in our favor and the Lower Court's May 2008 order enforcing that ruling. If Mosaic Fertilizantes is not successful in these matters and the merger is consummated on the terms proposed by Fosfertil and Bunge Fertilizantes, Mosaic's resulting ownership interest in the combined enterprise would be diluted based on the relative valuations ascribed to each entity in any such merger.

- *Clean Air Act New Source Review.* In January 2006 and March 2007, Environmental Protection Agency ("EPA") Region 6 submitted administrative subpoenas to us under Section 114 of the Clean Air Act ("**114 Requests**") regarding compliance of our Uncle Sam "A" Train and "D" Train Sulfuric Acid Plants with the "New Source Review" requirements of the Clean Air Act. The 114 Requests appear to be part of a broader EPA national enforcement initiative focused on investigating sulfuric acid plants through 114 Requests generally, followed by proceedings that seek reduction in sulfur dioxide emissions from these plants. We have responded to parts of the 114 Requests, and are engaged in ongoing discussions with EPA representatives to resolve this matter. We have established accruals to address penalties that we expect will be sought by the EPA as well as defense costs and expenses. The resolution of this matter will also require capital improvements, which we do not believe will have a material effect on our business or financial condition.
- *New Wales Multifos Kiln Testing Issues.* We have reported to the EPA and the Florida Department of Environmental Protection certain irregularities in our testing related to compliance with the nitrous oxide emission limits in the air permit for a kiln used for production of Multifos animal feed at our New Wales, Florida, phosphate concentrates plant. We understand that both federal and state enforcement officials are considering whether to bring enforcement actions with respect to the testing irregularities. We cannot predict whether federal or state enforcement officials will bring enforcement actions or the amount or nature of any potential penalties or other liabilities that would be sought; however, we do not expect that resolution of this matter will have a material impact on our business or financial condition.
- *Migratory Birds at our Carlsbad, New Mexico Facility.* Our potash facility in Carlsbad, New Mexico has implemented a program, in cooperation with federal authorities, to prevent and mitigate bird fatalities at nearby playa (intermittent) lakes that might potentially be associated with plant activities or operations. In the spring of 2008 there was an unusually high number of bird fatalities, which is presently the subject of investigation and review by the U.S. Department of Justice, in conjunction with the U.S. Fish and Wildlife Service. We are cooperating with the investigation and are engaged in discussions with the federal authorities regarding this matter. We understand that the government may choose to take enforcement action against us under the Migratory Bird Treaty Act, which authorizes misdemeanor penalties for violations, including unlawful "takings" of migratory birds.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the three months ended May 31, 2009.

[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.”

We have included information on dividend restrictions in Note 11 of our Consolidated Financial Statements.

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	4,018,724	\$ 25.98	18,697,734
Equity compensation plans not approved by stockholders	-	-	-
Total	4,018,724	\$ 25.98	18,697,734

^(a) Includes grants of stock options and time-based restricted stock units.

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

Pursuant to our employee stock plans relating to the grant of employee stock options, stock appreciation rights and restricted stock awards, 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 our fiscal years 2005 through 2009 under “Five Year Comparison,” in the financial information that is incorporated by reference 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.

We have included our Management’s Analysis in our annual report to stockholders. This information is incorporated herein by reference.

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

We have included a discussion about market risks under “Market Risk” in our Management’s Analysis. This information is incorporated herein by reference.

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Item 8. Financial Statements and Supplementary Data.

We have included 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” in our annual report to stockholders. This information is 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 (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 Annual 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” in our annual report to stockholders.

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” in our annual report to stockholders.

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 fiscal quarter ended May 31, 2009 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 fiscal quarter ended May 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

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,” “Corporate Governance—Policies Relating to the Board of Directors—Nomination and Selection of Directors,” and “Section 16(a) Beneficial Ownership Reporting Compliance” included in our definitive proxy statement for our 2009 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.

On July 2, 2009, our Board of Directors approved certain amendments to our Bylaws, including the following amendments: (i) an amendment to Section 1.2 of the Bylaws to provide that the Chairman of the Board or the Board will call a special meeting of the stockholders at the request in writing of a stockholder of the Company that beneficially owns shares of the stock of the Company representing in the aggregate at least 50% of the total number of outstanding shares of common stock entitled to vote (a “Majority Stockholder”); (ii) an amendment to Section 2.2 of the Bylaws to provide that any vacancies in the Board created by an increase in the size of the Board above 13 may be filled only by stockholders at an annual or special meeting of stockholders and (iii) an amendment to Sections 1.7 and 2.2 to change the deadline for a Majority Stockholder to present nominations and other business at an annual meeting from the 90 days, to 45 days, prior to the anniversary date of the immediately preceding annual meeting. In addition, the Bylaws were amended to make related and conforming changes to Sections 1.7 and 2.12, and Article XI was amended to provide that under certain circumstances any amendments to the Bylaws that would be inconsistent with the foregoing Sections of the Bylaws (Sections 1.2, 1.7, 2.2 and 2.12) may not be effected without the affirmative vote of the holders of Company stock voting at an annual or special meeting in which any such amendment is proposed.

A copy of our amended and restated Bylaws are attached as Exhibit 3.2 to this report.

Item 11. Executive Compensation.

The information under the headings “Executive and Director Compensation” and “Compensation Committee Interlocks and Insider Participation” included in our definitive proxy statement for our 2009 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—Registration Rights Agreement” included in our definitive proxy statement for our 2009 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.

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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—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 2009 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 2009 annual meeting of stockholders is incorporated herein by reference.

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 our annual report to stockholders 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.

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: July 24, 2009

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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
<u>/s/ James T. Prokopanko</u> James T. Prokopanko	Chief Executive Officer and President (principal executive officer)	July 24, 2009
<u>/s/ Lawrence W. Stranghoener</u> Lawrence W. Stranghoener	Executive Vice President and Chief Financial Officer (principal financial officer)	July 24, 2009
<u>/s/ Anthony T. Brausen</u> Anthony T. Brausen	Vice President—Finance and Chief Accounting Officer (principal accounting officer)	July 24, 2009
<u>*</u> Robert L. Lumpkins	Chairman of the Board of Directors	July 24, 2009
<u>*</u> Guillaume Bastiaens	Director	July 24, 2009
<u>*</u> Raymond F. Bentele	Director	July 24, 2009
<u>*</u> Phyllis E. Cochran	Director	July 24, 2009
<u>*</u> Richard D. Frasch	Director	July 24, 2009
<u>*</u> William R. Graber	Director	July 24, 2009
<u>*</u> Harold H. MacKay	Director	July 24, 2009
<u>*</u> David B. Mathis	Director	July 24, 2009
<u>*</u> William T. Monahan	Director	July 24, 2009
<u>*</u> James L. Popowich	Director	July 24, 2009
<u>*</u> David T. Seaton	Director	July 24, 2009
<u>*</u> Steven M. Seibert	Director	July 24, 2009

***By:**

/s/ Lawrence W. Stranghoener
Lawrence W. Stranghoener
Attorney-in-fact

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 The Mosaic Company (“Mosaic”)), 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 for October 22, 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**	
3.i.a.	Restated Certificate of Incorporation of Mosaic	Exhibit 3.1 to Mosaic’s Registration Statement on Form 8-A dated October 22, 2004**	
3.ii.	Bylaws of Mosaic, as amended and restated effective July 2, 2009	Exhibit 3.2 to the Current Report on Form 8-K of Mosaic for July 2, 2009**	
4.ii.a.	Indenture dated as of December 1, 2006 between Mosaic and U.S. Bank National Association relating to the 7 ³ / 8 % Senior Notes due 2014 and 7 ⁵ / 8 % Senior Notes due 2016	Exhibit 4.ii.a. to the Current Report on Form 8-K of Mosaic for December 1, 2006**	
4.ii.b.	Amended and Restated Credit Agreement, dated as of February 18, 2005, among Mosaic, Mosaic Fertilizer, LLC, Mosaic Global Holdings Inc. and Mosaic Potash Colonsay ULC, as Borrowers, the Foreign Borrowing Subsidiaries party thereto, the	Exhibit 4.ii.d. to the Current Report on Form 8-K of Mosaic for December 1, 2006**	

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<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated Herein by Reference to</u>	<u>Filed with Electronic Submission</u>
	Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, as amended and restated effective December 1, 2006		
4.ii.c.	Amendment, dated as of May 18, 2007, to the Amended and Restated Credit Agreement, dated as of February 18, 2005, among Mosaic, Mosaic Fertilizer, LLC, Mosaic Global Holdings Inc. and Mosaic Potash Colonsay ULC, as Borrowers, the Foreign Borrowing Subsidiaries party thereto, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, as amended and restated effective December 1, 2006	Exhibit 4.ii.e. to the Annual Report on Form 10-K for the Fiscal Year Ended May 31, 2007**	
4.ii.d.	Amendment, dated as of May 27, 2008, to the Amended and Restated Credit Agreement, dated as of February 18, 2005, among Mosaic, Mosaic Fertilizer, LLC, Mosaic Global Holdings Inc. and Mosaic Potash Colonsay ULC, as Borrowers, the Foreign Borrowing Subsidiaries party thereto, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, as amended and restated effective December 1, 2006	Exhibit 4 to the Current Report on Form 8-K of Mosaic for May 27, 2008**	
4.ii.e.	Amendment, dated as of September 4, 2008, to the Amended and Restated Credit Agreement, dated as of February 18, 2005, among Mosaic, Mosaic Fertilizer, LLC, Mosaic Global Holdings Inc. and Mosaic Potash Colonsay ULC, as Borrowers, the Foreign Borrowing Subsidiaries party thereto, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, as amended and restated effective December 1, 2006		X
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		

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<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated Herein by Reference to</u>	<u>Filed with Electronic Submission</u>
10.i.a.	Registration Rights Agreement dated as of December 1, 2005 between Mosaic and U.S. Agri-Chemicals Corporation	Exhibit 10.1.b to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended November 30, 2005**	
10.i.b.	Amendment No. 1 dated as of March 31, 2006 to Registration Rights Agreement dated as of December 1, 2005 between Mosaic and U.S. Agri-Chemicals Corporation	Exhibit 10.i.c. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2006**	
10.ii.a.	Registration Rights Agreement, dated as of January 26, 2004, by and between Cargill and Mosaic	Annex C to the proxy statement/prospectus forming a part of Registration Statement No. 333-114300	
10.ii.b.	Form of Service Agreement dated July 11, 2005 (effective July 7, 2005) between Mosaic Fertilizer, LLC and Cargill International SA, Ocean Transportation Division	Exhibit 10.ii.b. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended August 31, 2005**	
10.ii.c.	Form of Barter Agreement dated May 31, 2005 (effective July 7, 2005) between Cargill Agricola S.A. and Mosaic Fertilizantes Do Brasil S.A.	Exhibit 10.ii.g. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended August 31, 2005**	
10.ii.d.	Form of Services Agreement dated May 16, 2006 between Banco Cargill S.A. and Mosaic Fertilizantes do Brasil S.A.	Exhibit 10.ii.q. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2006**	
10.ii.e.	Form of Fertilizer Supply Agreement dated October 22, 2004 between Mosaic and Cargill's Ag Horizons business unit	Exhibit 10.ii.t. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2006**	
10.ii.f.	Form of Shared Service and Access Agreement at Port Cargill, MN dated October 22, 2004, between Cargill and GNS II (U.S.) LLC (now Mosaic Crop Nutrition, LLC)	Exhibit 10.ii.jj. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2006**	
10.ii.g.	Form of Shared Service and Access Agreement at Houston, TX dated October 22, 2004, between Cargill and GNS II (U.S.) LLC (now Mosaic Crop Nutrition, LLC)	Exhibit 10.ii.kk. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2006**	
10.ii.h.	Form of Master Services Agreement ("Master Services Agreement") dated December 29, 2006, between Cargill and Mosaic	Exhibit 10.ii.a. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 28, 2007**	

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<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated Herein by Reference to</u>	<u>Filed with Electronic Submission</u>
10.ii.i.	Form of agreement for Customer Financial Solutions between Mosaic Fertilizantes do Brasil S.A. and Banco Cargill S.A.	Exhibit 10.ii.h. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 28, 2007**	
10.ii.j.	Form of Supply Agreement dated September 14, 2007 between Cargill, Limited and Mosaic Canada Crop Nutrition, L.P. for the supply of fertilizer products in Canada	Exhibit 10.ii.a. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended November 30, 2007**	
10.ii.k.	Form of Offer of General Services dated September 14, 2007 between Mosaic de Argentina S.A. and Cargill S.A.C.I.	Exhibit 10.ii.g. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended November 30, 2007**	
10.ii.l.	Form of Supply Agreement dated September 28, 2007 between Mosaic Crop Nutrition, LLC and Cargill S.A.C.I. for supply of DAP, MAP and MicroEssentials™ (S-15) in Argentina	Exhibit 10.ii.j. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended November 30, 2007**	
10.ii.m.	Form of Barge Freight Contract dated January 23, 2008, between Cargo Carriers, a division of Cargill Marine & Terminal, Inc., and Mosaic Crop Nutrition, LLC	Exhibit 10.ii.a. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 29, 2008**	
10.ii.n.	Form of Fertilizer Agency Agreement dated January 23, 2008, between Mosaic Canada Crop Nutrition, LP and Cargill Limited	Exhibit 10.ii.g. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 29, 2008**	
10.ii.o.	Form of Supply Agreement for Feed Grade Phosphates dated January 23, 2008, between Mosaic Crop Nutrition, LLC and Cargill PLC	Exhibit 10.ii.h. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 29, 2008**	
10.ii.p.	Form of Supply Agreement dated April 25, 2008, for the purchase of approximately 2,400 metric tons of triple superphosphate by Mosaic de Argentina S.A. from Cargill S.A.C.I. in Argentina	Exhibit 10.ii.iii. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	
10.ii.q.	Form of Product Supply Agreement dated May 27, 2008, between Mosaic Fertilizantes do Brasil S.A. and Cargill Agricola S.A.	Exhibit 10.ii.iii. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	
10.ii.r.	Form of Offer of Single Super Phosphate dated May 27, 2008 between Mosaic de Argentina S.A. and Cargill S.A.C.I.	Exhibit 10.ii.kkk. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	

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<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated Herein by Reference to</u>	<u>Filed with Electronic Submission</u>
10.ii.s.	Form of Supply Agreement dated May 29, 2008 for DAP/MAP/S-15 between Mosaic Crop Nutrition, LLC and Cargill S.A.C.I.	Exhibit 10.ii.lll. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	
10.ii.t.	Form of Schedule of Services dated May 28, 2008 between Cargill Agricola, S.A., Mosaic Fertilizantes do Brasil, S.A., Mosaic Fertilizantes Ltda., Mosaic Fertilizantes Limited and Fospar, S.A. to the Master Services Agreement	Exhibit 10.ii.mmm. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	
10.ii.u.	Form of Supply Agreement dated May 29, 2008, for the sale of feed grade phosphates, urea and potash in North America between Mosaic Crop Nutrition, LLC dba Mosaic Feed Ingredients and Cargill Animal Nutrition, Inc.	Exhibit 10.ii.nnn. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	
10.ii.v.	Form of Product Supply Agreement dated May 29, 2008, between Mosaic Fertilizantes do Brasil S.A., Mosaic Fertilizantes Limited and Seara Alimentos S.A.	Exhibit 10.ii.ooo. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	
10.ii.w.	Forms of Renewals of Supply Agreements dated May 29, 2008, for the sale of feed grade phosphates in the Philippines and Thailand between Mosaic Crop Nutrition, LLC dba Mosaic Feed Ingredients and Cargill, Incorporated.	Exhibit 10.ii.ppp. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	
10.ii.x.	Form of Renewal of Supply Agreement dated May 31, 2008, for the sale of feed grade phosphates in Vietnam, Indonesia and Taiwan between Mosaic Crop Nutrition, LLC dba Mosaic Feed Ingredients and Cargill Animal Nutrition, Inc.	Exhibit 10.ii.qqq. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	
10.ii.y.	Form of Renewal of Supply Agreement dated May 29, 2008, for sale of feed grade phosphates in the United Kingdom between Mosaic Crop Nutrition, LLC and Cargill PLC.	Exhibit 10.ii.rrr. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	
10.ii.z.	Form of Renewal of Supply Agreement dated May 31, 2008, for sale of monocalcium phosphates in Malaysia between Mosaic Crop Nutrition, LLC dba Mosaic Feed Ingredients and Desa Cargill Sdn. Bhd.	Exhibit 10.ii.sss. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	

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<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated Herein by Reference to</u>	<u>Filed with Electronic Submission</u>
10.ii.aa.	Form of Renewal of Supply Agreement dated May 31, 2008 for sale of monocalcium phosphates in Malaysia between Mosaic Crop Nutrition, LLC dba Mosaic Feed Ingredients and Cargill Feed Sdn. Bhd.	Exhibit 10.ii.ttt. to the Annual Report on Form 10-K of Mosaic for the fiscal year ended May 31, 2008**	
10.ii.bb.	Form of Supply Agreement dated May 29, 2008, for the sale of feed grade phosphates in India between Mosaic Crop Nutrition, LLC dba Mosaic Feed Ingredients and Cargill India	Exhibit 10.ii.a. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended August 31, 2008**	
10.ii.cc.	Form of Supply Agreement dated June 20, 2008 for the supply of industrial fine grade potassium chloride treated with triple superphosphate between Mosaic Canada Crop Nutrition, LP and Cargill Limited	Exhibit 10.ii.b. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended August 31, 2008**	
10.ii.dd.	Form of Supply Agreement dated July 18, 2008, between Phosphate Chemical Export Association, Inc. ("PhosChem") and Cargill S.A.C.I. for spot sales of fertilizer products in Argentina	Exhibit 10.ii.c. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended August 31, 2008**	
10.ii.ee.	Form of Renewal dated July 18, 2008 of Barter Arrangement dated May 16, 2006 between Mosaic de Argentina S.A. and Cargill S.A.C.I.	Exhibit 10.ii.d. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended August 31, 2008**	
10.ii.ff.	Form of Agreement dated July 22, 2008 between PhosChem and Cargill Financial Services International, Inc. relating to participation by subsidiaries of Cargill, Incorporated in PhosChem's fertilizer export sales to customers in India	Exhibit 10.ii.e. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended August 31, 2008**	
10.ii.gg.	Form of renewal dated January 1, 2009 of agreement for the sale of white muriate of potash by Mosaic Crop Nutrition, LLC to Cargill, Incorporated's salt business unit	Exhibit 10.ii.a. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 28, 2009**	
10.ii.hh.	Form of renewal of agreement effective for the period December 22, 2008 through December 22, 2009 for the sale of fertilizer and feed products by Mosaic de Argentina Sociedad Anonima and Mosaic Fertilizantes do Brasil S.A. to Cargill Bolivia S.A. in Bolivia	Exhibit 10.ii.b. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 28, 2009**	

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<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated Herein by Reference to</u>	<u>Filed with Electronic Submission</u>
10.ii.ii.	Form of renewal of agreement effective for the period December 22, 2008 through December 22, 2009 for the sale of fertilizer and feed products by Mosaic de Argentina Sociedad Anonima and Mosaic Fertilizantes do Brasil S.A. to Cargill Agropecuaria S.A.C.I. in Paraguay	Exhibit 10.ii.c. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 28, 2009**	
10.ii.jj.	Description of Related Party Transactions	Note 22 of Notes to the Consolidated Financial Statements that are incorporated by reference in this report in Part II, Item 8, "Financial Statements and Supplementary Data"	
10.iii.a.***	The Mosaic Company 2004 Omnibus Stock and Incentive Plan (as amended October 4, 2006)	Appendix B to the Proxy Statement of Mosaic dated August 23, 2006**	
10.iii.b.***	Form of Employee Non-Qualified Stock Option under The Mosaic Company 2004 Omnibus Stock and Incentive Plan	Exhibit 10.iii.b. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended November 30, 2004**	
10.iii.c.***	Description of Executive Physical Program	Fourth Paragraph of Item 1.01 of Mosaic's Current Report on Form 8-K for May 26, 2005**	
10.iii.d.***	Description of Mosaic Management Incentive Program		X
10.iii.e.***	Form of Employee Non-Qualified Stock Option under The Mosaic Company 2004 Omnibus Stock and Incentive Plan, effective August 1, 2005	Exhibit 99.1 to the Current Report on Form 8-K of Mosaic for August 2, 2006**	
10.iii.f.***	Summary of Board of Director Compensation of Mosaic		X
10.iii.g.***	Supplemental Retirement Agreement, dated January 1, 2000, between Mosaic Canada ULC (formerly known as IMC Canada Ltd.) and Norman B. Beug	Exhibit 10.iii.q. to the Annual Report on Form 10-K for the Fiscal Year Ended May 31, 2007**	
10.iii.h.***	Form of Employee Non-Qualified Stock Option under The Mosaic Company 2004 Omnibus Stock and Incentive Plan, approved July 6, 2006	Exhibit 99.3. to the Current Report on Form 8-K of Mosaic for August 2, 2006*	

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<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated Herein by Reference to</u>	<u>Filed with Electronic Submission</u>
10.iii.i.***	Form of Employee Restricted Stock Unit Award Agreement under The Mosaic Company 2004 Omnibus Stock and Incentive Plan, approved July 6, 2006	Exhibit 99.4. to the Current Report on Form 8-K of Mosaic for August 2, 2006**	
10.iii.j.***	Form of Director Restricted Stock Unit Award Agreement under The Mosaic Company 2004 Omnibus Stock and Incentive Plan, effective August 4, 2006	Exhibit 99.5. to the Current Report on Form 8-K of Mosaic for August 2, 2006**	
10.iii.k.***	Form of Retirement Compensation Arrangement Trust Agreement between Mosaic Canada ULC (formerly known as IMC Canada Ltd.), Mosaic Potash Esterhazy Limited Partnership (formerly known as IMC Esterhazy Canada Limited Partnership) and Royal Trust Corporation of Canada to provide benefits for certain Canadian employees	Exhibit 10.iii.s. to the Annual Report on Form 10-K of Mosaic for the Fiscal Year Ended May 31, 2008**	
10.iii.l.***	Form of Amendment to Employee Restricted Stock Unit Award Agreements granted in 2006 and 2007 to executive officers under The Mosaic Company 2004 Omnibus Stock and Incentive Plan	Exhibit 10.iii.a. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 29, 2008**	
10.iii.m.***	Form of Senior Management Severance and Change in Control Agreement, approved February 7, 2008	Exhibit 10.iii.b. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 29, 2008**	
10.iii.n.***	Form of Amended and Restated Senior Management Severance and Change in Control Agreement, approved February 7, 2008	Exhibit 10.iii.c. to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended February 29, 2008**	
10.iii.o.***	Form of Employee Non-Qualified Stock Option under The Mosaic Company 2004 Omnibus Stock and 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.p.***	Form of Employee Restricted Stock Unit Award Agreement under The Mosaic Company 2004 Omnibus Stock and Incentive Plan, approved July 30, 2008	Exhibit 10.iii.b to the Quarterly Report on Form 10-Q of Mosaic for the Quarterly Period Ended August 31, 2008**	
10.iii.q.***	Form of Indemnification Agreement between The Mosaic Company and its directors and executive officers	Exhibit 10.iii. to the Current Report on Form 8-K of The Mosaic Company for October 8, 2008**	

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Exhibit No.	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
10.iii.r.***	Form of The Mosaic Company 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.s.***	Form of Director Restricted Stock Unit Award Agreement under The Mosaic Company 2004 Omnibus Stock and 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.t.***	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.u.***	Form of amendments to Senior Management Severance and Change in Control Agreements and Amended and Restated Senior Management Severance and Change in Control Agreements		X
13	The portions of Mosaic's annual report to stockholders that are specifically incorporated by reference		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

* 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

*** Denotes management contract or compensatory plan.

THIRD AMENDMENT dated as of September 4, 2008, to the Amended and Restated Credit Agreement dated as of February 18, 2005, as amended and restated as of December 1, 2006, as amended (the "Credit Agreement"), by and among THE MOSAIC COMPANY, MOSAIC FERTILIZER, LLC, MOSAIC GLOBAL HOLDINGS INC., MOSAIC POTASH COLONSAY ULC, the Foreign Borrowing Subsidiaries party thereto, the LENDERS party thereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

WHEREAS, the Borrowers have requested that the Lenders approve amendments to certain provisions of the Credit Agreement; and

WHEREAS, the undersigned Lenders are willing, on the terms and subject to the conditions set forth herein, to approve such amendments;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrowers and the undersigned Lenders hereby agree as follows:

SECTION 1. Defined Terms. Capitalized terms used but not defined herein have the meanings assigned to them in the Credit Agreement (as amended hereby).

SECTION 2. Amendment of Section 1.01. Section 1.01 of the Credit Agreement is hereby amended by inserting the following definitions in the appropriate alphabetical order therein:

"Saskferco Notes Sale" means the sale of the "Subordinated Shareholders Notes" pursuant to the "Subordinated Note Purchase Agreement" (each as defined in the Saskferco Sale Agreement).

"Saskferco Shares Sale" means the sale by Saskferco Products Limited Partnership of the shares of Saskferco Products ULC pursuant to the Saskferco Sale Agreement.

"Saskferco Sale Agreement" means the Share Purchase Agreement dated July 14, 2008, between Yara International ASA, Saskferco Products Limited Partnership, Investment Saskatchewan Inc., The Mosaic Company and Saskferco Products ULC.

SECTION 3. Amendment of Section 2.11. Section 2.11 of the Credit Agreement is hereby amended by adding the following paragraph at the end of such Section:

(g) Notwithstanding the foregoing provisions of this Section 2.11, in the event of a mandatory prepayment of Term Borrowings attributable to Net Proceeds of the Saskferco Notes Sale (i) such prepayment shall be made within 10 Business

Days after such Net Proceeds are received, (ii) the Parent Borrower shall notify the Administrative Agent of such prepayment within one Business Day after such Net Proceeds are received (and the Administrative Agent shall promptly notify the Lenders thereof), (iii) any Lender may elect, by notice to the Administrative Agent at least one Business Day before the date of the prepayment, to decline all or any portion of its share of such prepayment and (iv) if any Lender so declines all or any portion of its share of such prepayment, then the amount of such prepayment allocable to each Lender that does not decline its share of such prepayment shall be applied ratably to the Loans of such Lender included in each Term Borrowing, subject to the second proviso to paragraph (e) of this Section. The other paragraphs of this Section shall apply to any such prepayment to the extent not inconsistent with this paragraph.

SECTION 4. Amendment of Section 6.02. Section 6.02(a) of the Credit Agreement is hereby amended by deleting the word “and” appearing at the end of clause (xiv) thereof, inserting “; and” at the end of clause (xv) and inserting the following after clause (xv):

(xvi) the escrow of a portion of the proceeds from the Saskferco Shares Sale as required by the Saskferco Sale Agreement.

SECTION 5. Representations and Warranties. Each of the U.S. Borrowers represents and warrants to each of the Lenders that, after giving effect to the amendments contemplated hereby, (a) the representations and warranties of the Borrowers set forth in the Loan Documents are true and correct on and as of the Amendment Effective Date and (b) no Default has occurred and is continuing.

SECTION 6. Effectiveness. This Amendment shall become effective as of the date (the “Amendment Effective Date”) when the Administrative Agent (or its counsel) shall have received (a) copies hereof that, when taken together, bear the signatures of the Borrowers and the Required Lenders and (b) to the extent invoiced, payment of all out-of-pocket expenses required to be paid or reimbursed by any Loan Party hereunder or under any other Loan Document.

SECTION 7. Applicable Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

SECTION 8. No Other Amendments. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any party under, the Credit Agreement, nor alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. This Amendment shall apply and be effective only with respect to the provisions of the Credit Agreement specifically referred to herein. This Amendment shall constitute a Loan Document.

SECTION 9. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile transmission (or any other means of electronic transmission) shall be as effective as delivery of a manually executed counterpart of this Amendment.

SECTION 10. Headings. Section headings used herein are for convenience of reference only, are not part of this Amendment and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

SECTION 11. Expenses. The Primary Borrowers shall reimburse the Administrative Agent for its reasonable out-of-pocket expenses incurred in connection with this Amendment, including the reasonable fees and expenses of Cravath, Swaine & Moore LLP, counsel for the Administrative Agent.

[Remainder of page left blank]

IN WITNESS WHEREOF, the Borrowers and the Lenders have caused this Amendment to be duly executed by their duly authorized officers, all as of the date first above written.

THE MOSAIC COMPANY,

By

Name:

Title:

MOSAIC FERTILIZER, LLC,

By

Name:

Title:

MOSAIC GLOBAL HOLDINGS INC.,

By

Name:

Title:

MOSAIC POTASH COLONSAY ULC,

By

Name:

Title:

JPMORGAN CHASE BANK, N.A.,
individually and as Administrative Agent,

By

Name:
Title:

SIGNATURE PAGE TO THIRD AMENDMENT dated as of September 4, 2008, to the Amended And Restated Credit Agreement dated as of February 18, 2005, as amended and restated as of December 1, 2006, as amended, among THE MOSAIC COMPANY, MOSAIC FERTILIZER, LLC, MOSAIC GLOBAL HOLDINGS INC., MOSAIC POTASH COLONSAY ULC, the Foreign Borrowing Subsidiaries party thereto, THE LENDERS party thereto, and JPMORGAN CHASE BANK, N.A. as Administrative Agent,

Name of Institution:

By

Name:

Title:

Pursuant to the Management Incentive Plan (“MIP”) of The Mosaic Company (the “Company”), key managers of the Company and its subsidiaries, including executive officers, are eligible for annual cash incentive compensation based upon the attainment of business performance goals that are pre-established by the Board of Directors of the Company, upon the recommendation of the Compensation Committee or a subcommittee of outside directors. Attainment of the performance measures determines the amount of the incentive payment for executive officers and all or a portion of the amount of the incentive payment for other participants. Threshold, target and maximum payout levels are set based upon the extent to which the specified performance measures are attained. Target annual incentive awards for executive officers range from 50% to 110% of base salary for the fiscal year ending May 31, 2010. The Corporate performance measures for the fiscal year ending May 31, 2010 are (i) consolidated operating earnings (“operating earnings”) and (ii) average consolidated working capital (“average working capital”), weighted 80% on the operating earnings measure and 20% on the average working capital measure. The Corporate performance measures apply to all executive officers, except that the performance measures for the executive officer who is the leader of the Company’s Potash business unit is based 60% on consolidated operating earnings and average consolidated working capital and 40% on operating earnings and average working capital of the Potash business unit. The plan has a minimum level for both the operating earnings measure and the average working capital measure at which payments begin. In addition, the plan has a separate threshold for the operating earnings measure below which no payout will be made under the average working capital measure. The maximum payout percent for both the operating earnings measure and the average working capital measure is 200% of the target annual incentive award.

THE MOSAIC COMPANY

SUMMARY OF BOARD OF DIRECTOR COMPENSATION

Non-Employee Directors

The policy adopted by the Board of Directors (the “Board”) of The Mosaic Company (“Mosaic”) for fiscal 2009 provides for cash compensation to non-employee directors as follows:

- an annual cash retainer of \$170,000 to the Chairman of the Board and \$85,000 to each other director;
- an annual cash retainer of \$20,000 to the Chairman of the Audit Committee and \$10,000 to other members of this Committee;
- an annual cash retainer of \$15,000 to the Chairman of the Compensation Committee and \$5,000 to other members of this Committee;
- an annual cash retainer of \$10,000 to each director who serves as chair of the Corporate Governance and Nominating Committee, Environmental, Health and Safety Committee and Special Transactions Committee;
- The Special Transactions Committee was disbanded in December 2008 at which time the Cargill Transactions Subcommittee of the Corporate Governance and Nominating Committee was established to review material relationships with Cargill, Incorporated and/or its affiliates. Upon establishing the Cargill Transactions Subcommittee, the Board approved an annual cash retainer of \$10,000 to be paid to the Chair of the Cargill Transactions Subcommittee; and
- The Board established a special committee comprised of all of the independent directors on the Board to consider governance matters relating to the expiration of an investor rights agreement entered into with Cargill, Incorporated on August 17, 2006. The Board authorized a cash stipend in the amount of \$25,000 to be paid to the Chair of the Special Committee.

In addition, the policy in effect during fiscal 2009 provided for an annual grant of restricted stock units providing grants of our common stock, valued at \$170,000 for the Chairman of the Board and \$85,000 for each other director.

Mosaic does not pay meeting fees or provide any perquisites to our directors. Mosaic does reimburse directors for travel and business expenses incurred in connection with meeting attendance.

Employee Directors

Directors who are employees receive no director fees or other separate compensation for service on the Board or any committee of the Board for the period during which they are employees.

**AMENDMENT TO
SENIOR MANAGEMENT SEVERANCE AND CHANGE IN CONTROL AGREEMENT**

This amendment to the Senior Management Severance and Change in Control Agreement dated _____, 200__ between The Mosaic Company, a Delaware corporation (the “*Company*”) and _____ (the “*Executive*”) is effective as of the date indicated below by the Executive’s signature.

The Company and the Executive hereby agree that clauses (a) and (b) of Section 4 of the Agreement are deleted in their entirety and replaced with the following:

- (a) Employee shall be eligible to receive an amount equal to ____ times Employee’s annual base salary in effect as of the date of termination; provided, however, that if the effective date of termination by the Company without Cause occurs (i) upon, or within two years after, the occurrence of a Change in Control of the Company (as defined in Section 7 below), or (ii) at the time of, or following, the entry by the Company into a definitive agreement or plan for a Change in Control of the nature set forth in Section 7(b), (c) or (e) below (so long as such Change in Control occurs within six months after the effective date of such termination), then such amount shall be equal to ____ times Employee’s annual base salary. Any amounts payable hereunder will be subject to required withholdings, deductions, and tax reporting requirements.

- (b) Employee shall be eligible to receive a payout equal to Employee’s annual target bonus percent established for the bonus year prior to the bonus year in which Employee’s date of termination is effective (or such greater percent as shall be designated by the Compensation Committee of the Company’s Board of Directors from time to time) multiplied by Employee’s annual base salary in effect as of the date of termination; provided, however, that if the effective date of termination by the Company without Cause occurs (i) upon, or within two years after, the occurrence of a Change in Control of the Company (as defined in Section 7 below), or (ii) at the time of, or following, the entry by the Company into a definitive agreement or plan for a Change in Control of the nature set forth in Section 7(b), (c) or (e) below (so long as such Change in Control occurs within six months after the effective date of such termination), then such payout shall be equal to ____ times Employee’s annual target bonus percent for the prior bonus year (or such greater percent as shall be designated by the Compensation Committee of the Company’s Board of Directors from time to time) multiplied by Employee’s annual base salary in effect as of the date of termination. Any amounts payable hereunder will be subject to any required withholdings, deductions, and tax reporting requirements.

IN WITNESS WHEREOF, the Company and the Executive have executed this amendment on the dates set forth below.

THE MOSAIC COMPANY

By: _____

Its: _____

Date: May __, 2009

EXECUTIVE

Date: May __, 2009

**AMENDMENT TO
AMENDED AND RESTATED
SENIOR MANAGEMENT SEVERANCE AND CHANGE IN CONTROL AGREEMENT**

This amendment to the Amended and Restated Senior Management Severance and Change in Control Agreement dated _____, 200__ between The Mosaic Company, a Delaware corporation (the “*Company*”) and _____ (the “*Executive*”) is effective as of the date indicated below by the Executive’s signature.

The Company and the Executive hereby agree that clauses (a) and (b) of Section 4 of the Agreement are deleted in their entirety and replaced with the following:

- (a) Employee shall be eligible to receive an amount equal to ____ times Employee’s annual base salary in effect as of the date of termination; provided, however, that if the effective date of termination by the Company without Cause occurs (i) upon, or within two years after, the occurrence of a Change in Control of the Company (as defined in Section 7 below), or (ii) at the time of, or following, the entry by the Company into a definitive agreement or plan for a Change in Control of the nature set forth in Section 7(b), (c) or (e) below (so long as such Change in Control occurs within six months after the effective date of such termination), then such amount shall be equal to ____ times Employee’s annual base salary. Any amounts payable hereunder will be subject to required withholdings, deductions, and tax reporting requirements.

- (c) Employee shall be eligible to receive a payout equal to Employee’s annual target bonus percent established for the bonus year prior to the bonus year in which Employee’s date of termination is effective (or such greater percent as shall be designated by the Compensation Committee of the Company’s Board of Directors from time to time) multiplied by Employee’s annual base salary in effect as of the date of termination; provided, however, that if the effective date of termination by the Company without Cause occurs (i) upon, or within two years after, the occurrence of a Change in Control of the Company (as defined in Section 7 below), or (ii) at the time of, or following, the entry by the Company into a definitive agreement or plan for a Change in Control of the nature set forth in Section 7(b), (c) or (e) below (so long as such Change in Control occurs within six months after the effective date of such termination), then such payout shall be equal to ____ times Employee’s annual target bonus percent for the prior bonus year (or such greater percent as shall be designated by the Compensation Committee of the Company’s Board of Directors from time to time) multiplied by Employee’s annual base salary in effect as of the date of termination. Any amounts payable hereunder will be subject to any required withholdings, deductions, and tax reporting requirements.

IN WITNESS WHEREOF, the Company and the Executive have executed this amendment on the dates set forth below.

THE MOSAIC COMPANY

By: _____
Its: _____

Date: May __, 2009

EXECUTIVE

Date: May __, 2009

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Introduction

The Mosaic Company ("**Mosaic**", and individually or in any combination with its consolidated subsidiaries, "**we**", "**us**", "**our**", or the "**Company**") was created to serve as the parent company of the business that was formed through the business combination ("**Combination**") of IMC Global Inc. ("**IMC**" or "**Mosaic Global Holdings**") and the Cargill Crop Nutrition fertilizer businesses ("**CCN**") of Cargill, Incorporated and its subsidiaries (collectively, "**Cargill**") on October 22, 2004.

We are one of the world's leading producers and marketers of 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 in three business segments.

Our **Phosphates** business segment owns and operates mines and production facilities in Florida which produce phosphate crop nutrients and phosphate-based animal feed ingredients, and processing plants in Louisiana which produce phosphate crop nutrients. Our Phosphates segment's results include North American distribution activities. Our consolidated results also include Phosphate Chemicals Export Association, Inc. ("**PhosChem**"), a U.S. Webb-Pomerene Act association of phosphate producers which exports phosphate crop nutrient products around the world for us and PhosChem's other member. Our share of PhosChem's sales volumes of dry phosphate crop nutrient products is approximately 86% for the year ended May 31, 2009.

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 internationally. Our share of Canpotex's sales, by volume, of potash crop nutrients was 37.1% at May 31, 2009.

Our **Offshore** business segment consists of sales offices, crop nutrient blending and bagging facilities, port terminals and warehouses in several key international countries, including Brazil. In addition, we own or have strategic investments in production facilities in Brazil and a number of other countries. Our Offshore segment serves as a market for our Phosphates and Potash segments but also purchases and markets products from other suppliers worldwide.

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. As a result, the markets for our products are highly competitive. Business and economic conditions and governmental policies affecting the agricultural industry 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 worldwide supply and demand because of the significant fixed costs associated with owning and operating our major facilities.

World prices for the key 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 ammonia is natural gas, and costs for ammonia are generally highly dependent on natural gas prices. Sulfur is a world commodity that is primarily produced as a byproduct of oil refining, where the cost is based on supply and demand for sulfur. We produce substantially all of our requirements for phosphate rock.

Much of our production is sold based on the market prices prevailing at the time of sale. However, a portion of our sales are made through contracts at a fixed price or can be priced at the time of shipment based on a formula. In some cases, customers prepay us for future sales. Additionally, in certain circumstances the final price of product is determined after shipment. This final pricing is based on the current market at the time the price is established and revenue is recognized at that time. 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 and customer needs. In a period of changing prices, forward sales programs at fixed prices create a lag between prevailing market prices and our average realized selling prices. Prepaid forward sales can also increase our liquidity and accelerate cash flows.

Our Potash business is significantly affected by natural gas costs for operating our potash solution mine at Belle Plaine, Saskatchewan, by Canadian resource taxes and royalties that we pay the Province of Saskatchewan to mine our potash reserves, by the level of 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, and by the capital and operating costs we incur to manage brine inflows at our potash mine at Esterhazy, Saskatchewan. Our per tonne selling prices for potash are affected by shifts in the product mix between agricultural and industrial sales because a significant portion of our industrial sales are based on historical market prices that can lag current market prices, and by the product mix of sales of muriate of potash ("**MOP**"), our primary product, and K-Mag[®] , a specialty product with magnesium and a lower content of potash.

Our Offshore business primarily markets and sells products produced by our Phosphates and, to a lesser extent, our Potash businesses, as well as by other suppliers. As a result, the Offshore segment results do not reflect the full profitability on the Mosaic-produced products and its profitability can change significantly to the extent that it sells from inventory positions taken in earlier periods. During periods of rising selling prices, our Offshore business has benefited significantly from inventory positioning, while in periods of declining prices our Offshore business has incurred losses.

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:

- The functional currency for several of our Canadian entities is the Canadian dollar. A stronger Canadian dollar generally reduces these entities' operating earnings. A weaker Canadian dollar has the opposite effect. We generally hedge a portion of the anticipated currency risk exposure. Such derivatives can create additional earnings volatility because we do not use hedge accounting. Gains or losses on these hedge contracts, both for open contracts at quarter end (unrealized) and settled contracts (realized), are recorded in cost of goods sold. Our sales are typically denominated in U.S. dollars, which generates U.S. dollar denominated intercompany accounts receivable and cash in these entities. If the U.S. dollar weakens relative to the Canadian dollar, we record a foreign currency transaction loss in non-operating income. This foreign currency loss typically does not have a cash flow impact.
- The functional currency for our Brazilian affiliate is the Brazilian real. We typically finance Brazilian inventory purchases with U.S. dollar denominated liabilities. A weaker U.S. dollar relative to the Brazilian real has the impact of reducing these liabilities on a functional currency basis. When this occurs, an associated foreign currency transaction gain is recorded in non-operating income. A stronger U.S. dollar has the opposite effect. We generally hedge a portion of this currency exposure. Such derivatives can create additional earnings volatility because we do not use hedge accounting. Associated gains or losses on these foreign currency contracts are also recorded in non-operating income. We exclude the value of our inventories in Brazil from the amount we hedge for risk management purposes because our inventories are typically denominated in U.S. dollars and therefore act as a partial natural offset to our currency exposure.

In response to what we believe are strong long-term fundamentals for our business caused by a rising global demand for food and fuel, we have completed some capacity expansion initiatives and have announced a number of additional initiatives to expand our production capacities, primarily in our Potash business. We plan to expand the annual production capacity of our existing potash mines by more than five million tonnes over the next eleven years.

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 our annual 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 long ton(s) which is the equivalent of 2,240 pounds. 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”.

Results of Operations

The following table shows the results of operations for the three years ended May 31, 2009, 2008 and 2007:

(in millions, except per share data)	Years Ended May 31			2009-2008		2008-2007	
	2009	2008	2007	Change	Percent	Change	Percent
Net sales	\$ 10,298.0	\$ 9,812.6	\$ 5,773.7	\$ 485.4	5%	\$ 4,038.9	70%
Cost of goods sold	7,148.1	6,652.1	4,847.6	496.0	7%	1,804.5	37%
Lower of cost or market write-down	383.2	-	-	383.2	NM	-	NM
Gross margin	2,766.7	3,160.5	926.1	(393.8)	(12%)	2,234.4	241%
Gross margin percentage	26.9%	32.2%	16.0%				
Selling, general and administrative expenses	321.4	323.8	309.8	(2.4)	(1%)	14.0	5%
Other operating expenses	44.4	30.0	-	14.4	48%	30.0	NM
Operating earnings	2,400.9	2,806.7	616.3	(405.8)	(14%)	2,190.4	355%
Interest expense, net	43.3	90.5	149.6	(47.2)	(52%)	(59.1)	(40%)
Foreign currency transaction loss	131.8	57.5	8.6	74.3	129%	48.9	569%
(Gain) loss on extinguishment of debt	(2.5)	2.6	(34.6)	(5.1)	NM	37.2	NM
(Gain) on sale of equity investment	(673.4)	-	-	(673.4)	NM	-	NM
Other (income)	(4.0)	(26.3)	(13.0)	22.3	(85%)	(13.3)	102%
Earnings before income taxes	2,905.7	2,682.4	505.7	223.3	8%	2,176.7	430%
Provision for income taxes	649.3	714.9	123.4	(65.6)	(9%)	591.5	479%
Earnings from consolidated companies	2,256.4	1,967.5	382.3	288.9	15%	1,585.2	415%
Equity in net earnings of nonconsolidated companies	100.1	124.0	41.3	(23.9)	(19%)	82.7	200%
Minority interests in net earnings of consolidated companies	(6.3)	(8.7)	(3.9)	2.4	(28%)	(4.8)	123%
Net earnings	\$ 2,350.2	\$ 2,082.8	\$ 419.7	\$ 267.4	13%	\$ 1,663.1	396%
Diluted earnings per share	\$ 5.27	\$ 4.67	\$ 0.95	\$ 0.59	13%	\$ 3.72	392%
Weighted average diluted shares outstanding	446.2	445.7	440.3				

Overview of Fiscal 2009, 2008 and 2007

Net earnings for fiscal 2009 were a record \$2.4 billion, or \$5.27 per diluted share, better than our previous net earnings record in fiscal 2008 of \$2.1 billion, or \$4.67 per diluted share, and \$419.7 million, or \$0.95 per diluted share, for fiscal 2007. The more significant factors that affected our results of operations and financial condition in fiscal 2009, 2008 and 2007 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.

Fiscal 2009

Fiscal 2009 began with a continuation of the strong agricultural fundamentals and industry demand from fiscal 2008. In the latter part of the second quarter of fiscal 2009, we began to experience a rapid softening of the strong agricultural fundamentals and industry demand that prevailed from the latter part of fiscal 2007 into fiscal 2009. The softening was due to a change in buyer sentiment resulting from, among other factors, lower grain and oilseed prices, a late North American harvest in the fall of 2008, a build-up of inventories in the distribution supply chain, the global economic slowdown and the re-calibration of the phosphate market to reflect lower raw material input costs. These market conditions caused phosphates selling prices to begin to decline sharply toward the end of the fiscal 2009 second quarter through the end of fiscal 2009. These factors also caused farmers to delay purchases of phosphates and potash crop nutrients in anticipation of reduced selling prices resulting in lower crop nutrient application rates during fiscal 2009.

Following dramatic increases during fiscal 2008 and into fiscal 2009 in market prices for ammonia and sulfur, as well as for phosphate rock purchased in world markets by non-integrated producers of finished phosphate crop nutrients, in the third quarter of fiscal 2009, market prices for phosphates' raw materials significantly decreased. We were unable to realize the full benefit of the declining market prices for sulfur and ammonia in our Phosphate segment's results due to purchases of sulfur and ammonia inventories before the significant price declines while prices for finished phosphate crop nutrients declined in response to the decline in market prices for raw materials.

Through the first half of fiscal 2009, Potash selling prices rose significantly due to robust demand and tight market supply early in the year. Higher selling prices were sustained through the fiscal year, despite a sharp decline in sales volumes in the latter part of the year. The decline in potash sales volumes was due to many of the same reasons described above.

Any prolonged reduction of crop nutrient application will result in lower grain and oilseed yields. Despite the current weakness in crop nutrient demand, we expect a resurgence in crop nutrient demand in order to meet the increasing global demand for food and fuel as well as to increase grain and oilseed stocks to more secure levels.

Because of the lower demand for our products, we significantly reduced production volumes in both our Phosphate and Potash businesses in fiscal 2009. The lower demand and production had a significant adverse impact on our operating costs and results. Toward the end of fiscal 2009, we increased Phosphate production volume somewhat in response to improving demand.

Also in fiscal 2009:

- We continued the expansion of capacity in our Potash segment, in line with our views of the long-term fundamentals of that business. The planned expansions are expected to increase our annual capacity for finished product by more than five million tonnes over the next eleven years. Some of the expansions have been approved and are underway while others are in the planning phases.

- On October 1, 2008, Saskferco Products Limited Partnership (the “*Saskferco Partnership*”), in which we had a 50% interest, sold its wholly owned subsidiary Saskferco Products ULC, a Saskatchewan, Canada-based producer of nitrogen crop nutrients and feed ingredients. Our share of the gross proceeds was approximately \$750 million. We recorded a gain on the sale of \$673.4 million or \$1.03 per share.
- During fiscal 2009, we recorded lower of cost or market inventory write-downs of \$383.2 million in our Phosphates and Offshore segments as a result of declining selling prices, primarily for phosphates, caused by the factors discussed above. These write-downs were necessary because the carrying cost of certain inventories exceeded our estimates of future selling prices less reasonably predictable selling costs. Our inventory balance in the Consolidated Balance Sheet at May 31, 2009, was impacted by \$86.9 million which related to lower of cost or market write-downs.
- Our effective tax rate was favorably impacted by a special dividend that was distributed from our non-U.S. subsidiaries to our U.S. subsidiaries. The effective tax rate was unfavorably impacted by the losses in our non-U.S. subsidiaries for which we have not realized a tax benefit for in fiscal 2009.
- We generated \$1.2 billion in cash flow from operations. The positive cash flow from operations was primarily generated from net earnings, partially offset by working capital needs.
- We maintained a strong financial position, with cash and cash equivalents of \$2.7 billion as of May 31, 2009.
- Our strong cash position also allowed us to initiate quarterly dividends beginning in July 2008, with a quarterly dividend of \$0.05 per share of common stock.
- The credit rating agencies that rate our senior notes upgraded their ratings to investment grade status in June and July 2008¹. As a result, certain of the restrictive covenants relating to our senior notes fell away, providing us greater flexibility in making financial, investment and operating decisions.

Fiscal 2008

Our net sales and gross margins in fiscal 2008 benefited from strong agricultural fundamentals that resulted in significant increases in crop nutrient prices driven by robust demand and tight market supplies. Market prices for phosphates were also driven by significant increases in the cost of key raw materials, including ammonia and sulfur and open-market prices for phosphate rock and phosphoric acid for non-integrated producers of finished phosphate crop nutrients that do not mine their own phosphate rock. We believe that the resulting upward pressure on the market price for finished phosphate crop nutrients more than offset our Phosphates business’ increased costs for raw materials in fiscal 2008 in part because of our competitive advantages as an integrated producer of both finished phosphate crop nutrients and phosphate rock, and from our investments in infrastructure for sourcing sulfur. The increases in potash prices were partially offset by increased Canadian resource taxes and royalties in our Potash segment due primarily to higher potash selling prices.

Also in fiscal 2008, we generated \$2.5 billion in cash flow from operations. Our improved cash flow allowed us to fund the prepayment of \$750.0 million of long-term debt resulting in a reduction in interest expense of \$47.5 million.

¹ A security rating is not a recommendation to buy, sell or hold securities. Although a security rating may be subject to revision or withdrawal at any time by the assigning rating organization, any such revision or withdrawal would not affect the fall-away of the covenants relating to the senior notes. Each rating should be evaluated separately from any other rating.

Fiscal 2007

Our sales and gross margins benefited from strong agricultural fundamentals and demand for phosphate and potash crop nutrients, particularly in the second half of the fiscal year. This was partially due to demand growth from countries that have been the traditional drivers for food production such as India and Brazil. In addition, there were new demand drivers as a result of strong growth in the biofuels industry, such as the U.S. ethanol market.

Also in fiscal 2007:

- We completed a 1.1 million tonne capacity expansion of our Esterhazy, Saskatchewan potash mine for a capital cost of approximately \$38 million.
- In the second half of fiscal 2007 we incurred higher operating and capital costs associated with our remediation of the brine inflow at our Esterhazy, Saskatchewan potash mine.

Phosphates Net Sales and Gross Margin

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

(in millions, except price per tonne or unit)	Years Ended May 31			2009-2008		2008-2007	
	2009	2008	2007	Change	Percent	Change	Percent
Net sales:							
North America	\$ 2,156.6	\$ 2,332.4	\$ 1,284.4	\$ (175.8)	(8%)	\$ 1,048.0	82%
International	3,624.0	3,373.8	1,919.5	250.2	7%	1,454.3	76%
Total	5,780.6	5,706.2	3,203.9	74.4	1%	2,502.3	78%
Cost of goods sold	4,279.3	3,625.1	2,772.2	654.2	18%	852.9	31%
Lower of cost or market write-down	227.7	-	-	227.7	NM	-	NM
Gross margin	<u>\$ 1,273.6</u>	<u>\$ 2,081.1</u>	<u>\$ 431.7</u>	<u>\$ (807.5)</u>	<u>(39%)</u>	<u>\$ 1,649.4</u>	<u>382%</u>
Gross margin as a percent of net sales	22.0%	36.5%	13.5%				
Sales volume (in thousands of metric tonnes)							
Crop Nutrients ^(a) :							
North America	2,254	3,732	2,856	(1,478)	(40%)	876	31%
International	3,496	4,456	5,201	(960)	(22%)	(745)	(14%)
Total	5,750	8,188	8,057	(2,438)	(30%)	131	2%
Feed Phosphates	537	896	845	(359)	(40%)	51	6%
Total	<u>6,287</u>	<u>9,084</u>	<u>8,902</u>	<u>(2,797)</u>	<u>(31%)</u>	<u>182</u>	<u>2%</u>
Average selling price per tonne:							
DAP (FOB plant)	\$ 728	\$ 513	\$ 264	\$ 215	42%	\$ 249	94%
Average price per unit:							
Ammonia (metric tonne) (Central Florida)	\$ 531	\$ 404	\$ 331	\$ 127	31%	\$ 73	22%
Sulfur (long ton)	363	182	62	181	99%	120	194%

^(a) Excludes tonnes sold by PhosChem for its other members.

Fiscal 2009 compared to Fiscal 2008

Phosphates' net sales increased to \$5.8 billion in fiscal 2009, compared to \$5.7 billion in fiscal 2008 as a result of a 42% increase in the average DAP selling price partly offset by a 31% decline in sales volumes.

In fiscal 2009, sales volumes declined to 6.3 million tonnes of phosphate crop nutrients and animal feed ingredients, compared with 9.1 million tonnes for fiscal 2008. Crop nutrient volumes to North American and International customers decreased 40% and 22%, respectively, due to the factors described in the Overview. Feed phosphate sales volumes declined 40% primarily due to weak economics in the livestock industry and customers' increasing use of an enzyme that can help optimize usage of phosphates-based animal feed ingredients.

Our average DAP selling price was \$728 per tonne in fiscal 2009, an increase of \$215 per tonne compared with fiscal 2008. The market DAP selling price began to decline sharply toward the end of the second quarter of fiscal 2009 and into fiscal 2010. This was due to the combined effects of several factors previously described in the Overview. Our average DAP selling price for the fourth quarter of fiscal 2009 was \$345 per tonne compared to \$413 per tonne for the third quarter of fiscal 2009, while our average DAP selling price for the fourth quarter of fiscal 2008 was \$754 per tonne.

Gross margin for Phosphates in fiscal 2009 was \$1.3 billion compared with \$2.1 billion in fiscal 2008 and was adversely affected by the 31% decline in sales volume. Gross margin as a percentage of net sales decreased to 22% in fiscal 2009 from 37% in fiscal 2008 due to higher sulfur and ammonia raw material costs, which triggered a lower of cost or market write-down, the adverse effect of significantly lower phosphate production rates and net realized and unrealized derivative losses, partly offset by an increase in selling prices compared with a year ago.

The average price for sulfur increased to \$363 per long ton in fiscal 2009 from \$182 per long ton in fiscal 2008. The average price for ammonia (central Florida) increased to \$531 per tonne in fiscal 2009 from \$404 per tonne in fiscal 2008. These raw material costs began to decline in the second half of fiscal 2009. The average price for sulfur and ammonia (central Florida) in the fourth quarter of fiscal 2009 was \$72 per long ton and \$292 per tonne, respectively. The continued soft market prices for sulfur and ammonia are due to lower demand for sulfur and lower natural gas input costs for ammonia as compared to earlier in fiscal 2009.

We recorded a lower of cost or market inventory write-down of \$227.7 million primarily in the second quarter of fiscal 2009 because the carrying cost of ending phosphate inventories, which included higher sulfur and ammonia costs, exceeded our estimates of future selling prices less reasonably predictable selling costs. These higher cost inventories were a result of raw materials purchased or committed to before the significant declines in their market prices.

Net unrealized mark-to-market derivative losses, primarily on natural gas derivatives, included in cost of goods sold were \$72.5 million in fiscal 2009 compared with a net gain of \$27.5 million a year ago. Net realized derivative losses, primarily on natural gas derivatives, included in cost of goods sold, were \$63.3 million in fiscal 2009 compared with net losses of \$9.4 million a year ago.

Included in our consolidated net sales and cost of goods sold in fiscal 2009 are net sales of \$699.7 million for the other member of PhosChem, compared with \$491.7 million in fiscal 2008.

Our production of diammonium phosphate fertilizer ("**DAP**") and monoammonium phosphate fertilizer ("**MAP**") was 6.2 million tonnes for fiscal 2009, compared to 8.0 million tonnes for the same period last year. We reduced our phosphate production in the second half of fiscal 2009 in response to a build-up of inventories in crop nutrient distribution channels and a decline in demand. Toward the end of the third quarter and into the fourth quarter of fiscal 2009, we increased production closer to normal levels. In the first quarter of fiscal 2010, production levels continued to increase to more normal levels due to increased sales orders and demand.

Our phosphate rock production was 13.2 million tonnes during fiscal 2009, compared with 15.8 million tonnes for the same period a year ago. The decrease in rock production was primarily due to the reduction in production of DAP and MAP.

Fiscal 2008 compared to Fiscal 2007

Phosphates' net sales increased 78% to \$5.7 billion in fiscal 2008, compared to \$3.2 billion in fiscal 2007 mainly due to a significant increase in phosphate selling prices along with a slight increase in sales volumes. The increase in phosphate selling prices was due to the factors described in the Overview. Our forward selling programs resulted in about a two to three-month lag between prevailing market prices and our realized prices for our products.

In fiscal 2008, sales volumes increased 2% to 9.1 million tonnes of phosphate crop nutrients and animal feed ingredients, compared with 8.9 million tonnes for fiscal 2007. Sales volumes in North America increased 31% as this region continued to exhibit strong demand growth combined with execution on our plan to grow sales in this region. International sales volumes declined 14% due to the increased volume sold into North America.

Our average DAP selling price was \$513 per tonne in fiscal 2008, an increase of \$249 per tonne compared with fiscal 2007. Phosphate selling prices continually increased during fiscal 2008 due to strong fundamentals and increased raw material costs, as further described in the Overview.

Gross margin for Phosphates in fiscal 2008 was \$2.1 billion compared with \$431.7 million in fiscal 2007. Gross margin as a percentage of net sales increased to 37% in fiscal 2008 from 14% in fiscal 2007 due to an approximate doubling of crop nutrient selling prices, partly offset by higher market prices for our sulfur and ammonia raw material purchases. The average price for sulfur increased 194% to \$182 per long ton in fiscal 2008 from \$62 per long ton in fiscal 2007. The average price for ammonia (central Florida) increased 22% to \$404 per tonne in fiscal 2008 from \$331 per tonne in fiscal 2007. The increases in market prices for sulfur reflected high demand coupled with insufficient supply, primarily due to oil refinery production issues. We did not experience significant production issues due to lack of sulfur availability in fiscal 2008. We believe that our investments in sulfur transportation assets and other actions we took allowed us to avoid significant effects on production due to lack of sulfur and continue to afford us a competitive advantage in the cost of and access to available sulfur.

Included in our consolidated net sales and cost of goods sold in fiscal 2008 are sales of \$491.7 million for the other member of PhosChem, compared with \$376.1 million in fiscal 2007.

Our production of DAP and MAP was 8.0 million tonnes for fiscal 2008, compared to 7.9 million tonnes for fiscal 2007.

Our phosphate rock production was 15.8 million tonnes during fiscal 2008, compared with 13.7 million tonnes in the prior fiscal year. The increase in production was primarily due to the restart of our Wingate mine in the first quarter of fiscal 2008, debottlenecking initiatives we undertook at our Wingate mine that increased its productive capacity, and increased operating rates at other mines.

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)	Years Ended May 31			2009-2008		2008-2007	
	2009	2008	2007	Change	Percent	Change	Percent
Net sales:							
North America	\$ 1,387.9	\$ 1,301.1	\$ 818.2	\$ 86.8	7%	\$ 482.9	59%
International	1,429.3	950.1	660.7	479.2	50%	289.4	44%
Total	2,817.2	2,251.2	1,478.9	566.0	25%	772.3	52%
Cost of goods sold	1,311.3	1,397.9	1,065.0	(86.6)	(6%)	332.9	31%
Gross margin	\$ 1,505.9	\$ 853.3	\$ 413.9	\$ 652.6	76%	\$ 439.4	106%
Gross margin as a percent of net sales	53.5%	37.9%	28.0%				
Sales volume (in thousands of metric tonnes)							
Crop Nutrients ^(a) :							
North America	1,505	3,354	3,393	(1,849)	(55%)	(39)	(1%)
International	2,564	4,151	3,596	(1,587)	(38%)	555	15%
Total	4,069	7,505	6,989	(3,436)	(46%)	516	7%
Non-agricultural	981	1,058	918	(77)	(7%)	140	15%
Total ^(b)	5,050	8,563	7,907	(3,513)	(41%)	656	8%
Average selling price per tonne:							
MOP (FOB plant)	\$ 521	\$ 226	\$ 144	\$ 295	131%	\$ 82	57%
K-Mag [®] (FOB plant)	324	148	119	176	119%	29	24%

^(a) Excludes tonnes related to a third-party tolling arrangement.

^(b) Includes sales volumes (in thousands of metric tonnes) of 544 tonnes, 838 tonnes and 735 tonnes of K-Mag[®] for fiscal 2009, 2008 and 2007, respectively.

Fiscal 2009 compared to Fiscal 2008

Potash's net sales increased 25% to \$2.8 billion in fiscal 2009 compared to \$2.3 billion in fiscal 2008 as a result of a significant increase in potash selling prices offset by a 41% decline in sales volumes. Higher selling prices were sustained through the fiscal year, despite the sharp decline in sales volumes. Like other crop nutrients, the demand momentum for potash began to slow in the second half of fiscal 2009 and was impacted by the delay in key contract negotiations between Canpotex and its key international customers.

Potash sales volumes decreased 41% to 5.1 million tonnes in fiscal 2009 compared with 8.6 million tonnes a year ago. This was a result of a decline in demand as a result of a build-up of inventories in the distribution pipeline and other factors noted in the Overview. Also, key Canpotex international customers did not renew their annual potash supply contracts in the latter part of fiscal 2009. In fiscal 2009, in response to a build-up of inventories in crop nutrient distribution channels and a decline in demand we began reducing potash production at our mines and plants, and will continue to do so until demand improves.

Our average MOP selling price was \$521 per tonne in fiscal 2009, an increase of \$295 per tonne compared with fiscal 2008. Our average K-Mag[®] selling price of \$324 per tonne in fiscal 2009 increased \$176 per tonne compared with fiscal 2008. Approximately 19% of our total net sales volume was to non-agricultural customers during fiscal 2009 compared with 12% in fiscal 2008. This shift in mix was primarily driven by lower sales volumes of crop nutrients. These non-agricultural customers represent a diverse end-user mix. With the exception of legacy contracts with one customer, new agreements with non-agricultural customers are sometimes based on

pricing formulas that may be based on historical market prices resulting in a lag compared to our agricultural contract pricing in rising markets. The effects of this lag will be less in future periods if prices are more stable as pricing on these contracts will more closely approximate market.

Potash gross margin for fiscal 2009 was \$1.5 billion compared with \$853.3 million in fiscal 2008. Potash gross margin as a percent of net sales increased to 53% in fiscal 2009 from 38% in fiscal 2008 primarily as a result of the higher selling prices offset by the adverse effect of significantly lower potash production rates and increased Canadian resource taxes and royalties. Our fixed cost absorption will continue to be impacted in fiscal 2010 until demand returns and we resume production to more normal levels. Net unrealized mark-to-market derivative losses, primarily on natural gas derivatives, included in cost of goods sold were \$58.1 million in fiscal 2009 compared with a net gain of \$3.5 million for the same period a year ago.

We recorded \$415.5 million in Canadian resource taxes and royalties in fiscal 2009 compared to \$361.8 million in fiscal 2008. The increase in these taxes is a result of our increased profitability and increased potash selling prices.

As part of our strategic initiatives, we have continued with our plans to grow our Potash business through expansion of our existing potash mines by more than five million tonnes of annual capacity over the next eleven years. We believe forecasted global demand and supply fundamentals support the need for our growth. Some of the expansions are already underway while others are in the planning and approval stages. We believe that our expansions remain cost effective, financially attractive and significantly less costly than the cost of a greenfield project. We have the flexibility to moderate the timing of these expansions, if necessary.

In addition to these expansions, we are currently required to allocate up to approximately 1.3 million tonnes of the annual production capacity of our Esterhazy, Saskatchewan, potash mine to satisfy our obligations under a contract to toll produce potash for Potash Corporation of Saskatchewan Inc. (“*PCS*”). We are entitled to utilize this capacity to produce potash for ourselves when we are not using it to satisfy our obligations to PCS. Based on current information and mine plans, we estimate our contract with PCS will expire by August 30, 2010. Since April 2009, PCS has failed to take delivery of or pay for potash that it ordered under the contract until further notice based on an alleged event of force majeure arising from PCS’ alleged inability to physically receive, ship or store additional potash because of the global financial crisis. PCS’ failure to take delivery of the potash it has ordered continues to contribute to the adverse effects of lower production rates discussed above. PCS has brought a lawsuit against us contesting our basis and timing for expiration of the contract and alleging damages based on our historical mining practices. We believe the allegations in the PCS lawsuit are without merit. We have filed a counterclaim against PCS for its breach of the contract in failing to take and pay for the product it has ordered under the contract. See Notes 20 and 21 of the Notes to Consolidated Financial Statements for additional information about this contract and the related lawsuit.

Our ongoing remediation efforts have reduced the brine inflows at our Esterhazy, Saskatchewan potash mine to a rate that is consistent with our experience in recent years, and we have reduced the accumulated brine level in the mine. We expensed \$81.3 million, including depreciation of \$6.5 million, and capitalized \$17.2 million related to the brine inflows at our Esterhazy mine during fiscal 2009. In fiscal 2008 we expensed \$72.3 million, including depreciation of \$5.2 million, and capitalized \$15.8 million related to brine inflows at our Esterhazy mine. Approximately 25% of these cash costs for the brine inflows were reimbursed under the tolling agreement discussed above.

Potash production was 6.1 million tonnes and 8.4 million tonnes for fiscal 2009 and 2008, respectively. We began reducing potash production at our mines and plants in the third quarter of fiscal 2009 in response to a build-up of inventories in crop nutrient distribution channels and a decline in demand and will continue to do so until demand improves.

Fiscal 2008 compared to Fiscal 2007

Potash's net sales were \$2.3 billion in fiscal 2008, compared to \$1.5 billion in fiscal 2007. Potash's net sales increased 52% in fiscal 2008 compared to fiscal 2007 primarily due to a significant increase in potash selling prices along with higher sales volumes. The increase in potash selling prices was due to robust demand and tight market supplies as described in the Overview.

Potash sales volumes increased to 8.6 million tonnes in fiscal 2008 compared with 7.9 million tonnes the prior year, or 8%. This was a result of increased global demand, which we helped satisfy from a full year of production from our fiscal 2007 capacity expansion at our Esterhazy mine. International sales volumes increased approximately 15% due to increased demand for MOP. During fiscal 2008, completion of the potash supply contracts between Canpotex and its key customers in China were delayed into our fourth quarter. Product supply traditionally sold to the customers in China during the contract delay period was sold to other customers.

Our average MOP selling price was \$226 per tonne in fiscal 2008, an increase of \$82 per tonne compared with fiscal 2007. Our average K-Mag® selling price of \$148 per tonne in fiscal 2008 increased \$29 per tonne compared with fiscal 2007. Approximately 12% of our net sales were to non-agricultural customers during fiscal 2008 and 2007.

Potash gross margin for fiscal 2008 was \$853.3 million compared with \$413.9 million in fiscal 2007. Potash gross margin as a percent of net sales increased to 38% in fiscal 2008 from 28% in fiscal 2007 mainly due to the significant increases in potash selling prices, partially offset by higher costs of production compared with fiscal 2007. The increase in production costs was primarily the result of significantly higher Canadian resources taxes and royalties, the effect of a stronger Canadian dollar on operating costs and, to a lesser extent, the higher costs for resources due to continuing inflationary pressures.

We recorded approximately \$361.8 million in Canadian resource taxes and royalties in fiscal 2008 compared to \$154.1 million in fiscal 2007. This was a result of our increased profitability and higher potash selling prices.

Our production costs for our Potash operations also increased during fiscal 2008 compared with fiscal 2007 due to inflationary pressures on resources. Costs at our Belle Plaine, Saskatchewan, potash solution mine were significantly affected by increasing market prices for natural gas because solution mining, unlike shaft mining, uses a significant amount of natural gas in its production process.

Our remediation efforts reduced the brine inflows at our Esterhazy, Saskatchewan potash mine to a rate that was consistent with our experience in recent years. We expensed \$72.3 million, including depreciation of \$5.2 million, and capitalized \$15.8 million related to the brine inflows at our Esterhazy mine during fiscal 2008. In fiscal 2007 we expensed \$56.2 million, including depreciation of \$1.4 million, and capitalized \$45.9 million related to brine inflows at our Esterhazy mine. Approximately 25% of these cash costs for the brine inflows were reimbursed by PCS in accordance with our agreement.

Potash production was 8.4 million tonnes and 8.0 million tonnes for fiscal 2008 and 2007, respectively.

Offshore Net Sales and Gross Margin

The following table summarizes Offshore net sales, gross margin, and gross margin as a percent of net sales:

(in millions)	Years Ended May 31			2009-2008		2008-2007	
	2009	2008	2007	Change	Percent	Change	Percent
Net sales	\$ 2,349.2	\$ 2,223.8	\$ 1,355.6	\$ 125.4	6%	\$ 868.2	64%
Cost of goods sold	2,207.8	1,945.9	1,276.9	261.9	13%	669.0	52%
Lower of cost or market write-down ^(a)	246.7	-	-	246.7	NM	-	NM
Gross margin	\$ (105.3)	\$ 277.9	\$ 78.7	\$ (383.2)	NM	\$ 199.2	253%
Gross margin as a percent of net sales	(4.5%)	12.5%	5.8%				

^(a) Over the course of fiscal 2009, the Offshore segment recorded lower of cost or market inventory write-downs totaling \$246.7 million; however, the consolidated impact was \$149.7 million in fiscal 2009, as some of the product was purchased from the Phosphates segment. The \$97.0 million intercompany amount for fiscal 2009 was eliminated and included in our Corporate, Eliminations, and Other segment.

Fiscal 2009 compared to Fiscal 2008

Offshore's net sales were \$2.3 billion in fiscal 2009 compared with \$2.2 billion in fiscal 2008, an increase of 6%, primarily as a result of an increase in selling prices partly offset by a decline in sales volumes. The decline in Offshore's selling volumes was due to the softening of agricultural fundamentals and industry demand as described in the Overview. Our Offshore segment sells products produced by our Phosphates and Potash segments, as well as other suppliers.

Gross margin decreased to a loss of \$105.3 million, compared to earnings of \$277.9 million, or 13% of net sales, in fiscal 2008. The decline in gross margin compared with a year ago was primarily due to the effect of carrying inventories during a period of declining selling prices in fiscal 2009, which triggered lower of cost or market inventory write-downs. In fiscal 2008, we benefited from carrying inventories during a period of rising selling prices.

Fiscal 2008 compared to Fiscal 2007

Offshore's net sales were \$2.2 billion in fiscal 2008 compared with \$1.4 billion in fiscal 2007, an increase of 64%, primarily as a result of increased selling prices. The increase in Offshore selling prices was due to robust demand and tight market supplies as described in the Overview.

Gross margins increased to \$277.9 million, or 13% of net sales, compared to \$78.7 million, or 6% of net sales, in fiscal 2007. The increase in gross margin as a percentage of net sales was primarily due to the increase in selling prices and the benefit of positioning of lower cost inventories during a period of rising selling prices.

Other Income Statement Items

(in millions)	Years ended May 31			2009-2008		2008-2007		Percent of Net Sales		
	2009	2008	2007	Change	Percent	Change	Percent	2009	2008	2007
Selling, general and administrative expenses	\$ 321.4	\$ 323.8	\$ 309.8	\$ (2.4)	(1%)	\$ 14.0	5%	3%	3%	5%
Other operating expenses	44.4	30.0	-	14.4	48%	30.0	NM	0%	0%	0%
Interest expense	90.2	124.0	171.5	(33.8)	(27%)	(47.5)	(28%)	1%	1%	3%
Interest income	46.9	33.5	21.9	13.4	40%	11.6	53%	0%	0%	0%
Interest expense, net	43.3	90.5	149.6	(47.2)	(52%)	(59.1)	(40%)	0%	1%	3%
Foreign currency transaction loss	131.8	57.5	8.6	74.3	129%	48.9	569%	1%	1%	0%
(Gain) loss on extinguishment of debt	(2.5)	2.6	(34.6)	(5.1)	(196%)	37.2	NM	0%	0%	(1%)
(Gain) on sale of equity method investment	(673.4)	-	-	(673.4)	NM	-	NM	(7%)	0%	0%
Other (income)	(4.0)	(26.3)	(13.0)	(22.3)	85%	(13.3)	102%	0%	0%	0%
Provision for income taxes	649.3	714.9	123.4	65.6	9%	591.5	479%	6%	7%	2%
Equity in net earnings of nonconsolidated companies	100.1	124.0	41.3	(23.9)	(19%)	82.7	200%	1%	1%	1%

Selling, General and Administrative Expenses

Selling, general and administrative expenses were relatively flat at \$321.4 million for fiscal 2009 compared to \$323.8 million for fiscal 2008 and were \$309.8 million for fiscal 2007. The increase in selling, general and administrative expenses from fiscal 2007 to fiscal 2008 was primarily the result of higher incentive compensation accruals and external consulting fees.

Other Operating Expenses

We had other operating expenses of \$44.4 million in fiscal 2009 compared to \$30.0 million in fiscal 2008. The increase in other operating expenses over the prior year was primarily due to losses on the disposal of fixed assets. Other operating expenses include revisions to our estimated cash flows for asset retirement obligations ("ARO") and ARO accretion expense of indefinitely closed facilities and gains/losses on disposal of fixed assets. Quarterly, we review the costs related to our ARO to determine if revisions are necessary. We normally have revisions to these costs as underlying factors change, such as water treatment costs.

We had other operating expenses of \$30.0 million in fiscal 2008 compared to none in fiscal 2007. During fiscal 2008, we had revisions in our estimated cash flows for ARO, primarily related to water treatment and phosphogypsum stack closure costs at our former Green Bay, Florida, facility causing an increase over fiscal 2007. In fiscal 2007, revisions or other costs that related to AROs of indefinitely closed facilities were minimal. The remaining increase was related to losses on the disposal of fixed assets.

Interest Expense, net

Interest expense, net of interest income, was \$43.3 million in fiscal 2009, compared to \$90.5 million in fiscal 2008. The decrease in interest expense is primarily due to lower average debt balances as a result of repayments of long-term debt that occurred primarily during fiscal 2008. The increase in interest income for fiscal 2009 related to an increase in cash and cash equivalents as a result of our strong operating results in the first half of the fiscal year and the investment of the proceeds on the sale of our equity investment in Saskferco.

Interest expense, net of interest income, was \$90.5 million in fiscal 2008, compared to \$149.6 million in fiscal 2007. Interest expense decreased due to lower average debt balances as a result of repayments of long-term debt. The increase in interest income related to an increase in cash and cash equivalents as a result of our strong operating results in fiscal 2008.

Foreign Currency Transaction Loss

In fiscal 2009, we recorded a foreign currency transaction loss of \$131.8 million compared with a loss of \$57.5 million in fiscal 2008. The foreign currency transaction loss in fiscal 2009 was primarily the result of the effect of a strengthening U.S. dollar relative to the Brazilian real on significant U.S. dollar denominated payables in Brazil. The functional currency of our Brazilian operations is the Brazilian Real. The average value of the Brazilian real decreased by 21% in fiscal 2009.

In fiscal 2008, we recorded a foreign currency transaction loss of \$57.5 million compared with a loss of \$8.6 million in fiscal 2007. In both years, this was mainly the result of the effect of a weakening of the U.S. dollar relative to the Canadian dollar on significant U.S. dollar denominated intercompany receivables and cash held by our Canadian affiliates. The average value of the Canadian dollar increased by 7% in fiscal 2008, and this was slightly offset by the effect of the weakening of the U.S. dollar relative to the Brazilian real on U.S. dollar denominated payables.

Loss (Gain) on Extinguishment of Debt

We had a pre-tax gain on the extinguishment of debt of \$33.9 million in the third quarter of fiscal 2007 related to the Refinancing of approximately \$2 billion in debt on December 1, 2006. We also paid down approximately \$280 million of debt in the fourth quarter of fiscal 2007, which triggered a gain on the extinguishment of debt of \$0.7 million.

Gain on Sale of Equity Investment

We recorded a \$673.4 million pre-tax gain on the sale of our equity method investment in Saskferco in fiscal 2009. For further discussion, refer to Note 9 of our Notes to Consolidated Financial Statements.

Other Income

We had other income of \$4.0 million in fiscal 2009 compared to \$26.3 million and \$13.0 million in fiscal 2008 and 2007, respectively. Other income in fiscal 2008 primarily relates to a \$24.6 million gain in December 2007 on our sale of an investment in a business in which IMC had sold the majority interest prior to the Combination. Other income in fiscal 2007 primarily relates to a favorable arbitration award received in July 2006 of \$15.3 million that related to an environmental dispute involving IMC prior to the Combination.

Provision for Income Taxes

Years Ended May 31	Effective Tax Rate	Provision for Income Taxes
2009	22.3%	\$ 649.3
2008	26.7%	714.9
2007	24.4%	123.4

Income tax expense for fiscal 2009 was \$649.3 million, an effective tax rate of 22.3%, on pre-tax income of \$2.9 billion. The fiscal 2009 effective tax rate was favorably impacted by \$282.7 million related to foreign tax credits associated with a special dividend that was distributed from our non-U.S. subsidiaries to our U.S. subsidiaries. The effective tax rate was unfavorably impacted by \$90.9 million due to losses of \$293.6 million in non-U.S. subsidiaries for which we have not realized a tax benefit in fiscal 2009.

Income tax expense for fiscal 2008 was \$714.9 million, an effective tax rate of 26.7%, on pre-tax income of \$2.7 billion. The fiscal 2008 rate reflects a number of benefits including \$34.0 million from a reduction of our Canadian deferred tax liabilities as a result of a statutory reduction in the Canadian federal corporate tax rate, \$62.2 million related to our ability to utilize foreign tax credits, \$29.8 million related to the reduction of the valuation allowance that related to a portion of our U.S. deferred tax assets and approximately \$30.0 million related to the reduction of the valuation allowance that related to a portion of our non-U.S. deferred tax assets.

Income tax expense for fiscal 2007 was \$123.4 million, an effective tax rate of 24.4%, on pre-tax income of \$505.7 million. The fiscal 2007 tax rate reflects a benefit of approximately \$46.0 million from a reduction of our Canadian deferred tax liabilities as a result of a statutory reduction in the Canadian federal corporate tax rate and the elimination of the corporate surtax, a change in the pre-tax profit mix among Mosaic's business geographies, as well as a benefit from the U.S. valuation allowance that was reduced due to fiscal 2007 activity.

As of May 31, 2009 we had estimated carryforwards for tax purposes as follows: alternative minimum tax credits of \$161.9 million, net operating losses of \$456.3 million, capital losses of approximately \$29.5 million, and foreign tax credits of \$482.1 million. See Note 13 of our Notes to Consolidated Financial Statements for further information about these carryforwards.

Equity in Net Earnings of Non-Consolidated Companies

Equity in net earnings of non-consolidated companies was \$100.1 million in fiscal 2009 compared with \$124.0 million in fiscal 2008. The largest earnings contributors were Fertifos S.A. and its subsidiary Fosfertil, which are included in our Offshore segment, and Saskferco, which is included in our Corporate, Eliminations, and Other segment. The decrease in equity earnings in fiscal 2009 resulted from a decrease in equity earnings in fiscal 2009 from Saskferco. Equity earnings from Saskferco decreased as a result of its sale in the second quarter of fiscal 2009 as discussed above. This decrease was partially offset by an increase in equity earnings in fiscal 2009 from Fertifos S.A. and its subsidiary Fosfertil. Equity earnings increased from Fertifos S.A. and its subsidiary Fosfertil due to increased selling prices in the first two quarters of the fiscal year.

Equity in net earnings of non-consolidated companies was \$124.0 million in fiscal 2008 compared with \$41.3 million in fiscal 2007. The largest earnings contributors were Fertifos S.A., its subsidiary Fosfertil and Saskferco. The increase in equity earnings in fiscal 2008 from Fertifos S.A. and its subsidiary Fosfertil was a result of higher local demand for crop nutrient products and increased selling prices because of the strong global agricultural fundamentals. The increase in equity earnings in fiscal 2008 from Saskferco was a result of higher nitrogen selling prices and mark-to-market gains on natural gas derivatives.

Critical Accounting Estimates

The Consolidated Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the Consolidated Financial Statements, we are required to make various judgments, estimates and assumptions that could have a significant impact on the results reported in the Consolidated Financial Statements. We base these estimates on historical experience and other assumptions believed to be reasonable by management under the circumstances. Changes in these estimates could have a material effect on our Consolidated Financial Statements.

Our significant accounting policies can be found in Note 2 of our Notes to the Consolidated Financial Statements. We believe the following accounting policies may include a higher degree of judgment and complexity in their application and are most critical to aid in fully understanding and evaluating our reported financial condition and results of operations.

Recoverability of Non-current Assets

Management's assessments of the recoverability and impairment tests of non-current assets involve critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic life of the asset, sales volume, prices, inflation, cost of capital, foreign currency exchange rates, tax rates and capital spending. These factors are even more difficult to predict when global financial markets are highly volatile. The estimates we use when assessing the recoverability and impairment of non-current assets are consistent with those we use in our internal planning. The variability of these factors depends on a number of conditions, including uncertainty about future events, and thus our estimates may change from period to period. If differing assumptions and estimates had been used in the current period, impairment charges could have resulted. As mentioned above, these factors do not change in isolation; and therefore, it is not practicable to present the impact of changing a single factor. Furthermore, if management uses different assumptions or if different conditions occur in future periods, future impairment charges could result and could be material. Impairments generally would be non-cash charges.

Our Company faces many uncertainties and risks related to various economic, political and regulatory environments in the countries in which we operate. Refer to "Item 1A. Risk Factors" in Part I of this report. As a result, management must make numerous assumptions which involve a significant amount of judgment when completing recoverability and impairment tests of non-current assets.

We perform recoverability and impairment tests of non-current assets in accordance with accounting principles generally accepted in the United States. For long-lived assets, recoverability and/or impairment tests are required only when conditions exist that indicate the carrying value may not be recoverable. During the current fiscal year, no material impairment was indicated. For goodwill, impairment tests are required at least annually, or more frequently, if events or circumstances indicate that it may be impaired.

The goodwill impairment test is performed in two phases. The first step compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. However, if the carrying amount of the reporting unit exceeds its fair value, an additional procedure would be performed. That additional procedure would compare the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. An impairment loss would be recorded to the extent that the carrying amount of goodwill exceeds its implied fair value.

In accordance with Statement of Financial Accounting Standard ("SFAS") No. 142, "*Goodwill and Other Intangible Assets*", the carrying value of goodwill in our business segments, which are also our reporting units, is tested annually for possible impairment during the second quarter of each fiscal year, using a discounted cash flow approach. Growth rates for sales and profits are determined using inputs from our annual long-range planning process. The rates used to discount projected future cash flows reflect a weighted average cost of capital based on the Company's industry, capital structure and risk premiums including those reflected in the current market capitalization. When preparing these estimates, management considers each reporting unit's historical results, current operating trends, and specific plans in place. These estimates are impacted by variable factors including inflation, the general health of the economy and market competition. In addition, material events and circumstances that might be indicators of possible impairment are assessed during other interim periods. No goodwill impairment was indicated in the current fiscal year. Further, our market capitalization exceeded our net book value at the end of each quarter of fiscal year 2009. See Note 10 of our Notes to Consolidated Financial Statements for additional information regarding goodwill. At May 31, 2009 we had \$1.7 billion of goodwill.

Useful Lives of Depreciable Assets

Property, plant and equipment are depreciated based on their estimated useful lives, which typically range from three to 40 years. We estimate initial useful lives based on experience and current technology. These estimates

may be extended through sustaining capital programs. Factors affecting the fair value of our assets may also affect the estimated useful lives of our assets and these factors can change. Therefore, we periodically review the estimated remaining useful lives of our facilities and other significant assets and adjust our depreciation rates prospectively where appropriate.

Derivative Financial Instruments

We periodically enter into derivatives to mitigate our exposure to foreign currency risks and the effects of changing commodity and freight prices. SFAS No. 133, “*Accounting for Derivative Instruments and Hedging Activities*,” requires us to record all derivatives on the balance sheet at fair value. Changes in the fair value of the foreign currency, commodity, and freight derivatives are immediately recognized in earnings because we do not apply hedge accounting treatment to these instruments. In accordance with SFAS No. 157, “*Fair Value Measurements*,” which we adopted as of June 1, 2008, the fair value of these instruments is determined by using quoted market prices, third party comparables, or internal estimates. See Notes 15 and 16 of our Notes to Consolidated Financial Statements for additional information regarding derivatives.

Inventories

We follow the provisions of Accounting Research Bulletin 43, Ch. 4, “*Inventory Pricing*,” to evaluate whether or not the cost of our inventories exceed their market values. Market values are defined as forecasted selling prices less reasonably predictable selling costs (net realizable value). Significant management judgment is involved in estimating future selling prices. Factors affecting forecasted selling prices include demand and supply variables. Examples of demand variables include grain and oilseed prices and stock-to-use ratios, and changes in inventories in the crop nutrient distribution channels. Examples of supply variables include forecasted prices of raw materials, such as phosphate rock, sulfur, ammonia, and natural gas, estimated operating rates and industry crop nutrient inventory levels. Results could differ materially if actual selling prices differ materially from forecasted selling prices. These factors do not change in isolation; and therefore, it is not practicable to present the impact of changing a single factor. Charges for lower of cost or market are recognized in our Consolidated Statements of Earnings in the period when there is evidence of a permanent decline of market value below cost. During the year ended May 31, 2009, we recorded charges of \$383.2 million for lower of cost or market inventory write-downs. Our inventory balance in the Consolidated Balance Sheet at May 31, 2009, was impacted by \$86.9 million which related to lower of cost or market write-downs.

We follow the provisions of SFAS 151, *Inventory Costs—an amendment of ARB No. 43, Chapter 4*, (“**SFAS 151**”). SFAS 151 provides that the allocation of fixed expense to the costs of production should be based on the normal capacity, which refers to a range of production levels and is considered the production expected to be achieved over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. Fixed overhead costs allocated to each unit of production should not increase due to abnormally low production. Those excess costs are recognized as a current period expense. When a production facility is completely shut down temporarily, it is considered “idle”, and all related expenses are charged to cost of goods sold.

Environmental Liabilities and Asset Retirement Obligations

We record accrued liabilities for various environmental and reclamation matters including the demolition of former operating facilities, and AROs.

Accruals for environmental matters are based primarily on third party estimates for the cost of remediation at previously operated sites and estimates of legal costs for ongoing environmental litigation. In accordance with Statement of Position 96-1, “*Environmental Remediation Liabilities*,” which prescribes the guidance contained within SFAS No. 5, “*Accounting for Contingencies*,” (“**SFAS 5**”) and Financial Accounting Standards Board (“**FASB**”) Interpretation No. 14, “*Reasonable Estimation of an Amount of a Loss*,” we are required to assess the

likelihood of material adverse judgments or outcomes as well as potential ranges or probability of losses. We determine the amount of accruals required, if any, for contingencies after carefully analyzing each individual matter. Actual costs incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating environmental exposures. As of May 31, 2009 and 2008, we had accrued \$27.6 million and \$22.8 million, respectively, for environmental matters.

Based upon the guidance of SFAS No. 143, "Accounting for Asset Retirement Obligations," ("SFAS 143") and FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"), we engage internal engineering experts as well as third-party consultants to assist management in determining the costs of retiring certain of our long-term operating assets. Assumptions and estimates reflect our historical experience and our best judgments regarding future expenditures. The assumed costs are inflated based on an estimated inflation factor and discounted based on a credit-adjusted risk-free rate. For operating facilities, fluctuations in the estimated costs (including those resulting from a change in environmental regulations), inflation rates and discount rates can have a significant impact on the amounts recorded on the Consolidated Balance Sheets. However, changes in the assumptions would not have a significant impact on the Consolidated Statements of Earnings. For indefinitely closed facilities and land reclamation, fluctuations in the estimated costs, inflation and discount rates can have an impact on the Consolidated Statements of Earnings. The land reclamation occurs approximately at the same pace as the mining activity; as such, we determined that it is appropriate to capitalize an amount of asset retirement cost and allocate an equal amount to expense in the same accounting period. In addition, our closed facilities do not have a future economic life; therefore, any changes to those balances have an immediate impact on our Consolidated Statements of Earnings. A further discussion of our ARO's can be found in Note 14 of our Notes to Consolidated Financial Statements.

Pension Plans and Other Postretirement Benefits

The accounting for benefit plans is highly dependent on valuation of pension assets and actuarial estimates and assumptions.

We have investments that require the use of management estimates to determine their valuation. These estimates include third-party comparables or other internal estimates. However, we believe that our defined benefit pension plan is well diversified with an asset allocation policy that provides the pension plan with the appropriate balance of investment return and volatility risk given the funded nature of the plan, our present and future liability characteristics and our long-term investment horizon. The primary investment objective is to provide that adequate assets are available to meet future liabilities. To accomplish this, we monitor and manage the assets of the plan to better insulate the portfolio from changes in interest rates that impact the assets and liabilities.

The assumptions and actuarial estimates required to estimate the employee benefit obligations for pension plans and other postretirement benefits include discount rate, expected salary increases, certain employee-related factors, such as turnover, retirement age and mortality (life expectancy), expected return on assets and healthcare cost trend rates. We evaluate these critical assumptions at least annually. Our assumptions reflect our historical experiences and our best judgments regarding future expectations that have been deemed reasonable by management.

The judgments made in determining the costs of our benefit plans can impact our Consolidated Statements of Earnings. As a result, we obtain assistance from actuarial experts to aid in developing reasonable assumptions and cost estimates. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors. The effects of actual results differing from our assumptions are included as a component of other comprehensive income/(expense) as unamortized net gains and losses, which are amortized into the Consolidated Statements of Earnings over future periods. At May 31, 2009 and 2008, we had \$140.3 million and \$155.1 million, respectively, accrued for pension and other postretirement benefit obligations. We have included a further discussion of pension and other postretirement benefits in Note 18 of our Notes to Consolidated Financial Statements.

Income Taxes

In preparing our Consolidated Financial Statements, we utilize the asset and liability approach in accounting for income taxes. We recognize income taxes in each of the jurisdictions in which we have a presence. For each jurisdiction, we estimate the actual amount of income taxes currently payable or receivable, as well as deferred income tax assets and liabilities attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

A valuation allowance is provided for those deferred tax assets for which it is more likely than not that the related tax benefits will not be realized. In determining whether a valuation allowance is required to be recorded, we apply the principles enumerated in SFAS No. 109, “*Accounting for Income Taxes*” (“**SFAS 109**”), in each jurisdiction in which a deferred income tax asset is recorded. We evaluate our ability to realize the tax benefits associated with deferred tax assets by analyzing the relative impact of all the available positive and negative evidence regarding our forecasted taxable income using both historical and projected future operating results, the reversal of existing taxable temporary differences, taxable income in prior carry-back years (if permitted) and the availability of tax planning strategies. If during an accounting period we determine that we will not realize all or a portion of our deferred tax assets, we will increase our valuation allowances with a charge to income tax expense. Conversely, if we determine that we will ultimately be able to realize all or a portion of the related tax benefits, we will reduce valuation allowances with either (i) a reduction to goodwill in fiscal 2009, if the reduction relates to purchase accounting valuation allowances, or (ii) in all other cases, with a reduction to income tax expense. As discussed in Note 4 of our Notes to Consolidated Financial Statements, when we adopt SFAS 141 (revised 2007), *Business Combinations* (“**SFAS 141(R)**”) in fiscal 2010, changes in deferred tax asset valuation allowances from a business combination after the measurement period will be recorded as an adjustment to income tax expense and not goodwill beginning in fiscal 2010. During fiscal 2009, we determined that it was more likely than not that we would not realize certain non-U.S. deferred tax assets of \$106.0 million and a valuation allowance was established, which was recorded as an adjustment to income tax expense. The triggering event for recording the valuation allowance was due to a change in profitability in our Offshore geographies in fiscal 2009.

Effective June 1, 2007, we adopted the provisions of FASB Interpretation No 48 (“**FIN 48**”), “*Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109*”. Under FIN 48, no benefit relating to an uncertain income tax position will be recognized unless it is more likely than not that the position would be sustained upon audit by the relevant taxing authority. The impact of an uncertain tax position on the income tax return must be recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority.

We have included a further discussion of income taxes in Note 13 of our Notes to Consolidated Financial Statements.

Canadian Resource Taxes and Royalties

We pay Canadian resource taxes consisting of the Potash Production Tax and capital taxes. 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 the greater of (i) a capital tax on the paid-up capital of our subsidiaries that own and operate our Saskatchewan potash mines or (ii) a percentage of the value of resource sales from our Saskatchewan mines. We also pay capital tax in other Canadian provinces. In addition to the Canadian resource taxes, royalties are payable to the mineral owners in respect of potash reserves or production of potash. These resource taxes and royalties are recorded in our cost of goods sold in our Consolidated Statements of Earnings. Our Canadian resource taxes and royalties expenses were \$415.5 million, \$361.8 million and \$154.1 million for fiscal 2009,

2008 and 2007 respectively. As of May 31, 2009 and 2008, our Canadian resource taxes and royalties accruals were \$62.4 million and \$303.2 million, respectively, on our Consolidated Balance Sheets.

The profits tax is the most significant part of the Potash Production Tax. The profits tax is calculated on the potash content of each tonne sold ("*K₂O tonne*") from each Saskatchewan mine. A 15% tax rate applies to the first \$60.65 (Canadian dollar) of profit per K₂O tonne and a 35% rate applies to the additional profit per K₂O tonne. Not all K₂O tonnes sold are subject to the profits tax. Although all K₂O tonnes sold by mine are used in calculating profit per K₂O tonne, the tax is applied to the lesser of (i) actual K₂O tonnes sold or (ii) the average K₂O tonnes sold for the years 2001 and 2002. The Potash Production Tax is calculated on a calendar year basis and the total expense for fiscal 2009 is based in part on forecasted profit per K₂O tonne for calendar 2009. In calculating profit per K₂O tonne for profits tax purposes, we deduct, among other operating expenses, a depreciation allowance with a majority of the depreciation allowance in fiscal 2009 at a 120% rate.

If differing assumptions and estimates had been used in the current period, including assumptions regarding future potash selling prices and sales volumes, the accruals for Canadian resource taxes and royalties could have changed. These factors do not change in isolation; and therefore, it is not practicable to present the impact of changing a single factor.

Litigation

We are involved from time to time in claims and legal actions incidental to our operations, both as plaintiff and defendant. We have established what we currently believe to be adequate accruals for pending legal matters. These accruals are established as part of an ongoing worldwide assessment of claims and legal actions that takes into consideration such items as advice of legal counsel, individual developments in court proceedings, changes in the law, changes in business focus, changes in the litigation environment, changes in opponent strategy and tactics, new developments as a result of ongoing discovery, and past experience in defending and settling similar claims. Changes in accruals, both up and down, are part of the ordinary, recurring course of business, in which management, after consultation with legal counsel, is required to make estimates of various amounts for business and strategic planning purposes, as well as for accounting and Securities Exchange Act of 1934 reporting purposes. These changes are reflected in the reported earnings of the Company each quarter. The litigation accruals at any time reflect updated assessments of the then-existing claims and legal actions as assessed under SFAS 5. The final outcome or potential settlement of litigation matters could differ materially from the accruals which have been established by the Company.

Liquidity and Capital Resources

We define liquidity as the ability to generate adequate amounts of cash to meet current cash needs. We assess our liquidity in terms of our ability to fund working capital requirements, fund capital expenditures and expansion efforts in the future, and make payments on and refinance our indebtedness. This, to a certain extent, is subject to general economic, financial, competitive and other factors that are beyond our control.

Despite the global economic crisis and tight financial markets, we have significant liquidity and capital resources as of May 31, 2009 with approximately \$2.7 billion in cash and cash equivalents, \$8.5 billion of stockholders' equity, long-term debt (less current maturities of approximately \$43.3 million) of \$1.3 billion and short-term debt of \$92.7 million. Maturities of long-term debt within the next five years are approximately \$100 million.

Nearly all of our cash and cash equivalents are held in North America and are diversified in highly rated investment vehicles. In fiscal 2009, we did not experience any losses on our cash and cash equivalents balances and we did not experience any significant losses from bad debts.

We have a committed revolving credit facility in the amount of \$450 million that matures in February 2010. The existing facility is with a syndicate of 25 financial institutions and the maximum counterparty concentration is 8%. Other than letters of credit (\$21.9 million at May 31, 2009), we have not drawn on this revolving credit

facility since November 30, 2006. To date we have not experienced any material reduction in credit availability. In light of the upcoming maturity of our current revolving credit facility, we expect to replace it with a new facility in the near future.

Funds generated by operating activities, available cash and cash equivalents, and our credit facilities continue to be our most significant sources of liquidity. We believe that our cash, other liquid assets and operating cash flow, together with available borrowings and potential access to credit and capital markets, will be sufficient to meet our operating and capital expenditure requirements and to service our debt and meet other contractual obligations as they become due. There can be no assurance, however, that we will continue to generate cash flows or have access to the credit markets to fund investment opportunities or working capital needs. Funds generated by our operating activities will be adversely affected as long as current market conditions for our products continue or deteriorate.

Cash Requirements

We have certain contractual cash obligations that require us to make payments on a scheduled basis which include, among other things, long-term debt payments, interest payments, operating leases, unconditional purchase obligations, and funding requirements of pension and postretirement obligations. Our long-term debt, including estimated interest payments, that has maturities ranging from one year to 18 years is our largest contractual cash obligation. Our next largest cash obligations are our AROs and other environmental obligations primarily related to our Phosphates segment and finally, our unconditional purchase obligations. Unconditional purchase obligations are contracts to purchase raw materials such as sulfur, ammonia and natural gas. We expect to fund our AROs, purchase obligations, and capital expenditures with a combination of operating cash flows, cash and cash equivalents, and borrowings. For fiscal 2010, we expect our capital expenditures to significantly increase due to large investments within our existing businesses, primarily Potash. See Off-Balance Sheet Arrangements and Obligations for the amounts owed by Mosaic under Contractual Cash Obligations below.

Sources and Uses of Cash

The following table represents a comparison of the cash provided by operating activities, cash used in investing activities, and cash used in financing activities for fiscal 2009, 2008 and 2007:

(in millions) Cash Flow	Years ended			2009 - 2008		2008 - 2007	
	May 31, 2009	May 31, 2008	May 31, 2007	\$ Change	% Change	\$ Change	% Change
Cash provided by operating activities	\$ 1,242.6	\$ 2,546.6	\$ 707.9	\$ (1,304.0)	(51%)	\$ 1,838.7	260%
Cash used in investing activities	(81.6)	(341.6)	(304.0)	260.0	(76%)	(37.6)	12%
Cash used in financing activities	(224.9)	(709.8)	(173.2)	484.9	(68%)	(536.6)	310%

Our strong operating cash flow primarily in the first half of fiscal 2009, and proceeds from the sale of Saskferco, resulted in cash and cash equivalents at May 31, 2009 of \$2.7 billion, up from \$2.0 billion at May 31, 2008. Funds generated by operating activities, available cash and cash equivalents and our credit facilities continue to be our most significant sources of liquidity. We believe funds generated from the expected results of operations and available cash and cash equivalents will be sufficient to finance anticipated expansion plans and strategic initiatives in fiscal 2010. In addition, our credit facilities are available for additional working capital needs and investment opportunities. There can be no assurance, however, that we will continue to generate cash flows at or above current levels.

Operating Activities

Operating activities provided \$1.2 billion of cash for fiscal 2009, a decrease of \$1.3 billion compared to fiscal 2008. The decrease in operating cash flows was primarily driven by changes in working capital levels that occurred in fiscal 2009 compared with fiscal 2008. The significant changes in working capital related to a

reduction in accounts payable, an increase in other current assets, and a reduction in accounts receivable. Accounts payable decreased as a result of payments in the current fiscal year to finance our prior year Offshore inventories and a reduction in costs for the raw materials used in our Phosphates segment. Other current assets increased as a result of estimated tax payments made in fiscal 2009. Accounts receivable decreased as a result of lower sales volumes in the latter half of fiscal 2009.

Operating activities provided \$2.5 billion of cash for fiscal 2008, an increase of \$1.8 billion compared to fiscal 2007. The increase in cash flows was primarily the result of significant growth in net earnings, an increase in accrued liabilities primarily driven by an increase in customer prepayments and an increase in accounts payable to finance our Offshore inventories, partially offset by an increase in accounts receivable and inventories. Accounts receivable increased due to higher selling prices and sales volumes. Inventories increased as a result of higher sulfur and ammonia costs and an increase in our Offshore inventories as a result of accumulating lower cost inventories during a time of rising prices.

Investing Activities

Investing activities used \$81.6 million of cash for fiscal 2009, a decrease of \$260.0 million compared to fiscal 2008. The decrease in cash used in investing activities was mainly the result of higher capital expenditures in fiscal 2009 partially offset by proceeds from the sale of an investment. Capital expenditures increased due to expansions, debottlenecking opportunities, and plant improvements in our Potash segment; and plant improvements and investments in energy savings and debottlenecking projects in our Phosphates segment. For fiscal 2010, we expect to increase our capital expenditures in order to fund our initiatives for expanding our existing businesses and to sustain the operating rates necessary to support current and planned production volumes.

Investing activities used \$341.6 million of cash for fiscal 2008, an increase of \$37.6 million compared to fiscal 2007. The increase in cash used by investing activities was mainly the result of higher capital expenditures in fiscal 2008, partially offset by proceeds from the sale of an investment.

Financing Activities

Cash used in financing activities for fiscal 2009 was \$224.9 million, a decrease of \$484.9 million compared to fiscal 2008. The primary reason for the decrease in cash used in financing activities in fiscal 2009 relates to fewer payments made on debt as we have achieved our goal of reducing long-term debt.

Cash used in financing activities for fiscal 2008 was \$709.8 million, an increase of \$536.6 million compared to \$173.2 million in fiscal 2007. The primary reason for the increase in cash used in financing activities in fiscal 2008 relates to the pay down of debt. We paid down \$801 million of long-term debt in fiscal 2008. This was partially offset by increased proceeds from stock options exercised and excess tax benefits related to stock option exercises.

Debt Instruments, Guarantees and Related Covenants

Our strong cash flows during fiscal 2008 and the latter part of fiscal 2007 allowed us to prepay \$1 billion in debt from May 1, 2007 through December 31, 2007, achieving our goal of reducing our long-term debt and marking a key milestone toward our goal of obtaining an investment grade credit rating. Subsequently, our strong cash flows allowed us to accumulate significant cash and cash equivalents and we were able to eliminate a restriction on capital expenditures from our debt covenants, which helps enable us to grow our businesses in the future. In June and July 2008, three credit rating agencies that rate our 7-3/8% senior notes due 2014 and 7-5/8% senior notes due 2016 (*"New Senior Notes"*) upgraded their ratings of the New Senior Notes and other unsecured debt to investment grade status.²

² A security rating is not a recommendation to buy, sell or hold securities. Although a security rating may be subject to revision or withdrawal at any time by the assigning rating organization, any such revision or withdrawal would not affect the fall-away of the covenants relating to the New Senior Notes. Each rating should be evaluated separately from any other rating.

On December 1, 2006, we completed a refinancing, consisting of (i) the purchase by subsidiaries of approximately \$1.4 billion of outstanding senior notes and debentures (“**Existing Notes**”) pursuant to tender offers and (ii) the refinancing of a \$345.0 million term loan B facility under our then-existing bank credit agreement. The total consideration paid for the purchase of the Existing Notes, including tender premiums and consent payments but excluding accrued and unpaid interest, was approximately \$1.5 billion. Mosaic funded the purchase of the Existing Notes and the refinancing of the then-existing term loan B facility through the issuance of the New Senior Notes, and new \$400.0 million term loan A-1 and \$612.0 million new term loan B facilities under an amended and restated senior secured bank credit agreement (“**Restated Credit Agreement**”). See Note 11 of our Notes to Consolidated Financial Statements for additional information relating to our financing arrangements, including the Refinancing. The Refinancing lengthened the average maturity of our indebtedness, decreased our annual cash interest payments, and increased our flexibility to reduce our level of debt thereafter.

New Senior Notes

The indenture relating to the New Senior Notes contained certain covenants and events of default that limited various matters or required us to take various actions under specified circumstances. Upon achieving an investment grade credit rating, pursuant to the terms of the indenture, most of the restrictive covenants relating to the New Senior Notes have fallen away. However, certain restrictive covenants of the New Senior Notes continue to apply, including restrictive covenants limiting liens, sale and leaseback transactions and mergers, consolidations and sales of substantially all assets, as well as the events of default.

The obligations under the New Senior Notes are guaranteed by substantially all of Mosaic’s domestic subsidiaries that are involved in operating activities, Mosaic’s subsidiaries that own and operate our potash mines at Belle Plaine and Colonsay, Saskatchewan, Canada, and intermediate holding companies through which Mosaic owns the guarantors. Subsidiaries that are not guarantors generally are other foreign subsidiaries, insignificant domestic subsidiaries and other domestic subsidiaries that are not directly engaged in operating activities.

Amended and Restated Credit Facilities

At May 31, 2009 and 2008, respectively, as a result of prepayments, the outstanding term loans under the Restated Credit Agreement were reduced to \$0.2 million and \$2.2 million principal amount of Term Loan A borrowings, \$4.1 million and \$19.2 million principal amount of Term Loan A-1 borrowings, and \$8.8 million and \$29.6 million principal amount of Term Loan B borrowings, respectively. The prepayments in fiscal 2009 resulted from a prepayment event due to our sale of Saskferco and, in fiscal 2008, resulted from voluntary prepayments from available cash generated by our ongoing business operations.

The Restated Credit Agreement includes our committed revolving credit facility in the amount of \$450 million discussed above under “Liquidity and Capital Resources.”

The Restated Credit Agreement requires us to maintain certain financial ratios, including a leverage ratio and an interest coverage ratio. The Restated Credit Agreement also contains events of default and covenants that, among other things, limit our ability to:

- borrow money, issue specified types of preferred stock or guarantee or provide other support for indebtedness of third parties, including guarantees to finance purchases of our products;
- pay dividends on, redeem or repurchase our capital stock;
- make investments in or loans to entities that we do not control, including joint ventures;
- transact business with Cargill, which owns approximately 64.3% of Mosaic’s outstanding common stock, or Cargill’s other subsidiaries, except under circumstances intended to provide comfort that the transactions are fair to us;

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- use assets as security for the payment of our obligations;
 - sell assets, other than sales of inventory in the ordinary course of business, except in compliance with specified limits and up to specified dollar amounts, and in some cases require that we use the net proceeds to repay indebtedness or reinvest in replacement assets;
 - merge with or into other companies;
 - enter into sale and leaseback transactions;
 - enter into unrelated businesses;
 - enter into speculative swaps, derivatives or similar transactions;
 - fund our Offshore business segment from our North American operations; or
 - prepay indebtedness.

In addition, a change of control of Mosaic is a default under the Restated Credit Agreement.

The Restated Credit Agreement also contains other covenants and events of default that limit various matters or require us to take various actions under specified circumstances.

The obligations under the Restated Credit Agreement are guaranteed by substantially all of our domestic subsidiaries that are involved in operating activities, our subsidiaries that own and operate our potash mines at Belle Plaine and Colonsay, Saskatchewan, Canada, and intermediate holding companies through which we own the guarantors. Subsidiaries that are not guarantors generally are other foreign subsidiaries, insignificant domestic subsidiaries and other domestic subsidiaries that are not directly engaged in operating activities. The obligations are secured by security interests in, mortgages on and/or pledges of (i) the equity interests in the guarantors and in domestic subsidiaries held directly by Mosaic and the guarantors under the Restated Credit Agreement; (ii) 65% of the equity interests in other foreign subsidiaries held directly by Mosaic and such guarantors; (iii) intercompany borrowings by subsidiaries that are held by Mosaic and such guarantors; (iv) our Belle Plaine and Colonsay, Saskatchewan, Canada and Hersey, Michigan potash mines and Riverview, Florida phosphate plant; and (v) all inventory and receivables of Mosaic and such guarantors.

Cross-Default Provisions

Most of our material debt instruments, including the Restated Credit Agreement and the indenture relating to the New Senior Notes, have cross-default provisions. In general, pursuant to these provisions, a failure to pay principal or interest under other indebtedness in excess of a specified threshold amount will result in a cross-default. The threshold under the Restated Credit Agreement and the indenture relating to the New Senior Notes is \$30.0 million. Of our material debt instruments, the indentures relating to Mosaic Global Holdings' 7.375% debentures due 2018 and 7.300% debentures due 2028 have the lowest specified cross-default threshold amount, \$25.0 million.

Other Debt Repayments

On August 1, 2008 we called the remaining \$3.5 million of the 10.875% notes due on August 1, 2013 pursuant to the call provisions of such notes.

In fiscal 2009, we purchased an aggregate principal amount of our notes on the open market of \$29.2 million, and the price paid was \$26.9 million plus accrued interest, resulting in a discount of \$2.3 million.

Additional information regarding our financing arrangements is included in Note 11 of our Notes to Consolidated Financial Statements.

Financial Assurance Requirements

In addition to various operational and environmental regulations related to Phosphates, we are subject to financial assurance requirements. In various jurisdictions in which we operate, particularly Florida and Louisiana, we are required to pass a financial strength test or provide credit support, typically in the form of surety bonds or letters of credit. See Other Commercial Commitments under Off-Balance Sheet Arrangements and Obligations for additional information about these requirements.

Off-Balance Sheet Arrangements and Obligations

Off-Balance Sheet Arrangements

In accordance with the definition under rules of the Securities and Exchange Commission (“SEC”), the following qualify as off-balance sheet arrangements:

- any obligation under a guarantee contract that has any of the characteristics identified in paragraph 3 of FASB Interpretation No. 45, *Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* (“FIN 45”);
- a contingent interest in assets transferred to an unconsolidated entity or similar entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets;
- any obligation, including a contingent obligation, under contracts that would be accounted for as derivative instruments that are indexed to the Company’s own stock and classified as equity; and
- any obligation, arising out of a variable interest in an unconsolidated entity that is held by, and material to, the registrant, where such entity provides financing, liquidity, market risk or credit risk support to the registrant, or engages in leasing, hedging or research and development services with the registrant.

Information regarding guarantees that meet the requirements of FIN 45 paragraph 3 is included in Note 17 of our Notes to Consolidated Financial Statements and is hereby incorporated by reference. We do not have any contingent interest in assets transferred, derivative instruments, or variable interest entities that qualify as off-balance sheet arrangements under SEC rules.

Contractual Cash Obligations

The following is a summary of our contractual cash obligations as of May 31, 2009:

(in millions)	Total	Payments by Fiscal Year			
		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Long-term debt	\$ 1,291.3	\$ 42.4	\$ 60.1	\$ 0.9	\$ 1,187.9
Estimated interest payments on long-term debt ^(a)	754.7	95.1	184.4	177.7	297.5
Operating leases	151.0	43.1	60.1	31.5	16.3
Purchase commitments ^(b)	1,132.2	778.0	318.3	27.4	8.5
Pension and postretirement liabilities ^(c)	453.6	28.8	86.7	92.1	246.0
Total contractual cash obligations	<u>\$ 3,782.8</u>	<u>\$ 987.4</u>	<u>\$ 709.6</u>	<u>\$ 329.6</u>	<u>\$ 1,756.2</u>

^(a) Based on interest rates and debt balances as of May 31, 2009.

^(b) Based on prevailing market prices as of May 31, 2009.

^(c) Fiscal 2010 pension plan payments are based on minimum funding requirements. For years thereafter, pension plan payments are based on expected benefits paid. The postretirement plan payments are based on projected benefit payments.

Other Commercial Commitments

The following is a summary of our other commercial commitments as of May 31, 2009:

(in millions)	Total	Commitment Expiration by Fiscal Year			
		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Letters of credit	\$ 28.1	\$ 27.2	\$ 0.9	\$ -	\$ -
Surety bonds	173.9	145.9	28.0	-	-
Total	<u>\$ 202.0</u>	<u>\$ 173.1</u>	<u>\$ 28.9</u>	<u>\$ -</u>	<u>\$ -</u>

The surety bonds and letters of credit generally expire within one year or less but a substantial portion of these instruments provide financial assurance for continuing obligations and, therefore, in most cases, must be renewed on an annual basis. We primarily incur liabilities for reclamation activities and phosphogypsum stack system closure in our Florida and Louisiana operations where, in order to obtain necessary permits, we must either pass a test of financial strength or provide credit support, typically in the form of surety bonds or letters of credit. As of May 31, 2009, we had \$145.2 million in surety bonds outstanding for mining reclamation obligations in Florida. We have letters of credit directly supporting mining reclamation activity of \$1.0 million. The surety bonds 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.

We are subject to financial responsibility obligations for our phosphogypsum stack systems in Florida and Louisiana. We are currently in compliance with these financial assurance requirements because our financial strength permits us to meet applicable financial strength tests. However, prior to May 31, 2009, we did not meet the applicable financial strength tests, and there can be no assurance that we will be able to continue to meet these financial strength tests. If we do not meet applicable financial strength tests in the future, we could be required to seek an alternate financial strength test acceptable to state regulatory authorities or provide credit support, which may include surety bonds, letters of credit and cash escrows. Assuming we maintain our current levels of liquidity and capital resources, we do not expect that compliance with current or alternative requirements will have a material effect on our results of operations, liquidity or capital resources. See Note 21 of our Notes to Consolidated Financial Statements for more information on our compliance with applicable financial responsibility regulations.

Other Long-Term Obligations

The following is a summary of our other long-term obligations as of May 31, 2009:

(in millions)	Total	Payments by Fiscal Year			
		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Asset retirement obligations ^(a)	\$ 1,591.6	\$ 79.8	\$ 105.8	\$ 79.5	\$ 1,326.5

^(a) Represents the undiscounted, inflation adjusted estimated cash outflows required to settle the asset retirement obligations. The corresponding present value of these future expenditures is \$530.7 million as of May 31, 2009, and is reflected in our accrued liabilities and other noncurrent liabilities in our Consolidated Balance Sheets.

As of May 31, 2009, we had contractual commitments from non-affiliated customers for the shipment of approximately 2.2 million tonnes of concentrated phosphates, phosphate feed products amounting to approximately 0.2 million tonnes, and potash amounting to approximately 1.2 million tonnes for fiscal 2010.

Most of our export sales of phosphate and potash crop nutrients are marketed through two North American export associations, PhosChem and Canpotex, respectively, which fund their operations in part through third-party financing facilities. As a member, Mosaic or our subsidiaries are, subject to certain conditions and exceptions, contractually obligated to reimburse the export associations for their pro rata share of any operating expenses or other liabilities incurred. The reimbursements are made through reductions to members' cash receipts from the export associations.

Commitments are set forth in Note 20 of our Notes to Consolidated Financial Statements and are incorporated herein by reference.

Income Tax Obligations

Unrecognized income tax benefits as of May 31, 2009 of \$100.2 million are not included in the other long-term obligations table presented above because the timing of the settlement of unrecognized tax benefits cannot be fully determined. For further discussion, refer to Note 13 of our Notes to Consolidated Financial Statements.

Market Risk

We are exposed to the impact of fluctuations in the relative value of currencies, fluctuations in the purchase price of natural gas, ammonia and sulfur consumed in operations, and changes in freight costs, as well as changes in the market value of our financial instruments. We periodically enter into derivatives in order to mitigate our foreign currency risks and the effects of changing commodity prices and freight prices, but not for speculative purposes.

Foreign Currency Exchange Rates

We use financial instruments, including forward contracts, zero-cost collars and futures, which typically expire within one year, to reduce the impact of foreign currency exchange risk in the Consolidated Statements of Earnings and the Consolidated Statements of Cash Flows. One of the primary currency exposures relates to several of our Canadian entities, whose sales are denominated in U.S. dollars, but whose costs are paid principally in Canadian dollars, which is their functional currency. Our Canadian businesses monitor their foreign currency risk by estimating their forecasted transactions and measuring their balance sheet exposure in U.S. dollars and Canadian dollars. We hedge certain of these risks through forward contracts and zero-cost collars. Our Brazilian entities also generate significant currency exposure by purchasing inventory in U.S. dollars and selling product in Brazilian real, which is their functional currency. Our Brazilian businesses monitor their foreign currency risk by measuring their balance sheet exposure and estimating their forecasted transactions in U.S. dollars and Brazilian reals. We hedge certain of these risks through futures and non-deliverable forward contracts.

Our foreign currency exchange contracts do not qualify for hedge accounting under SFAS No. 133, "*Accounting for Derivative Instruments and Hedging Activities*," as amended ("*SFAS 133*"); therefore, all gains and losses are recorded in the Consolidated Statements of Earnings. Gains and losses on foreign currency exchange contracts related to inventory purchases are recorded in cost of goods sold in the Consolidated Statements of Earnings. Gains or losses used to hedge changes in our financial position are included in the foreign currency transaction losses line in the Consolidated Statements of Earnings.

As discussed above, we have Canadian dollar, Brazilian real, and other foreign currency exchange contracts. As of May 31, 2009 and 2008, the fair value of all of our foreign currency exchange contracts were (\$23.2) million

and \$3.6 million, respectively. We recorded an unrealized gain of \$3.3 million in cost of goods sold and recorded an unrealized loss of \$31.6 million in foreign currency transaction gain (losses) in the Consolidated Statements of Earnings for fiscal 2009.

The table below provides information about Mosaic's significant foreign exchange derivatives.

(in millions)	As of May 31, 2009	
	Expected Maturity Date Fiscal 2010	Fair Value
Foreign Currency Exchange Forwards Canadian Dollar		
Notional (million US\$)	\$ 130.0	\$ 11.5
Weighted Average Rate - Canadian dollar to U.S. dollar	1.1927	
Foreign Currency Exchange Non-Deliverable Forwards Brazilian Real		
Notional (million US\$)	\$ 330.8	\$ (26.0)
Weighted Average Rate - Brazilian real to U.S. dollar	2.1594	
Foreign Currency Exchange Futures Brazilian Real		
Notional (million US\$) - long	\$ 295.0	\$ (4.5)
Weighted Average Rate - Brazilian real to U.S. dollar	2.1078	
Notional (million US\$) - short	\$ 159.0	\$ 2.6
Weighted Average Rate - Brazilian real to U.S. dollar	2.0387	
Total Fair Value		<u><u>\$ (16.4)</u></u>

Commodities

We use forward purchase contracts, swaps and three-way collars to reduce the risk related to significant price changes in our inputs and product prices.

Our commodities contracts do not qualify for hedge accounting under SFAS 133; therefore, all gains and losses are recorded in the Consolidated Statements of Earnings. Gains and losses on commodities contracts are recorded in cost of goods sold in the Consolidated Statements of Earnings.

As of May 31, 2009 and 2008, the fair value of our commodities contracts were (\$91.2) million and \$43.3 million, respectively. We recorded an unrealized loss of \$132.9 million in cost of goods sold on the Consolidated Statements of Earnings in fiscal 2009.

Our primary commodities exposure relates to price changes in natural gas.

The table below provides information about Mosaic's natural gas derivatives which are used to manage the risk related to significant price changes in natural gas.

	As of May 31, 2009		
	Expected Maturity Date		
(in millions)	Fiscal 2010	Fiscal 2011	Fair Value
Natural Gas Swaps			
Notional (million MMBtu) - long	4.4		\$ (9.1)
Weighted Average Rate (US\$/MMBtu)	\$ 5.98		
Notional (million MMBtu) - short	4.2		\$ 5.1
Weighted Average Rate (US\$/MMBtu)	\$ 4.47		
Natural Gas 3-Way Collars			
Notional (million MMBtu)	24.0	4.0	\$ (87.2)
Weighted Average Call Purchased	\$ 8.74	\$ 7.19	
Rate (US\$/MMBtu)			
Weighted Average Call Sold	\$ 11.43	\$ 9.60	
Rate (US\$/MMBtu)			
Weighted Average Put Sold	\$ 7.65	\$ 6.34	
Rate (US\$/MMBtu)			
Total Fair Value			\$ (91.2)

Overall, there have been no material changes in our primary risk exposures or management of market risks since the prior year. We do not expect any material changes in our primary risk exposures; however, during fiscal year 2010 we are changing the manner in which market risks are managed for certain currencies. We will be using a cash flow based approach to managing market risks. For additional information related to derivatives, see Notes 15 and 16 of our Notes to Consolidated Financial Statements.

Environmental, Health and Safety Matters

We are subject to an evolving myriad of international, federal, state, provincial and local environmental, health and safety (“EHS”) laws that govern our production and distribution of crop and animal nutrients. These EHS laws regulate or propose to regulate: (i) conduct of mining and production operations, including employee safety procedures; (ii) management and/or remediation of potential impacts to air, water quality and soil from our operations; (iii) disposal of waste materials; (iv) reclamation of lands after mining (v) management and handling of raw materials; (vi) product content; and (vii) use of products by both us and our customers.

We have a comprehensive EHS management program that seeks to achieve sustainable, predictable and verifiable EHS performance. Key elements of our EHS program include: (i) identifying and managing EHS risk; (ii) complying with legal requirements; (iii) improving our EHS procedures and protocols; (iv) educating employees regarding EHS obligations; (v) retaining and developing professional qualified EHS staff; (vi) evaluating facility conditions; (vii) evaluating and enhancing safe workplace behaviors; (viii) performing audits; (ix) formulating EHS action plans; and (x) assuring accountability of all managers and other employees for environmental performance. Our business units are responsible for implementing day-to-day elements of our EHS program, assisted by an integrated staff of EHS professionals. We conduct audits to verify that each facility has identified risks, achieved regulatory compliance, implemented continuous EHS improvement, and incorporated EHS management systems into day-to-day business functions.

New or proposed regulatory programs can present significant challenges in ascertaining future compliance obligations, implementing compliance plans, and estimating future costs until implementing regulations have been finalized and definitive regulatory interpretations have been adopted. New or proposed regulatory requirements may require modifications to our facilities or to operating procedures and these modifications may involve significant capital costs or increases in operating costs.

We have expended, and anticipate that we will continue to expend, substantial financial and managerial resources to comply with EHS standards and improve our environmental stewardship. In fiscal 2010, we expect environmental capital expenditures to total approximately \$85 million, primarily related to: (i) modification or construction of waste management, water treatment areas and water treatment systems; (ii) construction and modification projects associated with phosphogypsum stacks (“*Gypstacks*”) and clay settling ponds at our Phosphates facilities and tailings management areas for our Potash mining and processing facilities; (iii) upgrading or new construction of air pollution control equipment at some of the concentrates plants; and (iv) capital projects associated with remediation of contamination at current or former operations. Additional expenditures for land reclamation, Gypstack closure and water treatment activities are expected to total approximately \$90 million in fiscal 2010. In fiscal 2011, we estimate environmental capital expenditures will be approximately \$60 million and expenditures for land reclamation activities, Gypstack closure and water treatment activities are expected to be approximately \$70 million. No assurance can be given that greater-than-anticipated EHS capital expenditures or land reclamation, Gypstack closure or water treatment expenditures will not be required in fiscal 2010 or in the future.

Operating Requirements and Impacts

Permitting. We hold numerous environmental, mining and other permits or approvals authorizing operation at each of our facilities. Our ability to continue operations at a facility could be materially affected by a government agency decision to deny or delay issuing a new or renewed permit or approval, to revoke or substantially modify an existing permit or approval or to substantially change conditions applicable to a permit modification. Expansion of our operations or extension of operations into new areas is also predicated upon securing the necessary environmental or other permits or approvals. For instance, over the next several years, we will be continuing our efforts to obtain permits in support of our anticipated Florida mining operations at certain of our properties. For years, we have successfully permitted mining properties and anticipate that we will be able to permit these properties as well. However in Florida, local community participation has become an increasingly 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 environmental groups for the first time filed a lawsuit in federal court against the Army Corps of Engineers with respect to its issuance of a federal wetlands permit and similar lawsuits could be brought in the future. These actions can significantly delay permit issuance. A denial of our permits, the issuance of permits with cost-prohibitive conditions or substantial delays in issuing key permits could prevent or delay our mining at the affected properties and thereby have a material adverse effect on our business and financial condition.

Reclamation Obligations. During our phosphate mining operations, we remove overburden and sand tailings in order to retrieve phosphate rock reserves. Once we have finished mining in an area, we return overburden and sand tailings and reclaim the area in accordance with approved reclamation plans and applicable laws. We have incurred and will continue to incur significant costs to fulfill our reclamation obligations.

Management of Residual Materials and Closure of Management Areas. Mining and processing of potash and phosphate generate residual materials that must be managed both during the operation of the facility and upon facility closure. Potash tailings, consisting primarily of salt and clay, are stored in surface disposal sites. Phosphate clay residuals from mining are deposited in clay settling ponds. Processing of phosphate rock with sulfuric acid generates phosphogypsum that is stored in Gypstacks.

During the life of the tailings management areas, clay settling ponds and Gypstacks, we have incurred and will continue to incur significant costs to manage our potash and phosphate residual materials in accordance with

environmental laws and regulations and with permit requirements. Additional legal and permit requirements will take effect when these facilities are closed. We have recorded significant asset retirement obligations in accordance with SFAS 143 with respect to the Phosphates business.

The Saskatchewan government has approved decommissioning and reclamation plans for potash facilities. In light of our current expectations about the remaining lives of our mines in Saskatchewan, we do not believe that these requirements are material to us.

Financial Assurance. Separate from our accounting treatment for reclamation and closure liabilities, some jurisdictions in which we operate have required us either to pass a test of financial strength or provide credit support, typically surety bonds, financial guarantees or letters of credit, to address phosphate mining reclamation liabilities and closure liabilities for clay settling areas and phosphogypsum management systems. See Other Commercial Commitments under Off-Balance Sheet Arrangements and Obligations above for additional information about these requirements.

In connection with the closure plans for potash facilities discussed above, we have proposed and anticipate approval to post financial assurance in the amount of approximately \$1.5 million, an amount which is intended to grow by the estimated time of closure in approximately 100 years to an amount that would fully fund the closure liability. It is possible that the Province of Saskatchewan could increase the amount of the required financial assurance in the future, but we do not believe that any such increase would be material to us in the foreseeable future.

Climate Change Regulation

Various governmental initiatives to limit greenhouse gas emissions are underway or under consideration around the world. The direct greenhouse gas emissions from our operations result primarily from:

- Combustion of natural gas to produce steam and dry potash products at our Belle Plaine, Saskatchewan, and Hersey, Michigan Potash solution mines. To a lesser extent, at our Potash shaft mines, natural gas is used as a fuel to heat fresh air supplied to the shaft mines and for drying potash products.
- The use of natural gas as a feedstock in the production of ammonia at our Faustina, Louisiana Phosphates plant.
- Process reactions from naturally occurring carbonates in phosphate rock.

In addition, the production of energy and raw materials that we purchase from unrelated parties for use in our business and energy used in the transportation of our products and raw materials can result in greenhouse gas emissions. Both our direct and indirect greenhouse gas emissions may be affected by existing or future regulation.

Governmental greenhouse gas emission initiatives that are currently in place or under consideration include among others:

Climate Change Initiatives in Canada—Kyoto Protocol. In December 2002, the Prime Minister of Canada ratified the Kyoto Protocol, committing Canada to reduce its greenhouse gas emissions on average to six percent below 1990 levels through the first commitment period (2008-2012). Developments in Canada's efforts to reduce greenhouse gases include:

- In March 2008, Canada announced a new Climate Change Plan for Canada which established a target of reducing greenhouse gases 20 percent from 2006 levels by 2020. In May 2009, the Minister of Environment indicated implementation may be delayed to assure sufficient alignment with the evolving approach in the U.S. to avoid trade sanctions.

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- 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 the 20% reduction by 2020 through technological advancements; creation of a Technology Fund to allow large final emitters of greenhouse gases to obtain required greenhouse gas emission credits by paying into the fund and using this fund for approved research and development projects targeted primarily at applied technological improvements; and creation of a “Green” Foundation Fund intended to be used more broadly for grass roots research and development.

We continue to work with the Canadian Fertilizer Institute, Saskatchewan Mining Association and Saskatchewan Potash Producers Association in negotiating with the Canadian federal and provincial governments, focusing on, among other matters, energy reduction initiatives as a means for reducing greenhouse gas emissions and addressing the implications of implementation of greenhouse gas emissions regulations in Canada on the competitiveness of Canadian industry in the global marketplace.

We have significantly reduced the energy intensity of our business over the last two decades through efficiency improvements, switching to lower energy demand technologies and cogeneration. We continue to focus on energy efficiency initiatives within our operations in order to reduce our need to purchase credits under the Climate Change Plan to apply against our greenhouse gas emissions. These initiatives include continued upgrading and optimizing of combustion equipment, applied research and development and grassroots research and development to advance opportunities and develop new technology.

Climate Change Initiatives in the United States. It appears increasingly likely that the United States will begin to limit greenhouse gas emissions through federal, state or local legislation or regulations. Current proposed federal legislation and regulation and state-led regional and local initiatives include, among others:

- The U.S. House of Representatives has passed legislation that would establish a comprehensive program to reduce greenhouse gas emissions. This legislation could mandate increased use of renewable energy sources, increased energy efficiency, and an economy-wide emission cap and trade program. We cannot predict when or whether this legislation will be enacted, or what its final requirements might be.
- The U.S. Environmental Protection Agency (“**EPA**”) also has proposed an Endangerment Finding under the Clean Air Act that would find that cars, trucks and other mobile sources of greenhouse gases pose a threat to public health and welfare. EPA may in the future extend similar reasoning to greenhouse gases from stationary sources. If finalized, adoption of an Endangerment Finding would begin the process of regulating greenhouse gases under the Clean Air Act. We cannot predict when or whether an Endangerment Finding will be finalized, or what the final terms of any EPA regulations might be.
- The Florida Department of Environmental Protection (“**FDEP**”) is conducting rulemaking proceedings to develop a greenhouse gas cap and trade regulatory program applicable to electric utilities. Some public documents and discussions that are part of the FDEP’s rulemaking process have considered our Phosphates’ business segment’s electricity cogeneration facilities to be includable in such a regulatory program. We cannot predict when or whether the FDEP will establish a regulatory program applicable to our operations limiting greenhouse gas emissions, or what the final requirements will be. In addition, we cannot predict whether the federal legislation described above, if enacted, will preempt any such limitations imposed by the FDEP or leave them in place.
- Coalitions of U.S. states are working together to develop regional greenhouse gas emission reduction programs through initiatives such as the Western Climate Initiative (“**Western Initiative**”), the Midwest Regional Greenhouse Gas Accord (“**Midwest Accord**”), and the Regional Greenhouse Gas Initiative (“**Regional Initiative**”). The Western Initiative issued design recommendations for a Western cap and trade program in September 2008, and continues work to develop several aspects of its program, such as

greenhouse gas emission reporting and an emission offset program. The Midwest Accord issued preliminary design recommendations for a cap and trade program in May 2009, and continues work to develop its program. The Regional Initiative is a mandatory cap-and-trade program that limits CO₂ emissions from electric power plants in ten U.S. states. The Regional Initiative conducted its first auction of emissions allowances in September 2008. We cannot predict when or whether these or other initiatives will establish a regulatory program applicable to our operations or that affects the supply and demand for energy or natural gas, or what the final requirements will be. In addition, we cannot predict whether the federal legislation described above, if enacted, will preempt the regional programs or leave them in place.

Any such legislation or regulation, if finalized, 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.

The EPA has also proposed a greenhouse gas reporting rule that would require us to report certain aspects of our greenhouse gas emissions. We do not anticipate that compliance with this rule will have a material effect on our results of operations, liquidity or capital resources.

Our continuing focus on operational excellence in our Phosphates business segment is helping us reduce our indirect greenhouse gas emissions. For example, Phosphates' normal chemical processes generate heat that can be captured and converted into electricity to replace some of the significant amounts of electricity we currently purchase. We already have waste heat recovery systems that generate a portion of Phosphates' electricity needs and are continuing waste heat recovery initiatives that will deliver significant additional energy savings. These initiatives, along with energy efficiency and conservation measures, are intended to offset most or all of Phosphates' electricity purchases and will significantly reduce the indirect greenhouse gas emissions associated with our Phosphates business.

Operating Impacts Due to 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.

Remedial Activities

The U.S. Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as CERCLA or the Superfund law, and state analogues, impose liability, without regard to fault or to the legality of a party's conduct, on certain categories of persons who have disposed of "hazardous substances" at a third-party location. Under Superfund, or its various state analogues, one party may be responsible for the entire site, regardless of fault or the locality of its disposal activity. We have contingent environmental remedial liabilities that arise principally from three sources which are further discussed below: (i) facilities currently or formerly owned by our subsidiaries or their predecessors; (ii) facilities adjacent to currently or formerly owned facilities; and (iii) third-party Superfund or state equivalent sites where we have disposed of hazardous materials. Taking into consideration established accruals for environmental remedial matters of approximately \$27.6 million as of May 31, 2009, expenditures for these known conditions currently are not expected, individually or in the aggregate, to have a material effect on our business or financial condition. However, material expenditures could be required in the future to remediate the contamination at known sites or at other current or former sites.

Remediation at Our Facilities. Many of our formerly owned or current facilities have been in operation for a number of years. The historical use and handling of regulated chemical substances, crop and animal nutrients and additives as well as by-product or process tailings at these facilities by us and predecessor operators have resulted in soil, surface water and groundwater impacts.

At many of these facilities, spills or other releases of regulated substances have occurred previously and potentially could occur in the future, possibly requiring us to undertake or fund cleanup efforts under Superfund or otherwise. In some instances, we have agreed, pursuant to consent orders or agreements with the appropriate governmental agencies, to undertake certain investigations, which currently are in progress, to determine whether remedial action may be required to address site impacts. At other locations, we have entered into consent orders or agreements with appropriate governmental agencies to perform required remedial activities that will address identified site conditions. Taking into account established accruals, future expenditures for these known conditions currently are not expected, individually or in the aggregate, to have a material adverse effect on our business or financial condition. However, material expenditures by us could be required in the future to remediate the environmental impacts at these or at other current or former sites.

Remediation at Third-Party Facilities. Various third parties have alleged that our historic operations have impacted neighboring off-site areas or nearby third-party facilities. In some instances, we have agreed, pursuant to orders from or agreements with appropriate governmental agencies or agreements with private parties, to undertake or fund investigations, some of which currently are in progress, to determine whether remedial action, under Superfund or otherwise, may be required to address off-site impacts. Our remedial liability at these sites, either alone or in the aggregate, taking into account established accruals, currently is not expected to have a material adverse effect on our business or financial condition. As more information is obtained regarding these sites, this expectation could change.

Liability for Off-Site Disposal Locations. Currently, we are involved or concluding involvement for off-site disposal at several Superfund or equivalent state sites. Moreover, we previously have entered into settlements to resolve liability with regard to Superfund or equivalent state sites. In some cases, such settlements have included “reopeners,” which could result in additional liability at such sites in the event of newly discovered contamination or other circumstances. Our remedial liability at such disposal sites, either alone or in the aggregate, currently is not expected to have a material adverse effect on our business or financial condition. As more information is obtained regarding these sites and the potentially responsible parties involved, this expectation could change.

Product Requirements and Impacts

International, federal, state and provincial standards require us to register many of our products before these products can be sold. The standards also impose labeling requirements on these products and require us to manufacture the products to formulations set forth on the labels. We believe that, when handled and used as intended, based on the available data, crop nutrient materials do not pose harm to human health or the environment and that any additional standards or regulatory requirements relating to product requirements and impacts will not have a material adverse effect on our business or financial condition.

Additional Information

For additional information about phosphate mine permitting in Florida, our environmental liabilities, the environmental proceedings in which we are involved, our asset retirement obligations related to environmental matters, and our related accounting policies, see Environmental Liabilities and Asset Retirement Obligations under Critical Accounting Estimates above and Notes 2, 14, and 21 of our Notes to Consolidated Financial Statements.

Contingencies

Information regarding contingencies in Note 21 of our Notes to Consolidated Financial Statements is incorporated herein by reference.

Related Parties

Information regarding related party transactions is set forth in Note 22 of our Notes to Consolidated Financial Statements and is incorporated herein by reference.

Recently Issued Accounting Guidance

Recently issued accounting guidance is set forth in Note 4 of our Notes to Consolidated Financial Statements and is incorporated herein by reference.

Forward-Looking Statements

Cautionary Statement Regarding Forward Looking Information

All statements, other than statements of historical fact, appearing in this report constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements about our expectations, beliefs, intentions or strategies for the future, statements concerning our future operations, financial condition and prospects, statements regarding our expectations for capital expenditures, statements concerning our level of indebtedness and other information, and any statements of assumptions regarding any of the foregoing. In particular, forward-looking statements may include words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “potential,” “predict,” “project” or “should.” These statements involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this filing.

Factors that could cause reported results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following:

- business and economic conditions and governmental policies affecting the agricultural industry where we or our customers operate, including price and demand volatility resulting from periodic imbalances of supply and demand and the current economic and credit market turmoil;
- changes in farmers’ application rates for crop nutrients;
- changes in the operation of world phosphate or potash markets, including continuing consolidation in the crop nutrient industry, particularly if we do not participate in the consolidation;
- pressure on prices realized by us for our products;
- the expansion or contraction of production capacity or selling efforts by competitors or new entrants in the industries in which we operate;
- build-up of inventories in the distribution channels for our products that can adversely affect our sales volumes and selling prices;
- seasonality in our business that results in the need to carry significant amounts of inventory and seasonal peaks in working capital requirements, and may result in excess inventory or product shortages;
- changes in the costs, or constraints on supplies, of raw materials or energy used in manufacturing our products, or in the costs or availability of transportation for our products;

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- rapid drops in the prices for our products and the raw materials we use to produce them that can require us to write down our inventories to the lower of cost or market;
 - the effects on our customers of holding high cost inventories of crop nutrients in periods of rapidly declining market prices for crop nutrients;
 - the lag in realizing the benefit of falling market prices for the raw materials we use to produce our products that can occur while we consume raw materials that we purchased or committed to purchase in the past at higher prices;
 - customer expectations about future trends in the selling prices and availability of our products and in farmer economics;
 - disruptions to existing transportation or terminaling facilities;
 - shortages of railcars, barges and ships for carrying our products and raw materials;
 - the effects of and change in trade, monetary, environmental, tax and fiscal policies, laws and regulations;
 - foreign exchange rates and fluctuations in those rates;
 - tax regulations, currency exchange controls and other restrictions that may affect our ability to optimize the use of our liquidity;
 - other risks associated with our international operations;
 - adverse weather conditions affecting our operations, including the impact of potential hurricanes or excess rainfall;
 - difficulties or delays in receiving, or increased costs of obtaining or satisfying conditions of, required governmental and regulatory approvals including permitting activities;
 - imposition of greenhouse gas regulation or other changes in the governmental regulation that apply to our operations, including the increasing likelihood that the United States will begin to limit greenhouse gas emissions through federal legislation or regulatory action;
 - the financial resources of our competitors, including state-owned and government-subsidized entities in other countries;
 - provisions in the agreements governing our indebtedness that limit our discretion to operate our business and require us to meet specified financial tests;
 - adverse changes in the ratings of our securities and changes in availability of funds to us in the financial markets;
 - the possibility of defaults by our customers on trade credit that we extend to them or on indebtedness that they incur to purchase our products and that we guarantee;
 - any significant reduction in customers' liquidity or access to credit that they need to purchase our products due to the global economic crisis or other reasons;
 - rates of return on, and the investment risks associated with, our cash balances;

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- the effectiveness of our risk management strategy;
 - the effectiveness of the processes we put in place to manage our significant strategic priorities, including the expansion of our Potash business;
 - actual costs of asset retirement, environmental remediation, reclamation and other environmental obligations differing from management's current estimates;
 - the costs and effects of legal proceedings and regulatory matters affecting us including environmental and administrative proceedings;
 - the success of our efforts to attract and retain highly qualified and motivated employees;
 - strikes, labor stoppages or slowdowns by our work force or increased costs resulting from unsuccessful labor contract negotiations;
 - accidents involving our operations, including brine inflows at our Esterhazy, Saskatchewan potash mine as well as potential inflows at our other shaft mines, and potential fires, explosions, seismic events or releases of hazardous or volatile chemicals;
 - terrorism or other malicious intentional acts;
 - other disruptions of operations at any of our key production and distribution facilities, particularly when they are operating at high operating rates;
 - changes in antitrust and competition laws or their enforcement;
 - actions by the holders of controlling equity interests in businesses in which we hold a minority interest;
 - Cargill's majority ownership and representation on Mosaic's Board of Directors and its ability to control Mosaic's actions, and the possibility that it could either increase or decrease its ownership in Mosaic; and
 - other risk factors reported from time to time in our Securities and Exchange Commission reports.

Material uncertainties and other factors known to us are discussed in Item 1A, "Risk Factors," of our annual report on Form 10-K for the fiscal year ended May 31, 2009 and incorporated by reference herein as if fully stated herein.

We base our forward-looking statements on information currently available to us, and we undertake no obligation to update or revise any of these statements, whether as a result of changes in underlying factors, new information, future events or other developments.

The Board of Directors and Stockholders
The Mosaic Company:

We have audited the accompanying consolidated balance sheets of The Mosaic Company and subsidiaries as of May 31, 2009 and 2008, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the years in the three-year period ended May 31, 2009. In connection with our audits of the consolidated financial statements, we have also audited financial statement Schedule II—Valuation and Qualifying Accounts. We also have audited The Mosaic Company's internal control over financial reporting as of May 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Mosaic Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule, and an opinion on The Mosaic Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Mosaic Company and subsidiaries as of May 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended May 31, 2009, in conformity with U.S. generally accepted accounting principles. In our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also in our opinion, The Mosaic Company maintained, in all

material respects, effective internal control over financial reporting as of May 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As disclosed in Notes 2, 4, 13, and 18 to the consolidated financial statements, the Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No 109*, on June 1, 2007 and the measurement provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, on June 1, 2008.

/s/ KPMG LLP

Minneapolis, Minnesota
July 24, 2009

Consolidated Statements of Earnings
In millions, except per share amounts

	Years Ended May 31		
	2009	2008	2007
Net sales	\$ 10,298.0	\$ 9,812.6	\$ 5,773.7
Cost of goods sold	7,148.1	6,652.1	4,847.6
Lower of cost or market write-down	383.2	-	-
Gross margin	2,766.7	3,160.5	926.1
Selling, general and administrative expenses	321.4	323.8	309.8
Other operating expenses	44.4	30.0	-
Operating earnings	2,400.9	2,806.7	616.3
Interest expense, net	43.3	90.5	149.6
Foreign currency transaction loss	131.8	57.5	8.6
(Gain) loss on extinguishment of debt	(2.5)	2.6	(34.6)
(Gain) on sale of equity investment	(673.4)	-	-
Other (income)	(4.0)	(26.3)	(13.0)
Earnings from consolidated companies before income taxes	2,905.7	2,682.4	505.7
Provision for income taxes	649.3	714.9	123.4
Earnings from consolidated companies	2,256.4	1,967.5	382.3
Equity in net earnings of nonconsolidated companies	100.1	124.0	41.3
Minority interests in net earnings of consolidated companies	(6.3)	(8.7)	(3.9)
Net earnings	\$ 2,350.2	\$ 2,082.8	\$ 419.7
Basic net earnings per share	\$ 5.29	\$ 4.70	\$ 0.97
Basic weighted average number of shares outstanding	444.3	442.7	434.3
Diluted net earnings per share	\$ 5.27	\$ 4.67	\$ 0.95
Diluted weighted average number of shares outstanding	446.2	445.7	440.3

See Accompanying Notes to Consolidated Financial Statements

Consolidated Balance Sheets
In millions, except per share amounts

	May 31	
	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,703.2	\$ 1,960.7
Receivables, net	582.5	972.5
Receivables due from Cargill, Incorporated and affiliates	15.1	66.7
Inventories	1,125.9	1,350.9
Deferred income taxes	205.4	256.9
Other current assets	675.7	201.8
Total current assets	5,307.8	4,809.5
Property, plant and equipment, net	4,899.3	4,648.0
Investments in nonconsolidated companies	357.8	353.8
Goodwill	1,734.1	1,875.2
Deferred income taxes	262.3	10.1
Other assets	114.9	123.2
Total assets	<u>\$ 12,676.2</u>	<u>\$ 11,819.8</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt	\$ 92.7	\$ 133.1
Current maturities of long-term debt	43.3	43.3
Accounts payable	371.7	1,003.9
Trade accounts payable due to Cargill, Incorporated and affiliates	11.9	18.2
Cargill prepayments and accrued liabilities	5.9	35.0
Accrued liabilities	703.9	785.9
Accrued income taxes	327.6	131.9
Deferred income taxes	64.8	34.8
Total current liabilities	1,621.8	2,186.1
Long-term debt, less current maturities	1,256.1	1,374.0
Long-term debt-due to Cargill, Incorporated and affiliates	0.4	1.0
Deferred income taxes	456.6	516.2
Other noncurrent liabilities	826.1	987.9
Minority interest in consolidated subsidiaries	22.2	23.4
Stockholders' equity:		
Preferred stock, \$0.01 par value, 15,000,000 shares authorized, none issued and outstanding as of May 31, 2009 and 2008	-	-
Common stock, \$0.01 par value, 700,000,000 shares authorized:		
Class B common stock, none issued and outstanding as of May 31, 2009 and 2008	-	-
Common stock, 444,513,300 and 443,925,006 shares issued and outstanding as of May 31, 2009 and May 31, 2008, respectively	4.4	4.4
Capital in excess of par value	2,483.8	2,450.8
Retained earnings	5,746.2	3,485.4
Accumulated other comprehensive income	258.6	790.6
Total stockholders' equity	8,493.0	6,731.2
Total liabilities and stockholders' equity	<u>\$ 12,676.2</u>	<u>\$ 11,819.8</u>

See Accompanying Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows
In millions, except per share amounts

	Years Ended May 31		
	2009	2008	2007
Cash Flows from Operating Activities			
Net earnings	\$ 2,350.2	\$ 2,082.8	\$ 419.7
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation, depletion and amortization	360.5	358.1	329.4
Lower of cost or market write-down	383.2	-	-
Minority interest	6.3	8.7	3.9
Deferred income taxes	(138.9)	140.7	46.7
Equity in net earnings of nonconsolidated companies, net of dividends	(68.4)	10.3	(29.0)
Accretion expense for asset retirement obligations	34.4	26.5	28.2
Amortization of out-of-market contracts	(17.2)	(19.4)	(16.2)
Amortization of fair market value adjustment of debt	(0.8)	(2.8)	(27.2)
(Gain) loss on extinguishment of debt	(2.5)	2.6	(34.6)
Amortization of stock-based compensation expense	22.5	18.5	23.4
Unrealized loss (gain) on derivatives	166.2	(14.8)	(20.3)
Gain on sale of equity method investment	(673.4)	-	-
Proceeds from Saskferco note receivable	51.1	-	-
Excess tax benefits related to stock option exercises	(6.5)	(52.5)	-
Gain on sale of investment	-	(24.6)	-
Other	21.3	26.6	3.0
Changes in assets and liabilities:			
Receivables, net	335.5	(423.4)	(63.2)
Inventories, net	(178.7)	(547.1)	(19.3)
Other current assets	(480.3)	(21.1)	(34.9)
Accounts payable	(686.8)	522.9	30.9
Accrued liabilities	(44.4)	348.4	156.1
Other noncurrent liabilities	(190.7)	106.2	(88.7)
Net cash provided by operating activities	1,242.6	2,546.6	707.9
Cash Flows from Investing Activities			
Capital expenditures	(781.1)	(372.1)	(292.1)
Proceeds from sale of equity method investment	745.7	-	-
Proceeds from sale of business	-	7.9	-
Restricted cash	(29.7)	(1.2)	(14.4)
Proceeds from sale of cost investment	-	24.6	-
Investments in nonconsolidated companies	(17.3)	(8.1)	(1.4)
Other	0.8	7.3	3.9
Net cash used in investing activities	(81.6)	(341.6)	(304.0)
Cash Flows from Financing Activities			
Payments of short-term debt	(401.4)	(641.9)	(582.3)
Proceeds from issuance of short-term debt	366.7	633.7	569.1
Payments of long-term debt	(108.8)	(801.0)	(2,064.7)
Proceeds from issuance of long-term debt	0.1	2.0	1,998.9
Payment of tender premium on debt	-	-	(111.8)
Payments for deferred financing costs	-	-	(15.6)
Proceeds from stock options exercised	4.6	57.2	48.1
Payment for swap termination	-	-	(6.4)
Dividend paid to minority shareholder	(3.7)	(12.3)	(5.9)
Excess tax benefits related to stock option exercises	6.5	52.5	-
Cash dividends paid	(88.9)	-	(2.6)
Net cash used in financing activities	(224.9)	(709.8)	(173.2)
Effect of exchange rate changes on cash	(193.6)	44.9	16.6
Net change in cash and cash equivalents	742.5	1,540.1	247.3
Cash and cash equivalents—beginning of period	1,960.7	420.6	173.3
Cash and cash equivalents—end of period	<u>\$ 2,703.2</u>	<u>\$ 1,960.7</u>	<u>\$ 420.6</u>

See Accompanying Notes to Consolidated Financial Statements

Consolidated Statements of Stockholders' Equity
In millions, except per share data

	Shares			Dollars				
	Preferred Stock	Class B Stock	Common Stock	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance as of May 31, 2006	2.8	5.5	384.4	\$ 3.9	\$ 2,244.8	\$ 982.9	\$ 299.2	\$ 3,530.8
Net earnings	-	-	-	-	-	419.7	-	419.7
Foreign currency translation adjustment, net of tax of \$15.0 million	-	-	-	-	-	-	143.6	143.6
Minimum pension liability adjustment, net of tax of \$0.2 million	-	-	-	-	-	-	0.4	0.4
Comprehensive income for 2007								563.7
Conversion of preferred stock and class B common stock	(2.8)	(5.5)	52.9	0.5	(0.5)	-	-	-
Stock option exercises	-	-	3.5	-	48.0	-	-	48.0
Amortization of stock based compensation	-	-	-	-	23.4	-	-	23.4
Adjustment to initially apply FASB Statement 158, net of tax of \$7.1 million	-	-	-	-	-	-	15.7	15.7
Contributions from Cargill, Inc.	-	-	-	-	2.3	-	-	2.3
Balance as of May 31, 2007	-	-	440.8	4.4	2,318.0	1,402.6	458.9	4,183.9
Net earnings	-	-	-	-	-	2,082.8	-	2,082.8
Foreign currency translation adjustment, net of tax of \$7.2 million	-	-	-	-	-	-	318.5	318.5
Net actuarial gain, net of tax of \$7.9 million	-	-	-	-	-	-	13.2	13.2
Comprehensive income for 2008								2,414.5
Stock option exercises	-	-	3.1	-	57.2	-	-	57.2
Amortization of stock based compensation	-	-	-	-	18.5	-	-	18.5
Contributions from Cargill, Inc.	-	-	-	-	4.6	-	-	4.6
Tax benefits related to stock option exercises	-	-	-	-	52.5	-	-	52.5
Balance as of May 31, 2008	-	-	443.9	4.4	2,450.8	3,485.4	790.6	6,731.2
Adoption of FAS 158 measurement date, net of tax of \$0.2 million	-	-	-	-	-	(0.5)	-	(0.5)
Beginning balance, as adjusted	-	-	443.9	4.4	2,450.8	3,484.9	790.6	6,730.7
Net earnings	-	-	-	-	-	2,350.2	-	2,350.2
Foreign currency translation adjustment, net of tax of \$13.3 million	-	-	-	-	-	-	(480.0)	(480.0)
Net actuarial loss, net of tax of \$31.2 million	-	-	-	-	-	-	(52.0)	(52.0)
Comprehensive income for 2009								1,818.2
Stock option exercises	-	-	0.6	-	4.6	-	-	4.6
Amortization of stock based compensation	-	-	-	-	22.5	-	-	22.5
Distributions to Cargill, Inc.	-	-	-	-	(0.6)	-	-	(0.6)
Dividends paid (\$0.20 per share)	-	-	-	-	-	(88.9)	-	(88.9)
Tax benefits related to stock option exercises	-	-	-	-	6.5	-	-	6.5
Balance as of May 31, 2009	-	-	444.5	\$ 4.4	\$ 2,483.8	\$ 5,746.2	\$ 258.6	\$ 8,493.0

See Accompanying Notes to Consolidated Financial Statements

1. ORGANIZATION AND NATURE OF BUSINESS

The Mosaic Company (“*Mosaic*”, and individually or in any combination with its consolidated subsidiaries, “*we*”, “*us*”, “*our*”, or the “*Company*”) was created to serve as the parent company of the business that was formed through the business combination (“*Combination*”) of IMC Global Inc. (“*IMC*” or “Mosaic Global Holdings”) and the Cargill Crop Nutrition fertilizer businesses (“*CCN*”) of Cargill, Incorporated and its subsidiaries (collectively, “*Cargill*”) on October 22, 2004.

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 owns and operates mines and production facilities in Florida which produce phosphate crop nutrients and phosphate-based animal feed ingredients, and processing plants in Louisiana which produce phosphate crop nutrients. Our Phosphates segment’s results include North American distribution activities. Our consolidated results also include Phosphate Chemicals Export Association, Inc. (“*PhosChem*”), a U.S. Webb-Pomerene Act association of phosphate producers which exports phosphate crop nutrient products around the world for us and PhosChem’s other member. Our share of PhosChem’s sales of dry phosphate crop nutrient products is approximately 86% for the year ended May 31, 2009.

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 internationally.

Our **Offshore** business segment consists of sales offices, crop nutrient blending and bagging facilities, port terminals and warehouses in several key international countries, including Brazil. In addition, we own or have strategic investments in production facilities in Brazil and in a number of other countries. Our Offshore segment serves as a market for our Phosphates and Potash segments but also purchases and markets products from other suppliers worldwide.

Intersegment sales are eliminated within the Corporate, Eliminations and Other segment. See Note 23 to our Consolidated Financial Statements for segment results.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation and Basis of Consolidation

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“*U.S. GAAP*”). Throughout the Notes to Consolidated Financial Statements, amounts in tables are in millions of dollars except for per share data and as otherwise designated. References in this report to a particular fiscal year are to the twelve months ended May 31 of that year.

The accompanying Consolidated Financial Statements include the accounts of Mosaic and its majority owned subsidiaries, as well as the accounts of certain variable interest entities (“*VIEs*”) for which we are the primary beneficiary as described in Note 12. Certain investments in companies where we do not have control but have the ability to exercise significant influence are accounted for by the equity method. Certain investments where we are unable to exercise significant influence over operating and financial decisions are accounted for under the cost method.

We own 33.09% of Fertifos S.A., a Brazilian holding company which owns 56.64% of Fosfertil S.A., a publicly traded phosphate and nitrogen company in Brazil. Our Consolidated Financial Statements include the equity in net earnings for this investee for the reporting periods for which Fosfertil has most recently made its financial information publicly available in Brazil, which results in a two-month lag in the reporting of our interest in the earnings of Fertifos in our Consolidated Financial Statements.

Accounting Estimates

Preparation of the Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The more significant estimates made by management relate to the recoverability of non-current assets, the useful lives and net realizable values of long-lived assets, derivative financial instruments, environmental and reclamation liabilities, the costs of our employee benefit obligations for pension plans and postretirement benefits, income tax related accounts, including the valuation allowance against deferred income tax assets, Canadian resource tax and royalties, inventory valuation and accruals for pending legal and environmental matters. Actual results could differ from these estimates.

Revenue Recognition

Revenue on North American sales is recognized when the product is delivered to the customer or when the risks and rewards of ownership are otherwise transferred to the customer and when the price is fixed and determinable. Revenue on Offshore sales and North American export sales is recognized upon the transfer of title to the customer and when the price is fixed and determinable. For certain export shipments, transfer of title occurs outside the U.S. or the country in which the shipment originated. Shipping and handling costs are included as a component of cost of goods sold. Sales to wholesalers and retailers (but not to importers) in India are subject to a selling price cap and are eligible for an Indian government subsidy which reimburses importers for the difference between the market price of diammonium phosphate fertilizer (“*DAP*”) and the capped price. We record the government subsidy along with the underlying eligible sale when the price of *DAP* is both fixed and determinable. Beginning in the second quarter of fiscal 2009, because of the turmoil in the global credit markets, we determined that the price of sales that are subject to the Indian government subsidy is not fixed and determinable until payment in bonds or cash has been received from the Indian government. Effective in the fourth quarter of fiscal year 2009, the Indian government modified the subsidy program such that the subsidy is no longer dependent upon sale of product to wholesalers and retailers but rather is claimed at the time of inventory movement from the Indian ports to the interior states. Accordingly, the subsidy is now recognized as a reduction of inventory cost at the time the subsidy amount is probable and reasonably estimable which is when the crop nutrient product moves from the ports to the interior states.

Income Taxes

In preparing our Consolidated Financial Statements, we utilize the asset and liability approach in accounting for income taxes. We recognize income taxes in each of the jurisdictions in which we have a presence. For each jurisdiction, we estimate the actual amount of income taxes currently payable or receivable, as well as deferred income tax assets and liabilities attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

A valuation allowance is provided for those deferred tax assets for which it is more likely than not that the related tax benefits will not be realized. In determining whether a valuation allowance is required to be recorded, we apply the principles enumerated in Statement of Financial Accounting Standards (“*SFAS*”) No. 109, *Accounting*

for *Income Taxes*, in each jurisdiction in which a deferred income tax asset is recorded. We evaluate our ability to realize the tax benefits associated with deferred tax assets by analyzing the relative impact of all the available positive and negative evidence regarding our forecasted taxable income using both historical and projected future operating results, the reversal of existing taxable temporary differences, taxable income in prior carry-back years (if permitted) and the availability of tax planning strategies. If during an accounting period we determine that we will not realize all or a portion of our deferred income tax assets, we will increase our valuation allowances with a charge to income tax expense. Conversely, if we determine that we will ultimately be able to realize all or a portion of the related tax benefits, we will reduce valuation allowances with either (i) a reduction to goodwill in fiscal 2009, if the reduction relates to purchase accounting valuation allowances, or (ii) in all other cases, with a reduction to income tax expense. As discussed in Note 4, when we adopt SFAS 141 (revised 2007), *Business Combinations* (“**SFAS 141(R)**”) in fiscal 2010, changes in deferred tax asset valuation allowances from our Combination will impact income tax expense and not goodwill beginning in fiscal 2010.

We recognize excess tax benefits associated with stock-based compensation in stockholders’ equity only when realized. When assessing whether excess tax benefits relating to stock-based compensation have been realized, we follow the with-and-without approach excluding any indirect effects of the excess tax deductions. Under this approach, excess tax benefits related to stock-based compensation are generally not deemed to be realized until after the utilization of all other applicable tax benefits available to us.

Effective June 1, 2007, we adopted the provisions of Financial Accounting Standards Board (“**FASB**”) Interpretation No 48 (“**FIN 48**”), “*Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109*”. Under FIN 48, no benefit relating to an uncertain income tax positions will be recognized unless it is more likely than not that the position would be sustained upon audit by the relevant taxing authority. The impact of an uncertain tax position on the income tax return must be recognized at the largest amount that is more likely than not to be sustained. In addition, in accordance with FIN 48, we recognize interest and penalties within our provision for income taxes on our Consolidated Statements of Earnings.

Canadian Resource Taxes and Royalties

We pay Canadian resource taxes consisting of the Potash Production Tax and capital taxes. 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 the greater of (i) a capital tax on the paid-up capital of our subsidiaries that own and operate our Saskatchewan potash mines or (ii) a percentage of the value of resource sales from our Saskatchewan mines. We also pay capital tax in other Canadian provinces. In addition to the Canadian resource taxes, royalties are payable to the mineral owners in respect of potash reserves or production of potash. These resource taxes and royalties are recorded in our cost of goods sold. Our Canadian resource tax and royalty expenses were \$415.5 million, \$361.8 million and \$154.1 million for fiscal 2009, 2008 and 2007 respectively.

Foreign Currency Translation

The Company’s functional currency is the U.S. dollar; however, for operations located in Canada, Brazil and Thailand, the functional currency is the local currency. Assets and liabilities of these foreign operations are translated to U.S. dollars at exchange rates in effect at the balance sheet date, while income statement accounts and cash flows are translated to U.S. dollars at the average exchange rates for the period. For these operations, translation gains and losses are recorded as a component of accumulated other comprehensive income in stockholders’ equity until the foreign entity is sold or liquidated. The effect on the Consolidated Statements of Earnings of transaction gains and losses is presented separately in that statement. These transaction gains and losses result from transactions that are denominated in a currency that is other than the functional currency of the operation.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of 90 days or less, and other highly liquid investments that are payable on demand such as money market accounts, certain

certificates of deposit and repurchase agreements. The carrying amount of such cash equivalents approximates their fair value due to the short-term and highly liquid nature of these instruments.

Concentration of Credit Risk

In the U.S., we sell our products to manufacturers, distributors and retailers primarily in the Midwest and Southeast. Internationally, our phosphate and potash products are sold primarily through two North American export associations. A concentration of credit risk arises from our sales and accounts receivable associated with the international sales of potash product through Canpotex. We consider our concentration risk related to the Canpotex receivable to be mitigated by their credit policy. Canpotex's credit policy requires the underlying receivables to be substantially insured or secured by letters of credit. At May 31, 2009 and 2008, \$230.2 million and \$205.4 million, respectively, of accounts receivable were due from Canpotex. In fiscal 2009, 2008, and 2007, sales to Canpotex were \$1.3 billion, \$813.3 million, and \$397.7 million, respectively.

Receivables and Allowance for Doubtful Accounts

Accounts receivable are recorded at face amount less an allowance for doubtful accounts. On a regular basis, we evaluate outstanding accounts receivable and establish the allowance for doubtful accounts based on a combination of specific customer circumstances as well as credit conditions and a history of write-offs and subsequent collections.

Included in other assets are long-term accounts receivable of \$31.5 million and \$33.8 million at May 31, 2009 and 2008, respectively. In accordance with our allowance for doubtful accounts policy, we have recorded allowances against these long-term accounts receivable of \$17.6 million and \$17.8 million, respectively.

Inventories

Inventories of raw materials, work-in-process products, finished goods and operating materials and supplies are stated at the lower of cost or market. Costs for substantially all finished goods and work-in-process inventories include materials, production labor and overhead and are determined using the weighted average cost basis. Cost for substantially all raw materials is determined using the first-in first-out cost basis.

We follow the provisions of Accounting Research Bulletin 43 ("**ARB 43**"), Ch. 4, *Inventory Pricing* to evaluate whether or not the cost of our inventories exceeds their market values. Market values are defined as forecasted selling prices less reasonably predictable selling costs (net realizable value). Significant management judgment is involved in estimating forecasted selling prices. Factors affecting forecasted selling prices include demand and supply variables. Examples of demand variables include grain and oilseed prices, stock-to-use ratios and changes in inventories in the crop nutrients distribution channels. Examples of supply variables include forecasted prices of raw materials, such as phosphate rock, sulfur, ammonia, and natural gas, estimated operating rates and industry crop nutrient inventory levels. Results could differ materially if actual selling prices differ materially from forecasted selling prices. Charges for lower of cost or market are recognized in our Consolidated Statements of Earnings in the period when there is evidence of a decline of market value below cost. During fiscal 2009, we recognized lower of cost or market inventory write-downs of \$383.2 million. Our inventory balance on the Consolidated Balance Sheet at May 31, 2009 was impacted by \$86.9 million related to a lower of cost of market write-down.

We follow the provisions of SFAS 151, *Inventory Costs—an amendment of ARB No. 43, Chapter 4*, ("**SFAS 151**"). SFAS 151 provides that the allocation of fixed expense to the costs of production should be based on the normal capacity, which refers to a range of production levels and is considered the production expected to be achieved over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. Fixed overhead costs allocated to each unit of production should not increase due to abnormally low production. Those excess costs are recognized as a current period expense. When a production facility is completely shut down temporarily, it is considered "idle", and all related expenses are charged to cost of goods sold.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Costs of significant assets include capitalized interest incurred during the construction and development period. Repairs and maintenance costs are expensed when incurred.

Depletion expenses for mining operations, including mineral reserves, are generally determined using the units-of-production method based on estimates of recoverable reserves. Depreciation is computed principally using the straight-line method over the following useful lives: machinery and equipment 3 to 25 years, and buildings and leasehold improvements 3 to 40 years.

We estimate initial useful lives based on experience and current technology. These estimates may be extended through sustaining capital programs. Factors affecting the fair value of our assets may also affect the estimated useful lives of our assets and these factors can change. Therefore, we periodically review the estimated remaining lives of our facilities and other significant assets and adjust our depreciation rates prospectively where appropriate.

Leases

Leases are classified as either operating leases or capital leases in accordance with SFAS No. 13, "*Accounting for Leases*," as amended by subsequent standards. Assets acquired under capital leases are depreciated on the same basis as property, plant and equipment. Rental payments are expensed on a straight-line basis. Leasehold improvements are depreciated over the depreciable lives of the corresponding fixed assets or the related lease term, whichever is shorter.

Investments

Except as discussed in Note 12 with respect to variable interest entities, investments in the common stock of affiliated companies in which our ownership interest is 50% or less and in which we exercise significant influence over operating and financial policies are accounted for using the equity method after eliminating the effects of any material intercompany transactions. Other investments are accounted for at cost.

Recoverability of Long-Lived Assets

Long-lived assets, including property, plant and equipment and capitalized software costs are accounted for in accordance with SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets* ." A long-lived asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The carrying amount of a long-lived asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset group. If it is determined that an impairment loss has occurred, the loss is measured as the amount by which the carrying amount of the long-lived asset group exceeds its fair value.

Goodwill

Goodwill is carried at cost, not amortized, and represents the excess of the purchase price and related costs over the fair value assigned to the net identifiable assets of a business acquired. In accordance with SFAS No. 142, "*Goodwill and Other Intangible Assets* , " we test goodwill for impairment at the reporting unit level on an annual basis or upon the occurrence of events that may indicate possible impairment. The goodwill impairment test is performed in two phases. The first step compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. However, if the carrying amount of the reporting unit exceeds its fair value, an additional procedure would be performed. That additional procedure would compare the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. An impairment loss would be recorded to

the extent that the carrying amount of goodwill exceeds its implied fair value. We have established the second quarter of our fiscal year as the period for our annual test for impairment of goodwill and the test resulted in no impairment in the periods presented.

Environmental Costs

Accruals for estimated costs are recorded when environmental remediation efforts are probable and the costs can be reasonably estimated. In determining the accruals, we use the most current information available, including similar past experiences, available technology, consultant evaluations, regulations in effect, the timing of remediation and cost-sharing arrangements.

Asset Retirement Obligations

SFAS No. 143, “*Accounting for Asset Retirement Obligations*,” (“**SFAS 143**”) requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time that the obligations are incurred. Upon initial recognition of a liability, that cost is capitalized as part of the related long-lived asset and depreciated on a straight-line basis over the shorter of the expected life of the gypstack or the remaining estimated useful life of the related asset. The liability is adjusted in subsequent periods through accretion expense. Accretion expense represents the increase in the present value of the liability due to the passage of time. Such depreciation and accretion expenses are included in cost of goods sold for operating facilities and other operating expense for indefinitely closed facilities.

Litigation

We are involved from time to time in claims and legal actions incidental to our operations, both as plaintiff and defendant. We have established what we currently believe to be adequate accruals for pending legal matters. These accruals are established as part of an ongoing worldwide assessment of claims and legal actions that takes into consideration such items as advice of legal counsel, individual developments in court proceedings, changes in the law, changes in business focus, changes in the litigation environment, changes in opponent strategy and tactics, new developments as a result of ongoing discovery, and past experience in defending and settling similar claims. The litigation accruals at any time reflect updated assessments of the then-existing claims and legal actions. The final outcome or potential settlement of litigation matters could differ materially from the accruals which we have established. For significant individual cases, we accrue anticipated legal costs.

Pension and Other Postretirement Benefits

Mosaic offers a number of benefit plans that provide pension and other benefits to qualified employees. These plans include defined benefit pension plans, supplemental pension plans, defined contribution plans and other postretirement benefit plans.

We accrue, in accordance with the recognition provisions of SFAS No. 158, “*Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans*,” (“**SFAS 158**”), the funded status of our plans, which is representative of our obligations under employee benefit plans and the related costs, net of plan assets measured at fair value. The cost of pensions and other retirement benefits earned by employees is generally determined with the assistance of an actuary using the projected benefit method prorated on service and management’s best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected healthcare costs.

Share-Based Compensation

We account for stock-based compensation in accordance with, SFAS No. 123 (R) “*Share-Based Payment*” (“**SFAS 123R**”). SFAS 123R requires an entity to measure the cost of employees’ services received in exchange for an award of equity instruments based on grant-date fair value of the award, with the cost to be recognized

over the period during which the employee is required to provide service in exchange for the award. The majority of granted awards are stock options that vest annually in equal amounts over a three-year period, and all stock options have an exercise price equal to the fair market value of our common stock on the date of grant. We recognize compensation expense for awards on a straight-line basis over the requisite service period.

Derivative and Hedging Activities

We periodically enter into derivatives to mitigate our exposure to foreign currency risks and the effects of changing commodity and freight prices. We account for derivatives in accordance with SFAS No. 133, “*Accounting for Derivative Instruments and Hedging Activities*,” as amended (“**SFAS 133**”), which requires us to record all derivatives on the Consolidated Balance Sheets at fair value. We net our derivative asset and liability positions when we have a master netting arrangement in place in accordance with FASB Staff Position No. FIN 39-1, *Amendment of FASB Interpretation No. 39* (“**FIN 39-1**”). Changes in the fair value of the foreign currency, commodity, and freight derivatives are immediately recognized in earnings because we do not apply hedge accounting treatment to these instruments. In accordance with SFAS No. 157, “*Fair Value Measurements*” (“**SFAS 157**”), which we adopted as of June 1, 2008, the fair value of these instruments is determined by using quoted market prices, third party comparables, or internal estimates.

3. OTHER FINANCIAL STATEMENT DATA

The following provides additional information concerning selected balance sheet accounts:

(in millions)	May 31	
	2009	2008
Receivables		
Trade	\$ 543.3	\$ 871.2
Non-trade	52.8	112.1
	596.1	983.3
Less: Allowance for doubtful accounts	13.6	10.8
	<u>\$ 582.5</u>	<u>\$ 972.5</u>
Inventories		
Raw materials	\$ 31.2	\$ 74.0
Work in process	339.0	255.8
Finished goods	655.2	940.4
Operating materials and supplies	100.5	80.7
	<u>\$ 1,125.9</u>	<u>\$ 1,350.9</u>
Other current assets		
Income taxes receivable	\$ 338.4	\$ 13.3
Other	337.3	188.5
	<u>\$ 675.7</u>	<u>\$ 201.8</u>
Accrued liabilities		
Non-income taxes	\$ 113.8	\$ 178.5
Payroll and employee benefits	61.6	104.2
Asset retirement obligations	112.9	85.1
Customer prepayments	83.8	172.8
Other	331.8	245.3
	<u>\$ 703.9</u>	<u>\$ 785.9</u>
Other noncurrent liabilities		
Asset retirement obligations	\$ 417.8	\$ 430.5
Accrued pension and postretirement benefits	129.5	142.9
Unrecognized tax benefits	100.2	202.5
Deferred revenue on out of market contracts	49.7	70.9
Other	128.9	141.1
	<u>\$ 826.1</u>	<u>\$ 987.9</u>

Interest expense, net was comprised of the following in fiscal 2009, 2008 and 2007:

(in millions)	Years ended May 31		
	2009	2008	2007
Interest expense	\$ 90.2	\$ 124.0	\$ 171.5
Interest income	(46.9)	(33.5)	(21.9)
Interest expense, net	<u>\$ 43.3</u>	<u>\$ 90.5</u>	<u>\$ 149.6</u>

4. RECENTLY ISSUED ACCOUNTING GUIDANCE

In September 2006, the FASB issued SFAS 157. SFAS 157 defines fair value, establishes a framework for measuring fair value in U.S. GAAP, and requires enhanced disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position FSP FAS 157-2, “*Effective Date of FASB Statement No. 157*” (“**FSP FAS 157-2**”). FSP FAS 157-2 defers implementation of SFAS 157 for certain nonfinancial assets and nonfinancial liabilities, including but not limited to our asset retirement obligations. SFAS 157 became effective for the Company on June 1, 2008 for financial assets and financial liabilities and for nonfinancial assets and nonfinancial liabilities that are remeasured at least annually and did not have a material effect on our consolidated financial statements. The adoption of SFAS 157 and its effects are described in Note 16. We have deferred adoption of SFAS 157 for one year for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis as allowed by FSP FAS 157-2. We will provide in the first quarter of fiscal 2010 the SFAS 157 disclosure requirements for nonfinancial assets and nonfinancial liabilities that are remeasured at fair value on a nonrecurring basis.

In October 2008, the FASB Issued FSP No. 157-3, “*Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active*” (“**FSP FAS 157-3**”). FSP FAS 157-3 illustrates key considerations in determining the fair value of a financial asset in an inactive market. This FSP was effective immediately upon issuance. We considered the additional guidance with respect to the valuation of our financial assets and liabilities and their corresponding designation within the fair value hierarchy. Its adoption did not have a material effect on our Consolidated Financial Statements.

In September 2006, the FASB issued SFAS 158. SFAS 158 requires the recognition of the funded status of pension and other postretirement benefit plans on the balance sheet. The overfunded or underfunded status would be recognized as an asset or liability on the balance sheet with changes occurring during the current year reflected through the comprehensive income portion of equity. SFAS 158 also requires the measurement of the funded status of a plan to match that of the date of our fiscal year-end financial statements, eliminating the use of earlier measurement dates previously permissible. We applied the recognition provision of SFAS 158 as of May 31, 2007. We adopted the measurement provision of SFAS 158 as of June 1, 2008, as described in Note 18.

In February 2007, the FASB issued SFAS No. 159, “*The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of Statement of Financial Accounting Standards No. 115*” (“**SFAS 159**”). SFAS 159 expands opportunities to use fair value measurement in financial reporting by permitting entities to choose to measure many eligible financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected must be reported in earnings. SFAS 159 was effective as of June 1, 2008. We have not elected to measure at fair value financial assets or liabilities which previously had not been recorded at fair value. Therefore, SFAS 159 did not have an impact on our Consolidated Financial Statements.

In April 2007, the FASB issued FIN 39-1. FIN 39-1 requires entities that are parties to master netting arrangements to offset the receivable or payable recognized upon payment or receipt of cash collateral against fair value amounts recognized for derivative instruments that have been recorded under the same master netting arrangement in accordance with FASB Interpretation No. 39. Entities are required to recognize the effects of

applying FIN 39-1 as a change in accounting principle through retrospective application for all financial statements presented unless it is impracticable to do so. The guidance provided by FIN 39-1 became effective for us on June 1, 2008 and did not have a material effect on our Consolidated Financial Statements.

In December 2007, the FASB issued SFAS 141R which will significantly change how business acquisitions are accounted for and will impact financial statements both on the acquisition date and in subsequent periods. SFAS 141(R) establishes principles and requires an acquirer to recognize and measure the identifiable assets acquired, liabilities assumed, contractual contingencies, contingent consideration and any non-controlling interest in an acquired business at fair value on the acquisition date. In addition, SFAS 141(R) requires that acquisition costs generally be expensed as incurred, restructuring costs generally be expensed in periods subsequent to the acquisition date and any adjustments to deferred tax asset valuation allowances and acquired uncertain tax positions after the measurement period to generally be reflected in income tax expense. SFAS 141(R) will be effective for us on June 1, 2009. With the adoption of SFAS 141(R), our accounting for future business combinations will change on a prospective basis beginning with any business combination with an acquisition date on or after June 1, 2009. In relation to the Combination completed prior to the effective date of SFAS 141(R), the provisions of SFAS 141(R) will require any adjustments to the deferred tax asset valuation allowances and the uncertain tax positions initially established as of the business combination to be included in our net earnings rather than as an adjustment to goodwill.

In December 2007, the FASB issued SFAS No. 160, “*Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51*” (“**SFAS 160**”). SFAS 160 establishes accounting and reporting standards for the noncontrolling interests (“**NCI’s**”) in a subsidiary, changes in a parent’s ownership interest and for the deconsolidation of a subsidiary. SFAS 160 requires, among other items, that NCI’s (previously referred to as minority interest) be included in the consolidated balance sheets within equity separate from the parent’s equity; consolidated net income reported at amounts inclusive of both the parent’s and the NCI’s shares with disclosure on the face of the consolidated statements of earnings of the amounts attributable to the parent and to the NCI’s; changes in a parent’s ownership be treated as an equity transaction; and if a subsidiary is deconsolidated, any retained NCI in the former subsidiary be measured at fair value and a gain or loss be recognized in net income. The provisions of the standard are to be applied prospectively, except for the presentation and disclosure requirements, which are to be applied retrospectively to all periods presented. SFAS 160 will be effective for us on June 1, 2009. This adoption will impact the presentation of our Consolidated Statements of Earnings, Consolidated Balance Sheets, Consolidated Statements of Cash Flow, and Consolidated Statements of Stockholders’ Equity; however, it is not expected to have a material impact on our Consolidated Financial Statements.

In March 2008, the FASB issued SFAS No. 161, “*Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*” (“**SFAS 161**”). SFAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity’s financial position, financial performance, and cash flows. SFAS 161 also requires disclosure about an entity’s strategy and objectives for using derivatives, the fair values of derivative instruments and their related gains and losses. SFAS 161 was effective for us beginning December 1, 2008, but only requires the revised disclosures on a prospective basis. We adopted this pronouncement and included the appropriate disclosures as of February 28, 2009, as described in Note 15.

In May 2008, the FASB issued SFAS No. 162, “*The Hierarchy of Generally Accepted Accounting Principles*” (“**SFAS 162**”). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of the consolidated financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. SFAS 162 was effective November 15, 2008 and did not have a material effect on our Consolidated Financial Statements.

In June 2009, the FASB issued SFAS No. 168, “*The FASB Accounting Standards Codification*” (“**SFAS 168**”), which establishes the FASB’s Accounting Standards Codification as the exclusive authoritative reference for nongovernmental U.S. GAAP for use in financial statements issued for interim and annual periods ending after

September 15, 2009, except for SEC rules and interpretative releases, which are also authoritative for SEC registrants. As a result, SFAS 168 replaces SFAS 162 and provides guidance that all codification standards will carry the same level of authority. We are currently evaluating the impact of this standard, but would not expect it to have a material impact on our Consolidated Financial Statements.

In November 2008, the FASB ratified EITF Issue No. 08-6, “*Equity Method Investment Accounting Considerations*” (“**EITF No. 08-6**”). EITF No. 08-6 applies to all investments accounted for under the equity method and clarifies the accounting for certain transactions and impairment considerations involving equity method investments. EITF No. 08-6 is effective for us beginning in the first quarter of fiscal year 2010. We are currently evaluating the impact that EITF No. 08-6 will have on our Consolidated Financial Statements.

In December 2008, the FASB issued Staff Position No. FAS 140-4 and FIN 46(R)-8, “Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities” (“**FSP FAS 140-4 and FIN 46(R)-8**”). The staff position amends SFAS No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities”, to require public entities to provide additional disclosures about transfers of financial assets. It also amends FIN 46(R), “Consolidation of Variable Interest Entities”, to require public enterprises, including sponsors that have a variable interest in a variable interest entity (“**VIE**”), to provide additional disclosures about their involvement with VIEs. This staff position is effective for financial statements issued for interim periods and fiscal years ending after December 15, 2008. We adopted this pronouncement and included the appropriate disclosures as of February 28, 2009, as described in Note 12.

In June 2009, the FASB issued SFAS 167, “Amendments to FASB Interpretation No. 46(R)” (“**SFAS 167**”), which amends the consolidation guidance applicable to variable interest entities (VIEs). The amendments will significantly affect the overall consolidation analysis under FIN 46(R). Accordingly, we will need to carefully reconsider our previous FIN 46(R) conclusions, including whether an entity is a VIE, whether the enterprise is the VIE’s primary beneficiary, and what type of financial statement disclosures are required. SFAS 167 is effective for us for interim periods and annual fiscal years beginning in the first quarter of fiscal year 2011. We are currently evaluating the requirements of the standard.

In December 2008, the FASB issued FSP FAS 132(R)-1, “*Employers’ Disclosures about Postretirement Benefit Plan Assets*” (“**FSP FAS 132(R)-1**”), which provides guidance on employers’ disclosures about the plan assets of defined benefit pension or other postretirement plans. The disclosures required by FSP FAS 132(R)-1 include a description of how investment allocation decisions are made, major categories of plan assets, valuation techniques used to measure the fair value of plan assets, the impact of measurements using significant unobservable inputs and concentrations of risk within plan assets. The disclosures about plan assets required by this staff position are effective for us for our fiscal year ending May 31, 2010. We are currently evaluating the impact of adoption of FSP FAS 132(R)-1 on our Consolidated Financial Statements.

In April 2009, the FASB issued FSP No. FAS 157-4, “*Determining Fair Values When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*” (“**FSP FAS 157-4**”). This FSP provides guidance on (1) estimating the fair value of an asset or liability when the volume and level of activity for the asset or liability have significantly declined and (2) identifying transactions that are not orderly. The FSP also amends certain disclosure provisions of SFAS No. 157 to require, among other things, disclosures in interim periods of the inputs and valuation techniques used to measure fair value. This FSP is effective for us prospectively for interim periods and fiscal years beginning in the first quarter of fiscal year 2010. We are currently evaluating the impact of this standard, but would not expect it to have a material impact on our Consolidated Financial Statements.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, “*Interim Disclosures about Fair Value of Financial Instruments*” (“**FSP FAS 107-1 and APB 28-1**”). This FSP requires interim disclosures regarding the fair value of financial instruments that were previously required only annually. In addition, the FSP requires certain additional disclosures regarding the methods and significant assumptions used to estimate the fair value

of financial instruments. These additional disclosures are effective for us beginning with the first quarter ending August 31, 2009. We are currently evaluating the requirements of the FSP.

In May 2009, the FASB issued SFAS 165, “*Subsequent Events*” (“**SFAS 165**”), which provides guidance on management’s assessment of subsequent events. The new standard clarifies that management must evaluate, as of each reporting period, events or transactions that occur after the balance sheet date through the date that the financial statements are issued or are available to be issued. SFAS 165 is not expected to significantly change practice because its guidance is similar to that in U.S. auditing literature, which management relied on previously for guidance on assessing and disclosing subsequent events. SFAS 165 is effective for us for interim periods and fiscal years beginning in the first quarter of fiscal year 2010. We are currently evaluating the impact of this standard, but would not expect it to have a material impact on our Consolidated Financial Statements.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(in millions)	May 31	
	2009	2008
Land	\$ 172.6	\$ 176.7
Mineral properties and rights	2,528.7	2,475.2
Buildings and leasehold improvements	747.0	783.5
Machinery and equipment	3,134.5	2,926.7
Construction in-progress	520.0	279.8
	7,102.8	6,641.9
Less: accumulated depreciation and depletion	2,203.5	1,993.9
	<u>\$ 4,899.3</u>	<u>\$ 4,648.0</u>

Depreciation and depletion expense was \$360.5 million, \$358.1 million and \$329.4 million for fiscal 2009, 2008 and 2007, respectively. Capitalized interest on major construction projects was \$14.7 million, \$11.8 million and \$7.7 million in fiscal 2009, 2008 and 2007, respectively.

6. EARNINGS PER SHARE

The numerator for diluted earnings per share (“*EPS*”) is net earnings. The denominator for basic EPS is the weighted-average number of shares outstanding during the period. The denominator for diluted EPS also includes the weighted average number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued unless the shares are anti-dilutive. The following is a reconciliation of the numerator and denominator for the basic and diluted EPS computations:

(in millions)	Years ended May 31,		
	2009	2008	2007
Net earnings	\$ 2,350.2	\$ 2,082.8	\$ 419.7
Basic weighted average common shares outstanding	444.3	442.7	434.3
Common stock issuable upon vesting of restricted stock awards	0.5	0.8	0.4
Common stock equivalents	1.4	2.2	1.1
Common stock issuable upon conversion of preferred stock	-	-	4.5
Diluted weighted average common shares outstanding	446.2	445.7	440.3
Earnings per share—basic	\$ 5.29	\$ 4.70	\$ 0.97
Earnings per share—diluted	\$ 5.27	\$ 4.67	\$ 0.95

A total of 0.2 million and 2.3 million shares of common stock subject to issuance for exercise of stock options for fiscal 2009 and 2007, respectively, have been excluded from the calculation of diluted EPS because the option exercise price was greater than the average market price of our common stock during the period, and therefore, the effect would be anti-dilutive. There were no anti-dilutive shares for fiscal 2008.

7. ACCUMULATED OTHER COMPREHENSIVE INCOME

Components of accumulated other comprehensive income are as follows:

(in millions)	Balance May 31 2006	2007 Change	Balance May 31 2007	2008 Change	Balance May 31 2008	2009 Change	Balance May 31 2009
Cumulative foreign currency translation adjustment, net of tax of \$7.3 million in 2009	\$ 304.7	\$ 143.6	\$ 448.3	\$ 318.5	\$ 766.8	\$ (480.0)	\$ 286.8
Minimum pension liability adjustment	(5.5)	0.4	(5.1)	5.1	-	-	-
Net actuarial gain (loss), net of tax of \$14.6 million in 2009	-	15.7	15.7	8.1	23.8	(52.0)	(28.2)
Accumulated other comprehensive income	<u>\$ 299.2</u>	<u>\$ 159.7</u>	<u>\$ 458.9</u>	<u>\$ 331.7</u>	<u>\$ 790.6</u>	<u>\$ (532.0)</u>	<u>\$ 258.6</u>

8. CASH FLOW INFORMATION

Supplemental disclosures of cash paid for interest and income taxes and non-cash investing and financing information is as follows:

(in millions)	Years Ended May 31		
	2009	2008	2007
Cash paid during the period for:			
Interest (net of amount capitalized)	\$ 90.6	\$ 130.1	\$ 220.5
Income taxes	915.0	382.8	66.1
Non-cash investing and financing activities:			
Purchase of property, plant and equipment with debt	-	-	3.5

Acquiring or constructing property, plant and equipment by incurring a liability does not result in a cash outflow for us until the liability is paid. In the period the liability is incurred, the change in operating accounts payable on the Consolidated Statements of Cash Flows is reduced by such amount. In the period the liability is paid, the amount is reflected as a cash outflow from investing activities. The applicable net change in operating accounts payable that was classified to investing activities on the Consolidated Statements of Cash Flow was \$50.0 million, \$29.5 million, and \$4.9 million for fiscal 2009, 2008, and 2007 respectively.

9. INVESTMENTS IN NON-CONSOLIDATED COMPANIES

We have investments in various international and domestic entities and ventures. The equity method of accounting is applied to such investments when the ownership structure prevents us from exercising a controlling influence over operating and financial policies of the businesses. Under this method, our equity in the net earnings or losses of the investments is reflected as equity in net earnings of non-consolidated companies on our Consolidated Statements of Earnings. The effects of material intercompany transactions with these equity method investments are eliminated, including the gross profit on sales to and purchases from our equity-method investments which is deferred until the time of sale to the final third party customer.

A summary of our equity-method investments, which were in operation at May 31, 2009, is as follows:

Entity	Ownership Interest
Gulf Sulphur Services LTD., LLLP	50.00%
River Bend Ag, LLC	50.00%
IFC S.A.	45.00%
Yunnan Three Circles Sinochem Cargill Fertilizers Co. Ltd.	35.00%
Canpotex Limited	33.33%
Fertifos S.A. (owns 56.64% of Fosfertil S.A.)	33.09%
Fosfertil S.A.	1.32%

The summarized financial information shown below includes all non-consolidated companies carried on the equity method.

(in millions)	Years ended May 31		
	2009	2008	2007
Net sales	\$ 5,775.6	\$ 4,797.9	\$ 3,060.9
Net earnings	263.7	323.2	110.3
Mosaic's share of equity in net earnings	100.1	124.0	41.3
Total assets	2,612.5	2,983.2	1,902.8
Total liabilities	1,925.6	2,266.5	1,201.5
Mosaic's share of equity in net assets	247.0	266.0	288.8

The difference between our share of equity in net assets as shown in the above table and the investment in non-consolidated companies as shown on the Consolidated Balance Sheets is due to an excess amount paid over the book value of Fertifos. The excess relates to phosphate rock reserves adjusted to fair value in relation to Fertifos. The excess amount is amortized over the estimated life of the phosphate rock reserve and is net of related deferred income taxes.

Our carrying value of equity method investments is impacted by net earnings and losses, dividends, movements in foreign currency exchange rates as well as other adjustments. In fiscal 2009, 2008 and 2007, Fertifos and Fosfertil had SFAS 158 adjustments which resulted in a (reduction) increase of (\$5.2) million, (\$1.7) million and \$3.3 million, respectively to our equity method investment.

We had a 50% interest in Saskferco Products Limited Partnership (the "**Partnership**") which sold its wholly-owned subsidiary Saskferco Products ULC ("**Saskferco**"), a Saskatchewan, Canada-based producer of nitrogen crop nutrients and feed ingredient products. On October 1, 2008, the Partnership and its partners sold their interests in Saskferco for gross proceeds of \$1.5 billion, of which we received half. The carrying value for our investment in Saskferco prior to the sale was \$63.2 million. The sale resulted in a pre-tax gain of \$673.4 million in the second quarter of fiscal 2009, which is recorded as a separate line item in non-operating income in our Consolidated Statements of Earnings.

10. GOODWILL

The changes in the carrying amount of goodwill, by reporting unit, for the years ended May 31, 2009 and 2008, are as follows:

(in millions)	Phosphates	Potash	Total
Balance as of May 31, 2007	\$ 723.7	\$ 1,560.1	\$ 2,283.8
Income tax adjustments	(167.5)	(322.0)	(489.5)
Foreign currency translation	-	80.9	80.9
Balance as of May 31, 2008	556.2	1,319.0	1,875.2
Income tax adjustments	(19.0)	(36.9)	(55.9)
Foreign currency translation	-	(85.2)	(85.2)
Balance as of May 31, 2009	<u>\$ 537.2</u>	<u>\$ 1,196.9</u>	<u>\$ 1,734.1</u>

The Company has recorded adjustments to goodwill during fiscal 2009 and 2008 which are related to the reversal of income tax valuation allowances and other purchase accounting adjustments for income tax-related amounts including a revision to our deferred taxes to reflect our ability to claim foreign tax credits. As of May 31, 2009, \$238.8 million of goodwill was determined to be tax deductible.

11. FINANCING ARRANGEMENTS

On December 1, 2006, we completed a refinancing (“**Refinancing**”) consisting of (i) the purchase by subsidiaries of approximately \$1.4 billion of outstanding senior notes and debentures (“**Existing Notes**”) pursuant to tender offers and (ii) the refinancing of a \$345.0 million term loan B facility under our then-existing bank credit agreement. The total consideration paid for the purchase of the Existing Notes, including tender premiums and consent payments but excluding accrued and unpaid interest, was approximately \$1.5 billion. Mosaic funded the purchase of the Existing Notes and the refinancing of the then-existing term loan B facility through the issuance of \$475.0 million aggregate principal amount of 7.375% senior notes due 2014 and \$475.0 million aggregate principal amount of 7.625% senior notes due 2016, and new \$400.0 million term loan A-1 and \$612.0 million new term loan B facilities under an amended and restated senior secured bank credit agreement (“**Restated Credit Agreement**”). The excess proceeds from the Refinancing became available to us for general corporate purposes.

The revolving credit facility and term loan A facility existing under our senior secured bank credit agreement before the Refinancing were not refinanced and remained in place under the Restated Credit Agreement after the Refinancing.

Purchases of Existing Notes

The Existing Notes purchased in the Refinancing consisted of approximately \$124.0 million aggregate principal amount of Mosaic Global Holdings’ 6.875% Debentures due 2007, \$371.0 million aggregate principal amount of 10.875% Senior Notes due 2008, \$374.1 million aggregate principal amount of 11.250% Senior Notes due 2011, \$396.1 million aggregate principal amount of 10.875% Senior Notes due 2013, and \$145.8 million aggregate principal amount of Phosphate Acquisition Partners L.P.’s 7% Senior Notes due 2008. After giving effect to the purchases of the Existing Notes, approximately \$26.0 million aggregate principal amount of Mosaic Global Holdings’ 6.875% debentures due 2007, \$23.9 million aggregate principal amount of 10.875% senior notes due 2008, \$29.4 million aggregate principal amount of 11.250% senior notes due 2011, \$3.5 million aggregate principal amount of 10.875% senior notes due 2013 and \$4.2 million aggregate principal amount of Phosphate Acquisition Partners L.P.’s 7% senior notes due 2008 remained outstanding. In connection with the closing of the Refinancing, the indentures pursuant to which the Existing Notes were issued were amended to remove substantially all of their restrictive covenants, including restrictions limiting the payment of dividends by Mosaic Global Holdings to Mosaic.

New Senior Notes

The indenture relating to the New Senior Notes limited the ability of the Company to make restricted payments, which includes investments, guarantees, and dividends on and redemptions or repurchases of our capital stock. The indenture also contained other covenants and events of default that limited various matters or required the Company to take various actions under specified circumstances. In June and July 2008, three credit rating agencies that rate the New Senior Notes upgraded their ratings of the New Senior Notes and other unsecured debt to investment grade status.³ As a result, pursuant to the terms of the indenture, most of the restrictive covenants relating to the New Senior Notes have fallen away. However, certain restrictive covenants of the New Senior Notes continue to apply, including restrictive covenants limiting liens, sale and leaseback transactions and mergers, consolidations and sales of substantially all assets as well as the events of default.

³ A security rating is not a recommendation to buy, sell or hold securities. Although a security rating may be subject to revision or withdrawal at any time by the assigning rating organization, any such revision or withdrawal would not affect the fall-away of the covenants relating to the New Senior Notes. Each rating should be evaluated separately from any other rating.

The obligations under the New Senior Notes are guaranteed by substantially all of Mosaic's domestic operating subsidiaries, Mosaic's subsidiaries that own and operate the Company's potash mines at Belle Plaine and Colonsay, Saskatchewan, Canada, and intermediate holding companies through which Mosaic owns the guarantors.

Amended and Restated Credit Facilities

The amended and restated credit facilities are intended to serve as our primary senior secured bank credit facilities to meet the combined liquidity needs of all of our business segments. After the Refinancing, the credit facilities under the Restated Credit Agreement consisted of a revolving credit facility of up to \$450.0 million available for revolving credit loans, swingline loans and letters of credit, a term loan A facility of \$45.8 million, a term loan A-1 facility of \$400.0 million and a term loan B facility of \$612.0 million. From May 1, 2007 to December 31, 2007, we prepaid \$1.0 billion aggregate principal amount of term loans under our senior secured bank credit facility. After the above prepayments, the outstanding term loans under the Restated Credit Agreement were reduced to \$2.2 million principal amount of term loan A borrowings, \$19.2 million principal amount of term loan A-1 borrowings, and \$29.6 million principal amount of term loan B borrowings.

Borrowings under the revolving credit facility, the term loan A facility and the term loan A-1 facility bear interest at LIBOR plus 1.50%, and borrowings under the term loan B facility bear interest at LIBOR plus 1.75%. Commitment fees accrue at a rate of 0.375% on unused amounts under the revolving credit facility.

The Restated Credit Agreement requires us to maintain certain financial ratios, including a leverage ratio and an interest coverage ratio. It also contains other covenants and events of default that limit various matters or require us to take various actions under specified circumstances, including a limitation on our ability to pay dividends on, redeem or repurchase our capital stock.

The obligations under the Restated Credit Agreement are guaranteed by substantially all of our domestic operating subsidiaries, our subsidiaries that own and operate our potash mines at Belle Plaine and Colonsay, Saskatchewan, Canada, and intermediate holding companies through which we own the guarantors. The obligations are secured by security interests in, mortgages on and/or pledges of (i) the equity interests in the guarantors and in domestic subsidiaries held directly by Mosaic and the guarantors under the Restated Credit Agreement; (ii) 65% of the equity interests in other foreign subsidiaries held directly by Mosaic and such guarantors; (iii) intercompany borrowings by subsidiaries that are held by Mosaic and such guarantors; (iv) the Belle Plaine and Colonsay, Saskatchewan, Canada and Hersey, Michigan potash mines and the Riverview, Florida phosphate plant owned by us; and (v) all of the inventory and receivables of Mosaic and such guarantors.

The maturity date of the revolving credit facility is February 18, 2010, the maturity date of the term loan A facility is February 19, 2010, the maturity date of the term loan A-1 facility is December 1, 2011 and the maturity date of the term loan B facility is December 1, 2013. Prior to maturity, in general, the applicable borrower is obligated to make quarterly amortization payments of \$0.1 million with respect to the term loan A facility, \$0.2 million with respect to the term loan A-1 facility, and \$0.1 million with respect to the term loan B facility commencing December 31, 2008. In addition, if Mosaic's leverage ratio as defined under the Restated Credit Agreement is more than 3.50 to 1.00 as of the end of any fiscal year, borrowings must be repaid from 50% of excess cash flow for such fiscal year.

Short-Term Debt

Short-term debt consists of the revolving credit facility under the Restated Credit Agreement, a receivables financing facility, and various other short-term borrowings related to our Offshore business. Short-term borrowings were \$92.7 million and \$133.1 million as of May 31, 2009 and May 31, 2008, respectively. The weighted average interest rates on short-term borrowings were 4.8% and 5.5% as of May 31, 2009 and May 31, 2008, respectively.

We had no outstanding borrowings under the revolving credit facility as of either May 31, 2009 or May 31, 2008. We had outstanding letters of credit that utilized a portion of the revolving credit facility of \$21.9 million and \$41.2 million as of May 31, 2009 and May 31, 2008, respectively. The net available borrowings under the revolving credit facility as of May 31, 2009 and May 31, 2008 were approximately \$428.1 million and \$408.8 million, respectively. Unused commitment fees of \$1.5 million were expensed during both fiscal 2009 and 2008. Borrowings under the revolving credit facility bear interest at LIBOR plus 1.5%.

We had additional outstanding letters of credit of \$6.2 million as of May 31, 2009.

On August 11, 2008, PhosChem amended its revolving line of credit, increasing the borrowing limit to \$75.0 million through December 31, 2008. After that date it reverted back to the original \$55.0 million limit through November 29, 2009. The revolving line of credit supports PhosChem's funding of its purchases of crop nutrients from us and the other PhosChem member and is with recourse to PhosChem but not to Mosaic or its other subsidiaries. The line of credit is secured by PhosChem's accounts receivable, inventories, deposit accounts and certain other assets. Outstanding borrowings under the line of credit bear interest at the Prime Rate minus 1.0% or LIBOR plus 0.7%, at PhosChem's election. PhosChem had \$26.6 million and \$38.4 million outstanding under its revolving line of credit as of May 31, 2009 and May 31, 2008, respectively.

The remainder of the short-term borrowings balance consisted of lines of credit relating to our Offshore segment and other short-term borrowings. As of May 31, 2009, these borrowings bear interest rates between 2.6% and 22.0%. As of May 31, 2009 and May 31, 2008, \$66.1 million and \$94.7 million, respectively, were outstanding.

Long-Term Debt, including Current Maturities

Long-term debt primarily consists of term loans, industrial revenue bonds, secured notes, unsecured notes, and unsecured debentures. Long-term debt as of May 31, 2009 and 2008, respectively, consisted of the following:

(in millions)	May 31, 2009 Stated Interest Rate	May 31, 2009 Effective Interest Rate	May 31, 2009 Stated Value	Combination Fair Market Value Adjustment	May 31, 2009 Carrying Value	May 31, 2008 Stated Value	Combination Fair Market Value Adjustment	May 31, 2008 Carrying Value
Term loans	LIBOR + 1.5%-1.75%	3.92%	\$ 13.0	\$ 0.1	\$ 13.1	\$ 51.0	\$ 0.3	\$ 51.3
Industrial revenue bonds	5.5% and 7.7%	6.64%	41.0	1.1	42.1	40.9	1.2	42.1
Other secured notes	6.92% - 10.75%	7.32%	17.7	-	17.7	30.0	-	30.0
Unsecured notes	7.375% - 10.25%	7.46%	924.8	1.8	926.6	978.1	2.7	980.8
Unsecured debentures	7.3% - 9.45%	7.15%	254.7	5.1	259.8	258.5	5.7	264.2
Capital leases and other	4.0% - 9.93%	6.94%	40.1	-	40.1	48.9	-	48.9
Total long-term debt			1,291.3	8.1	1,299.4	1,407.4	9.9	1,417.3
Less current portion			42.4	0.9	43.3	42.4	0.9	43.3
Total long-term debt, less current maturities			<u>\$ 1,248.9</u>	<u>\$ 7.2</u>	<u>\$ 1,256.1</u>	<u>\$ 1,365.0</u>	<u>\$ 9.0</u>	<u>\$ 1,374.0</u>

As of May 31, 2009 and May 31, 2008, we had \$13.1 million and \$51.3 million, respectively, outstanding under the term loan facilities that are part of our senior secured credit facility. As of May 31, 2009, the term loan facilities bear interest at LIBOR plus 1.50%-1.75%.

On October 10, 2008 we prepaid \$2.0 million of the Term Loan A notes, \$15.1 million of the Term Loan A-1 notes and \$20.8 million of the Term Loan B notes due to a prepayment event as a result of our sale of our investment in Saskferco.

As more fully discussed above, the Restated Credit Agreement requires us to maintain certain financial ratios, including a leverage ratio and an interest coverage ratio. We were in compliance with the provisions of the financial covenants in the Restated Credit Agreement as of May 31, 2009 and May 31, 2008.

We have two industrial revenue bonds which total \$42.1 million as of May 31, 2009 and May 31, 2008. As of May 31, 2009, the industrial revenue bonds bear interest rates at 5.5% and 7.7%. The maturity dates are 2009 and 2022.

We have several other secured notes which total \$17.7 million and \$30.0 million as of May 31, 2009 and May 31, 2008, respectively. As of May 31, 2009, the secured notes bear interest rates between 6.9% and 10.75%. The maturity dates range from 2009 to 2013.

We have several unsecured notes which total \$926.6 million and \$980.8 million as of May 31, 2009 and May 31, 2008, respectively. This includes the New Senior Notes issued as part of the Refinancing described above. As of May 31, 2009, the unsecured notes bear interest rates between 7.375% and 10.25%. The maturity dates range from 2009 to 2016.

We have several unsecured debentures which total \$259.8 million and \$264.2 million as of May 31, 2009 and May 31, 2008, respectively. As of May 31, 2009, the unsecured debentures bear interest rates between 7.3% and 9.45%. The maturity dates range from 2011 to 2028.

The remainder of the long-term debt balance relates to capital leases and fixed asset financings, variable rate loans, and other types of debt. As of May 31, 2009 and May 31, 2008, \$40.1 million and \$48.9 million, respectively, were outstanding.

On August 1, 2008 we called the remaining \$3.5 million of the 10.875% notes due on August 1, 2013 pursuant to the call provisions of such notes.

In fiscal 2009, the aggregate principal amount of our open market purchases of our notes was \$29.2 million and the price paid was \$26.9 million plus accrued interest, resulting in a discount of \$2.3 million.

We recorded a net gain of approximately \$2.5 million associated with the above open market purchases, the prepayment of debt related to the sale of our investment in Saskferco and the call of the \$3.5 million outstanding principal amount of 10.875% notes due August 1, 2013.

As of May 31, 2009, we had at least \$1.1 billion available for the payment of cash dividends with respect to our common stock under the covenants limiting the payment of dividends in the Restated Credit Agreement.

Scheduled maturities of long-term debt are as follows for the periods ending May 31:

(in millions)	
2010	\$ 42.4
2011	14.1
2012	46.0
2013	0.3
2014	0.6
Thereafter	1,187.9
Total	<u>\$ 1,291.3</u>

12. VARIABLE INTEREST ENTITIES

In the normal course of business we interact with various entities that may be VIEs. Typical types of these entities are suppliers, customers, marketers and real estate companies. When determining the primary beneficiary of a VIE, we estimate the future cash flows and performance of the VIE, analyze the variability in those cash flows and allocate the losses and returns among the identified parties holding variable interest. We consider our explicit arrangements and implicit variable interests. If our variable interest absorbs the majority of the variability in the expected losses or the residual returns of the VIE, we are considered the primary beneficiary of the VIE. We identified PhosChem, South Fort Meade General Partner, LLC (“*SFMGP*”) and South Fort Meade Partnership, L.P. (“*SFMP*”) as VIEs in which we are the primary beneficiary. Therefore, in accordance with FIN 46(R), these entities are consolidated within our Phosphates segment. Under FIN 46(R), we must reassess the VIE status if there are changes in the entity’s capital structure, activities or assets. The status of PhosChem, SFMGP and SFMP as VIE’s has not changed since the date of the Combination. In addition, we did not identify any additional VIEs in which we hold a significant interest.

The primary beneficiary analysis for PhosChem determined that the members’ contracts with PhosChem to sell product absorbed the majority of the variability. The primary beneficiary determination was made because our share of the sales volume marketed through PhosChem is greater than 50% of the total and, as a result, we would absorb greater than 50% of the expected losses or expected residual returns. The primary beneficiary analysis for SFMGP and SFMP determined that we would absorb greater than 50% of the expected losses or expected residual returns. This is primarily the result of our guaranteed rental and royalty payments to the partnership.

PhosChem is an export association of United States phosphate producers that markets our phosphate products internationally. We, along with the other member, are, subject to certain conditions and exceptions, contractually obligated to reimburse PhosChem for our respective pro rata share of any operating expenses or other liabilities.

PhosChem had net sales of \$2.7 billion, \$2.8 billion and \$1.6 billion for the years ended May 31, 2009, 2008 and 2007, respectively, which are included in our consolidated net sales. PhosChem funds its operations in part through a revolving line of credit, under which the outstanding borrowings were \$26.6 million as of May 31, 2009 and \$38.4 million as of May 31, 2008, and were included in short-term debt. The line of credit is secured by PhosChem's accounts receivable, inventories, deposit accounts and certain other assets. All of these amounts are included in our Consolidated Balance Sheets as of May 31, 2009 and 2008.

SFMP and SFMGP own the mineable acres at our South Fort Meade phosphate mine. We have a long-term mineral lease with SFMP which, in general, expires on the earlier of: (i) December 31, 2025, or (ii) the date that we have completed mining and reclamation obligations associated with the leased property. In addition to lease payments, we pay SFMP a royalty on each tonne mined and shipped from the areas that we lease. SFMP and SFMGP had no external sales in fiscal 2009, 2008 and 2007. SFMP and SFMGP fund their operations in part through a fixed rate Senior Secured Note due December 15, 2010, with a balance of \$15.1 million and \$23.0 million as of May 31, 2009 and May 31, 2008, respectively. These amounts are included in current maturities of long-term debt and long-term debt, less current maturities in our Consolidated Balance Sheets as of May 31, 2009 and 2008.

The carrying amounts and classification of assets and liabilities included in our Consolidated Balance Sheets for these consolidated entities are as follows:

(in millions)	May 31, 2009	May 31, 2008
Current Assets	\$ 105.3	\$ 184.7
Non Current Assets	\$ 56.5	60.5
Total Assets	<u>\$ 161.8</u>	<u>\$ 245.2</u>
Current Liabilities	\$ 76.6	\$ 118.7
Non Current Liabilities	6.7	15.1
Total Liabilities	<u>\$ 83.3</u>	<u>\$ 133.8</u>

13. INCOME TAXES

The provision for income taxes for the years ended May 31 consisted of the following:

(in millions)	2009	2008	2007
<i>Current:</i>			
Federal	\$ 175.6	\$ 328.9	\$ 2.2
State	50.8	41.2	5.8
Non-U.S.	570.2	204.1	68.7
Total Current	796.6	574.2	76.7
<i>Deferred:</i>			
Federal	(138.3)	210.5	47.9
State	7.8	33.4	4.5
Non-U.S.	(16.8)	(103.2)	(5.7)
Total Deferred	(147.3)	140.7	46.7
Provision for income taxes	<u>\$ 649.3</u>	<u>\$ 714.9</u>	<u>\$ 123.4</u>

The components of earnings from consolidated companies before income taxes, and the effects of significant adjustments to tax computed at the federal statutory rate, were as follows:

(in millions)	2009	2008	2007
United States earnings	\$ 1,192.5	\$ 2,059.9	\$ 192.0
Non-U.S. earnings	1,713.2	622.5	313.7
Earnings from consolidated companies before income taxes	<u>\$ 2,905.7</u>	<u>\$ 2,682.4</u>	<u>\$ 505.7</u>
Computed tax at the federal statutory rate of 35%	35.0%	35.0%	35.0%
State and local income taxes, net of federal income tax benefit	1.4%	1.9%	1.6%
Percentage depletion in excess of basis	(6.6%)	(4.9%)	(7.4%)
Foreign tax credit	-	(2.3%)	-
Non-U.S. income and withholding taxes	(10.5%)	2.0%	10.3%
Impact of change in Canadian tax rates	-	(1.3%)	(9.1%)
Change in valuation allowance	3.6%	(2.3%)	(6.5%)
Other items (none in excess of 5% of computed tax)	(0.6%)	(1.4%)	0.5%
Effective tax rate	<u>22.3%</u>	<u>26.7%</u>	<u>24.4%</u>

The fiscal 2009 effective tax rate reflects a benefit of \$282.7 million related to foreign tax credits associated with a special dividend that was distributed from our non-U.S. subsidiaries to our U.S. subsidiaries. In addition, the effective tax rate reflects the impact of \$106.0 million related to a valuation allowance on certain of our non-U.S. deferred tax assets.

During fiscal 2008, increased U.S. profits resulted in our ability to claim foreign tax credits, which included a one time benefit of \$62.2 million. During fiscal 2008 and 2007, the Canadian government approved legislation to reduce the Canadian federal corporate tax rate. The impact of this law change reduced the net deferred tax liabilities and resulted in fiscal 2008 and 2007 income tax benefits of \$34.0 million and \$46.0 million, respectively, net of the impact of a reduced foreign tax credit in the U.S.

We have no intention of remitting certain undistributed earnings of non-U.S. subsidiaries aggregating \$2.5 billion and \$1.1 billion as of May 31, 2009 and 2008, respectively, and accordingly, no deferred tax liability has been established relative to these earnings. The calculation of the unrecognized deferred tax liability related to these earnings is complex and is not practicable.

Significant components of our deferred tax liabilities and assets as of May 31 were as follows:

(in millions)	2009	2008
<i>Deferred tax liabilities:</i>		
Depreciation and amortization	\$ (407.7)	\$ (378.2)
Depletion	(443.9)	(508.7)
Partnership tax bases differences	(90.5)	(98.6)
Undistributed earnings of non-U.S. subsidiaries	(213.3)	-
Other liabilities	(95.9)	(111.9)
Total deferred tax liabilities	\$ (1,251.3)	\$ (1,097.4)
<i>Deferred tax assets:</i>		
Alternative minimum tax credit carryforwards	\$ 161.9	\$ 125.6
Capital loss carryforwards	8.2	6.5
Foreign tax credit carryforwards	482.1	115.7
Net operating loss carryforwards	126.9	27.1
Post-retirement and post-employment benefits	51.7	64.6
Reclamation and decommissioning accruals	198.9	189.8
Other assets	283.6	290.7
Subtotal	1,313.3	820.0
Valuation allowance	(115.6)	(6.6)
Net deferred tax assets	1,197.7	813.4
Net deferred tax liabilities	\$ (53.6)	\$ (284.0)

In fiscal 2009, we recognized deferred tax liabilities of \$213.3 million primarily associated with our decision not to indefinitely reinvest undistributed foreign earnings outside the U.S. related to the sale of our investment in Saskferco.

We have certain Canadian entities that are taxed in both Canada and the U.S. As a result, we have deferred tax balances for both jurisdictions. As of fiscal 2009, these deferred taxes are offset by approximately \$217.6 million of foreign tax credits included within our depreciation and depletion components of deferred tax liabilities.

During 2008, we revised our deferred taxes to reflect our ability to claim foreign tax credits, which resulted in an adjustment to goodwill.

As of May 31, 2009, we had estimated carryforwards for tax purposes as follows: alternative minimum tax credits of \$161.9 million, net operating losses of \$456.3 million, capital losses of approximately \$29.5 million, and foreign tax credits of \$482.1 million. These carryforward benefits may be subject to limitations imposed by the Internal Revenue Code and in certain cases provisions of foreign law. The alternative minimum tax credit carryforwards can be carried forward indefinitely. The majority of our net operating loss carryforwards relate to Brazil and can be carried forward indefinitely but are limited to 30 percent of taxable income each year. The foreign tax credits have expiration dates ranging from fiscal 2014 through fiscal 2019.

Valuation Allowance

For the fiscal year ended 2009, the valuation allowance increased \$109.0 million and for fiscal years ended 2008 and 2007 the valuation allowance was reduced by \$310.0 million and \$181.8 million, respectively. In assessing the need for a valuation allowance, we consider whether it is more likely than not that some portion or all of the

deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. In making this assessment, we consider the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. During fiscal 2009, we determined that it was more likely than not that we would not realize certain non-U.S. deferred tax assets of \$106.0 million which was reflected in income tax expense.

During the fourth quarter of fiscal 2008, we determined that our valuation allowance against certain non-U.S. deferred tax assets recorded in prior fiscal years was not required. A reduction of the majority of non-U.S. valuation allowance of approximately \$30.0 million was recorded as a reduction to income tax expense.

FIN 48

Effective June 1, 2007, we adopted the provisions of FIN 48. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS 109 and prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken in a tax return. Under FIN 48, the impact of an uncertain tax position on the income tax return must be recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Additionally, FIN 48 provides guidance on subsequent derecognition of tax positions, financial statement classification, recognition of interest and penalties, accounting in interim periods and disclosure and transition rules. The adoption of FIN 48 did not have a material impact on our financial condition, results of operations or cash flows.

As of May 31, 2009, we had \$200.1 million of unrecognized tax benefits, of which \$112.3 million would impact the effective tax rate, whereas \$1.7 million would result in an adjustment to non-goodwill balance sheet accounts if recognized. Included in the balance of gross unrecognized tax benefits at May 31, 2009 is \$86.1 million of tax benefits that, under current U.S. GAAP, if recognized, would result in a decrease to goodwill recorded as a result of the Combination in accordance with Emerging Issues Task Force Issue No. 93-7, " *Uncertainties Related to Income Taxes in a Business Combination* ". Once we adopt FAS 141R on June 1, 2009, any changes to this amount will be recorded within the income tax provision. It is expected that the amount of unrecognized tax benefits will change in the next twelve months; however the change cannot reasonably be estimated.

(in millions)	
Gross unrecognized tax benefits at May 31, 2008	\$ 195.3
Gross increases:	
Prior year tax positions	30.6
Current year tax positions	44.1
Gross decreases:	
Prior year tax positions	(4.4)
Settlements	(58.3)
Currency translation	(7.2)
Gross unrecognized tax benefits at May 31, 2009	<u>\$ 200.1</u>

We recognize interest and penalties related to unrecognized tax benefits as a component of our income tax expense. This policy did not change as a result of the adoption of FIN 48. Interest and penalties accrued in our Consolidated Balance Sheets at May 31, 2009 and May 31, 2008 are \$39.5 million and \$25.4 million, respectively, and are included in other noncurrent liabilities in the Consolidated Balance Sheet. For fiscal 2009, we recognized interest and penalties expense of \$10.5 million in our Consolidated Statements of Earnings.

We operate in multiple tax jurisdictions, both within the United States and outside the United States, and face audits from various tax authorities regarding transfer pricing, deductibility of certain expenses, and intercompany transactions, as well as other matters. With few exceptions, we are no longer subject to examination for tax years prior to 2001.

During the third quarter of fiscal year 2009, the Internal Revenue Service concluded its audit for fiscal years 2004 to 2006. This audit did not result in significant changes in our unrecognized tax benefits. We are currently under audit by the Canadian Revenue Agency for the fiscal years 2001 to 2006. Based on the information available, we do not anticipate significant changes to our unrecognized tax benefits as a result of these examinations.

14. ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS

We account for AROs in accordance with SFAS 143. Our legal obligations related to asset retirement require us to: (i) reclaim lands disturbed by mining as a condition to receive permits to mine phosphate ore reserves; (ii) treat low pH process water in phosphogypsum management systems to neutralize acidity; (iii) close and monitor phosphogypsum management systems at our Florida and Louisiana facilities at the end of their useful lives; (iv) remediate certain other conditional obligations; and (v) remove all surface structures and equipment, plug and abandon mine shafts, contour and revegetate, as necessary, and monitor for five years after closing our Carlsbad, New Mexico facility. The estimated liability for these legal obligations is based on the estimated cost to satisfy the above obligations which is discounted using a credit-adjusted risk-free rate.

A reconciliation of our AROs is as follows:

(in millions)	May 31	
	2009	2008
Asset retirement obligations, beginning of year	\$ 515.6	\$ 541.5
Liabilities incurred	68.4	39.8
Liabilities settled	(102.2)	(81.8)
Accretion expense	34.4	26.5
Revisions in estimated cash flows	14.5	(10.4)
Asset retirement obligations, end of year	530.7	515.6
Less current portion	112.9	85.1
	<u>\$ 417.8</u>	<u>\$ 430.5</u>

We also have unrecorded AROs that are conditional upon a certain event. These AROs generally include the removal and disposition of non-friable asbestos. The most recent estimate of the aggregate cost of these AROs, expressed in 2009 dollars, is approximately \$40 million. We have not recorded a liability for these conditional AROs at May 31, 2009 because we do not currently believe there is a reasonable basis for estimating a date or range of dates for demolition of these facilities. In reaching this conclusion, we considered the historical performance of each facility and have taken into account factors such as planned maintenance, asset replacements and upgrades which, if conducted as in the past, can extend the physical lives of our facilities indefinitely. We also considered the possibility of changes in technology, risk of obsolescence, and availability of raw materials in arriving at our conclusion.

15. ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We are exposed to the impact of fluctuations in the relative value of currencies, the impact of fluctuations in the purchase prices of natural gas and ammonia consumed in operations, changes in freight costs as well as changes in the market value of our financial instruments. We periodically enter into derivatives in order to mitigate our foreign currency risks and the effects of changing commodity and freight prices, but not for speculative purposes.

*Foreign Currency Derivatives*⁴—We periodically enter into derivatives contracts in order to reduce our foreign currency exchange rate risk. We use forward contracts, zero-cost collars and futures, which typically expire within one year, to reduce the impact of foreign currency exchange risk in the Consolidated Statements of Earnings and Consolidated Statements of Cash Flows. One of the primary currency exposures relates to several of our Canadian entities, whose sales are denominated in U.S. dollars, but whose costs are paid principally in Canadian dollars, which is their functional currency. Our Canadian businesses monitor their foreign currency risk by estimating their forecasted transactions and measuring their balance sheet exposure in U.S. dollars and Canadian dollars. We hedge certain of these risks through forward contracts and zero-cost collars. Our international distribution and production operations monitor their foreign currency risk by assessing their balance sheet and forecasted exposures. Our Brazilian operations enter into foreign currency futures traded on the Futures and Commodities Exchange—Brazil Mercantile & Futures Exchange—and also enter into forward contracts to hedge foreign currency risk. Our other foreign locations also use forward contracts to reduce foreign currency risk.

*Commodity Derivatives*⁴—We enter into derivative contracts to reduce the risk of price fluctuation in the purchases of certain of our product inputs. Our commodity derivatives contracts primarily relate to purchases of natural gas and ammonia. We use forward purchase contracts, swaps, and three-way collars to reduce these risks. The use of these financial instruments reduces the exposure of these risks with the intent to reduce our risk and variability.

*Freight Derivatives*⁴—We enter into derivative contracts to reduce the risk of price fluctuation in the purchases of our freight. We use forward freight agreements to reduce the risk and variability of related price changes in freight. The use of these financial instruments reduces the exposure of these risks with the intent to reduce our risk and variability.

As of May 31, 2009, the following is the total absolute notional volume associated with our outstanding derivative instruments:

(in millions of Units) Instrument	Derivative Category	Unit of Measure	May 31, 2009
Foreign Currency Derivatives	Foreign Currency	US Dollars	1,024.2
Natural Gas Derivatives	Commodity	MMbtu	36.6
Ocean Freight Contracts	Freight	Tonnes	0.7
Ocean Freight Derivatives	Freight	US Dollars	3.0

⁴ For additional disclosures about fair value measurement of derivative instruments, see Note 16, Fair Value Measurements.

Our foreign currency exchange contracts, commodities contracts, and freight contracts do not qualify for hedge accounting under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (“*SFAS 133*”); therefore, unrealized gains and losses are recorded in the Consolidated Statements of Earnings. Unrealized gains and losses on foreign currency exchange contracts related to inventory purchases, commodities contracts and certain forward freight agreements are recorded in cost of goods sold in the Consolidated Statements of Earnings. Unrealized gain or (loss) on foreign currency exchange contracts used to hedge changes in our financial position are included in the foreign currency transaction loss line in the Consolidated Statements of Earnings. Below is a table that shows the unrealized gains and (losses) on derivative instruments related to foreign currency exchange contracts, commodities contracts, and freight:

(in millions) Derivative Instrument	Location	Years ended May 31,	
		2009	2008
Foreign Currency Derivatives	Cost of Goods Sold	\$ 3.3	\$ (12.6)
Foreign Currency Derivatives	Foreign Currency Transaction Gain (Loss)	(31.6)	(5.9)
Commodity Derivatives	Cost of Goods Sold	(132.9)	36.9
Freight Derivatives	Cost of Goods Sold	(5.0)	6.6

The gross fair market value of all derivative instruments and their location in our Consolidated Balance Sheet are shown by those in an asset or liability position and are further categorized by foreign currency, commodity, and freight derivatives.

(in millions) Derivative Instrument	Asset Derivatives ^(a)		Liability Derivatives ^(a)	
	Location	May 31, 2009	Location	May 31, 2009
Foreign Currency Derivatives	Other current assets	\$ 11.8	Accrued liabilities	\$ (35.0)
Commodity Derivatives	Other current assets	6.9	Accrued liabilities	(94.2)
Commodity Derivatives	Other assets	1.3	Other noncurrent liabilities	(5.2)
Freight Derivatives	Other current assets	4.6	Accrued liabilities	(0.1)
Total		\$ 24.6		\$ (134.5)

^(a) Amounts are disclosed at gross fair value in accordance with SFAS 161 requirements and therefore do not reflect the net presentation as allowed by FIN 39-1.

Credit-Risk-Related Contingent Features

Certain of our derivative instruments contain provisions that require us to post collateral. These provisions also state that if our debt were to be rated below investment grade, certain counterparties to the derivative instruments could request full collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on May 31, 2009, was \$126.3 million. We have posted cash collateral of \$12.0 million in the normal course of business associated with these contracts. If the credit-risk-related contingent features underlying these agreements were triggered on May 31, 2009, we would be required to post an additional \$114.3 million of collateral assets, which are either cash or U.S. Treasury instruments, to the counterparties.

Counterparty Credit Risk

We enter into foreign exchange and certain commodity derivatives, primarily with a diversified group of highly rated counterparties. We continually monitor our positions and the credit ratings of the counterparties involved

and limit the amount of credit exposure to any one party. While we may be exposed to potential losses due to the credit risk of non-performance by these counterparties, losses are not anticipated. We closely monitor the credit risk associated with our counterparties and customers and to date have not experienced material losses.

16. FAIR VALUE MEASUREMENTS

Effective June 1, 2008, we adopted SFAS 157 and FSP SFAS 157-2 which deferred the adoption of portions of SFAS 157. SFAS 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and provides a hierarchical disclosure framework for assets and liabilities measured at fair value. FSP SFAS 157-2 defers for one year the effective date of SFAS 157 for nonfinancial assets and liabilities measured at fair value on a nonrecurring basis. The purpose of this deferral is to allow the FASB and constituents additional time to consider the effect of various implementation issues that have arisen, or may arise from the application of SFAS 157. The assets and liabilities included in our Consolidated Balance Sheets for which the adoption of SFAS 157 has been deferred include our long-lived assets, goodwill and AROs.

SFAS 157 also eliminates the deferral of gains and losses at inception associated with certain derivative contracts whose fair value was not evidenced by observable market data. SFAS 157 requires that the impact of this change in accounting for derivative contracts be recorded as an adjustment to opening retained earnings in the period of adoption. We did not have any deferred gains or losses at inception of derivative contracts and therefore no adjustment to opening retained earnings was made upon adoption of SFAS 157.

SFAS 157 defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in Mosaic's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Fair Value Hierarchy

We determine the fair market values of our derivative contracts and certain other assets based on the fair value hierarchy established in SFAS 157, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. SFAS 157 describes three levels within its hierarchy that may be used to measure fair value.

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Values generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents assets and liabilities included in our Consolidated Balance Sheets that are recognized at fair value on a recurring basis, and indicates the fair value hierarchy utilized to determine such fair value. As required by SFAS 157, assets and liabilities are classified in their entirety based on the lowest level of input that is a significant component of the fair value measurement. The lowest level of input is considered Level 3. Mosaic's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.

(in millions)	May 31, 2009			
	Total	Level 1	Level 2	Level 3
Assets				
Foreign currency derivatives	\$ 11.8	\$ 0.4	\$ 11.4	\$ -
Freight derivatives	4.6	-	0.8	3.8
India bonds	4.1	-	-	4.1
Total assets at fair value	<u>\$ 20.5</u>	<u>\$ 0.4</u>	<u>\$ 12.2</u>	<u>\$ 7.9</u>
Liabilities				
Foreign currency derivatives	\$ (35.0)	\$ (34.6)	\$ (0.4)	\$ -
Commodity derivatives	(91.2)	-	(91.2)	-
Freight derivatives	(0.1)	-	-	(0.1)
Total liabilities at fair value	<u>\$ (126.3)</u>	<u>\$ (34.6)</u>	<u>\$ (91.6)</u>	<u>\$ (0.1)</u>

Following is a summary of the valuation techniques for assets and liabilities recorded in our Consolidated Balance Sheets at fair value on a recurring basis:

Foreign Currency Derivatives—The foreign currency derivative instruments that we currently use are forward contracts, zero-cost collars, and futures, which typically expire within one year. Valuations are based on exchange-quoted prices, which are classified as Level 1. Some of the valuations are adjusted by a forward yield curve or interest rates. In such cases, these derivative contracts are classified within Level 2. Changes in the fair market values of these contracts are recognized in the Consolidated Financial Statements as a component of cost of goods sold or foreign currency transaction (gain) loss.

Commodity Derivatives—The commodity contracts primarily relate to natural gas and ammonia. The commodity derivative instruments that we currently use are forward purchase contracts, swaps, and three-way collars. The natural gas contracts settle using NYMEX futures or AECO price indexes, which represent fair value at any given time. The contracts' maturities are for future months and settlements are scheduled to coincide with anticipated gas purchases during those future periods. Quoted market prices from NYMEX and AECO are used to determine the fair value of these instruments. These market prices are adjusted by a forward yield curve and are classified within Level 2. The ammonia contracts settle using exchange-quoted prices. Quoted market prices are used to determine the fair value of these instruments; however, the market for this commodity is thinly traded exchanges and is not considered to create a liquid market in which quoted prices are readily available and we therefore classify these contracts in Level 2. Changes in the fair market values of these contracts are recognized in the Consolidated Financial Statements as a component of cost of goods sold.

Freight Derivatives—The freight derivatives that we currently use are forward freight agreements. We estimate fair market values based on exchange-quoted prices, adjusted for differences in local markets. These differences are generally valued using inputs from broker quotations. Therefore, these contracts are classified in Level 2. Certain ocean freight derivatives are traded in less active markets with less availability of pricing information and

require internally-developed inputs that might not be observable in or corroborated by the market. These contracts are classified within Level 3. Changes in the fair market values of these contracts are recognized in the Consolidated Financial Statements as a component of cost of goods sold.

India Bonds—Mosaic received fertilizer bonds from the Indian government as partial payment for the fertilizer subsidy. The mark-to-market valuation of the bonds was based on quoted market rates for similar government securities. These rates are adjusted by a spread to reflect the discount received on the fertilizer bonds and are classified as Level 3. Changes in the fair market value of these bonds are recognized in the Consolidated Financial Statements as a component of other comprehensive income.

The following table provides a reconciliation of changes in our Consolidated Balance Sheet for our assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3). These assets currently consist of our ocean freight derivatives and India bonds.

(in millions)	Freight Derivatives	India Bonds
Fair value, June 1, 2008	\$ 8.6	\$ 2.7
Total gains and (losses), realized and unrealized, included in cost of goods sold	(4.9)	-
Total gains and (losses), unrealized, included in accumulated other comprehensive income	-	(0.4)
Total gains and (losses), realized, included in interest income	-	2.8
Purchases, issuances, settlements	-	(1.0)
Transfers in/out of Level 3	-	-
Fair value, May 31, 2009	<u>\$ 3.7</u>	<u>\$ 4.1</u>

Financial Instruments

The carrying amounts and estimated fair values of our financial instruments are as follows:

(in millions)	May 31			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 2,703.2	\$ 2,703.2	\$ 1,960.7	\$ 1,960.7
Accounts receivable, including Cargill receivables	597.6	597.6	1,039.2	1,039.2
Accounts payable trade, including Cargill payables	383.6	383.6	1,022.1	1,022.1
Short-term debt	92.7	92.7	133.1	133.1
Long-term debt, including current portion	1,299.8	1,237.1	1,418.3	1,447.6

For cash and cash equivalents, accounts receivable and accounts payable, the carrying amount approximates fair value because of the short-term maturity of those instruments. The fair value of long-term debt, including long-term debt due Cargill, is estimated using a present value method based on current interest rates for similar instruments with equivalent credit quality.

17. GUARANTEES AND INDEMNITIES

We enter into various contracts that include indemnification and guarantee provisions as a routine part of our business activities. Examples of these contracts include asset purchase and sale agreements, surety bonds, financial assurances to regulatory agencies in connection with reclamation and closure obligations, commodity

sale and purchase agreements, and other types of contractual agreements with vendors and other third parties. These agreements indemnify counterparties for matters such as reclamation and closure obligations, tax liabilities, environmental liabilities, litigation and other matters, as well as breaches by Mosaic of representations, warranties and covenants set forth in these agreements. In many cases, we are essentially guaranteeing our own performance, in which case the guarantees do not fall within the scope of FASB Interpretation No. 45 (“**FIN 45**”), “*Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.*”

Material guarantees and indemnities within the scope of FIN 45 are as follows:

Guarantees to Brazilian Financial Parties. From time to time, we issue guarantees to financial parties in Brazil for certain amounts owed the institutions by certain customers of Mosaic. The guarantees are for all or part of the customers’ obligations. In the event that the customers default on their payments to the institutions and we would be required to perform under the guarantees, we have in most instances obtained collateral from the customers. We monitor the nonperformance risk of the counterparties and have noted no specific concerns regarding their ability to perform on their obligations. The guarantees generally have a one-year term, but may extend up to two years or longer depending on the crop cycle, and we expect to renew many of these guarantees on a rolling twelve-month basis. As of May 31, 2009, we have estimated the maximum potential future payment under the guarantees to be \$102.0 million. The fair value of these guarantees is immaterial to the Consolidated Financial Statements at May 31, 2009 and May 31, 2008.

Other Indemnities. Our maximum potential exposure under other indemnification arrangements can range from a specified dollar amount to an unlimited amount, depending on the nature of the transaction. Total maximum potential exposure under these indemnification arrangements is not estimable due to uncertainty as to whether claims will be made or how they will be resolved. We do not believe that we will be required to make any material payments under these indemnity provisions.

Because many of the guarantees and indemnities we issue to third parties do not limit the amount or duration of our obligations to perform under them, there exists a risk that we may have obligations in excess of the amounts described above. For those guarantees and indemnities that do not limit our liability exposure, we may not be able to estimate what our liability would be until a claim is made for payment or performance due to the contingent nature of these arrangements.

18. PENSION PLANS AND OTHER BENEFITS

We sponsor pension and postretirement benefits through a variety of plans including defined benefit plans, defined contribution plans, and postretirement benefit plans. In addition, we are a participating employer in Cargill’s defined benefit pension plans. We reserve the right to amend, modify, or terminate the Mosaic sponsored plans at any time, subject to provisions of the Employee Retirement Income Security Act of 1974 (“**ERISA**”), prior agreements and our collective bargaining agreements.

Defined Benefit Plans

We sponsor two defined benefit pension plans in the U.S. and four plans in Canada. We assumed these plans from IMC on the date of the Combination. Benefits are based on different combinations of years of service and compensation levels, depending on the plan. The U.S. salaried and non-union hourly plan provides benefits to employees who were IMC employees prior to January 1998. In addition, the plan, as amended, accrues no further benefits for plan participants, effective March 2003. The U.S. union pension plan provides benefits to union employees. Certain U.S. union employees were given the option and elected to participate in a defined contribution retirement plan in January 2004, in which case their benefits were frozen under the U.S. union pension plan. Other represented employees with certain unions hired on or after June 2003 are not eligible to participate in the U.S. union pension plan. The Canadian pension plans consist of two plans for salaried and non-union hourly employees, which are closed to new members, and two plans for union employees.

Certain of the U.S. union pension plans and benefit accruals were frozen effective December 31, 2007 and December 31, 2008, and replaced with defined contribution retirement plans. We continue to fund the accumulated benefit obligations existing at December 31, 2007 and December 31, 2008, but accrue no further benefit obligations under the plans. We concluded that there was no financial impact of the curtailment.

In fiscal 2006, we incurred a curtailment on both the pension and postretirement plans. For the pension plan, the curtailment reduced our projected benefit obligation and fiscal 2007 expense by \$0.9 million. For the postretirement plan, the curtailment reduced our accumulated projected benefit obligation and fiscal 2007 expense by \$0.9 million and \$0.7 million, respectively.

Generally, contributions to the U.S. plans are made to meet minimum funding requirements of ERISA, while contributions to Canadian plans are made in accordance with Pension Benefits Acts instituted by the provinces of Saskatchewan and Ontario. Certain employees in the U.S. and Canada, whose pension benefits exceed Internal Revenue Code and Canada Revenue Agency limitations, respectively, are covered by supplementary non-qualified, unfunded pension plans.

Postretirement Medical Benefit Plans

We provide certain health care benefit plans for certain retired employees ("***Retiree Health Plans***"). The Retiree Health Plans may be either contributory or non-contributory and contain certain other cost-sharing features such as deductibles and coinsurance. The Retiree Health Plans are unfunded.

The U.S. retiree medical program for certain salaried and non-union retirees age 65 and over was terminated effective January 1, 2004. The retiree medical program for salaried and non-union hourly retirees under age 65 will end at age 65. The retiree medical program for certain active salaried and non-union hourly employees was terminated effective April 1, 2003. Coverage changes and termination of certain post-65 retiree medical benefits also were effective April 1, 2003. We also provide retiree medical benefits to union hourly employees. Pursuant to a collective bargaining agreement, certain represented employees hired after June 2003 are not eligible to participate in the retiree medical program.

Canadian postretirement medical plans are available to retired salaried employees. Under our Canadian postretirement medical plans, all Canadian active salaried employees are eligible for coverage upon retirement. There are no retiree medical benefits available for Canadian union hourly employees.

Our U.S. retiree medical program provides a benefit to our U.S. retirees that is at least actuarially equivalent to the benefit provided by the *Medicare Prescription Drug, Improvement and Modernization Act of 2003* (Medicare Part D). Because our plan is more generous than Medicare Part D, it is considered at least actuarially equivalent to Medicare Part D and the U.S. government provides a subsidy to the Company.

Accounting for Pension and Postretirement Plans

We adopted the measurement date provision of SFAS 158 as of June 1, 2008. Prior to fiscal 2009, we used a measurement date as of February 28. The adoption required us to record a \$0.5 million reduction to retained earnings, a \$36.3 million reduction of other non-current liabilities, a \$12.5 million reduction to deferred tax assets and a \$24.3 million increase to opening accumulated other comprehensive income. The tables and discussion on the following pages only represent the North American plans as other plans are not material.

The year-end status of the North American plans was as follows:

(in millions)	Pension Plans		Postretirement Benefit Plans	
	2009	2008	2009	2008
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 580.5	\$ 590.2	\$ 108.9	\$ 120.1
Service cost	3.9	7.0	0.6	0.9
Interest cost	34.8	32.1	6.1	6.3
Plan amendments	-	0.3	-	-
Actuarial gain	(45.5)	(34.3)	(14.8)	(10.5)
Currency fluctuations	(17.4)	13.9	(1.0)	0.9
Settlement gain	-	-	(12.7)	-
Employee contribution	-	-	0.2	0.3
Benefits paid	(29.1)	(28.7)	(6.7)	(9.1)
Adjustment for change in measurement date	(2.5)	-	(0.6)	-
Benefit obligation at end of year	<u>\$ 524.7</u>	<u>\$ 580.5</u>	<u>\$ 80.0</u>	<u>\$ 108.9</u>
Change in plan assets:				
Fair value at beginning of year	\$ 526.4	\$ 507.8	\$ -	\$ -
Currency fluctuations	(15.7)	12.0	-	-
Actual return	(104.3)	13.4	-	-
Company contribution	85.9	21.9	19.2	8.8
Employee contribution	-	-	0.2	0.3
Benefits paid	(29.1)	(28.7)	(6.7)	(9.1)
Other distributions	-	-	(12.7)	-
Asset adjustment due to change in measurement date	5.3	-	-	-
Fair value at end of year	<u>\$ 468.5</u>	<u>\$ 526.4</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status of the plans at the end of February		\$ (54.1)		\$ (108.9)
Employer contributions in fourth quarter		5.7		2.2
Funded status of the plans at May 31,	<u>\$ (56.2)</u>	<u>\$ (48.4)</u>	<u>\$ (80.0)</u>	<u>\$ (106.7)</u>
Amounts recognized in the consolidated balance sheets:				
Noncurrent assets	\$ 4.1	\$ -	\$ -	\$ -
Current liabilities	(0.7)	(0.8)	(10.1)	(11.4)
Noncurrent liabilities	(59.6)	(47.6)	(69.9)	(95.3)
Amounts recognized in accumulated other comprehensive (income) loss	\$ 69.4	\$ (31.7)	\$ (22.0)	\$ (9.6)

The accumulated benefit obligation for the defined benefit pension plans was \$519.2 million and \$571.5 million as of May 31, 2009 and 2008, respectively.

The components of net annual periodic benefit costs and other amounts recognized in other comprehensive income include the following components:

(in millions)	Pension Plans			Postretirement Benefit Plans		
	2009	2008	2007	2009	2008	2007
Net Periodic Benefit Cost						
Service cost	\$ 3.9	\$ 7.0	\$ 6.9	\$ 0.6	\$ 0.9	\$ 0.9
Interest cost	34.8	32.1	31.5	6.1	6.3	6.4
Expected return on plan assets	(39.5)	(38.7)	(34.0)	-	-	-
Amortization	-	-	-	-	-	(0.1)
Actuarial gain	(3.7)	-	-	(0.5)	-	-
Net periodic (income) cost	(4.5)	0.4	4.4	6.2	7.2	7.2
Settlement gain	-	-	-	(2.0)	-	-
Curtailment gain	-	-	(0.9)	-	-	(0.7)
Net periodic benefit (income) cost	\$ (4.5)	\$ 0.4	\$ 3.5	\$ 4.2	\$ 7.2	\$ 6.5
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income						
Net actuarial loss (gain) recognized in other comprehensive income	\$ 101.1	\$ (8.8)	\$ -	\$ (12.4)	\$ (10.5)	\$ -
Total recognized in net periodic benefit cost and other comprehensive income	<u>\$ 96.6</u>	<u>\$ (8.4)</u>	<u>\$ 3.5</u>	<u>\$ (8.2)</u>	<u>\$ (3.3)</u>	<u>\$ 6.5</u>

The estimated net actuarial gain (loss) for the pension plans and postretirement plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost in fiscal 2010 is \$(0.7) million and \$1.6 million, respectively.

The following benefit payments, which reflect estimated future service, are expected to be paid by the related plans in the fiscal years ending May 31:

(in millions)	Pension Plans Benefit Payments	Other Postretirement Plans Benefit Payments	Medicare Part D Adjustments
2010	\$ 29.6	\$ 10.1	\$ (0.8)
2011	32.0	10.3	(0.8)
2012	34.1	10.3	(0.9)
2013	35.4	10.0	(0.9)
2014	37.3	9.4	(0.8)
2015-2019	210.5	35.5	(2.8)

In fiscal 2010, we need to contribute cash of at least \$18.7 million to the pension plans to meet minimum funding requirements. Also in fiscal 2010, we anticipate contributing cash of \$10.1 million to the postretirement medical benefit plans to fund anticipated benefit payments.

Our pension plan weighted-average asset allocations at May 31, 2009 and 2008 and the target by asset category are as follows:

US Pension Plan Assets	2009 Target	Plan Assets as of May 31, 2009	2008 Target	Plan Assets as of May 31, 2008
<i>Asset Category</i>				
Equity securities	20.0%	19.5%	70.0%	69.3%
Debt securities	75.0%	75.0%	25.0%	24.9%
Real estate	5.0%	5.0%	5.0%	5.8%
Other	-	0.5%	-	-
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Canadian Pension Plan Assets	2009 Target	Plan Assets as of May 31, 2009	2008 Target	Plan Assets as of May 31, 2008
<i>Asset Category</i>				
Equity securities	70.0%	71.4%	70.0%	72.7%
Debt securities	30.0%	28.1%	30.0%	23.6%
Real estate	-	-	-	-
Other	-	0.5%	-	3.7%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

During fiscal 2009, for the U.S. pension plan the Company completed a study that projected impacts on benefit security of several feasible asset allocation policies and the potential implications regarding the impacts on funding. These studies resulted in the Company selecting an asset allocation policy that seeks to maintain a fully-funded plan status under the Pension Protection Act (PPA) of 2006. As such, the primary investment objective beyond accumulating sufficient assets to meet future benefit obligation is to monitor and manage the liabilities of the plan to better insulate the portfolio from changes in interest rates that are impacting the liabilities. This requires an interest rate hedging program to reduce the sensitivity in the plan's funded status. Analysis also supported having a portion of the Plan's assets invested in return-seeking strategies. A new asset allocation was implemented and resulted in a portfolio that includes a 75% allocation to fixed income and 25% to return-seeking strategies. This should result in better management of the asset/liability ratio. The U.S. pension plans' benchmark is currently comprised of the following indices and their respective weightings: 9% Russell 1000, 2% Russell 2000, 5% MSCI EAFE Net, 1% MSCI EM Net, 5% NCREIF Open-End Diversified Core Equity Fund, 37.5% Barclays Long Gov/Credit, 7.5% Barclays US Strips, and 30% Barclays US Long Credit.

For the Canadian pension plan the investment objectives for the pension plans' assets are as follows: (i) achieve a nominal annualized rate of return equal to or greater than the actuarially assumed investment return over ten to twenty-year periods; (ii) achieve an annualized rate of return of the Consumer Price Index plus 5% over ten to twenty-year periods; (iii) realize annual, three and five-year annualized rates of return consistent with or in excess of specific respective market benchmarks at the individual asset class level; and (iv) achieve an overall return on the pension plans' assets consistent with or in excess of the total fund benchmark, which is a hybrid benchmark customized to reflect the trusts' asset allocation and performance objectives. The Canadian pension plans' benchmark is currently comprised of the following indices and their respective weightings: 17% S&P/TSX 300, 5% equally weighted blend of Nesbitt Burns and S&P/TSX Small Cap indices, 24% S&P 500, 9% equally weighted blend of Cambridge Venture and Private Equity indices, 8% MSCI World ex-US, 7% MSCI EMF and 30% Scotia Capital Bond Index. We are currently in the initial stages of a study with respect to the Canadian pension plan similar to the study we conducted with respect to the U.S. pension plan in fiscal 2009 noted above.

The combined pension plans' investment structure has an overall commitment to equity securities of approximately 45% that is intended to provide the desired risk/return trade-off and, over the long-term, the level of returns sufficient to achieve the Company's investment goals and objectives for the pension plans' assets while covering near term cash flow obligations with fixed income in order to protect the pension plans from a forced liquidation of equities at the bottom of a cycle.

The approach used to develop the discount rate for the pension and postretirement plans is commonly referred to as the yield curve approach. A hypothetical yield curve using the top yielding quartile of available high quality bonds is matched against the projected benefit payment stream. Each category of cash flow of the projected benefit payment stream is discounted back using the respective interest rate on the yield curve. Using the present value of projected benefit payments a weighted-average discount rate is derived.

The approach used to develop the expected long-term rate of return on plan assets combines an analysis of historical performance, the drivers of investment performance by asset class, and current economic fundamentals. For returns, we utilized a building block approach starting with inflation expectations and added an expected real return to arrive at a long-term nominal expected return for each asset class. Long-term expected real returns are derived in the context of future expectations of the U.S. Treasury real yield curve.

The assumptions used to determine benefit obligations for fiscal 2009 are based on a measurement date of May 31 while the fiscal 2008 and 2007 assumptions are based on a measurement date of February 28. Weighted-average assumptions used to determine benefit obligations were as follows:

Weighted-average assumptions used to determine benefit obligations were as follows:

	Pension Plans			Postretirement Benefit Plans		
	2009	2008	2007	2009	2008	2007
Discount rate	7.16%	6.26%	5.48%	6.73%	5.87%	5.51%
Expected return on plan assets	6.92%	7.78%	7.79%	-	-	-
Rate of compensation increase	4.00%	4.00%	3.50%	-	-	-

The assumptions used to determine net benefit cost for fiscal 2009 are based on a measurement date of May 31 while the fiscal 2008 and 2007 assumptions are based on a measurement date of February 28. Weighted-average assumptions used to determine net benefit cost were as follows:

	Pension Plans			Postretirement Benefit Plans		
	2009	2008	2007	2009	2008	2007
Discount rate	6.57%	5.48%	5.58%	6.45%	5.51%	5.70%
Expected return on plan assets	6.93%	7.79%	7.67%	-	-	-
Rate of compensation increase	4.00%	3.50%	3.50%	-	-	-

Assumed health care trend rates used to measure the expected cost of benefits covered by the plans were as follows:

	2009	2008	2007
Health care cost trend rate assumption for the next fiscal year	10.00%	9.25%	9.25%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	5.50%	5.50%	5.50%
Fiscal year that the rate reaches the ultimate trend rate	2015	2013	2012

Assumed health care cost trend rates have an effect on the amounts reported. For the health care plans a one-percentage-point change in the assumed health care cost trend rate would have the following effect:

(in millions)	2009		2008		2007	
	One Percentage Point Increase	One Percentage Point Decrease	One Percentage Point Increase	One Percentage Point Decrease	One Percentage Point Increase	One Percentage Point Decrease
Total service and interest cost	\$ 0.1	\$ (0.1)	\$ 0.2	\$ (0.2)	\$ 0.2	\$ (0.2)
Postretirement benefit obligation	2.3	(2.2)	1.4	(1.2)	3.4	(3.1)

Defined Contribution Plans

The Mosaic Investment Plan (“***Investment Plan***”) permits eligible salaried and nonunion hourly employees to defer a portion of their compensation through payroll deductions and provides matching contributions. In fiscal 2009 and 2008, we matched 100% of the first 3% of the participant’s contributed pay plus 50% of the next 3% of the participant’s contributed pay to the Investment Plan, subject to Internal Revenue Service limits. Participant contributions, matching contributions, and the related earnings immediately vest. The Investment Plan also provides an annual non-elective employer contribution feature for eligible salaried and non-union hourly employees based on the employee’s age and eligible pay. In accordance with plan amendments effective January 1, 2007 participants are generally vested in the non-elective employer contributions after three years of service. Prior to January 1, 2007 vesting schedules in the non-elective employer contributions were generally over five years of service. In addition, a discretionary feature of the plan allows the Company to make additional contributions to employees. Effective January 1, 2005, certain former employees of Cargill who were employed with Mosaic on January 1, 2005 became eligible for the Investment Plan, and a portion of the Cargill Partnership Plan assets were transferred to the Investment Plan.

The Mosaic Union Savings Plan (“***Savings Plan***”) was established pursuant to collective bargaining agreements with certain unions. Mosaic makes contributions to the defined contribution retirement plan based on the collective bargaining agreements. The Savings Plan is the primary retirement vehicle for newly hired employees covered by certain collective bargaining agreements. Effective April 1, 2005 certain former collectively bargained employees of Cargill who were employed with Mosaic on April 1, 2005 became eligible for the Savings Plan and a portion of the Cargill Investment Plan assets were transferred to the Savings Plan.

The expense attributable to the Investment Plan and Savings Plan was \$24.1 million, \$22.9 million and \$17.9 million in fiscal 2009, 2008 and 2007, respectively.

Canadian salaried and non-union hourly employees participate in an employer funded plan with employer contributions similar to the U.S. plan. The plan provides a profit sharing component which is paid each year. We also sponsor one mandatory union plan in Canada. Benefits in these plans vest after two years of consecutive service.

19. SHARE-BASED PAYMENTS

We sponsor one share-based compensation plan. The Mosaic Company 2004 Omnibus Stock and Incentive Plan (the “***Omnibus Plan***”), which was approved by shareholders and became effective October 20, 2004 and amended on October 4, 2006, permits the grant of shares and share options to employees for up to 25 million shares of common stock. The Omnibus Plan provides for grants of stock options, restricted stock, restricted stock units, and a variety of other share-based and non-share-based awards. Our employees, officers, directors, consultants, agents, advisors, and independent contractors, as well as other designated individuals, are eligible to

participate in the Omnibus Plan. Mosaic settles stock option exercises and restricted stock units with newly issued common shares. The Compensation Committee of the Board of Directors administers the Omnibus Plan subject to its provisions and applicable law.

On July 6, 2006, we amended our non-qualified stock option participant agreement to include a retirement provision. This provision allows an individual to retire at age 60 or older and maintain their rights to their stock options. This only affects option grants made after July 6, 2006 and does not amend prior grants.

On July 6, 2006, we amended our restricted stock unit participant agreement to change the retirement age from age 65 to age 60. This only affects restricted stock unit grants made after July 6, 2006 and does not amend prior grants.

In the fourth quarter of fiscal 2008, we amended our restricted stock unit participant agreements for outstanding grants made in 2006 and 2007 to certain executive officers and certain other officers to provide that the restricted stock units vest immediately upon death or disability but do not vest upon retirement.

Restricted stock units are issued to various employees, officers and directors at a price equal to the market price of our stock at the date of grant. The fair value of restricted stock units is equal to the market price of our stock at the date of grant. Restricted stock units generally cliff vest after three or four years of continuous service. Restricted stock units are expensed by us on a straight-line basis over the required service period, based on the estimated grant date fair value of the award net of estimated forfeitures, and the related share-based compensation is recognized in the Consolidated Statements of Earnings.

Stock options are granted with an exercise price equal to the market price of our stock at the date of grant and have a ten-year contractual term. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option valuation model. Stock options granted to date vest either after three years of continuous service (cliff vesting) or in equal annual installments in the first three years following the date of grant (graded vesting). Stock options are expensed by us on a straight-line basis over the required service period, based on the estimated fair value of the award on the date of grant, net of estimated forfeitures.

Assumptions used to calculate the fair value of stock options in each period are noted in the following table. Expected volatilities were based on the combination of our and IMC's historical six-year volatility of common stock. The expected term of the options is calculated using the simplified method described in SAB 110 under which the Company can take the midpoint of the vesting date and the full contractual term. The risk-free interest rate is based on the U.S. Treasury rate at the time of the grant for instruments of comparable life. We did not anticipate payment of dividends at the date of grant until fiscal 2009. A summary of the assumptions used to estimate the fair value of stock option awards is as follows:

	Years ended May 31		
	2009	2008	2007
Weighted average assumptions used in option valuations:			
Expected volatility	45.0%	40.5%	40.8%
Expected dividend yield	0.2%	-	-
Expected term (in years)	6.0	6.0	6.0
Risk-free interest rate	3.40%	4.63%	4.82%

We recorded share-based compensation expense, net of forfeitures, of \$23.4 million, \$18.5 million and \$23.4 million for fiscal 2009, 2008 and 2007, respectively. The tax benefit related to share-based compensation expense was \$8.4 million, \$6.6 million, and \$8.5 million for fiscal 2009, 2008 and 2007, respectively.

A summary of our stock option activity during fiscal 2009 is as follows:

	<u>Shares (in millions)</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding as of June 1, 2008	3.5	\$ 20.28	7.3	\$ 359.5
Granted	0.2	125.35		
Exercised	(0.3)	18.00		
Canceled	-	-		
Outstanding as of May 31, 2009	<u>3.4</u>	<u>\$ 25.98</u>	6.6	\$ 109.0
Exercisable as of May 31, 2009	<u>2.3</u>	<u>\$ 20.34</u>	5.9	\$ 82.1

The weighted-average grant date fair value of options granted during fiscal 2009, 2008 and 2007 was \$58.98, \$18.87 and \$7.43, respectively. The total intrinsic value of options exercised during fiscal 2009, 2008 and 2007 was \$22.4 million, \$151.0 million and \$23.0 million, respectively.

A summary of the status of our restricted stock units as of May 31, 2009, and changes during fiscal 2009, is presented below:

	<u>Shares (in millions)</u>	<u>Weighted Average Grant Date Fair Value Per Share</u>
Restricted stock units as of June 1, 2008	0.9	\$ 19.71
Granted	0.1	83.07
Issued and canceled	(0.3)	16.13
Restricted stock units as of May 31, 2009	<u>0.7</u>	<u>\$ 30.11</u>

As of May 31, 2009, there was \$13.6 million of total unrecognized compensation cost related to options and restricted stock units granted under the Omnibus Plan. The unrecognized compensation cost is expected to be recognized over a weighted-average period of 1.2 years. The total fair value of options vested in fiscal 2009 and 2008 was \$14.8 million and \$9.9 million, respectively.

Cash received from options exercised under all share-based payment arrangements for fiscal 2009, 2008 and 2007 was \$4.6 million, \$57.2 million and \$48.1 million, respectively. In fiscal 2009 and 2008, we received a tax benefit for tax deductions from options of \$19.0 million and \$54.7 million, respectively. In fiscal 2007 we received a tax benefit for tax deductions from options of \$0.8 million relating to alternative minimum tax.

20. COMMITMENTS

We lease certain plants, warehouses, terminals, office facilities, railcars and various types of equipment under operating leases, some of which include rent payment escalation clauses, with lease terms ranging from one to ten years. In addition to minimum lease payments, some of our office facility leases require payment of our proportionate share of real estate taxes and building operating expenses.

We have long-term agreements for the purchase of sulfur which is used in the production of phosphoric acid. We also have long-term agreements for the purchase of ammonia which is used with phosphoric acid to produce DAP and monoammonium phosphate fertilizer (“**MAP**”) in our Phosphates business. We have long-term

agreements for the purchase of natural gas, which is a significant raw material used in the solution mining process in our Potash segment. We also have long-term agreements for the purchase of natural gas for use in our phosphate concentrates plants. The commitments included in the table below are based on market prices as of May 31, 2009.

A schedule of future minimum long-term purchase commitments, based on May 31, 2009 market prices, and minimum lease payments under non-cancelable operating leases as of May 31, 2009 follows:

(in millions)	Purchase Commitments	Operating Leases
2010	\$ 778.0	\$ 43.1
2011	263.7	33.2
2012	54.6	27.0
2013	13.9	18.7
2014	13.5	12.7
Subsequent years	8.5	16.3
	<u>\$ 1,132.2</u>	<u>\$ 151.0</u>

Rental expense for fiscal 2009, 2008 and 2007 amounted to \$66.5 million, \$58.0 million and \$62.3 million, respectively. Purchases made under long-term commitments were \$2.1 billion, \$3.1 billion and \$788.0 million for fiscal 2009, 2008, and 2007, respectively.

Most of our export sales of phosphate and potash crop nutrients are marketed through two North American export associations, PhosChem and Canpotex, which fund their operations in part through third-party financing facilities. As a member, Mosaic or our subsidiaries are contractually obligated to reimburse the export associations for their pro rata share of any operating expenses or other liabilities incurred. The reimbursements are made through reductions to members' cash receipts from the export associations.

Under a long-term contract (the "**PCS Tolling Contract**") with Potash Corporation of Saskatchewan Inc. ("**PCS**"), our wholly-owned subsidiary, Mosaic Potash Esterhazy Limited Partnership ("**Mosaic Esterhazy**"), mines and refines PCS' potash reserves at our Esterhazy mine for a fee plus a pro rata share of operating and capital costs. The contract provides that PCS may elect to receive between 0.45 million and 1.3 million tonnes of potash per year. The contract provides for a term through December 31, 2011 as well as certain renewal terms at the option of PCS, but only to the extent PCS has not received all of its available reserves under the contract. Based on our present calculations, we believe that our obligation to supply potash to PCS will expire by August 30, 2010 and have informed PCS that we will cease delivery of product following that date. Our calculations assume PCS continues to take 1.1 million tonnes annually under the contract (which is the volume PCS has elected to take for calendar 2009 and may be affected by PCS' alleged inability to accept further deliveries of product) and that our current mining plans and conditions remain unchanged. PCS has filed a lawsuit against us contesting our basis and timing for termination of the contract and alleging damages based on our historical mining practices. We believe the allegations in PCS' lawsuit are without merit. We have included a further description of the lawsuit under "Esterhazy Potash Mine Tolling Contract Disputes" in Note 21. After expiration of the contract or during other periods to the extent we are not fully utilizing the capacity to satisfy our obligations under the contract, the productive capacity at our Esterhazy mine otherwise used to satisfy our obligations under the contract is available to us for sales to any of our customers at then-current market prices. For fiscal 2009, 2008 and 2007, total revenue under this contract was \$106.3 million, \$91.4 million and \$66.5 million, respectively.

Under a long-term contract that extends through 2011 with a third party customer, we supply approximately 0.2 million tonnes of potash annually. In addition, we supply approximately 0.2 million tonnes of salt on an annual basis to a customer under a long-term contract that extends through 2013. As of the date of the

Combination, these contracts reflected below market prices and we recorded a \$123.7 million fair value adjustment that is being amortized into sales over the life of the contracts. For fiscal 2009, 2008 and 2007, the amortization of the fair value adjustment increased net sales by \$17.2 million, \$19.4 million and \$16.2 million, respectively.

We incur liabilities for reclamation activities and phosphogypsum stack system closure in our Florida and Louisiana operations where, in order to obtain necessary permits, we must either pass a test of financial strength or provide credit support, typically in the form of surety bonds or letters of credit. The surety bonds generally expire within one year or less but a substantial portion of these instruments provide financial assurance for continuing obligations and, therefore, in most cases, must be renewed on an annual basis. As of May 31, 2009, we had \$173.9 million in surety bonds outstanding, of which \$145.2 million is for mining reclamation obligations in Florida and \$28.7 million is for other matters. In connection with the outstanding surety bonds, we have posted \$21.9 million of collateral in the form of letters of credit. Of these letters of credit \$1.0 million directly supports mining reclamation activity.

21. CONTINGENCIES

We have described below judicial and administrative proceedings to which we are subject.

Environmental Matters

We have contingent environmental liabilities that arise principally from three sources: (i) facilities currently or formerly owned by our subsidiaries or their predecessors; (ii) facilities adjacent to currently or formerly owned facilities; and (iii) third-party Superfund or state equivalent sites. At facilities currently or formerly owned by our subsidiaries or their predecessors, the historical use and handling of regulated chemical substances, crop and animal nutrients and additives and by-product or process tailings have resulted in soil, surface water and/or groundwater contamination. Spills or other releases of regulated substances, subsidence from mining operations and other incidents arising out of operations, including accidents, have occurred previously at these facilities, and potentially could occur in the future, possibly requiring us to undertake or fund cleanup or result in monetary damage awards, fines, penalties, other liabilities, injunctions or other court or administrative rulings. In some instances, pursuant to consent orders or agreements with appropriate governmental agencies, we are undertaking certain remedial actions or investigations to determine whether remedial action may be required to address contamination. At other locations, we have entered into consent orders or agreements with appropriate governmental agencies to perform required remedial activities that will address identified site conditions. Taking into consideration established accruals of approximately \$27.6 million and \$22.8 million at May 31, 2009 and May 31, 2008, respectively, expenditures for these known conditions currently are not expected, individually or in the aggregate, to have a material effect on our business or financial condition. However, material expenditures could be required in the future to remediate the contamination at known sites or at other current or former sites or as a result of other environmental, health and safety matters. Below is a discussion of the more significant environmental matters.

Hutchinson, Kansas Sinkhole. In January 2005, a sinkhole developed at a former IMC salt solution mining and steam extraction facility in Hutchinson, Kansas. Under Kansas Department of Health and Environment (“*KDHE*”) oversight, we completed measures to fill and stabilize the sinkhole and provided KDHE information regarding our continuous monitoring of the sinkhole as well as steps taken to ensure its long term stability. Subsequent to this event, KDHE requested that we investigate the potential for subsidence or collapse at approximately 30 former salt solution mining wells at the property, some of which are in the vicinity of nearby residential properties, railroads and roadways. In response to this request, with KDHE approval, we conducted sonar and geophysical assessments of five former wells in the summer of 2008. We are currently negotiating an agreement with KDHE and the City of Hutchinson with respect to measures to address risks presented by the former wells. We do not expect that the costs related to these matters will have a material impact on our business or financial condition in excess of amounts accrued. If further subsidence were to occur at the existing sinkhole,

additional sinkholes were to develop, KDHE does not accept our proposed measures to address risks presented by the former wells or further investigation at the site reveals additional subsidence or sinkhole risk, it is possible that we could be subject to additional claims from governmental agencies or other third parties that could exceed established accruals, and it is possible that the amount of any such claims could be material.

EPA RCRA Initiative. The U.S. Environmental Protection Agency (“**EPA**”) Office of Enforcement and Compliance Assurance has announced that it has targeted facilities in mineral processing industries, including phosphoric acid producers, for a thorough review under the U.S. Resource Conservation and Recovery Act (“**RCRA**”) and related state laws. Mining and processing of phosphates generate residual materials that must be managed both during the operation of a facility and upon a facility’s closure. Certain solid wastes generated by our phosphate operations may be subject to regulation under RCRA and related state laws. The EPA rules exempt “extraction” and “beneficiation” wastes, as well as 20 specified “mineral processing” wastes, from the hazardous waste management requirements of RCRA. Accordingly, certain of the residual materials which our phosphate operations generate, as well as process wastewater from phosphoric acid production, are exempt from RCRA regulation. However, the generation and management of other solid wastes from phosphate operations may be subject to hazardous waste regulation if the waste is deemed to exhibit a “hazardous waste characteristic.” As part of its initiative, EPA has inspected all or nearly all facilities in the U.S. phosphoric acid production sector to ensure compliance with applicable RCRA regulations and to address any “imminent and substantial endangerment” found by the EPA under RCRA. We have provided the EPA with substantial amounts of information regarding the process water recycling practices and the hazardous waste handling practices at our phosphate production facilities in Florida and Louisiana, and the EPA has inspected all of our currently operating processing facilities in the U.S. In addition to the EPA’s inspections, our Bartow and Green Bay, Florida facilities and our Uncle Sam and Faustina, Louisiana facilities have entered into consent orders to perform analyses of existing environmental data, to perform further environmental sampling as may be necessary, and to assess whether the facilities pose a risk of harm to human health or the surrounding environment. We may enter similar orders for some or the remainder of our phosphate production facilities in Florida.

We have received Notices of Violation (“**NOVs**”) from the EPA related to the handling of hazardous waste at our Riverview (September 2005), New Wales (October 2005), Mulberry (June 2006) and Bartow (September 2006) facilities in Florida. The EPA has issued similar NOVs to our competitors and has referred the NOVs to the U.S. Department of Justice (“**DOJ**”) for further enforcement. We currently are engaged in discussions with the DOJ and EPA. We believe we have substantial defenses to most of the allegations in the NOVs, including but not limited to, previous EPA regulatory interpretations and inspection reports finding that the process water handling practices in question comply with the requirements of the exemption for extraction and beneficiation wastes. We have met several times with the DOJ and EPA to discuss potential resolutions to this matter. In addition to seeking various changes to our operations, the DOJ and EPA have expressed a desire to obtain financial assurances for the closure of phosphogypsum management systems which may be significantly more stringent than current requirements in Florida or Louisiana. We intend to evaluate various alternatives and continue discussions to determine if a negotiated resolution can be reached. If it cannot, we intend to vigorously defend these matters in any enforcement actions that may be pursued. Should we fail in our defense in any enforcement actions, we could incur substantial capital and operating expenses to modify our facilities and operating practices relating to the handling of process water, and we could also be required to pay significant civil penalties.

We have established accruals to address the estimated cost of implementing the related consent orders at our Bartow, Green Bay, Faustina and Uncle Sam facilities and the estimated fees that will be incurred defending against the NOVs discussed above. We cannot at this stage of the discussions predict whether the costs incurred as a result of the EPA’s RCRA initiative, the consent orders, or the NOVs will have a material effect on our business or financial condition.

EPA Clean Air Act Initiative. In August 2008, we attended a meeting with the EPA and DOJ at which we reiterated our responses to an August 2006 request from EPA under Section 114 of the Federal Clean Air Act for information and copies of records relating to compliance with National Emission Standards for Hazardous Air

Pollutants for hydrogen fluoride (the “**NESHAP**”) at our Riverview, New Wales, Bartow, South Pierce and Green Bay facilities in Florida. We cannot predict at this time whether the EPA and DOJ will initiate an enforcement action over this matter, what its scope would be, or what the range of outcomes of such a potential enforcement action might be.

EPA EPCRA Initiative. In July 2008, the DOJ sent a letter to major U.S. phosphoric acid manufacturers, including us, stating that the EPA’s ongoing investigation indicates apparent violations of Section 313 of the Emergency Planning and Community Right-to-Know Act (“**EPCRA**”) at their phosphoric acid manufacturing facilities. Section 313 of EPCRA requires annual reports to be submitted with respect to the use or presence of certain toxic chemicals. DOJ and EPA also stated that they believe that a number of these facilities have violated Section 304 of EPCRA and Section 103 of the Comprehensive Environmental Response, Compensation and Liability Act (“**CERCLA**”) by failing to provide required notifications relating to the release of hydrogen fluoride from the facilities. The letter did not identify any specific violations by us or assert a demand for penalties against us. We cannot predict at this time whether the EPA and DOJ will initiate an enforcement action over this matter, what its scope would be, or what the range of outcomes of such a potential enforcement action might be.

Financial Assurances for Phosphogypsum Management Systems in Florida and Louisiana. In Florida and Louisiana, we are required to comply with financial assurance regulatory requirements to provide comfort to the government that sufficient funds will be available for the ultimate closure and post-closure care of our phosphogypsum management systems. The estimated discounted net present value of our liabilities for such closure and post-closure care are included in our AROs, which are discussed in Note 14 of our Consolidated Financial Statements. In contrast, the financial assurance requirements in Florida and Louisiana are based on the undiscounted amounts of our liabilities in the event we were no longer a going concern. These financial assurance requirements can be 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 were unable to satisfy these financial strength tests in the future, we must utilize alternative methods of complying with the financial assurance requirements or could be subject to enforcement proceedings brought by relevant governmental 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, surety bonds from insurance companies, letters of credit from banks, or other forms of financial instruments or collateral to satisfy the financial assurance requirements.

In light of the burden that would have been associated with meeting new Florida financial assurance requirements at that time, in April 2005 we entered into a consent agreement with the Florida Department of Environmental Protection (“**FDEP**”) that allowed us to comply with alternate financial strength tests until the consent agreement expired on May 31, 2009. Following expiration of the consent agreement, our financial strength has permitted us to meet the applicable Florida financial strength tests.

Similarly, as a result of changes in our corporate structure resulting from Combination, we did not meet the financial responsibility tests under Louisiana’s applicable regulations prior to the end of fiscal 2009; however, our financial strength resulted in our meeting the applicable Louisiana financial strength tests at the end of fiscal 2009.

There can be no assurance that we will be able to continue to comply with the financial strength tests in either Florida or Louisiana; however, assuming we maintain our current levels of liquidity and capital resources, we do not expect that compliance with current or alternative requirements will have a material effect on our results of operations, liquidity or capital resources.

Other Environmental Matters. Superfund and equivalent state statutes impose liability without regard to fault or to the legality of a party’s conduct on certain categories of persons who are considered to have contributed to the release of “hazardous substances” into the environment. Under Superfund, or its various state analogues, one

party may, under certain circumstances, be required to bear more than its proportionate share of cleanup costs at a site where it has liability if payments cannot be obtained from other responsible parties. Currently, certain of our subsidiaries are involved or concluding involvement at several Superfund or equivalent state sites. Our remedial liability from these sites, either alone or in the aggregate, currently is not expected to have a material effect on our business or financial condition. As more information is obtained regarding these sites and the potentially responsible parties involved, this expectation could change.

We believe that, pursuant to several indemnification agreements, our subsidiaries are entitled to at least partial, and in many instances complete, indemnification for the costs that may be expended by us or our subsidiaries to remedy environmental issues at certain facilities. These agreements address issues that resulted from activities occurring prior to our acquisition of facilities or businesses from parties including, but not limited to, ARCO (BP); Beatrice Fund for Environmental Liabilities; Conoco; Conserv; Estech, Inc.; Kaiser Aluminum & Chemical Corporation; Kerr-McGee Inc.; PPG Industries, Inc.; The Williams Companies and certain other private parties. Our subsidiaries have already received and anticipate receiving amounts pursuant to the indemnification agreements for certain of their expenses incurred to date as well as future anticipated expenditures. We considered whether potential indemnification should reduce our established accruals.

Phosphate Mine Permitting in Florida

The Ona Extension of our Florida Mines. Certain counties and other petitioners challenged the issuance of an environmental resource permit for the Ona extension of our phosphate mines in central Florida, alleging primarily that phosphate mining in the Peace River Basin would have an adverse impact on the quality and quantity of the downstream water supply and on the quality of the water in Florida's Charlotte Harbor. The matter went to hearing before an Administrative Law Judge ("**ALJ**") in 2004 and to a remand hearing in October 2005. The ALJ issued a Recommended Order in May 2005 and a Recommended Order on Remand in June 2006. The ALJ recommended that the FDEP issue the permit to us with certain conditions which we viewed as acceptable. In the initial order, the ALJ found that phosphate mining has little, if any, impact on downstream water supplies or on Charlotte Harbor. The Deputy Secretary of the FDEP issued a Final Order in July 2006 adopting the ALJ's orders with minor modifications and directed FDEP to issue the permit. The petitioners appealed the Deputy Secretary's Final Order to the District Court of Appeal of the State of Florida, Second District. The District Court of Appeal upheld the permit as issued by the FDEP in February 2009. The petitioners' motions for reconsideration by the District Court of Appeal were denied and the petitioners did not seek review by the Florida Supreme Court. The FDEP issued the final permit in June 2009. We will begin seeking county and federal permits at the appropriate time.

The Altman Extension of the Four Corners Mine. Prior to the Combination, IMC applied for an environmental resource permit for the Altman Extension of our Four Corners mine in central Florida. Following administrative challenges by certain counties and other plaintiffs, the permit was issued in June 2006. In December 2007, the Manatee County Planning Commission, upon a recommendation in a report of the Manatee County staff, voted to recommend that the Board of County Commissioners deny authorizations required from Manatee County. The Manatee County Board of County Commissioners (the "**Manatee County Board**") voted in September 2008 to deny the authorizations. In September 2008, we submitted a notice to the Manatee County Board of a claim under Florida's Bert J. Harris, Jr., Private Property Rights Protection Act (the "**Bert Harris Act**"). The Bert Harris Act protects the rights of large and small private property owners to make use of their land, and provides that while those rights can be prudently regulated by governmental agencies, private property owners' rights cannot be inordinately burdened. The Manatee County Board voted in December 2008 to make an offer of settlement to us on acceptable terms, and a settlement agreement (the "**Settlement Agreement**") was executed with Manatee County in December 2008. The Manatee County Board granted all necessary approvals to begin mining the Altman Extension in hearings in January and February 2009.

On February 17, 2009, Sierra Club, Inc. (the "**Sierra Club**"), Joseph Rehill, John Korvick, Mary Sheppard and Manasota-88, Inc. ("**Manasota-88**") brought two lawsuits in the Manatee County Circuit Court alleging procedural defects by the Manatee County Board in its approval of the Settlement Agreement and the Manatee

County Board's subsequent approvals that permit us to begin mining the Altman Extension. One lawsuit is against Manatee County and seeks a writ of certiorari invalidating the Manatee County Board approvals. The other suit names both Manatee County and Mosaic Fertilizer, LLC ("**Mosaic Fertilizer**") and seeks a declaratory judgment that the Settlement Agreement and the Manatee County Board approvals are null and void. We believe each of these suits is without merit and we intend to defend vigorously against them. We do not anticipate that these suits will adversely affect our future mining plans for the Altman Extension.

The Army Corps of Engineers (the "**Corps**") issued a federal wetlands permit for the Altman Extension in May 2008. The Sierra Club, Manasota-88, Gulf Restoration Network, Inc. and People for Protecting Peace River, Inc. sued the Corps in the United States District Court for the Middle District of Florida seeking to impede our ability to mine the Altman Extension. In October 2008, the Corps suspended the permit. After we furnished additional information to the Corps and the Corps completed its additional review, the permit was reinstated in May 2009. The lawsuit, which had been stayed during the period of the permit suspension, has been reactivated and we have renewed our motion to intervene. We anticipate that the plaintiffs will seek injunctive relief to block mining, but we expect that the permit will be upheld and that mining will continue in the ordinary course of business.

The Hardee County Extension of the South Fort Meade Mine. The mining reserves of our South Fort Meade mine in central Florida straddle the county line between Polk and Hardee Counties. Mining has occurred and will continue in Polk County. We have applied to extend the mine into Hardee County. The FDEP issued a Notice of Intent to issue the environmental resources permit in June 2008. Lee County and Sarasota County challenged the permit. In December 2008, a state ALJ issued an order recommending that the FDEP issue the necessary permits for us to mine the Hardee County extension of the South Fort Meade mine. The ALJ found in our favor on every issue in the case. The Secretary of the FDEP issued its Final Order accepting the ALJ's findings in February and issued the final permit in March 2009. The Lee County Board of County Commissioners has voted to appeal the permit to the Second District Court of Appeal. We do not believe the appeal will adversely affect our mining operations. In addition, we are currently working with the Corps to obtain a wetlands permit for the Hardee County extension but cannot ensure when the Corps will issue the permit.

As a large mining company, denial of the permits sought at any of our mines, issuance of the permits with cost-prohibitive conditions, or substantial additional delays in issuing the permits may create challenges for us to mine the phosphate rock required to operate our Florida and Louisiana phosphate plants at desired levels in the future.

Potash Antitrust Litigation

On September 11, 2008, separate complaints (together, the "**September 11, 2008 Cases**") were filed in the United States District Courts for the District of Minnesota (the "**Minn-Chem Case**") and the Northern District of Illinois (the "**Gage's Fertilizer Case**"), on October 2, 2008 another complaint (the "**October 2, 2008 Case**") was filed in the United States District Court for the Northern District of Illinois, and on November 10, 2008 and November 12, 2008, two additional complaints (together, the "**November 2008 Cases**") and collectively with the September 11, 2008 Cases and the October 2, 2008 Case, the "**Direct Purchaser Cases**") were filed in the United States District Court for the Northern District of Illinois by Minn-Chem, Inc., Gage's Fertilizer & Grain, Inc., Kraft Chemical Company, Westside Forestry Services, Inc. d/b/a Signature Lawn Care, and Shannon D. Flinn, respectively, against The Mosaic Company, Mosaic Crop Nutrition, LLC and a number of unrelated defendants that allegedly sold and distributed potash throughout the United States. On November 13, 2008, the plaintiffs' in the cases in the United States District Court for the Northern District of Illinois filed a consolidated class action complaint against the defendants, and on December 2, 2008 the Minn-Chem Case was consolidated with the Gage's Fertilizer Case. On April 3, 2009, an amended consolidated class action complaint was filed on behalf of the plaintiffs in the Direct Purchaser cases. The amended consolidated complaint added Thomasville Feed and Seed, Inc., as a named plaintiff, and was filed on behalf of the named plaintiffs and a purported class of all persons who purchased potash in the United States directly from the defendants during the period July 1, 2003 through the date of the amended consolidated complaint ("**Class Period**"). The amended consolidated complaint generally alleges, among other matters, that the defendants: conspired to fix, raise, maintain and stabilize the

price at which potash was sold in the United States; exchanged information about prices, capacity, sales volume and demand; allocated market shares, customers and volumes to be sold; coordinated on output, including the limitation of production; and fraudulently concealed their anticompetitive conduct. The plaintiffs in the Direct Purchaser Cases generally seek injunctive relief and to recover unspecified amounts of damages, including treble damages, arising from defendants' alleged combination or conspiracy to unreasonably restrain trade and commerce in violation of Section 1 of the Sherman Act. The plaintiffs also seek costs of suit, reasonable attorneys' fees and pre-judgment and post-judgment interest.

On September 15, 2008, separate complaints were filed in the United States District Court for the Northern District of Illinois by Gordon Tillman (the "**Tillman Case**"); Feyh Farm Co. and William H. Coaker Jr. (the "**Feyh Farm Case**"); and Kevin Gillespie (the "**Gillespie Case**"); the Tillman Case and the Feyh Farm Case together with the Gillespie case being collectively referred to as the "**Indirect Purchaser Cases**"; and the Direct Purchaser Cases together with the Indirect Purchaser Cases being collectively referred to as the "**Potash Antitrust Cases**"). The defendants in the Indirect Purchaser Cases are generally the same as those in the Direct Purchaser Cases. On November 13, 2008, the initial plaintiffs in the Indirect Purchaser Cases and David Baier, an additional named plaintiff, filed a consolidated class action complaint. On April 3, 2009, an amended consolidated class action complaint was filed on behalf of the plaintiffs in the Indirect Purchaser cases. The factual allegations in the amended consolidated complaint are substantially identical to those summarized above with respect to the Direct Purchaser Cases.

The amended consolidated complaint in the Indirect Purchaser Cases was filed on behalf of the named plaintiffs and a purported class of all persons who indirectly purchased potash products for end use during the Class Period in the United States, any of 20 specified states and the District of Columbia defined in the consolidated complaint as "**Indirect Purchaser States**," any of 22 specified states and the District of Columbia defined in the consolidated complaint as "**Consumer Fraud States**," and/or 48 states and the District of Columbia and Puerto Rico defined in the consolidated complaint as "**Unjust Enrichment States**." The plaintiffs generally seek injunctive relief and to recover unspecified amounts of damages, including treble damages for violations of the antitrust laws of the Indirect Purchaser States where allowed by law, arising from defendants' alleged continuing agreement, understanding, contract, combination and conspiracy in restraint of trade and commerce in violation of Section 1 of the Sherman Act, Section 16 of the Clayton Act, the antitrust, or unfair competition laws of the Indirect Purchaser States and the consumer protection and unfair competition laws of the Consumer Fraud States, as well as restitution or disgorgement of profits, damages for alleged common law restraint of trade in New York, and any penalties, punitive or exemplary damages and/or full consideration where permitted by applicable state law. The plaintiffs also seek costs of suit and reasonable attorneys' fees where allowed by law and pre-judgment and post-judgment interest.

On June 15, 2009, we and the other defendants filed motions to dismiss the complaints in the Potash Antitrust Cases. We believe that the allegations in the Potash Antitrust Cases are without merit and intend to defend vigorously against them. At this stage of the proceedings, we cannot predict the outcome of this litigation or determine whether it will have a material effect on our results of operations, liquidity or capital resources.

MicroEssentials Patent Lawsuit

On January 9, 2009, John Sanders and Specialty Fertilizer Products, LLC filed a complaint against Mosaic, Mosaic Fertilizer, Cargill, Incorporated and Cargill Fertilizer, Inc. in the United States District Court for the Western District of Missouri alleging that our production of MicroEssentials™ SZ, one of several types of the MicroEssentials™ value-added ammoniated phosphate crop nutrient products that we produce, infringes on a patent held by the plaintiffs since 2001. Plaintiffs seek to enjoin the alleged infringement and to recover an unspecified amount of damages and attorneys' fees for past infringement. We have filed an answer to the complaint responding that MicroEssentials™ SZ does not infringe the plaintiffs' patent and that the plaintiffs' patent is invalid. We believe that the plaintiffs' allegations are without merit and intend to defend vigorously against them. At this stage of the proceedings, we cannot predict the outcome of this litigation or determine whether it will have a material effect on our results of operations, liquidity or capital resources.

Esterhazy Potash Mine Tolling Contract Disputes

On or about May 27, 2009, PCS filed a lawsuit against Mosaic Esterhazy in the Queen's Bench Judicial Centre of Saskatoon, Saskatchewan, following our notice, described more fully in Note 20, that based on our present calculations, we believe that our obligation to supply potash under the PCS Tolling Contract will expire by August 30, 2010 and informing PCS that we will cease delivery of product following that date. In general terms, the lawsuit contests our basis and timing for termination of the PCS Tolling Contract; asserts that PCS' rights to potash under the contract will not expire until at least 2012, and potentially later at current delivery rates; alleges that our notice is a threatened repudiation of the contract and would convert PCS' reserves to our use; and asserts that the value of the potash at issue exceeds \$1 billion. The lawsuit also alleges that we breached our contractual obligation to engage in good mining practices, resulting in saturated brine inflows in portions of our Esterhazy mine, which allegedly reduced the extraction ratio of potash from the mine. The lawsuit further claims that if our Esterhazy mine were to flood, we could convert the mine to a solution mine and that under such circumstances we would be able to extract a greater portion of the reserves and that PCS would accordingly be entitled to additional potash under the PCS Tolling Contract. The lawsuit requests orders from the court declaring the amount of potash that PCS has a right to receive under the PCS Tolling Contract; that we deliver that amount of potash to PCS on a timely basis in accordance with the PCS Tolling Contract; restraining us from ceasing delivery of potash to PCS until a final order is issued by the court; and awarding damages to PCS for any conversion of PCS' reserves and our alleged threatened repudiation of the contract, as well as costs, pre- and post-judgment interest and such further relief as the court may allow.

On June 16, 2009, we filed our statement of defence against PCS' claims as well as a counterclaim against PCS. In our statement of defence, we generally deny the alleged bases for PCS' claims and assert, among other defences, that PCS' lawsuit does not state a cause of action, that any claim for alleged poor mining practices is based on acts or omissions prior to 1986 and is time-barred by applicable statutes of limitations, and that provisions of the PCS Tolling Contract limit our liability for performance or non-performance under the contract to approximately \$10 million. We also note that saturated brine inflows are a known risk in Saskatchewan potash mines and that each potash shaft mine in Saskatchewan and New Brunswick, including all five PCS potash shaft mines, has a history of inflows. Finally, our statement of defence requests a declaration by the court that at a delivery rate of approximately 1.1 million tonnes of product per year, PCS' entitlement to potash will terminate by August 30, 2010.

In addition, by letter dated April 9, 2009, PCS advised us that, until further notice, it was no longer prepared to accept further shipments of product under the PCS Tolling Contract because of the global financial crisis, stated that PCS no longer had the ability to physically receive, ship or store additional potash, and asserted that its inability to receive delivery of additional product was an event of force majeure. We have counterclaimed against PCS alleging that it breached the PCS Tolling Contract by failing to take delivery of potash that it ordered under the contract based on the alleged event of force majeure. Our counterclaim seeks an injunction requiring PCS to continue to take shipment of future monthly deliveries as well as damages in an unspecified amount, pre-judgment interest, costs and such further relief as the court deems just.

We believe that PCS' allegations are without merit and intend to defend vigorously against them. While we cannot predict the outcome of this litigation at this stage of the proceedings, irrespective of its outcome, we believe that expiration of the contract will have a material positive effect on the volume of potash that we can produce for resale at then-current market prices and could have a material positive effect on our results of operations, liquidity and capital resources.

Other Claims

We also have certain other contingent liabilities with respect to judicial, administrative and arbitration proceedings and claims of third parties, including tax matters, arising in the ordinary course of business. We do not believe that any of these contingent liabilities will have a material adverse impact on our business or financial condition.

22. RELATED PARTY TRANSACTIONS

Cargill is considered a related party due to its ownership interest in us. At May 31, 2009, Cargill and certain of its subsidiaries owned approximately 64.3% of our outstanding common stock. At May 31, 2005, Cargill owned all of our Class B Common stock, which was automatically converted to common stock on July 1, 2006. We have entered into transactions and agreements with Cargill and its non-consolidated subsidiaries (affiliates), from time to time, and we expect to enter into additional transactions and agreements with Cargill and its affiliates in the future. Certain agreements and transactions between Cargill and its affiliates and us are described below.

Approval of Transactions with Cargill

Pursuant to an Investor Rights Agreement between us and Cargill that expired in October 2008, we had established special approval requirements for commercial and other transactions, arrangements or agreements between Cargill and us. These provisions required the approval of the transactions, arrangements or agreements by a majority of our directors who were former directors of IMC, or their successors, who were deemed “non-associated,” or independent, unless approval authority for the transactions, arrangements or agreements was delegated to an internal management committee as described below. These independent former IMC directors comprised the Special Transactions Committee of our Board. The Special Transactions Committee’s charter provided for it to oversee transactions involving Cargill with the objective that they be fair and reasonable to us. Further, pursuant to its charter, the Special Transactions Committee had a policy under which the Special Transactions Committee delegated approval authority for certain transactions with Cargill to an internal management committee. The internal management committee was required to report its activities to the Special Transactions Committee on a periodic basis.

On December 11, 2008, our Board, on the recommendation of the Special Transactions Committee and our Corporate Governance and Nominating Committee, replaced the special approval requirements for transactions, arrangements or agreements between Cargill and us that had been established under the expired Investor Rights Agreement with new special approval requirements under which responsibility for approval of these transactions has been transferred to a subcommittee of the Corporate Governance and Nominating Committee comprised solely of independent directors in accordance with procedures it establishes. The subcommittee has delegated approval authority for certain transactions with Cargill to the internal management committee in accordance with our Related Person Transactions Approval Policy. The internal management committee is required to report its activities to the subcommittee of the Corporate Governance and Nominating Committee on a periodic basis.

During fiscal 2009, we engaged in various transactions, arrangements or agreements with Cargill which are described below. The Special Transactions Committee, the subcommittee of the Corporate Governance and Nominating Committee or the internal management committee have either approved or ratified these transactions, arrangements or agreements in accordance with either the charter and policies of the Special Transactions Committee or our Related Person Transactions Approval Policy.

We negotiated each of the following transactions, arrangements and agreements with Cargill on the basis of what we believe to be competitive market practices.

Master Transition Services Agreement and Amendment; Master Services Agreement

In connection with the combination between IMC and the fertilizer businesses of Cargill, we and Cargill entered into a master transition services agreement. Pursuant to the master transition services agreement, Cargill agreed to provide us with various transition-related services pursuant to individual work orders negotiated with us. We have entered into individual work orders for services in various countries, including Argentina, Australia, Brazil, Canada, Chile, China, Hong Kong, India, Mexico, Thailand, and the United States. Each of these work orders has been approved by the Special Transactions Committee or our internal management committee. Generally speaking, each work order is related to services provided by Cargill for its fertilizer businesses prior to the

combination which were continued for our benefit post-combination. Services provided by Cargill include, but are not limited to, accounting, accounts payable and receivable processing, certain financial reporting, financial service center, graphics, human resources, information technology, insurance, legal, license and tonnage reporting, mail services, maintenance, marketing, office services, procurement, public relations, records, strategy and business development, tax, travel services and expense reporting, treasury, and other administrative and functional related services. The services performed may be modified by our mutual agreement with Cargill. The initial master transition services agreement with Cargill expired in October 2005 and was renewed through October 2006. In October 2006 Cargill agreed to continue to provide certain services to us and the parties entered into a master services agreement on terms similar to the master transition services agreement. We have renewed several work orders under which Cargill had been performing services on a transitional basis. Each of these work orders has been approved by the Special Transactions Committee or by our internal management committee.

Fertilizer Supply Agreement (U.S.)

We sell fertilizer products to Cargill's AgHorizons business unit which it resells through its retail fertilizer stores in the U.S. Under a fertilizer supply agreement, we sell nitrogen, phosphate and potash products at prices set forth in price lists that we issue from time to time to our customers. In addition, we may sell to Cargill certain products produced by third parties. We have also agreed to make available to Cargill AgHorizons, on regular commercial terms, new fertilizer products and agronomic services that are developed. Cargill AgHorizons is not obligated to purchase any minimum volume of fertilizer products and we are under no obligation to supply such products unless the parties agree to specific volumes and prices on a transaction-by-transaction basis. Our supply agreement is in effect until terminated by either party on three months written notice.

Fertilizer Supply Agreement (Canada)

We sell fertilizer products produced to a Canadian subsidiary of Cargill. Cargill purchases the substantial majority of its Canadian fertilizer requirements from us for its retail fertilizer stores in Western Canada. The agreement provides that we will sell nitrogen, phosphate and potash products at prices set forth in price lists we issue from time to time to our customers. In addition, we may sell Cargill certain products produced by third parties for a per tonne sourcing fee. In exchange for Cargill's commitment to purchase the substantial majority of its fertilizer needs from us and because it is one of our largest customers in Canada, we have also agreed to make new fertilizer products and agronomic services, to the extent marketed by us, available to Cargill on regular commercial terms. In addition, because of the volume of purchases by Cargill, we have agreed to pay a per tonne rebate at the end of each contract year if annual purchase volumes exceed certain thresholds. This agreement is in effect until June 30, 2010.

Phosphate Supply Agreement

We have a supply agreement with Cargill's subsidiary in Argentina for phosphate-based fertilizers. Cargill has no obligation to purchase any minimum quantities of fertilizer products from us and we have no obligation to supply any minimum quantities of products to Cargill. This agreement has been renewed through May 31, 2009.

Spot Fertilizer Sales

From time to time, we make spot fertilizer sales to Cargill's subsidiaries in Paraguay and Bolivia. We are under no obligation to sell fertilizer to Cargill under this relationship. This agreement is in effect until December 22, 2009.

Feed Supply Agreements and Renewals

We have various agreements relating to the supply of feed grade phosphate, potash and urea products to Cargill's animal nutrition, grain and oilseeds, and poultry businesses. The sales are generally on a spot basis in Brazil, Canada, Indonesia, Malaysia, Mexico, Philippines, Taiwan, Thailand, United States, Vietnam, Bolivia, and

Venezuela. Cargill has no obligation to purchase any minimum of feed grade products from us and we have no obligation to supply any minimum amount of feed grade products to Cargill. These supply agreements are in effect until May 31, 2010.

Ocean Transportation Agreement

We have a non-exclusive agreement with Cargill's Ocean Transportation Division to perform various freight related services for us. Freight services include, but are not limited to: (i) vessel and owner screening, (ii) freight rate quotes in specified routes and at specified times, (iii) advice on market opportunities and freight strategies for the shipment of our fertilizer products to international locations, and (iv) the execution of various operational tasks associated with the international shipment of our products. We pay a fee (1) in the case of voyage charters, an address commission calculated as a percentage of the voyage freight value, (2) in the case of time charters, an address commission calculated as a percentage of the time-charter hire, and (3) in the case of forward freight agreements, a commission calculated as a percentage of the forward freight agreement notional value. Our agreement provides that the parties may renegotiate fees during its term, and the agreement is in effect until either party terminates it by providing 60 days prior written notice to the other party.

Services Agreements for Logistics and General Services

Our Argentine subsidiary has entered into services agreements with Cargill's Argentine subsidiary, which originates fertilizer and sells crop nutrients to farmers from its country stations in Argentina. Under the terms of the services agreement, we supply services related to fertilizer origination, administration, storage and dispatch. This agreement is in effect until May 31, 2009, unless terminated earlier by the parties and will automatically renew for an additional two-year term unless terminated by either party at least 90 days prior to the expiration of the original term. We have also agreed to make available to Cargill 50,000 tonnes of storage space per month as well as to a daily dispatch of 30 trucks for fertilizer shipments.

Barter Agreements

We have a barter relationship with Cargill's grain and oilseed business in Brazil. Cargill's Brazilian subsidiary, Mosaic and Brazilian farmers may, from time to time, enter into commercial arrangements pursuant to which farmers agree to forward delivery grain contracts with Cargill, and in turn, use cash generated from the transactions to purchase fertilizer from us. Similarly, in Argentina, we enter into agreements with farmers who purchase fertilizer products from us and agree to sell their grain to us upon harvest. Upon receipt of the grain, we have agreements to sell it to Cargill's grain and oilseed business in Argentina. The number of barter transactions with Cargill's subsidiaries varies from year to year. The Brazil agreement remains in effect until either party terminates it by providing 90 days prior written notice to the other party. In Argentina, the agreement is in effect until May 31, 2010.

Offer of Single Superphosphate

We have a supply agreement with Cargill's subsidiary in Argentina for single superphosphate. Cargill has no obligation to purchase any minimum quantities of fertilizer products from us and we have no obligation to supply any minimum quantities of products to Cargill. This agreement has been renewed through May 31, 2009.

Fertilizer Supply Agreement

On July 18, 2008, Phosphate Chemicals Export Association, Inc. ("PhosChem"), a consolidated subsidiary of ours, and of which one of our subsidiaries is a member, and Cargill S.A.C.I. entered into a supply agreement for sales of fertilizer products to Cargill in Argentina.

Miscellaneous Co-Location Agreements

We have various office sharing and sublease arrangements with Cargill in various geographic locations, including with respect to certain offices in Argentina, China, Brazil and the United States.

Miscellaneous

There are various other agreements between us and Cargill which we believe are not significant to us.

Summary

As of May 31, 2009 and 2008, the net amount due (to) from Cargill related to the above transactions amounted to (\$3.1) million and \$12.5 million, respectively.

Cargill made net equity (distributions) contributions of \$(0.6) million, \$4.6 million and \$2.3 million to us during fiscal 2009, 2008 and 2007, respectively.

In summary, the Consolidated Statements of Earnings included the following transactions with Cargill:

(in millions)	Years ended May 31		
	2009	2008	2007
Transactions with Cargill included in net sales	\$ 286.3	\$ 299.1	\$ 180.5
Transactions with Cargill included in cost of goods sold	173.1	228.0	71.8
Transactions with Cargill included in selling, general and administrative expenses	11.6	16.1	11.4
Interest (income) expense (received from) paid to Cargill	(0.8)	0.2	(0.6)

We have also entered into transactions and agreements with certain of our non-consolidated companies. As of May 31, 2009 and 2008, the net amount due from our non-consolidated companies totaled \$220.0 million and \$191.4 million, respectively.

The Consolidated Statements of Earnings included the following transactions with our non-consolidated companies:

(in millions)	Years ended May 31		
	2009	2008	2007
Transactions with non-consolidated companies included in net sales	\$ 1,315.9	\$ 871.0	\$ 455.7
Transactions with non-consolidated companies included in cost of goods sold	384.8	327.8	211.7

23. BUSINESS SEGMENTS

The reportable segments are determined by management based upon factors such as products and services, production processes, technologies, market dynamics, and for which segment financial information is available for our chief operating decision maker.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2. We evaluate performance based on the operating earnings of the respective business segments, which includes certain allocations of corporate selling, general and administrative expenses. The segment results may not represent the actual results that would be expected if they were independent, standalone businesses.

For a description of the business segments, see Note 1. The Corporate, Eliminations and Other segment primarily represents activities associated with our Nitrogen distribution business, unallocated corporate office activities and eliminations. All intersegment sales are eliminated within the Corporate, Eliminations and Other segment.

Segment information for fiscal 2009, 2008 and 2007 is as follows:

(in millions)	Phosphates	Potash	Offshore	Corporate, Eliminations and Other	Total
2009					
Net sales to external customers	\$ 5,064.4	\$ 2,759.2	\$ 2,340.9	\$ 133.5	\$ 10,298.0
Intersegment net sales	716.2	58.0	8.3	(782.5)	-
Net sales	5,780.6	2,817.2	2,349.2	(649.0)	10,298.0
Gross margin	1,273.6	1,505.9	(105.3)	92.5	2,766.7
Operating earnings (loss)	1,088.0	1,409.9	(191.4)	94.4	2,400.9
Capital expenditures	408.3	343.6	22.0	7.2	781.1
Depreciation, depletion and amortization expense	214.4	119.4	16.6	10.1	360.5
Equity in net earnings of nonconsolidated companies	2.3	-	66.0	31.8	100.1
2008					
Net sales to external customers	\$ 5,259.4	\$ 2,194.5	\$ 2,216.8	\$ 141.9	\$ 9,812.6
Intersegment net sales	446.8	56.7	7.0	(510.5)	-
Net sales	5,706.2	2,251.2	2,223.8	(368.6)	9,812.6
Gross margin	2,081.1	853.3	277.9	(51.8)	3,160.5
Operating earnings (loss)	1,897.1	798.6	175.4	(64.4)	2,806.7
Capital expenditures	201.2	149.5	18.2	3.2	372.1
Depreciation, depletion and amortization expense	202.3	128.5	17.8	9.5	358.1
Equity in net earnings of nonconsolidated companies	1.8	-	55.0	67.2	124.0
2007					
Net sales to external customers	\$ 2,910.7	\$ 1,411.9	\$ 1,348.3	\$ 102.8	\$ 5,773.7
Intersegment net sales	293.2	67.0	7.3	(367.5)	-
Net sales	3,203.9	1,478.9	1,355.6	(264.7)	5,773.7
Gross margin	431.7	413.9	78.7	1.8	926.1
Operating earnings (loss)	311.2	368.2	(1.0)	(62.1)	616.3
Capital expenditures	136.2	135.1	11.2	9.6	292.1
Depreciation, depletion and amortization expense	185.4	119.1	15.6	9.3	329.4
Equity in net earnings of nonconsolidated companies	2.3	-	16.5	22.5	41.3
Total assets as of May 31, 2009	\$ 5,310.4	\$ 8,298.3	\$ 1,185.0	\$ (2,117.5)	\$ 12,676.2
Total assets as of May 31, 2008	4,266.8	7,026.4	1,794.3	(1,267.7)	11,819.8

Financial information relating to our operations by geographic area is as follows:

(in millions)	Years Ended May 31		
	2009	2008	2007
<i>Net sales^(a):</i>			
India	\$ 2,275.9	\$ 1,412.8	\$ 554.4
Brazil	1,435.9	1,663.1	860.3
Canpotex ^(b)	1,283.3	813.3	397.7
Canada	578.8	511.7	291.5
Australia	290.3	386.7	193.5
Japan	227.6	303.3	120.4
Argentina	188.3	239.3	180.0
Chile	173.1	201.7	108.6
Thailand	146.5	179.5	88.7
Mexico	143.9	202.2	180.3
Colombia	123.2	147.1	86.4
China	97.9	96.4	241.7
Ukraine	0.2	5.6	180.0
Pakistan	-	-	85.0
Other	236.0	388.9	290.9
Total foreign countries	7,200.9	6,551.6	3,859.4
United States	3,097.1	3,261.0	1,914.3
Consolidated	<u>\$ 10,298.0</u>	<u>\$ 9,812.6</u>	<u>\$ 5,773.7</u>

^(a) Revenues are attributed to countries based on location of customer.

^(b) The export association of the Saskatchewan potash producers.

(in millions)	May 31 2009	May 31 2008
<i>Long-lived assets:</i>		
Canada	\$ 3,235.0	\$ 3,281.9
Brazil	449.2	487.4
Other	66.7	66.4
Total foreign countries	3,750.9	3,835.7
United States	3,355.2	3,174.6
Consolidated	<u>\$ 7,106.1</u>	<u>\$ 7,010.3</u>

Net sales by product type for fiscal 2009, 2008 and 2007 are as follows:

(in millions)	Years Ended May 31		
	2009	2008	2007
<i>Sales by product type:</i>			
Phosphate Crop Nutrients	\$ 4,908.5	\$ 4,996.4	\$ 2,794.8
Potash Crop Nutrients	2,489.5	2,031.6	1,295.0
Crop Nutrient Blends	1,550.1	1,635.6	840.7
Other	1,349.9	1,149.0	843.2
	<u>\$ 10,298.0</u>	<u>\$ 9,812.6</u>	<u>\$ 5,773.7</u>

Quarterly Results (Unaudited)
In millions, except per share amounts

	Quarter				
	First	Second	Third	Fourth	Year
2009					
Net sales	\$ 4,322.5	\$ 3,006.5	\$ 1,375.5	\$ 1,593.5	\$ 10,298.0
Lower of cost of market write-down ^(a)	-	293.5	28.3	61.4	383.2
Gross margin	1,648.6	773.7	140.3	204.1	2,766.7
Operating earnings	1,548.9	682.0	43.7	126.3	2,400.9
Gain on sale of equity investment ^(b)	-	673.4	-	-	673.4
Net earnings	1,184.7	959.8	58.8	146.9	2,350.2
Basic net earnings per share	\$ 2.67	\$ 2.16	\$ 0.13	\$ 0.33	\$ 5.29
Diluted net earnings per share	\$ 2.65	\$ 2.15	\$ 0.13	\$ 0.33	\$ 5.27
Common stock prices:					
High	\$ 161.08	\$ 97.21	\$ 45.64	\$ 56.87	
Low	96.35	22.31	25.40	37.72	
2008					
Net sales	\$ 2,003.3	\$ 2,195.4	\$ 2,147.2	\$ 3,466.7	\$ 9,812.6
Gross margin	521.8	623.1	727.9	1,287.7	3,160.5
Operating earnings	449.6	529.6	647.4	1,180.1	2,806.7
Net earnings	305.5	394.0	520.8	862.5	2,082.8
Basic net earnings per share	\$ 0.69	\$ 0.89	\$ 1.17	\$ 1.94	\$ 4.70
Diluted net earnings per share	\$ 0.69	\$ 0.89	\$ 1.17	\$ 1.93	\$ 4.67
Common stock prices:					
High	\$ 42.02	\$ 71.09	\$ 117.06	\$ 140.21	
Low	34.61	42.84	71.06	92.01	

^(a) We recorded lower of cost or market inventory write-downs of \$293.5 million, \$28.3 million and \$61.4 million in the second, third and fourth quarters of fiscal 2009, respectively, because the carrying cost of our inventories exceeded our estimated future selling prices less reasonably predictable selling costs.

^(b) We recorded a \$673.4 million pre-tax gain on the sale of our equity method investment in Saskferco in fiscal 2009.

The number of holders of record of our common stock as of July 17, 2009 was 2,959.

In July 2008, we initiated a quarterly dividend of \$0.05 per share of common stock. Dividends totaling \$88.9 million were paid in fiscal 2009.

The following table presents our selected financial data. This historical data should be read in conjunction with the Consolidated Financial Statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Five Year Comparison
In millions, except per share amounts

	Years Ended May 31				
	2009	2008	2007	2006	2005
Statements of Operations Data:					
Net sales	\$ 10,298.0	\$ 9,812.6	\$ 5,773.7	\$ 5,305.8	\$ 4,396.7
Cost of goods sold	7,148.1	6,652.1	4,847.6	4,668.4	3,871.2
Lower of cost or market write-down	383.2	-	-	-	-
Gross margin	2,766.7	3,160.5	926.1	637.4	525.5
Selling, general and administrative expenses	321.4	323.8	309.8	241.3	207.0
Restructuring loss (gain)	0.6	18.3	(2.1)	287.6	-
Other operating expense	43.8	11.7	2.1	6.6	-
Operating earnings	2,400.9	2,806.7	616.3	101.9	318.5
Interest expense, net	43.3	90.5	149.6	153.2	110.7
Foreign currency transaction loss (gain)	131.8	57.5	8.6	100.6	(13.9)
(Gain) loss on extinguishment of debt	(2.5)	2.6	(34.6)	-	-
(Gain) on sale of equity investment ^(a)	(673.4)	-	-	-	-
Other (income) expense	(4.0)	(26.3)	(13.0)	8.2	6.8
Earnings (loss) from consolidated companies before income taxes and the cumulative effect of a change in accounting principle	2,905.7	2,682.4	505.7	(160.1)	214.9
Provision for income taxes	649.3	714.9	123.4	5.3	98.3
Earnings (loss) from consolidated companies before the cumulative effect of a change in accounting principle	2,256.4	1,967.5	382.3	(165.4)	116.6
Equity in net earnings of nonconsolidated companies	100.1	124.0	41.3	48.4	55.9
Minority interests in net earnings of consolidated companies	(6.3)	(8.7)	(3.9)	(4.4)	(4.9)
Cumulative effect of a change in accounting principle, net of tax	-	-	-	-	(2.0)
Net earnings (loss)	\$ 2,350.2	\$ 2,082.8	\$ 419.7	\$ (121.4)	\$ 165.6
<i>Earnings (loss) available for common stockholders:</i>					
Net earnings (loss)	\$ 2,350.2	\$ 2,082.8	\$ 419.7	\$ (121.4)	\$ 165.6
Preferred stock dividend	-	-	-	11.1	6.3
Earnings (loss) available for common stockholders	\$ 2,350.2	\$ 2,082.8	\$ 419.7	\$ (132.5)	\$ 159.3
Basic earnings (loss) per common share:					
Earnings (loss) from continuing operations before the cumulative effect of a change in accounting principle	\$ 5.29	\$ 4.70	\$ 0.97	\$ (0.35)	\$ 0.49
Cumulative effect of a change in accounting principle, net of tax	-	-	-	-	(0.01)
Basic net earnings (loss) per share	\$ 5.29	\$ 4.70	\$ 0.97	\$ (0.35)	\$ 0.48
Basic weighted average number of shares outstanding	444.3	442.7	434.3	382.2	327.8
Diluted earnings (loss) per common share:					
Earnings (loss) from continuing operations before the cumulative effect of a change in accounting principle	\$ 5.27	\$ 4.67	\$ 0.95	\$ (0.35)	\$ 0.47
Cumulative effect of a change in accounting principle, net of tax	-	-	-	-	(0.01)
Diluted net earnings (loss) per share	\$ 5.27	\$ 4.67	\$ 0.95	\$ (0.35)	\$ 0.46
Diluted weighted average number of shares outstanding	446.2	445.7	440.3	382.2	360.4
Balance Sheet Data (at period end):					
Cash and cash equivalents	\$ 2,703.2	\$ 1,960.7	\$ 420.6	\$ 173.3	\$ 245.0
Total assets	12,676.2	11,819.8	9,163.6	8,723.0	8,411.5
Total long-term debt (including current maturities)	1,299.8	1,418.3	2,221.9	2,457.4	2,587.9
Total liabilities	4,183.2	5,088.6	4,979.7	5,192.2	5,198.0
Total stockholders' equity	8,493.0	6,731.2	4,183.9	3,530.8	3,213.5
Other Financial Data:					
Depreciation, depletion and amortization	\$ 360.5	\$ 358.1	\$ 329.4	\$ 585.9	\$ 219.3
Capital expenditures	781.1	372.1	292.1	389.5	255.2
Dividends per share	0.20	-	-	-	-

^(a) We recorded a \$673.4 million pre-tax gain on the sale of our equity method investment in Saskferco in fiscal 2009. See further discussion in Note 9 to the Consolidated Financial Statements.

SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended May 31, 2009, 2008 and 2007
In millions

Column A	Column B	Column C		Column D	Column E
Description	Balance Beginning of Period	Additions		Deductions	Balance at End of Period ^(b)
		Charged to Costs and Expenses	Charged to Other Accounts ^(a)		
Allowance for doubtful accounts, deducted from accounts receivable in the balance sheet:					
Year ended May 31, 2007	19.1	2.6	4.9	(3.9)	22.7
Year ended May 31, 2008	22.7	3.6	2.6	(0.3)	28.6
Year ended May 31, 2009	28.6	9.1	0.4	(6.9)	31.2
Income tax valuation allowance, related to deferred income taxes					
Year ended May 31, 2007	498.4	0.7	(153.5)	(29.0)	316.6
Year ended May 31, 2008	316.6	1.9	(249.6)	(62.3)	6.6
Year ended May 31, 2009	6.6	106.0	4.3	(1.3)	115.6

^(a) Income tax valuation allowance adjustments include amount recorded to goodwill as part of purchase accounting and translation.

^(b) Allowance for doubtful accounts balance includes \$17.6 million, \$17.8 million and \$14.8 million of allowance on long-term receivables recorded in other long term assets for the years ended May 31, 2009, 2008 and 2007, respectively.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). The Company's internal control system is a process designed to provide reasonable assurance to our management, Board of Directors and stockholders regarding the reliability of financial reporting and the preparation and fair presentation of our consolidated financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles (U.S. GAAP), and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP, and that receipts and expenditures are being made only in accordance with authorizations from our management and Board of Directors; and,
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of May 31, 2009. In making this assessment, management used the control criteria framework of the Committee of Sponsoring Organizations (COSO) of the Treadway Commission published in its report entitled *Internal Control—Integrated Framework*. Based on its evaluation, management concluded that the Company's internal control over financial reporting was effective as of May 31, 2009. KPMG LLP, the independent registered public accounting firm that audited the financial statements included in this annual report, has issued an auditors' report on the Company's internal control over financial reporting as of May 31, 2009.

Subsidiary Information for The Mosaic Company

Certain subsidiaries of the Mosaic Company are listed below. Unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a “significant subsidiary” as defined in Regulation S-X promulgated by the Securities and Exchange Commission.

Subsidiary Name	Jurisdiction of Incorporation
Mosaic Canada ULC	Nova Scotia
Mosaic Canada Crop Nutrition, LP	Manitoba
Mosaic Crop Nutrition, LLC	Delaware
Mosaic Esterhazy Holdings Limited	Saskatchewan
Mosaic Fertilizantes do Brasil S.A.	Brazil
Mosaic Fertilizer, LLC	Delaware
Mosaic Global Dutch Holdings B.V.	Netherlands
Mosaic Global Holdings Inc.	Delaware
Mosaic Global Netherlands B.V.	Netherlands
Mosaic Global Operations Inc.	Delaware
Mosaic Potash Colonsay ULC	Nova Scotia
Mosaic Potash Esterhazy Limited Partnership	Saskatchewan
Mosaic Potash Holdings N.V.	Netherlands Antilles
Mosaic USA Holdings, Inc.	Delaware
The Vigoro Corporation	Delaware

Consent of Independent Registered Public Accounting Firm

The Board of Directors
The Mosaic Company:

We consent to the incorporation by reference in the registration statement (No. 333-142268, 333-120503, 333-120501, and 333-120878) on Form S-8 of The Mosaic Company of our report dated July 24, 2009, with respect to the consolidated balance sheets of The Mosaic Company as of May 31, 2009 and 2008, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the fiscal years in the three-year period ended May 31, 2009, and the related financial statement schedule and the effectiveness of internal control over financial reporting as of May 31, 2009, which report is incorporated by reference in the May 31, 2009 annual report on Form 10-K of The Mosaic Company.

Our report dated July 24, 2009 refers to the Company's adoption of the provisions of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* and *Interpretation of FASB Statement No. 109*, on June 1, 2007 and the measurement provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, on June 1, 2008.

/s/ KPMG LLP

Minneapolis, Minnesota
July 24, 2009

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the "Company"), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the "Annual Report") under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 20th day of July, 2009.

/s/ R.F. Bentele

Raymond F. Bentele

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the "Company"), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the "Annual Report") under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 20th day of July, 2009.

/s/ Robert L. Lumpkins

Robert L. Lumpkins

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the “Company”), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the “Annual Report”) under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 22nd day of July, 2009.

/s/ F. Guillaume Bastiaens

F. Guillaume Bastiaens

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the “Company”), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the “Annual Report”) under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 20th day of July, 2009.

/s/ Phyllis E. Cochran

Phyllis E. Cochran

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the "Company"), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the "Annual Report") under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 21st day of July, 2009.

/s/ William R. Graber

William R. Graber

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the "Company"), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the "Annual Report") under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 20th day of July, 2009.

/s/ Harold MacKay

Harold H. MacKay

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the "Company"), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the "Annual Report") under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 20th day of July, 2009.

/s/ David B. Mathis

David B. Mathis

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the "Company"), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the "Annual Report") under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 20th day of July, 2009.

/s/ W.T. Monahan

William T. Monahan

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the "Company"), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the "Annual Report") under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 20th day of July, 2009.

/s/ J.L. Popowich

James L. Popowich

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the “Company”), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the “Annual Report”) under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 20th day of July, 2009.

/s/ James T. Prokopanko

James T. Prokopanko

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the "Company"), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the "Annual Report") under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 21st day of July, 2009.

/s/ Steven M. Seibert

Steven M. Seibert

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the "Company"), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the "Annual Report") under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 21st day of July, 2009.

/s/ Richard D. Frasch

Richard D. Frasch

POWER OF ATTORNEY

The undersigned, being a Director and/or Officer of The Mosaic Company, a Delaware corporation (the "Company"), hereby constitutes and appoints James T. Prokopanko, Lawrence W. Stranghoener and Richard L. Mack his true and lawful attorneys and agents, each with full power and authority (acting alone and without the others) to execute and deliver in the name and on behalf of the undersigned as such Director and/or Officer, the Annual Report of the Company on Form 10-K for the fiscal year ended May 31, 2009 (the "Annual Report") under the Securities Exchange Act of 1934, as amended, and to execute and deliver any and all amendments to the Annual Report for filing with the Securities and Exchange Commission; and in connection with the foregoing, to do any and all acts and things and execute any and all instruments which such attorneys and agents may deem necessary or advisable to enable the Company to comply with the securities laws of the United States and of any state or other political subdivision thereof. The undersigned hereby grants unto such attorney and agents, and each of them, full power of substitution and revocation in the premises and hereby ratifies and confirms all that such attorneys and agents may do or cause to be done by virtue of these presents.

Dated this 20th day of July, 2009.

/s/ David T. Seaton

David T. Seaton

Certification Required by Rule 13a-14(a)

I, James T. Prokopanko, certify that:

1. I have reviewed this annual report on Form 10-K of The Mosaic Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: July 24, 2009

/s/ James T. Prokopanko

James T. Prokopanko
Chief Executive Officer and President
The Mosaic Company

Certification Required by Rule 13a-14(a)

I, **Lawrence W. Stranghoener**, certify that:

1. I have reviewed this annual report on Form 10-K of The Mosaic Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: July 24, 2009

/s/ Lawrence W. Stranghoener

Lawrence W. Stranghoener
Executive Vice President and Chief Financial Officer
The Mosaic Company

**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**

I, **James T. Prokopanko, the Chief Executive Officer and President** of The Mosaic Company, certify that (i) the Annual Report on Form 10-K for the year ended May 31, 2009 of The Mosaic Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of The Mosaic Company.

July 24, 2009

/s/ James T. Prokopanko

James T. Prokopanko
Chief Executive Officer and President
The Mosaic Company

**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**

I, **Lawrence W. Stranghoener, the Executive Vice President and Chief Financial Officer** of The Mosaic Company, certify that (i) the Annual Report on Form 10-K for the year ended May 31, 2009 of The Mosaic Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of The Mosaic Company.

July 24, 2009

/s/ Lawrence W. Stranghoener

Lawrence W. Stranghoener
Executive Vice President and Chief Financial Officer
The Mosaic Company

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