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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-Q**

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

For the quarterly period ended August 31, 2009

OR

**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



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**The Mosaic Company**

(Exact name of registrant as specified in its charter)

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**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)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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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 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 444,938,976 common shares as of September 30, 2009.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

**THE MOSAIC COMPANY**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
(In millions, except per share amounts)  
(Unaudited)

	Three months ended August 31,	
	2009	2008
Net sales	\$ 1,457.2	\$ 4,322.5
Cost of goods sold	1,235.0	2,673.9
Gross margin	222.2	1,648.6
Selling, general and administrative expenses	81.4	90.0
Other operating expenses	6.6	9.7
Operating earnings	134.2	1,548.9
Interest expense, net	14.9	10.6
Foreign currency transaction (gain)	(13.1)	(86.7)
Other (income)	(0.4)	(1.5)
Earnings from consolidated companies before income taxes	132.8	1,626.5
Provision for income taxes	32.8	497.7
Earnings from consolidated companies	100.0	1,128.8
Equity in net earnings of nonconsolidated companies	2.5	59.8
Net earnings including non-controlling interests	102.5	1,188.6
Less: Net earnings attributable to non-controlling interests	(1.9)	(3.9)
Net earnings attributable to Mosaic	\$ 100.6	\$ 1,184.7
Basic net earnings per share attributable to Mosaic	\$ 0.23	\$ 2.67
Diluted net earnings per share attributable to Mosaic	\$ 0.23	\$ 2.65
Basic weighted average number of shares outstanding	444.6	444.1
Diluted weighted average number of shares outstanding	446.3	446.5

See Notes to Consolidated Financial Statements

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**THE MOSAIC COMPANY**  
**CONSOLIDATED BALANCE SHEETS**  
(In millions, except share and per share amounts)  
(Unaudited)

	August 31, 2009	May 31, 2009
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,598.7	\$ 2,703.2
Receivables, net	471.3	582.5
Receivables due from Cargill, Incorporated and affiliates	14.2	15.1
Inventories	1,046.7	1,125.9
Deferred income taxes	199.3	205.4
Other current assets	672.0	675.7
Total current assets	5,002.2	5,307.8
Property, plant and equipment, net	5,007.7	4,899.3
Investments in nonconsolidated companies	375.5	357.8
Goodwill	1,733.1	1,734.1
Deferred income taxes	253.4	262.3
Other assets	107.0	114.9
Total assets	<u>\$ 12,478.9</u>	<u>\$ 12,676.2</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Short-term debt	\$ 107.1	\$ 92.7
Current maturities of long-term debt	29.7	43.3
Accounts payable	409.2	371.7
Trade accounts payable due to Cargill, Incorporated and affiliates	20.6	11.9
Cargill prepayments and accrued liabilities	4.3	5.9
Accrued liabilities	667.4	703.9
Accrued income taxes	11.2	327.6
Deferred income taxes	65.8	64.8
Total current liabilities	1,315.3	1,621.8
Long-term debt, less current maturities	1,253.2	1,256.5
Deferred income taxes	456.0	456.6
Other noncurrent liabilities	839.8	826.1
The Mosaic Company Stockholders' equity:		
Preferred stock, \$0.01 par value, 15,000,000 shares authorized, none issued and outstanding as of August 31, 2009 and May 31, 2009	—	—
Common stock, \$0.01 par value, 700,000,000 shares authorized:		
Class B common stock, none issued and outstanding as of August 31, 2009 and May 31, 2009	—	—
Common stock, 444,917,995 and 444,513,300 shares issued and outstanding as of August 31, 2009 and May 31, 2009, respectively	4.5	4.4
Capital in excess of par value	2,500.5	2,483.8
Retained earnings	5,824.6	5,746.2
Accumulated other comprehensive income	260.2	258.6
Total Mosaic stockholders' equity	8,589.8	8,493.0
Non-controlling interests	24.8	22.2
Total stockholders' equity	8,614.6	8,515.2
Total liabilities and stockholders' equity	<u>\$ 12,478.9</u>	<u>\$ 12,676.2</u>

See Notes to Consolidated Financial Statements

**THE MOSAIC COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)  
(Unaudited)

	Three months ended	
	August 31,	
	2009	2008
<b>Cash Flows from Operating Activities</b>		
Net earnings including non-controlling interests	\$ 102.5	\$ 1,188.6
Adjustments to reconcile net earnings including non-controlling interests to net cash provided by operating activities:		
Depreciation, depletion and amortization	92.1	87.7
Deferred income taxes	11.6	15.3
Equity in net earnings of nonconsolidated companies, net of dividends	(2.5)	(27.7)
Accretion expense for asset retirement obligations	7.9	8.8
Stock-based compensation expense	14.2	10.1
Unrealized loss (gain) on derivatives	(38.4)	117.2
Excess tax benefits related to stock option exercises	(0.4)	(2.8)
Other	(0.7)	(1.0)
Changes in assets and liabilities:		
Receivables, net	111.5	(521.0)
Inventories, net	78.9	(590.2)
Other current assets	8.9	(55.1)
Accounts payable	77.0	273.9
Accrued liabilities	(299.8)	138.2
Other noncurrent liabilities	9.6	(80.5)
Net cash provided by operating activities	172.4	561.5
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	(236.2)	(186.9)
Restricted cash	—	(1.2)
Other	0.1	0.3
Net cash used in investing activities	(236.1)	(187.8)
<b>Cash Flows from Financing Activities</b>		
Payments of short-term debt	(63.2)	(141.5)
Proceeds from issuance of short-term debt	77.7	118.6
Payments of long-term debt	(17.4)	(33.8)
Proceeds from issuance of long-term debt	0.6	0.1
Payment of tender premium on debt	(5.5)	(0.2)
Proceeds from stock options exercised	2.2	1.1
Dividend paid to minority shareholder	(0.1)	(1.4)
Excess tax benefits related to stock option exercises	0.4	2.8
Cash dividends paid	(22.2)	(22.2)
Net cash used in financing activities	(27.5)	(76.5)
Effect of exchange rate changes on cash	(13.3)	(68.2)
Net change in cash and cash equivalents	(104.5)	229.0
Cash and cash equivalents—beginning of period	2,703.2	1,960.7
Cash and cash equivalents—end of period	<u>\$ 2,598.7</u>	<u>\$ 2,189.7</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the period for:		
Interest (net of amount capitalized)	\$ 39.6	\$ 47.4
Income taxes (net of refunds)	271.0	192.7

See Notes to Consolidated Financial Statements

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**THE MOSAIC COMPANY**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(In millions except share and per share amounts)  
(Unaudited)

	Mosaic Shareholders						
	Shares	Dollars					Total Stockholders' Equity
	Common Stock	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interests	
<b>Balance as of May 31, 2008</b>	443.9	\$ 4.4	\$ 2,450.8	\$ 3,485.4	\$ 790.6	\$ 23.4	\$ 6,754.6
Adoption of FAS 158 measurement date, net of tax of \$0.2	—	—	—	(0.5)	—	—	(0.5)
Beginning balance, as adjusted	443.9	4.4	2,450.8	3,484.9	790.6	23.4	6,754.1
Net earnings	—	—	—	2,350.2	—	6.3	2,356.5
Foreign currency translation adjustment, net of tax of \$13.3	—	—	—	—	(480.0)	(3.8)	(483.8)
Net actuarial loss, net of tax of \$31.2	—	—	—	—	(52.0)	—	(52.0)
Comprehensive income for 2009	—	—	—	—	—	2.5	1,820.7
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)
Dividends for non-controlling interests	—	—	—	—	—	(3.7)	(3.7)
Tax benefits related to stock option exercises	—	—	6.5	—	—	—	6.5
<b>Balance as of May 31, 2009</b>	444.5	4.4	2,483.8	5,746.2	258.6	22.2	8,515.2
Net earnings including non-controlling interest	—	—	—	100.6	—	1.9	102.5
Foreign currency translation adjustment, net of tax of \$4.2	—	—	—	—	2.3	0.8	3.1
Net actuarial loss, net of tax of \$0	—	—	—	—	(0.7)	—	(0.7)
Comprehensive income for 2010	—	—	—	—	—	2.7	104.9
Stock option exercises	0.4	0.1	2.1	—	—	—	2.2
Amortization of stock based compensation	—	—	14.2	—	—	—	14.2
Dividends paid (\$0.05 per share)	—	—	—	(22.2)	—	—	(22.2)
Dividends for non-controlling interests	—	—	—	—	—	(0.1)	(0.1)
Tax benefits related to stock option exercises	—	—	0.4	—	—	—	0.4
<b>Balance as of August 31, 2009</b>	444.9	\$ 4.5	\$ 2,500.5	\$ 5,824.6	\$ 260.2	\$ 24.8	\$ 8,614.6

See Notes to Consolidated Financial Statements

THE MOSAIC COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions, except per share amounts and as otherwise designated)

(Unaudited)

**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 80% for the three months ended August 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 nutrients’ blending and bagging facilities, port terminals and warehouses in several key countries outside the U.S. and Canada, 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 18 to the Consolidated Financial Statements.

**2. Summary of Significant Accounting Policies**

***Basis of Consolidation***

The accompanying unaudited Consolidated Financial Statements of Mosaic have been prepared on the accrual basis of accounting and in accordance with the requirements of the Securities and Exchange Commission (“*SEC*”) for interim financial reporting. As permitted under these rules, certain footnotes and other financial information that are normally required by accounting principles generally accepted in the United States (“*U.S. GAAP*”) can be condensed or omitted. The Consolidated Financial Statements included in this document reflect, in the opinion of our management, all adjustments (consisting of only normal recurring adjustments, except as noted elsewhere in the Notes to the Consolidated Financial Statements) necessary for fair presentation of our financial position as of August 31, 2009, and our results of operations and cash flows for the three months ended

**THE MOSAIC COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

August 31, 2009 and 2008. The following notes should be read in conjunction with the accounting policies and other disclosures in the Notes to the Consolidated Financial Statements incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009. Sales, expenses, cash flows, assets and liabilities can and do vary during the year. Therefore, interim results are not necessarily indicative of the results to be expected for the full fiscal year. Throughout the Notes to Consolidated Financial Statements, amounts in tables are in millions of dollars except per share data and as otherwise designated. Mosaic has evaluated subsequent events through October 5, 2009, which is the date these financial statements were issued.

***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 and/or when the risks and rewards of ownership are otherwise transferred to the customer and when the price is fixed or 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 or 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 at the time the underlying eligible sale is made which is when the price of *DAP* is both fixed and determinable.

**3. Recently Issued Accounting Guidance**

***Recently Adopted Accounting Pronouncements***

In February 2008, the FASB issued FASB Staff Position FSP SFAS 157-2, “*Effective Date of FASB Statement No. 157*” (“*FSP SFAS 157-2*”). FSP SFAS 157-2 deferred implementation of SFAS 157 for certain nonfinancial assets and nonfinancial liabilities, including but not limited to our asset retirement obligations. We adopted FSP SFAS 157-2 on June 1, 2009 and have provided the SFAS 157 disclosure requirements for nonfinancial assets and nonfinancial liabilities that are remeasured at fair value on a nonrecurring basis. Other than the additional disclosure requirements, the adoption of FSP SFAS 157-2 did not have a material impact on our Consolidated Financial Statements.

In December 2007, the FASB issued SFAS 141 (revised 2007), *Business Combinations* (“*SFAS 141(R)*”) which significantly changes how business acquisitions are accounted for and will impact financial statements

THE MOSAIC COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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) became 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 shall 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 became effective for us on June 1, 2009. The presentation and disclosure requirements of SFAS 160 were applied retrospectively. Other than the change in presentation of noncontrolling interests, the adoption of SFAS 160 did not 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 08-6 addresses the potential effect of SFAS 141(R) and SFAS 160 on an entity’s accounting for equity-method investments and clarifies the accounting for certain transactions and impairment considerations involving equity-method investments. EITF No. 08-6 became effective for us beginning on June 1, 2009 and will be applied prospectively to transactions occurring on or after June 1, 2009. The adoption of EITF No. 08-6 did not have a material impact 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 SFAS 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. We adopted FSP SFAS 157-4 as of June 1, 2009. Other than the additional disclosure requirements, the adoption of FSP SFAS 157-4 did not have a material impact on our Consolidated Financial Statements.

In April 2009, the FASB issued FSP No. SFAS 107-1 and APB 28-1, *“Interim Disclosures about Fair Value of Financial Instruments”* (*“FSP SFAS 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

THE MOSAIC COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

of financial instruments. We adopted FSP SFAS 107-1 and APB 28-1 as of June 1, 2009. Other than the additional disclosure requirements, the adoption of FSP SFAS 107-1 and APB 28-1 did not have a material impact on our Consolidated Financial Statements.

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. We adopted SFAS 165 as of June 1, 2009, and have provided the additional required disclosure.

***New Pronouncements Issued But Not Yet Adopted***

In December 2008, the FASB issued FSP SFAS 132(R)-1, “*Employers’ Disclosures about Postretirement Benefit Plan Assets*” (“**FSP SFAS 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 SFAS 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 SFAS 132(R)-1 on our Consolidated Financial Statements.

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 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 September 2009, the FASB ratified EITF 08-1, “*Revenue Arrangements with Multiple Deliverables*” (“**EITF 08-1**”), which requires companies to allocate revenue in arrangements involving multiple deliverables based on the estimated selling price of each deliverable, even though such deliverables are not sold separately either by the company itself or other vendors. EITF 08-1 eliminates the requirement that all undelivered elements must have objective and reliable evidence of fair value before a company can recognize the portion of the overall arrangement fee that is attributable to items that already have been delivered. As a result, the new guidance may allow some companies to recognize revenue on transactions that involve multiple deliverables earlier than under current requirements. EITF 08-1 will be effective for us beginning in the first quarter of fiscal year 2012. Early adoption is permitted. We are currently evaluating the requirements of the standard, but would not expect it to have a material impact on our Consolidated Financial Statements.

## THE MOSAIC COMPANY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

**4. Earnings Per Share**

The numerator for basic and diluted earnings per share (“EPS”) is net earnings attributable to Mosaic. 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. The following is a reconciliation of the denominator for the basic and diluted EPS computations:

(in millions)	Three months ended August 31,	
	2009	2008
Net earnings attributable to Mosaic	\$ 100.6	\$ 1,184.7
Basic weighted average common shares outstanding	444.6	444.1
Common stock issuable upon vesting of restricted stock awards	0.4	0.6
Common stock equivalents	1.3	1.8
Diluted weighted average common shares outstanding	446.3	446.5
Net earnings per share attributable to Mosaic—basic	\$ 0.23	\$ 2.67
Net earnings per share attributable to Mosaic—diluted	\$ 0.23	\$ 2.65

A total of 0.6 million shares of common stock subject to issuance upon exercise of stock options and restricted stock awards for the three months ended August 31, 2009, have been excluded from the calculation of diluted EPS as the effect would be anti-dilutive. There were no anti-dilutive shares for the three months ended August 31, 2008.

**5. Income Taxes**

Income tax expense was \$32.8 million and the effective tax rate was 24.7% for the three months ended August 31, 2009. For the three months ended August 31, 2008, we had income tax expense of \$497.7 million and an effective tax rate of 30.6%. The effective tax rate is impacted primarily by the benefit associated with depletion along with the amount of income and the jurisdictions in which the income is taxed. These items had a greater impact on the rate for the three months ended August 31, 2009 relative to the three months ended August 31, 2008.

During the three months ended August 31, 2009, unrecognized tax benefits increased \$0.8 million. It is expected that the amount of unrecognized tax benefits will change in the next twelve months; however the change cannot reasonably be estimated.

We operate in multiple tax jurisdictions, both within 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.

We are currently under audit by the U.S. Internal Revenue Service for the fiscal years 2007 and 2008 and the Canadian Revenue Agency for the fiscal years 2001 to 2006. Based on the information available as of August 31, 2009, we do not anticipate significant changes to our unrecognized tax benefits as a result of these examinations.

**THE MOSAIC COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**6. Inventories**

Inventories consist of the following:

(in millions)	August 31, 2009	May 31, 2009
Raw materials	\$ 23.9	\$ 31.2
Work in process	347.6	339.0
Finished goods	572.8	655.2
Operating materials and supplies	102.4	100.5
	<u>\$ 1,046.7</u>	<u>\$ 1,125.9</u>

**7. Property, Plant and Equipment**

Property, plant and equipment consist of the following:

(in millions)	August 31, 2009	May 31, 2009
Land	\$ 173.3	\$ 172.6
Mineral properties and rights	2,527.0	2,528.7
Buildings and leasehold improvements	763.5	747.0
Machinery and equipment	3,241.4	3,134.5
Construction in-progress	594.7	520.0
	7,299.9	7,102.8
Less: accumulated depreciation and depletion	<u>2,292.2</u>	<u>2,203.5</u>
	<u>\$ 5,007.7</u>	<u>\$ 4,899.3</u>

**8. Goodwill**

The changes in the carrying amount of goodwill, by reporting unit, for the three months ended August 31, 2009 are as follows:

(in millions)	Phosphates	Potash	Total
Balance as of May 31, 2009	\$ 537.2	\$ 1,196.9	\$ 1,734.1
Foreign currency translation	—	(1.0)	(1.0)
Balance as of August 31, 2009	<u>\$ 537.2</u>	<u>\$ 1,195.9</u>	<u>\$ 1,733.1</u>

**9. 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

THE MOSAIC COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 in certain cases these guarantees may be renewed on a rolling twelve-month basis. As of August 31, 2009, we have estimated the maximum potential future payment under the guarantees to be \$71.6 million. The fair value of these guarantees is immaterial to our Consolidated Financial Statements at August 31, 2009 and May 31, 2009.

*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.

**10. Financing Arrangements**

On July 29, 2009, Mosaic entered into a new unsecured three-year revolving credit facility of up to \$500 million (the “*Mosaic Credit Facility*”). The Mosaic Credit Facility is available for revolving credit loans, swing line loans of up to \$20 million and letters of credit of up to \$200 million. The Mosaic Credit Facility replaces our prior senior secured credit facility entered into on February 18, 2005, as amended and restated, that consisted of a revolving facility of up to \$450 million (the “*Prior Credit Facility*”). The Prior Credit Facility and related security interests were terminated contemporaneously with our entry into the Mosaic Credit Facility. Letters of credit outstanding under the Prior Credit Facility in the amount of approximately \$21.9 million became letters of credit under the Mosaic Credit Facility. We repaid all other borrowings outstanding under the Prior Credit Facility, consisting of term loans in an aggregate principal amount of approximately \$13.1 million, from general corporate funds on July 27, 2009. The maturity date of the Mosaic Credit Facility is July 29, 2012.

The obligations under the Mosaic Credit Facility 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 MOSAIC COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

The Mosaic Credit Facility has cross-default provisions that, in general, provide that a failure to pay principal or interest under any one item of other indebtedness in excess of \$50 million or \$75 million for multiple items of other indebtedness, or breach or default under such indebtedness that permits the holders thereof to accelerate the maturity thereof, will result in a cross-default.

The Mosaic Credit Facility requires Mosaic to maintain certain financial ratios, including a maximum ratio of Total Debt to EBITDA (as defined) as well as a minimum Consolidated Net Worth (as defined) of at least \$6.2 billion plus 25% of Consolidated Net Income (as defined) for each fiscal quarter beginning with the fiscal quarter ending August 31, 2009. These covenants effectively limit the amount of dividends and other distributions on Mosaic's common stock. At August 31, 2009, the amount that would have been available under these covenants for dividends and other distributions was approximately \$2.4 billion.

The Mosaic Credit Facility also contains other events of default and covenants that limit various matters. These event of default include limitations on indebtedness, liens, investments and acquisitions (other than capital expenditures), certain mergers, certain asset sales outside the ordinary course of business and other matters customary for credit facilities of this nature.

**Short-Term Debt**

(in millions)	Maturity	August 31, 2009 Stated Interest Rates	August 31, 2009	May 31, 2009
PhosChem—revolving facility	11/29/09	LIBOR + 0.7%	\$ 54.9	\$ 26.6
Lines of credit—Offshore and other short-term borrowings	Various	1.59% to 22.00%	52.2	66.1
<b>Total short-term debt</b>			<b>\$ 107.1</b>	<b>\$ 92.7</b>

We had no outstanding borrowings under the Mosaic Credit Facility as of August 31, 2009 or under the Prior Credit Facility as of May 31, 2009. We had outstanding letters of credit that utilized a portion of the amount available for revolving loans or swingline loans under the Mosaic Credit Facility or the Prior Credit Facility of \$22.3 million and \$21.9 million as of August 31, 2009 and May 31, 2009, respectively. The net available borrowings for revolving loans or swingline loans under the Mosaic Credit Facility or the Prior Credit Facility as of August 31, 2009 and May 31, 2009 were approximately \$477.7 million and \$428.1 million, respectively. Unused commitment fees under the Mosaic Credit Facility and the Prior Credit Facility accrue at a rate of 0.50% and 0.375%, respectively. Unused commitment fees of \$0.5 million and \$0.4 million were expensed during each of the three months ended August 31, 2009 and 2008, respectively.

**Long-Term Debt, including Current Maturities**

(in millions)	Maturity	August 31, 2009 Stated Interest Rates	August 31, 2009	May 31, 2009
Term loan facilities	Various	LIBOR + 1.50%-1.75%	\$ —	\$ 13.1
Industrial revenue bonds	2009-2022	5.50% - 7.70%	42.1	42.1
Secured notes	2009-2014	6.92% - 10.25%	15.6	17.7
Unsecured notes	2009-2016	7.38% - 10.25%	926.5	926.6
Unsecured debentures	2011-2028	7.30% - 9.45%	259.7	259.8
Other debt <sup>(a)</sup>	Various	Various	39.0	40.5
<b>Total long-term debt, including current maturities</b>			<b>\$ 1,282.9</b>	<b>\$ 1,299.8</b>

**THE MOSAIC COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

(a) The remainder of the long-term debt relates to capital leases, long-term debt-due to Cargill, Incorporated and affiliates and other types of debt.

**11. 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 \$415.0 million and \$1.3 billion for the three months ended August 31, 2009 and 2008, respectively, which are included in our consolidated net sales. PhosChem funds its operations in part through a revolving line of credit that is with recourse to PhosChem but not Mosaic or our other subsidiaries, under which the outstanding borrowings were \$54.9 million and \$26.6 million as of August 31, 2009 and May 31, 2009, respectively, 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 August 31, 2009 and May 31, 2009.

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 for the three months ended August 31, 2009 or 2008. SFMP and SFMGP fund their operations in part through a fixed rate Senior Secured Note due December 15, 2010, with a balance of \$13.1 million and \$15.1 million as of August 31, 2009 and May 31, 2009, 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 August 31, 2009 and May 31, 2009.

## THE MOSAIC COMPANY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

(in millions)	August 31, 2009	May 31, 2009
Current assets	\$ 124.9	\$ 105.3
Noncurrent assets	55.6	56.5
Total assets	<u>\$ 180.5</u>	<u>\$ 161.8</u>
Current liabilities	\$ 165.6	\$ 76.6
Noncurrent liabilities	4.5	6.7
Total liabilities	<u>\$ 170.1</u>	<u>\$ 83.3</u>

**12. Accounting for Asset Retirement Obligations**

We account for asset retirement obligations (“*AROs*”) in accordance with SFAS No. 143, “*Accounting for Asset Retirement Obligations*.”

A reconciliation of our AROs is as follows:

(in millions)	
Asset retirement obligation, May 31, 2009	\$ 530.7
Liabilities incurred	10.4
Liabilities settled	(21.4)
Accretion expense	7.9
Revisions in estimated cash flows	0.5
Total asset retirement obligation, August 31, 2009	528.1
Less current portion	94.4
Non-current asset retirement obligation	<u>\$ 433.7</u>

The current portion of our ARO is reflected in accrued liabilities and the non-current portion of our ARO is reflected in other non-current liabilities within the Consolidated Balance Sheets.

**13. Pension Plans and Other Benefits**

We sponsor pension and post-retirement benefits through a variety of plans including defined benefit plans, defined contribution plans, and post-retirement benefit plans. In addition, we are a participating employer in Cargill’s defined benefit pension plans.

We sponsor two defined benefit pension plans in the United States and four active defined benefit plans in Canada. We assumed these plans from IMC on the date of the Combination. In addition, we provide post-retirement health care benefit plans for certain retired employees.

## THE MOSAIC COMPANY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The components of net periodic benefit costs include the following:

(in millions)	Pension Plans Three months ended August 31,		Post-retirement Benefit Plans Three months ended August 31,	
	2009	2008	2009	2008
Service cost	\$ 0.9	\$ 1.1	\$ 0.1	\$ 0.2
Interest cost	9.2	9.1	1.3	1.6
Expected return on plan assets	(10.1)	(9.6)	—	—
Amortization of actuarial loss (gain)	0.2	(0.9)	(0.4)	(0.1)
Net periodic cost (income)	\$ 0.2	\$ (0.3)	\$ 1.0	\$ 1.7

Based on an actuarial assessment, our minimum required contributions for fiscal 2010 were estimated at \$19 million for our pension plans and \$10 million for our other post-retirement benefit plans. During the three months ended August 31, 2009, we contributed \$1.1 million to our pension plans and \$1.2 million to our postretirement benefit plans. During the three months ended August 31, 2008, in order to improve our funding levels with the intention to fully fund our U.S. pension plans, we made contributions of \$57.4 million to our pension plans and \$2.0 million to our post-retirement benefits plans.

#### 14. 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 at both August 31, 2009 and 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 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 have entered into an agreement with KDHE and the City of Hutchinson with respect to measures to address risks presented by the former wells. The primary measures include our purchase of a number of homes to create a buffer between the former wells and residential property, our installation of an early detection monitoring system and additional well stability investigation along the railroad tracks, and the City of Hutchinson's closure of a road. 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 were to request additional 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

THE MOSAIC COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 NOV's 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 NOV's 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 12 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 the 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 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. Potential indemnification is not considered in our established accruals.

***Phosphate Mine Permitting in Florida***

*The Altman Extension of the Four Corners Mine.* Following extensive administrative proceedings before, and litigation against, the Manatee County Board of County Commissioners (the “*Manatee County Board*”), in December 2008 we entered into a settlement agreement (the “*Settlement Agreement*”) with Manatee County pursuant to which, in January and February 2009, the Manatee County Board granted all approvals necessary from Manatee County to begin mining the Altman Extension (the “*Altman Extension*”) of our Four Corners phosphate rock mine in central Florida.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 phosphate rock 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 Administrative Law Judge (“*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 predict 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, including the wetlands permit for the Hardee County extension, 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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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*

Under a long-term contract (the "**PCS Tolling Contract**") with Potash Corporation of Saskatchewan Inc. ("**PCS**"), 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. 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.

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 to PCS described in the prior paragraph. 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; that provisions of the PCS Tolling Contract limit our liability to PCS to loss, damage or injury to the PCS reserves resulting from bad faith, willful misconduct or gross negligence; and that provisions of the PCS Tolling Contract limit our liability for performance or

## THE MOSAIC COMPANY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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, results of operations, and cash flows.

**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.<sup>1</sup>

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

<u>(in millions of Units)</u> <u>Derivative Instrument</u>	<u>Derivative Category</u>	<u>Unit of Measure</u>	<u>August 31,</u> <u>2009</u>
Foreign currency derivatives	Foreign currency	US Dollars	1,260.9
Natural gas derivatives	Commodity	MMbtu	24.5
Ocean freight derivatives	Freight	US Dollars	1.7
Ocean freight contracts	Freight	Tonnes	0.6

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*

<sup>1</sup> For additional disclosures about fair value measurement of derivative instruments, see Note 16, Fair Value Measurements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

("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 is included in the foreign currency transaction gain (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	Three months ended	
			August 31,	
			2009	2008
	Foreign currency derivatives	Cost of goods sold	\$ (6.0)	\$ (4.4)
	Foreign currency derivatives	Foreign currency transaction gain (loss)	30.7	(2.4)
	Commodity derivatives	Cost of goods sold	16.8	(103.4)
	Freight derivatives	Cost of goods sold	(3.1)	(7.0)

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)	Asset Derivatives <sup>(a)</sup>		Liability Derivatives <sup>(a)</sup>	
	Location	August 31, 2009	Location	August 31, 2009
Foreign currency derivatives	Other current assets	\$ 4.1	Accrued liabilities	\$ 3.5
Commodity derivatives	Other current assets	4.8	Accrued liabilities	77.1
Commodity derivatives	Other assets	0.4	Other noncurrent liabilities	2.3
Freight derivatives	Other current assets	1.9	Accrued liabilities	0.6
<b>Total</b>		<b>\$ 11.2</b>		<b>\$ 83.5</b>

<sup>(a)</sup> The above amounts are disclosed at gross fair value in accordance with SFAS 161 requirements; however, the amounts recorded on the Consolidated Balance Sheet are presented on a net basis in accordance with 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 August 31, 2009, was \$77.5 million. We have posted cash collateral of \$6.2 million in the normal course of business associated with these contracts. If the credit-risk-related contingent features underlying these agreements were triggered on August 31, 2009, we would be required to post an additional \$71.3 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

## THE MOSAIC COMPANY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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, material 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**

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.

We determine the fair market values of our derivative contracts and certain other assets and liabilities 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 Sheet that are recognized at fair value on a recurring basis, and indicates the fair value hierarchy utilized to determine such fair value.

(in millions)	August 31, 2009			
	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Foreign currency derivatives	\$ 3.3	\$ 2.0	\$ 1.3	\$ —
Freight derivatives	1.9	—	0.4	1.5
Total assets at fair value	<u>\$ 5.2</u>	<u>\$ 2.0</u>	<u>\$ 1.7</u>	<u>\$ 1.5</u>
<b>Liabilities</b>				
Foreign currency derivatives	\$ (2.7)	\$ (1.9)	\$ (0.8)	\$ —
Commodity derivatives	(74.2)	—	(74.2)	—
Freight derivatives	(0.6)	—	—	(0.6)
Total liabilities at fair value	<u>\$ (77.5)</u>	<u>\$ (1.9)</u>	<u>\$ (75.0)</u>	<u>\$ (0.6)</u>

We did not significantly change our valuation techniques from prior periods.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

*Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis*

Effective June 1, 2009, we adopted the portions of SFAS 157, which were deferred under FSP No. FAS 157-2, for nonfinancial assets and liabilities measured at fair value on a nonrecurring basis. The adoption of the FSP did not have an impact on our financial position or results of operations.

The following table presents assets and liabilities included in our Consolidated Balance Sheet that are recognized at fair value on a nonrecurring basis, and indicates the fair value hierarchy utilized to determine such fair value.

(in millions)	August 31, 2009			
	Total	Level 1	Level 2	Level 3
<b>Liabilities</b>				
Asset retirement obligations	\$ 528.1	\$ —	\$ —	\$ 528.1

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

*Asset Retirement Obligations*—The AROs include our legal obligations associated with the retirement of long-term operating assets. We utilize current retirement costs to estimate the expected cash outflows for retirement obligations. 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. AROs incurred in the current period were Level 3 fair value measurements. See Note 12 of this Form 10-Q for a summary of the changes in the ARO liability.

*Financial Instruments*

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

(in millions)	August 31, 2009		May 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 2,598.7	\$ 2,598.7	\$ 2,703.2	\$ 2,703.2
Short-term debt	107.1	107.1	92.7	92.7
Long-term debt, including current portion	1,282.9	1,319.3	1,299.8	1,237.1

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 to Cargill, is estimated using a present value method based on current interest rates for similar instruments with equivalent credit quality, as well as market prices for our publicly traded debt instruments.

**17. Related Party Transactions**

Cargill is considered a related party due to its majority ownership interest in us. As of August 31, 2009, Cargill and certain of its subsidiaries owned approximately 64.2% of our outstanding common stock. We have entered into transactions and agreements with Cargill and certain of its non-consolidated subsidiaries (affiliates) from time to time, and anticipate that we will enter into additional transactions and agreements with Cargill and its affiliates in the future.

**THE MOSAIC COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

As of August 31, 2009, the net amount due to Cargill and its affiliates related to these transactions totaled \$11.1 million. At May 31, 2009, the net amount due to Cargill and its affiliates was \$3.1 million.

Cargill made no equity contributions during the three months ended August 31, 2009 and \$0.6 million of distributions were made to Cargill during fiscal year 2009.

The Consolidated Statements of Earnings included the following transactions with Cargill and its affiliates:

(in millions)	Three months ended August 31,	
	2009	2008
Transactions with Cargill and affiliates included in net sales	\$ 26.1	\$ 153.5
Transactions with Cargill and affiliates included in cost of goods sold	35.4	162.7
Transactions with Cargill and affiliates included in selling, general and administrative expenses	2.1	3.4

We have also entered into transactions and agreements with certain of our non-consolidated companies. As of August 31, 2009 and May 31, 2009, the net amount due from our non-consolidated companies totaled \$148.1 million and \$220.0 million, respectively. The Consolidated Statements of Earnings included the following transactions with our non-consolidated companies:

(in millions)	Three months ended August 31,	
	2009	2008
Transactions with non-consolidated companies included in net sales	\$ 89.1	\$ 549.5
Transactions with non-consolidated companies included in cost of goods sold	131.2	224.8

THE MOSAIC COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

18. 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. For a description of our business segments see Note 1. 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, stand-alone businesses. 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 was as follows:

(in millions)	Phosphates	Potash	Offshore	Corporate, Eliminations and Other	Total
<b>Three months ended August 31, 2009</b>					
Net sales to external customers	\$ 728.2	\$ 248.9	\$ 465.9	\$ 14.2	\$ 1,457.2
Intersegment net sales	86.2	84.4	2.2	(172.8)	—
Net sales	814.4	333.3	468.1	(158.6)	1,457.2
Gross margin	111.4	124.6	11.2	(25.0)	222.2
Operating earnings (loss)	61.2	99.3	(8.0)	(18.3)	134.2
Capital expenditures	80.6	150.2	1.8	3.6	236.2
Depreciation, depletion and amortization expense	55.6	29.7	4.3	2.5	92.1
Equity in net earnings of nonconsolidated companies	1.0	—	1.5	—	2.5
<b>Three months ended August 31, 2008</b>					
Net sales to external customers	\$ 2,281.4	\$ 953.8	\$ 1,046.3	\$ 41.0	\$ 4,322.5
Intersegment net sales	311.4	22.6	1.7	(335.7)	—
Net sales	2,592.8	976.4	1,048.0	(294.7)	4,322.5
Gross margin	1,005.7	503.2	180.6	(40.9)	1,648.6
Operating earnings (loss)	950.8	477.8	159.0	(38.7)	1,548.9
Capital expenditures	102.2	78.7	5.5	0.5	186.9
Depreciation, depletion and amortization expense	48.4	31.9	4.9	2.5	87.7
Equity in net earnings of nonconsolidated companies	0.9	—	33.3	25.6	59.8

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Financial information relating to our operations by geographic area was as follows:

(in millions)	Three months ended	
	August 31,	
	2009	2008
<i>Net sales<sup>(a)</sup>:</i>		
Brazil	\$ 375.4	\$ 756.5
India	286.7	1,019.5
Canpotex <sup>(b)</sup>	85.9	536.1
Canada	51.0	170.6
Chile	41.2	75.5
Thailand	35.9	48.8
Mexico	31.3	72.8
Argentina	27.8	89.6
China	17.7	37.4
Japan	16.6	74.5
Colombia	14.6	57.8
Australia	0.9	95.4
Other	72.7	127.9
Total foreign countries	1,057.7	3,162.4
United States	399.5	1,160.1
Consolidated	<u>\$ 1,457.2</u>	<u>\$ 4,322.5</u>

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(a) Revenues are attributed to countries based on location of customer.

(b) This represents our sales to the export association of the Saskatchewan potash producers.

[Table of Contents](#)**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the material under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Annual Report on Form 10-K of The Mosaic Company filed with the Securities and Exchange Commission for the fiscal year ended May 31, 2009 and the material under Item 1 of Part I of this report.

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 we mean long ton(s) which are the equivalent of 2,240 pounds. In the following tables, 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 months ended August 31, 2009 and 2008:

(in millions, except per share data)	Three months ended August 31,		2009-2008	
	2009	2008	Change	Percent
Net sales	\$ 1,457.2	\$ 4,322.5	\$ (2,865.3)	(66%)
Cost of goods sold	1,235.0	2,673.9	(1,438.9)	(54%)
Gross margin	222.2	1,648.6	(1,426.4)	(87%)
Gross margin percentage	15.2%	38.1%		
Selling, general and administrative expenses	81.4	90.0	(8.6)	(10%)
Other operating expenses	6.6	9.7	(3.1)	(32%)
Operating earnings	134.2	1,548.9	(1,414.7)	(91%)
Interest expense, net	14.9	10.6	4.3	41%
Foreign currency transaction (gain)	(13.1)	(86.7)	73.6	(85%)
Other (income)	(0.4)	(1.5)	1.1	(73%)
Earnings from consolidated companies before income taxes	132.8	1,626.5	(1,493.7)	(92%)
Provision for income taxes	32.8	497.7	(464.9)	(93%)
Earnings from consolidated companies	100.0	1,128.8	(1,028.8)	(91%)
Equity in net earnings of nonconsolidated companies	2.5	59.8	(57.3)	(96%)
Net earnings including non-controlling interest	102.5	1,188.6	(1,086.1)	(91%)
Less: Net earnings attributable to non-controlling interest	(1.9)	(3.9)	2.0	(51%)
Net earnings attributable to Mosaic	\$ 100.6	\$ 1,184.7	\$ (1,084.1)	(92%)
Diluted net earnings attributable to Mosaic per share	\$ 0.23	\$ 2.65	\$ (2.42)	(91%)
Diluted weighted average number of shares outstanding	446.3	446.5		

**Overview of Consolidated Results for the three months ended August 31, 2009 and August 31, 2008**

Net earnings attributable to Mosaic for the fiscal 2010 first quarter ended August 31, 2009 were \$100.6 million, or \$0.23 per diluted share, compared with net earnings attributable to Mosaic of \$1.2 billion, or \$2.65 per diluted share, for the same period a year ago. The more significant factors affecting our results of operations and financial condition are listed below. Certain of 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.

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Mosaic's first quarter results in fiscal 2010 were impacted by significant declines in phosphate selling prices, potash sales volumes, and potash selling prices, following very strong market conditions in the same period in the prior year. 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 was due to a change in buyer sentiment resulting from, among other factors, lower grain and oilseed prices, 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 phosphate selling prices and volumes to begin declining toward the end of the second quarter of fiscal 2009. In our most recent quarter, phosphate sales volumes resumed to levels comparable to a year ago. Potash sales volumes and selling prices continue to be affected by cautious customer purchasing behavior due to volatile grain and oilseed prices and the lack of normal contracting activity, including key international customer contracts with Canpotex. Because of continued lower demand for potash, we are operating at reduced production volumes into the second quarter of fiscal 2010. The lower potash demand and production levels had a significant adverse impact on our operating costs and results in the first quarter of fiscal 2010.

During the three months ended August 31, 2009:

- We generated \$172.4 million in cash flow from operations in the first quarter of fiscal 2010. The positive cash flow from operations was primarily driven by net earnings.
- We maintained a strong financial position, with cash and cash equivalents of \$2.6 billion as of August 31, 2009.
- In addition, on July 29, 2009, we entered into a new unsecured three-year revolving credit facility of up to \$500 million (the "*Mosaic Credit Facility*"). The Mosaic Credit Facility is available for revolving credit loans, swing line loans of up to \$20 million and letters of credit of up to \$200 million. The Mosaic Credit Facility replaces our prior senior secured credit facility entered into on February 18, 2005 (the "*Prior Credit Facility*"). Replacement of the Prior Credit Facility with the Mosaic Credit Facility reflects the culmination of our efforts to achieve the goal we established at the time of formation of Mosaic to achieve investment grade credit ratings<sup>2</sup> and eliminate a non-investment grade debt covenant structure.
- 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.

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<sup>2</sup> A security rating is not a recommendation to buy, sell or hold securities. A security rating may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated separately from any other rating.

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**[Table of Contents](#)****Phosphates Net Sales and Gross Margin**

The following table summarizes Phosphates net sales, gross margin, sales volume, selling prices and raw material prices:

(in millions, except price per tonne or unit)	Three months ended August 31,		2009-2008	
	2009	2008	Change	Percent
Net sales:				
North America	\$ 294.8	\$ 910.3	\$ (615.5)	(68%)
International	519.6	1,682.5	(1,162.9)	(69%)
Total	814.4	2,592.8	(1,778.4)	(69%)
Cost of goods sold	703.0	1,587.1	(884.1)	(56%)
Gross margin	<u>\$ 111.4</u>	<u>\$ 1,005.7</u>	<u>\$ (894.3)</u>	<u>(89%)</u>
Gross margin as a percent of net sales	14%	39%		
Sales volume (in thousands of metric tonnes)				
Crop Nutrients <sup>(a)</sup> :				
North America	683	779	(96)	(12%)
International	1,244	1,138	106	9%
Total	1,927	1,917	10	1%
Feed Phosphates	135	174	(39)	(22%)
Total	<u>2,062</u>	<u>2,091</u>	<u>(29)</u>	<u>(1%)</u>
Average selling price per tonne:				
DAP (FOB plant)	\$ 276	\$ 1,013	\$ (737)	(73%)
Average price per unit:				
Ammonia (metric tonne)(Central Florida)	\$ 233	\$ 572	\$ (339)	(59%)
Sulfur (long ton)	43	573	(530)	(92%)

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

**Three months ended August 31, 2009 and 2008**

Phosphate's net sales decreased 69% to \$814.4 million in the first quarter of fiscal 2010, as a result of the significant decline in average selling prices.

Our average DAP selling price was \$276 per tonne in the first quarter of fiscal 2010, a decrease of \$737 per tonne or 73% compared with the same period a year ago. The market DAP selling price began to decline sharply toward the end of the second quarter of fiscal 2009 before stabilizing in the first quarter of fiscal 2010. This was due to the combined effects of several factors previously described in the Overview Section.

Sales volumes of concentrated phosphate crop nutrients and animal feed ingredients were flat at 2.1 million tonnes for the first quarter of fiscal 2010 compared to fiscal 2009. A decline in crop nutrient phosphates sales volumes into North America was offset by an increase in shipments to International customers. Feed phosphate sales volumes declined in the first quarter of fiscal 2010 by approximately 22% compared with a year ago 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.

Gross margin decreased to \$111.4 million, or 14% of net sales in the first quarter of fiscal 2010 compared with \$1.0 billion, or 39% of net sales in the same period of fiscal 2009. The decline in gross margin was primarily due to the effects of significantly lower selling prices, partially offset by lower raw material costs for sulfur and ammonia and net unrealized mark-to-market derivative gains compared with net losses a year ago. Net

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unrealized mark-to-market derivative gains, primarily on natural gas derivatives, were \$4.6 million in the first quarter of fiscal 2010 compared with net losses, primarily on natural gas derivatives, of \$74.6 million for the same period a year ago.

The average price for sulfur declined to \$43 per long ton in the first quarter of fiscal 2010 from \$573 in the same period a year ago. The average price for ammonia (central Florida) decreased to \$233 per tonne in the first quarter of fiscal 2010 from \$572 in the same period a year ago. The decline in these raw material costs is due to lower demand for sulfur and lower natural gas input costs for ammonia compared with the first quarter of fiscal 2009. During the current fiscal year, we continue to work through higher cost contracted purchases of sulfur that were committed to when supply was short and prices were substantially higher.

We consolidate the financials of Phosphate Chemicals Export Association, Inc. ("**PhosChem**"), a U.S. Webb-Pomerene Act export association which markets phosphate crop nutrients outside of the U.S. for us and its other member. Included in our first quarter results in fiscal 2010 is PhosChem revenue and cost of goods sold from sales for its other member of \$111.6 million, compared with \$288.9 million for the first quarter in fiscal 2009.

Phosphates' production of crop nutrient dry concentrates decreased to 1.8 million tonnes for the first quarter of fiscal 2010 compared with 2.1 million tonnes for the same period a year ago. We had reduced our phosphate production in response to a prior build-up of inventories in crop nutrient distribution channels and a decline in demand. Toward the end of the first quarter of fiscal 2010, we increased production closer to normal levels due to increased sales orders and demand. Our phosphate inventory levels had been drawn down significantly as of August 31, 2009 due to this increased demand.

### Potash Net Sales and Gross Margin

The following table summarizes Potash net sales, gross margin, sales volume and selling price:

(in millions, except price per tonne or unit)	Three months ended August 31,		2009-2008	
	2009	2008	Change	Percent
<b>Net sales:</b>				
North America	\$ 141.5	\$ 379.7	\$ (238.2)	(63%)
International	191.8	596.7	(404.9)	(68%)
Total	333.3	976.4	(643.1)	(66%)
Cost of goods sold	208.7	473.2	(264.5)	(56%)
Gross margin	\$ 124.6	\$ 503.2	\$ (378.6)	(75%)
Gross margin as a percent of net sales	37%	52%		
<b>Sales volume (in thousands of metric tonnes)</b>				
<b>Crop Nutrients<sup>(a)</sup>:</b>				
North America	109	546	(437)	(80%)
International	508	1,090	(582)	(53%)
Total	617	1,636	(1,019)	(62%)
Non-agricultural	178	261	(83)	(32%)
Total	795	1,897	(1,102)	(58%)
<b>Average selling price per tonne:</b>				
MOP (FOB plant)	\$ 382	\$ 488	\$ (106)	(22%)

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

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Three months ended August 31, 2009 and 2008

Potash net sales were \$333.3 million in the first quarter of fiscal 2010 compared with \$976.4 million in the same period of fiscal 2009. The 66% decrease in net sales in the first quarter of fiscal 2010 resulted primarily from a 58% decline in sales volumes as well as a 22% decline in the average selling price for MOP. Sales volumes declined to 0.8 million tonnes in the quarter due to continued slow demand around the world as a result of the factors previously noted in the Overview Section.

Our average MOP selling price was \$382 per tonne in the first quarter of fiscal 2010, a decline of \$106 per tonne compared with the same period a year ago. The decline in the average MOP selling price was primarily the result of a decline in the average export price for MOP and a shift in sales volume mix. Approximately 22% of total sales volume was to non-agricultural customers compared with 14% a year ago. This shift in mix was primarily driven by lower sales volumes of crop nutrients. The average non-agricultural selling price is at a discount to crop nutrient selling prices but the gap is narrowing on pricing.

Gross margin decreased to \$124.6 million, or 37% of net sales in the first quarter of fiscal 2010 compared with \$503.2 million, or 52% of net sales in the same period of fiscal 2009. Gross margin decreased primarily as a result of the sharp decline in sales volumes, the effects of significantly lower operating rates on fixed cost absorption and a decrease in the average MOP selling price, along with a shift in sales mix to more North American non-agricultural sales. Fixed cost absorption unfavorably impacted our results by approximately \$130 million in the first quarter of fiscal 2010. These factors were partially offset by lower net unrealized mark-to-market derivative losses and lower 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 were \$1.6 million in the first quarter of fiscal 2010 compared with losses of \$41.7 million for the same period a year ago.

We incurred \$17.2 million in Canadian resource taxes and royalties in the first quarter of fiscal 2010 compared with \$169.0 million a year ago. The decline in these taxes was the result of our lower profitability due to the significant reduction in sales volumes.

The brine inflows at our Esterhazy mine unfavorably impacted gross margin by \$24.6 million during the first quarter of fiscal 2010 compared with \$13.7 million a year ago. Approximately 25% of these cash costs for the brine inflows are reimbursed under a tolling agreement. At various times, our Esterhazy mine experiences new or increased brine inflows. The increase in costs in the first quarter of fiscal 2010 is due to slightly higher brine inflow rates compared with a year ago, yet within a manageable level.

Potash production declined to 0.8 million tonnes for the first quarter of fiscal 2010 compared with 2.0 million tonnes for the same period a year ago. Due to slow demand and in order to more effectively manage inventories, we continue to operate at lower production rates and will continue to do so until demand improves.

### **Offshore Net Sales and Gross Margin**

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

(in millions)	Three months ended August 31,		2009-2008	
	2009	2008	Change	Percent
Net sales	\$ 468.1	\$ 1,048.0	\$ (579.9)	(55%)
Cost of goods sold	456.9	867.4	(410.5)	(47%)
Gross margin	\$ 11.2	\$ 180.6	\$ (169.4)	(94%)
Gross margin as a percent of net sales	2%	17%		

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Three months ended August 31, 2009 and 2008

Offshore net sales declined to \$468.1 million, or 55%, in the first quarter of fiscal 2010 compared with the same period in fiscal 2009, primarily due to a decline in international selling prices and, to a lesser extent, a decline in sales volumes. Offshore results were impacted by the factors previously noted in the Overview Section. Gross margin decreased to \$11.2 million, or 2% of net sales, in the first quarter of fiscal 2010, compared with a gross margin of \$180.6 million, or 17% of net sales, for the same period a year ago for the same reasons as the decline in net sales. Our Offshore segment sells products produced by our Phosphates and Potash segments, as well as other suppliers. Strong Offshore results in the first quarter of fiscal 2009 primarily reflected the significant benefit of positioning lower cost inventories in a period of rising selling prices.

### *Other Income Statement Items*

(in millions)	Three months ended		2009-2008		Percent of	
	August 31,		Change	Percent	Net Sales	
	2009	2008			2009	2008
Selling, general and administrative expenses	\$ 81.4	\$ 90.0	\$ (8.6)	(10%)	6%	2%
Other operating expenses	6.6	9.7	(3.1)	(32%)	0%	0%
Interest expense	18.8	25.1	(6.3)	(25%)	1%	1%
Interest income	3.9	14.5	(10.6)	(73%)	0%	0%
Interest expense, net	14.9	10.6	4.3	41%	1%	0%
Foreign currency transaction (gain)	(13.1)	(86.7)	73.6	(85%)	(1%)	(2%)
Other (income)	(0.4)	(1.5)	(1.1)	73%	0%	0%
Provision for income taxes	32.8	497.7	464.9	93%	2%	12%
Equity in net earnings of nonconsolidated companies	2.5	59.8	(57.3)	(96%)	0%	1%

### *Foreign Currency Transaction (Gain) Loss*

For the first quarter of fiscal 2010, we recorded foreign currency transaction gains of \$13.1 million, compared with gains of \$86.7 million for the same period in the prior year. For the first quarter of fiscal 2009, the gains were mainly the result of the effect of a strengthening 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.

### *Provision for Income Taxes*

Three months ended August 31,	Effective Tax Rate	Provision for Income Taxes
2009	24.7%	\$ 32.8
2008	30.6%	497.7

Income tax expense was \$32.8 million and the effective tax rate was 24.7% for the first quarter of fiscal 2010. For the first quarter of fiscal 2009, we had income tax expense of \$497.7 million and an effective tax rate of 30.6%. The effective tax rate is impacted primarily by the benefit associated with depletion along with the amount of income and the jurisdictions in which the income is taxed. These items had a greater impact on the rate for the first quarter of fiscal 2010 relative to the first quarter of fiscal 2009. The tax rate in the first quarter of fiscal 2009 reflected \$20.4 million of benefits specific to the period, including approximately \$18 million related to our ability to utilize foreign tax credits.

### *Equity in Net Earnings of Non-Consolidated Companies*

Equity in net earnings of non-consolidated companies was \$2.5 million for the first quarter of fiscal 2010, compared with \$59.8 million for the same period in fiscal 2009. The decrease in equity earnings in fiscal 2010 is

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primarily due to the sale of Saskferco Products ULC and lower equity earnings from our investment in Fertifos S.A. and its subsidiary Fosfertil. The three months ended August 31, 2009 did not include equity earnings of Saskferco due to the sale of our investment on October 1, 2008. The decrease in equity earnings from Fertifos S.A. is a result of a decrease in phosphate selling prices, higher costs of raw materials to produce phosphates, and an unfavorable foreign exchange impact.

### Critical Accounting Estimates

The Consolidated Financial Statements are prepared in conformity with U.S. GAAP. 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, including our significant accounting estimates, are summarized in Note 2 to the Consolidated Financial Statements. A more detailed description of our significant accounting policies is included in Note 2 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009. Further information regarding our critical accounting estimates is included in Management's Discussion and Analysis in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009.

### Liquidity and Capital Resources

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 the three months ended August 31, 2009 and August 31, 2008:

(in millions)	Three months ended		2009 - 2008	
	August 31, 2009	August 31, 2008	\$ Change	% Change
<b>Cash Flow</b>				
Cash provided by operating activities	\$ 172.4	\$ 561.5	\$ (389.1)	(69%)
Cash used in investing activities	(236.1)	(187.8)	(48.3)	26%
Cash used in financing activities	(27.5)	(76.5)	49.0	(64%)

At August 31, 2009, we had \$2.6 billion in cash and cash equivalents. 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 expansion plans and strategic initiatives for the remainder of fiscal 2010. In addition, our Mosaic Credit Facility is 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*

Cash flow generated from operating activities has provided us with a significant source of liquidity. During the first quarter of fiscal 2010, net cash provided by operating activities was \$172.4 million, a decrease of \$389.1 million compared to the same period in fiscal 2009. The decrease in operating cash flows was primarily due to a reduction in net earnings and significant changes in working capital levels in the prior year. The changes in working capital in the first quarter of fiscal 2010 included reductions in accounts receivable, inventories, accrued liabilities and accrued income taxes. Accounts receivable decreased as a result of lower sales in the current year. The reduction in inventories is primarily a result of significantly lower phosphate inventory levels due to

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increased sales volumes in the first quarter of fiscal 2010 compared to the fourth quarter of fiscal 2009. The decrease in accrued liabilities was driven by a reduction in accrued income taxes related to significant Canadian income tax payments and lower raw material costs.

### *Investing Activities*

Net cash used in investing activities was \$236.1 million for the first quarter of fiscal 2010, compared to \$187.8 million in the same period in fiscal 2009. The increase in cash used in investing activities was mainly the result of higher capital expenditures in our Potash segment primarily related to production expansion projects compared to the same period in the prior year.

### *Financing Activities*

Net cash used in financing activities for the first quarter of fiscal 2010, was \$27.5 million, compared to \$76.5 million for the same period in fiscal 2009. The primary reason for the decrease in cash used in financing activities was the reduction of debt repayments in fiscal 2010 compared to fiscal 2009.

### *Debt Instruments, Guarantees and Related Covenants*

See Note 10 of the Consolidated Financial Statements as well as Management's Discussion and Analysis of Results of Operations and Financial Condition and Note 11 of the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, for additional information relating to our financing arrangements.

### *Financial Assurance Requirements*

In addition to various operational and environmental regulations related to our Phosphates segment, 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. Further information regarding financial assurance requirements is included in Management's Discussion and Analysis of Results of Operations and Financial Condition in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009 and Note 14 of the Consolidated Financial Statements.

### *Off-Balance Sheet Arrangements and Obligations*

Further information regarding off-balance sheet arrangements and obligations is included in Management's Discussion and Analysis of Results of Operations and Financial Condition in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009.

### *Contingencies*

Information regarding contingencies is hereby incorporated by reference to Note 14 of the Consolidated Financial 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

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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;
- 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;

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- 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;
- 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;
- 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 of Part II of this report and Item 1A of our Annual Report on Form 10-K for the fiscal year ended May 31, 2009.

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.

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**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT 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. See Note 15 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009 and Note 15 of the Notes to Consolidated Financial Statements in this report.

**Foreign Currency Exchange Contracts**

At August 31, 2009 and May 31, 2009, the fair values of our Canadian and Brazilian foreign currency exchange contracts were \$0.4 million and (\$16.4) million, respectively. The increase in the fair value during the first three months of fiscal 2010 is primarily due to an increase in foreign currency contracts and changes in foreign currency exchange rates.

The table below provides information about our significant foreign exchange derivatives.

(in millions)	As of August 31, 2009		As of May 31, 2009	
	Expected Maturity Date FY 2010	Fair Value	Expected Maturity Date FY 2010	Fair Value
<b>Foreign Currency Exchange Forwards</b>				
<b>Canadian Dollar</b>				
Notional (million US\$)	\$ 181.6	\$ 0.3	\$ 130.0	\$ 11.5
Weighted Average Rate—Canadian dollar to U.S. dollar	1.0958		1.1927	
<b>Foreign Currency Exchange Non-Deliverable Forwards</b>				
<b>Brazilian Real</b>				
Notional (million US\$)	\$ 224.5	\$ (0.4)	\$ 330.8	\$ (26.0)
Weighted Average Rate—Brazilian real to U.S. dollar	1.9008		2.1594	
<b>Foreign Currency Exchange Futures Brazilian Real</b>				
Notional (million US\$)—long	\$ 473.0	\$ 0.6	\$ 295.0	\$ (4.5)
Weighted Average Rate—Brazilian real to U.S. dollar	1.9134		2.1078	
Notional (million US\$)—short	\$ 309.5	\$ (0.1)	\$ 159.0	\$ 2.6
Weighted Average Rate—Brazilian real to U.S. dollar	1.8878		2.0387	
<b>Total Fair Value</b>		<u>\$ 0.4</u>		<u>\$ (16.4)</u>

Further information regarding foreign currency exchange rates and derivatives is included in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009 and Note 15 of our Notes to Consolidated Financial Statements in this report.

**Commodities**

At August 31, 2009 and May 31, 2009, the fair value of our natural gas commodities contracts were (\$74.1) million and (\$91.2) million, respectively. The \$17.1 million increase in fair value during the first three months of fiscal 2010 is due primarily to a smaller notional amount of outstanding contracts for natural gas.

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

(in millions)	As of August 31, 2009			As of May 31, 2009		
	Expected Maturity Date		Fair Value	Expected Maturity Date		Fair Value
	FY 2010	FY 2011		FY 2010	FY 2011	
<b>Natural Gas Swaps</b>						
Notional (million MMBtu)—long	0.9	—	\$ (5.3)	4.4		\$ (9.1)
Weighted Average Rate (US\$/MMBtu)	\$ 5.98	\$ —		\$ 5.98		
Notional (million MMBtu)—short	3.2		\$ 3.8	4.2		\$ 5.1
Weighted Average Rate (US\$/MMBtu)	\$ 4.08			\$ 4.47		
<b>Natural Gas 3-Way Collars</b>						
Notional (million MMBtu)	16.4	4.0	\$ (72.6)	24.0	4.0	\$ (87.2)
Weighted Average Call Purchased Rate (US\$/MMBtu)	\$ 8.62	\$ 6.90		\$ 8.74	\$ 7.19	
Weighted Average Call Sold Rate (US\$/MMBtu)	\$ 11.39	\$ 9.21		\$ 11.43	\$ 9.60	
Weighted Average Put Sold Rate (US\$/MMBtu)	\$ 7.49	\$ 6.09		\$ 7.65	\$ 6.34	
<b>Total Fair Value</b>			<u>\$ (74.1)</u>			<u>\$ (91.2)</u>

Further information regarding commodities and derivatives is included in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009 and Note 15 of the Consolidated Financial Statements in this report.

**ITEM 4. CONTROLS AND PROCEDURES**

**(a) Evaluation of 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 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 quarterly report on Form 10-Q. 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) 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 our internal control over financial reporting that occurred during the three months ended August 31, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Our management, with the participation of our principal executive officer and principal financial officer, did not identify any such change during the fiscal quarter ended August 31, 2009.

**PART II. OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

We have included information about legal and environmental proceedings in Note 14 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 14 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, our existing 20.1% ownership interests in Fosfertil would have been diluted to approximately 10% 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 Civil Court of the Central District in Sao Paulo, Brazil (the “**Civil Court**”), 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. Following various proceedings and decisions in the Brazilian courts, in August 2009, the Superior Court of Justice (the “**Superior Court**”) upheld an April 2007 decision against us by the Civil Court in this lawsuit. We will consider a possible appeal to the Supreme Court after we have had an opportunity to review the Superior Court’s formal written opinion.

In December 2006 and May 2007, Mosaic Fertilizantes filed additional lawsuits in the Civil Court seeking annulment of the vote by Fertifos’ Board of Directors approving the proposed reorganization. These lawsuits were against (i) Fertifos and its directors on the grounds that the Board of Directors lacked statutory authority to decide the matter and (ii) Fertifos, its directors, and Fosfertil based on conflicts of interests on the part of the Fertifos’ directors appointed by Bunge Fertilizantes. In January 2009, the Civil Court ruled in favor of Mosaic Fertilizantes in both of these lawsuits and declared the vote by Fertifos’ Board of Directors approving the proposed reorganization null and void. In April 2009, the defendants appealed the Civil Court’s rulings in Mosaic Fertilizantes’ favor to the State Court of Appeal. The defendants’ appeals remain pending.

In February 2007, Mosaic Fertilizantes petitioned the Brazilian Securities Commission, challenging, among other things, the valuation placed by the Bunge Parties on Fosfertil. The Brazilian Securities Commission’s analysis of the merits of this petition in order to determine whether or not to proceed with an investigation remains pending.

We intend to vigorously defend our rights in connection with the proposed reorganization. If such a reorganization is consummated, we would own a smaller percentage of the combined enterprise based on the relative valuations ascribed to each entity in such reorganization.

- *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. Following negotiations with EPA representatives, we entered into a consent decree to resolve this matter. The consent decree requires of capital improvements, currently estimated in the amount of approximately \$30 million, to the sulfuric acid plants to reduce sulfur

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dioxide emissions and a \$2.4 million penalty. We previously established accruals to address the penalty as well as defense costs and expenses.

- *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 1A. RISK FACTORS**

Important risk factors that apply to us are outlined in Item 1A in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009 (the “*10-K Report*”). As a result of our entry into the Mosaic Credit Facility on July 29, 2009 and its replacement of our former senior secured credit facility that included restrictive covenants structured at a time before we had achieved investment grade credit ratings<sup>3</sup>, we believe that the risks described under the following heading in Item 1A of the 10-K Report no longer reflect factors that make an investment in Mosaic uniquely speculative or risky and should be omitted from the discussion of risk factors:

**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.**

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

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 our common stock for which the purchase price may be paid by means of delivery to us by the optionee of shares of our common stock that are already owned by the optionee (at a value equal to market value on the date of the option exercise). During the periods covered by this report, no options to purchase shares of our common stock were exercised for which the purchase price was so paid.

### **ITEM 6. EXHIBITS**

Reference is made to the Exhibit Index on page E-1 hereof.

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<sup>3</sup> A security rating is not a recommendation to buy, sell or hold securities. A security rating may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated separately from any other rating.



**Exhibit Index**

<u>Exhibit No</u>	<u>Description</u>	<u>Incorporated Herein by Reference to</u>	<u>Filed with Electronic Submission</u>
10.ii.a.	Form of offer by Mosaic de Argentina S.A. to sell monoammonium phosphate and MicroEssentials™ fertilizers to Cargill S.A.C.I. through August 31, 2010		X
10.iii.a.	Form of Retirement Agreement dated July 31, 2009 between The Mosaic Company and Steven L. Pinney		X
10.iii.b.	The Mosaic Company 2004 Omnibus Stock and Incentive Plan (as amended through July 21, 2009)		X
10.iii.c.	Description of certain discretionary short-term incentive payouts for the fiscal year ended May 31, 2009	The material under “Executive and Director Compensation – Compensation Discussion and Analysis – Compensation Components and Process – Annual Incentives – Discretionary Short –Term Incentive Payout for Fiscal 2009” in the Proxy Statement dated August 25, 2009 of The Mosaic Company*	
31.1	Certification Required by Rule 13a-14(a).		X
31.2	Certification Required by Rule 13a-14(a).		X
32.1	Certification Required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.		X
32.2	Certification Required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.		X

Buenos Aires, July 1, 2009.

Messers  
Cargill S.A.C.I.  
Av. Leandro N. Alem 928 Piso 9  
City of Buenos Aires

Dear Sirs,

In our capacity as Representatives of MOSAIC DE ARGENTINA S.A., hereinafter referred to as "MOSAIC", domiciled at Avda. Leandro N. Alem 928, piso 9°, City of Buenos Aires, we hereby make the following Commercial Offer (the "Offer") to you, hereinafter referred to as "CARGILL", which offer consists in MAP and MES fertilizers as it is detailed down below.

In case you accept the Offer herein, it shall be governed by the terms and conditions stated below, namely:

**SECTION ONE. PURPOSE**

Pursuant to the Offer herein, in the event you accept it, MOSAIC undertakes to sell MAP and MES in Argentina with delivery in July and August 2009 in our Plant of Quebracho, General San Martin Port, Santa Fe Province, as more particularly described on Exhibit A attached hereto and made a part hereof.

The Offer herein shall be deemed implicitly accepted by you upon the first purchase order made by effective means after receipt of the Offer hereof.

**SECTION TWO: TERM**

In addition, the Offer herein, if accepted by you, shall be valid and binding as from July 1, 2009 and up until August 31, 2010.

**SECTION THIRD: ASSIGNMENT**

Neither of the Parties may assign, or transfer under any title, and/or grant license under the rights and/or obligations arising from this Offer, nor under the Offer itself, to any individual or entity, without the prior express consent of the other Party.

**SECTION FOUR: DOMICILE – CONFLICT RESOLUTION**

For all legal purposes, CARGILL hereby sets its domicile at Avda Leandro N. Alem 928, piso 9°, City of Buenos Aires, and MOSAIC at Avda Leandro N. Alem 928, piso 9, City of Buenos Aires. Any controversy that may arise between the Parties in relation to the Offer herein, its existence, validity, qualification, construction, scope or performance that cannot

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be resolved amicably by the Parties shall be submitted to the final and binding judgment of the District Court of the City of Buenos Aires [Tribunales Ordinarios de la Ciudad Autónoma de Buenos Aires].

By Mosaic de Argentina S.A.:

Name:

Title:Agents

**RETIREMENT AGREEMENT**

This Retirement Agreement (“Agreement”) is made and entered into as of \_\_\_\_\_, 2009, between The Mosaic Company (the “Company”), a Delaware corporation having its principal place of business in the State of Minnesota, and Steven L. Pinney (“Pinney”), an individual resident of the State of Minnesota.

**RECITALS**

**WHEREAS**, Pinney has served as a Senior Vice President Phosphate Operations and Supply Chain of the Company;

**WHEREAS**, the Company and Pinney have agreed that Pinney will retire from all positions with the Company effective as of August 6, 2009 (the “Retirement Date”);

**WHEREAS**, Pinney and the Company entered into an Amended and Restated Senior Management Severance and Change In Control Agreement, dated as of March 24, 2008, pursuant to which Pinney would be entitled to receive certain benefits upon the termination of employment under certain circumstances; and

**WHEREAS**, consistent with the provisions in the Amended and Restated Senior Management Severance and Change In Control Agreement dated March 24, 2008, the Company and Pinney desire to set forth all matters regarding Pinney’s retirement and separation of employment from the Company under the terms of that agreement, and to completely and finally resolve all rights and claims between them.

**NOW THEREFORE**, in consideration of the foregoing premises, the covenants set forth below, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Pinney and the Company agree as follows:

**AGREEMENT**

1. Retirement as Senior Vice President Phosphate Operations and Supply Chain. Effective as of the Retirement Date, Pinney hereby retires as a Senior Vice President Phosphate Operations and Supply Chain of the Company, from all other officer positions he currently holds with the Company and its subsidiaries and controlled affiliates and from all director positions he holds with the Company’s subsidiaries and controlled affiliates, and the Company hereby accepts Pinney’s retirement. Up to and including the Retirement Date, Pinney shall continue to receive his base salary and all benefits to which he is currently entitled as a Senior Vice President Phosphate Operations and Supply Chain of the Company. Pinney understands that his participation in all Company employee benefits, plans, programs and fringe benefits shall cease, subject to their terms, as of the Retirement Date unless otherwise noted in this Agreement or as required by applicable law.

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2. Compensation at Retirement Date. In consideration for his undertakings under this Agreement and the Amended and Restated Senior Management Severance and Change In Control Agreement, the Company shall make the following payments to, and distributions for the benefit of, Pinney:

(a) Pinney shall receive payment of Three Hundred Ninety-Five Thousand Dollars (\$395,000), the equivalent of one times annual base salary, subject to any required withholdings, deductions, and tax reporting requirements.

(b) The parties agree and acknowledge that Pinney was not entitled to any bonus under the Company's Management Incentive Plan for fiscal 2009. As additional consideration under this Agreement, the parties agree that Pinney shall receive payment of Two Hundred Fifty-Six Thousand Seven Hundred and Fifty Dollars (\$256,750.00), subject to any required withholdings, deductions, and tax reporting requirements. Pinney understands that he will not be eligible to receive any MIP bonus payments for fiscal 2010.

(c) The total of Six Hundred Fifty-One Thousand Seven Hundred Fifty Dollars (\$651,750.00) due to Pinney as set forth in 2(a) and (b) above shall be paid to Pinney in a lump sum payment representing the amounts described in 2(a) and 2(b) above, subject to any withholdings, deductions, and tax reporting requirements, as soon as administratively possible, but no later than 30 days after the expiration of the rescission and revocation periods set forth in Exhibit A. Distribution of any payments due Pinney under the Mosaic Non-Qualified Deferred Compensation plan or other benefit plans will be made in accordance with the terms of the plan(s) and the requirements of Section 409A of the Internal Revenue Code (IRC).

(d) Section 4(c) of the Amended and Restated Senior Management Severance and Change In Control Agreement is replaced in its entirety with the following. Pinney may elect continuation coverage under Company-provided health and dental plans, to the extent required under federal law (referred to as "COBRA") and state law. The Company shall pay Pinney in one (1) lump sum payment an amount equal to Eighteen Thousand Five Hundred and Forty Dollars (\$18,540.00), subject to any required withholdings, deductions, and tax reporting requirements, as soon as administratively possible, but no later than 30 days after the expiration of the rescission and revocation periods set forth in Exhibit A.

(e) The Company will pay Pinney any unused earned vacation in the amount of Forty-Five Thousand Five Hundred Seventy-Six Dollars (\$45,576.00.00), subject to any required withholdings, deductions, and tax reporting requirements, consistent with the Company's policies as of the Retirement Date.

(f) The Company will offer Pinney executive level outplacement services commensurate with Pinney's position and experience for a period no longer than twelve (12) months following Pinney's retirement date or until Pinney finds new employment, whichever occurs first. The cost of outplacement services furnished will be capped at a maximum of Twenty Five Thousand Dollars (\$25,000.00). Cash will not be paid in lieu of outplacement services. Pinney will be responsible for any individual tax consequences, if any, relating to the provision of these services.

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(g) Receipt of all of the payments described above in this Section 2 is contingent upon Pinney first signing, and not rescinding or revoking, a General Release of All Claims in favor of the Company, in the form attached hereto as Exhibit A, and also continuing to abide by all of Pinney's continuing obligations to the Company, particularly, but not exclusively, the non-disclosure, non-competition, and non-solicitation covenants contained in Section 4 of this Agreement.

3. Long-Term Incentives. The Compensation Committee of the Company's Board of Directors (the "Committee") has previously awarded to Pinney non-qualified stock options to acquire 156,426 shares of the Company's common stock (having an exercise price equal to the market price per share on the date of grant) (collectively, the "Options"), and 13,762 restricted stock units evidencing the right to receive one share per unit of the Company's common stock (collectively, the "RSUs") under the Company's Long-Term Incentive Program ("LTIP"), in each case, subject to the standard terms and conditions of The Mosaic Company 2004 Omnibus Stock and Incentive Plan (the "Omnibus Stock Plan") and applicable award agreements for each such grant or award.

(a) Options. The Committee shall take such actions as are necessary to accelerate the vesting in full, effective as of the Retirement Date, of all Options granted to Pinney that are outstanding and vested on the Retirement Date. Pinney agrees that, effective on the Retirement Date, all outstanding option award agreements shall be deemed amended hereby to provide that, with respect to all of the Options not exercised by such date, Pinney shall be permitted to exercise them up to and including August 6, 2010; any Options not exercised by August 6, 2010 shall automatically be forfeited by Pinney and may not be exercised thereafter.

(b) RSUs. The Committee shall take such actions as are necessary to accelerate the vesting in full, effective as of the Retirement Date, of all RSUs awarded to Pinney that are outstanding and vested on the Retirement Date. Pinney understands and agrees that required tax withholding will be deducted from his outstanding RSUs in accordance with the terms of the Omnibus Stock Plan and the Company's policies.

4. Non-Disclosure, Non-Solicitation, and Non-Competition Covenants. In consideration of receipt of the payments described in Section 2 of this Agreement at or after the Retirement Date, Pinney agrees, as follows:

(a) Non-Disclosure.

(i) Pinney acknowledges that he has received and will, through the Retirement Date, continue to receive access to confidential and proprietary business information or trade secrets ("Confidential Information") about the Company, that this information was obtained by the Company at great expense and is reasonably protected by the Company from unauthorized disclosure, and that Pinney's possession of this special knowledge is due solely to his employment with the Company. In recognition of the foregoing, Pinney will not, at any time during his remaining employment or following the Retirement Date, for any reason, disclose, use or otherwise make available to any third party any Confidential Information relating to the Company's business, including its products, production methods, and development; manufacturing and business methods

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and techniques; trade secrets, data, specifications, developments, inventions, engineering and research activity; marketing and sales strategies, information and techniques; long and short term plans; current and prospective dealer, customer, vendor, supplier and distributor lists, contacts and information; financial, personnel and information system information; and any other information concerning the business of the Company which is not disclosed to the general public or known in the industry, except for disclosure necessary in the course of Pinney's duties prior to the Retirement Date.

(ii) At or promptly following the Retirement Date, Pinney shall deliver to a designated Company representative all records, documents, hardware, software, and all other Company property and all copies thereof in his possession. Pinney acknowledges and agrees that all such materials are the sole property of the Company and that he will certify in writing to the Company at its request, at or promptly after the Retirement Date, that he has complied with this obligation.

(b) Non-Solicitation.

(i) Pinney specifically acknowledges that the Confidential Information described in this Section 4 includes confidential data pertaining to current and prospective customers and dealers of the Company, that such data is a valuable and unique asset of the Company's business and that the success or failure of the Company's specialized business is dependent in large part upon the Company's ability to establish and maintain close and continuing personal contacts and working relationships with such customers and dealers and to develop proposals which are specifically designed to meet the requirements of such customers and dealers. Therefore, during the period prior to the Retirement Date and for the twelve (12) month period following the Retirement Date, Pinney agrees that he will not, except on behalf of the Company or with the Company's express written consent, solicit, either directly or indirectly, on his own behalf or on behalf of any other person or entity, any such customers and dealers with whom he had contact during the twenty-four (24) months preceding the Retirement Date.

(ii) Pinney specifically acknowledges that the Confidential Information described in this Section 4 also includes confidential data pertaining to current and prospective employees and agents of the Company, and Pinney further agrees that, during the period prior to the Retirement Date and for the twelve (12) month period following the Retirement Date, Pinney will not, directly or indirectly, solicit, on his own behalf or on behalf of any other person or entity, the services of any person who is an employee or agent of the Company or solicit any of the Company's employees or agents to terminate their employment or agency with the Company, except with the Company's express written consent.

(iii) Pinney specifically acknowledges that the Confidential Information described in this Section 4 also includes confidential data pertaining to current and prospective vendors and suppliers of the Company, and Pinney agrees that, during the period prior to the Retirement Date and for the twelve (12) month period following the Retirement Date, he will not, directly or indirectly, solicit, on his own behalf or on behalf of any other person or entity, any Company vendor or supplier for the

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purpose of either providing products or services to a business competitive with that of the Company, as described in Section 4(c)(i), or terminate or materially change such vendor's or supplier's relationship or agency with the Company.

(iv) Pinney further agrees that, during the period prior to the Retirement Date and for the twelve (12) month period following the Retirement Date, Pinney will do nothing to interfere with any of the Company's business relationships.

(c) Non-Competition.

(i) Pinney covenants and agrees that, during the period prior to the Retirement Date and for the twelve (12) month period following the Retirement Date, he will not, in any geographic market in which he worked on behalf of the Company during the twenty-four (24) months preceding the Retirement Date, engage in or carry on, directly or indirectly, as an owner, employee, agent, associate, consultant or in any other capacity, a business competitive with that conducted by the Company. A "business competitive with that conducted by the Company" shall mean any business or activity involved in the design, development, manufacture, sale, marketing, production, distribution, or servicing of phosphate, potash, nitrogen, fertilizer, or crop nutrition products, any industrial products made with phosphate, potash or nitrogen or any other significant business in which the Company is engaged in or preparing to engage in as of the Retirement Date. To "engage in or carry on" shall mean to have ownership in such business (excluding ownership of up to 1% of the outstanding shares of a publicly-traded company) or to consult, work in, direct or have responsibility for any area of such business, including but not limited to, operations, sales, marketing, manufacturing, procurement or sourcing, purchasing, customer service, distribution, product planning, research, design or development.

(ii) During the period prior to the Retirement Date and for the twelve (12) month period following the Retirement Date, Pinney certifies and agrees that he will notify the Chief Executive Officer of the Company (the "CEO") of his employment or other affiliation with any potentially competitive business or entity prior to the commencement of such employment or affiliation. Pinney may make a written request to the CEO for modification of this non-competition covenant; the CEO will determine, in his sole discretion, if the requested modification will be harmful to the Company's business interests; and the CEO will notify Pinney in writing of the terms of any permitted modification or of the rejection of the requested modification.

For purposes of this Section 4, the Company shall include any existing or future subsidiaries of the Company. A subsidiary of the company shall include a corporation, limited liability company or other entity, a majority of the voting power, the then outstanding shares (or a comparable voting equity interests) entitled to vote in the general election of directors (or persons filling similar governing positions in non-corporate entities) of which is owned by the Company directly or indirectly or individually through another subsidiary of the Company.

5. Company Remedies. Pinney acknowledges and agrees that the restrictions and agreements contained in this Agreement are reasonable and necessary to protect the legitimate

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interests of the Company, that the services rendered by Pinney as an employee of the Company are of a special, unique and extraordinary character, that it would be difficult to replace such services and that any violation of Section 4 of this Agreement would be highly injurious to the Company, that Pinney's violation of any provision of Section 4 of this Agreement would cause the Company irreparable harm that would not be adequately compensated by monetary damages and that the remedy at law for any breach of any of the provisions of Section 4 of this Agreement will be inadequate. Pinney further acknowledges that he has requested, or has had the opportunity to request, that legal counsel review this Agreement and having exhausted such right, agrees to the terms herein without reservation. Accordingly, Pinney specifically agrees that the Company shall be entitled, in addition to any remedy at law or in equity, to preliminary and permanent injunctive relief and specific performance for any actual or threatened violation of this Agreement and to enforce the provisions of Section 4 of this Agreement, and that such relief may be granted without the necessity of proving actual damages and without necessity of posting any bond. This provision with respect to injunctive relief shall not, however, diminish the right to claim and recover damages, or to seek and obtain any other relief available to it at law or in equity, in addition to injunctive relief.

6. Governing Law. This Agreement shall be governed by and construed under Minnesota law, without regard to its conflict of laws principles. In the event that any provision of this Agreement is held unenforceable, such provision shall be severed and shall not affect the validity or enforceability of the remaining provisions. In the event that any provision is held to be overbroad, such provision shall be deemed amended to narrow its application to the extent necessary to render the provision enforceable according to applicable law.

7. Application of Section 409A. This Agreement is intended to satisfy the requirements of Section 409A(a)(2), (3) and (4) of the Code, including current and future guidance and regulations interpreting such provisions. To the extent that any provision of this Agreement fails to satisfy those requirements, the provision shall automatically be modified in a manner that, in the good-faith opinion of the Company, brings the provision into compliance with those requirements while preserving as closely as possible the original intent of the provision and this Agreement. In particular, and without limiting the preceding sentence, any payment under this Agreement that would otherwise be treated as deferred compensation under Section 409A of the Code shall be delayed until the first day of the seventh month after the date of "separation from service" as determined under said Section 409A, such as is provided in Section 4(a) and 4(b) of the Amended and Restated Senior Management Severance and Change In Control Agreement.

8. Jurisdiction and Venue. The parties agree that any litigation in any way relating to this Agreement shall be venued in either federal or state court in Minnesota, and Pinney hereby consents to the personal jurisdiction of these courts and waives any objection that such venue is inconvenient or improper.

9. Entire Agreement. This Agreement, including Exhibit A attached hereto, contains the entire understanding and agreement of the Pinney and the Company with respect to these matters and supersedes any previous agreements or understandings, whether written or oral, between them on the same subjects.

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10. Survival. The covenants contained in Section 4 of this Agreement shall remain in full force and effect after the termination of Pinney's employment with the Company. Pinney and the Company acknowledge and understand that, unless expressly stated above, Pinney's obligations hereunder shall not be affected by the reasons for, circumstances of, or identity of the party who initiates the termination of Pinney's employment with the Company.

11. No Waiver. The Company's waiver or failure to enforce the terms of this Agreement in one instance shall not constitute a waiver of its rights under the Agreement with respect to other violations.

12. Assignment. This Agreement shall be binding upon (and, for the avoidance of doubt, in the case of Pinney's death or disability) and inure to the benefit of the legal representatives of Pinney. This Agreement may be transferred, in whole or in part, by the Company to its successors and assigns, and the rights and obligations of this Agreement shall be binding upon and inure to the benefit of any successors or assigns of the Company and Pinney will remain bound to fulfill his obligations hereunder. Pinney may not, however, transfer or assign his rights or obligations under this Agreement.

13. Read and Understood. Pinney has read this Agreement carefully and understands each of its terms and conditions. Pinney has sought independent legal counsel of his choice to the extent he deemed such advice necessary in connection with the review and execution of this Agreement.

14. Dispute Resolution. Except or otherwise stated in Section 5 of this Agreement, the parties agree that any disputes arising under this Agreement will be resolved under the Company's Employment Dispute Resolution Program.

**IN WITNESS WHEREOF**, the parties have executed this Retirement Agreement as of the date first set forth above.

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Steven L. Pinney

**THE MOSAIC COMPANY**

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By: Richard L. Mack  
Its: Executive Vice President, General  
Counsel and Corporate Secretary

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**Exhibit A**

GENERAL RELEASE OF CLAIMS  
WITH RESPECT TO THE MOSAIC COMPANY

In exchange for valuable and sufficient consideration described in the Senior Management Severance and Change in Control Agreement accompanying this General Release, on behalf of yourself and your heirs, successors and assigns, you, **Steven L. Pinney**, hereby release and discharge The Mosaic Company and its affiliates, predecessors, successors, and assigns, as well as all officers, directors, agents, attorneys, and employees of The Mosaic Company, and its affiliates, predecessors, successors, and assigns (collectively, the "Company") from any and all claims, demands, actions, liabilities, damages, losses, costs, attorneys' fees, or rights of any kind, whether known or unknown, that you have, have ever had, or may have through your employment termination date, including but not limited to those arising out of or related to your employment or termination of employment.

**Scope of Release:**

This release extends to and includes, by way of illustration and not limitation, any claims arising under Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., the Employee Retirement Income Security Act, 29 U.S.C. § 1001 et seq. (this release does not release the employee's rights to benefits earned under a benefit plan but does release all fiduciary and administrative claims with respect to such plan, the plan fiduciaries, and the Company), the Family and Medical Leave Act, 29 U.S.C. § 2601 et seq., the Minnesota Human Rights Act, Minn. Stat. § 363A.01 et seq., Minnesota Equal Pay for Equal Work Law, Minn. Stat. § 181.66, Minn. Stat. § 181.81, Minnesota Parental Leave Act, Minn. Stat. § 181.940 et seq., and Minnesota Whistleblower Act, Minn. Stat. § 181.931 et seq., as well as any other statutory, common law, contract, quasi contract or tort claims, including any claims for failure to pay wages, bonuses, or other forms of compensation and any and all attempts to recover attorneys' fees. If you are an employee of the Company in Canada or outside of the United States, this release is intended to extend to all similar Canadian, provincial, and local statutory and common law claims and the claims under any other nation's laws.

This release does not include claims that may not be released or waived as a matter of law. This release also does not prevent you from cooperating with, filing a charge with, or participating in any investigation or proceeding conducted by any governmental agency; however, you hereby waive the right to recover any money damages or other individual relief that may be obtained, by settlement, judgment, or otherwise, as a result of such a charge, investigation, or proceeding.

This release shall not be construed as an admission by the Company that it acted wrongfully with respect to you or any other person, or that you had or have any rights whatsoever against the Company. The Company specifically disclaims any liability to or any wrongful acts against you or any other person, on the part of itself or any of its affiliates, predecessors, successors, assigns, officers, directors, agents, attorneys, and employees.

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**Acceptance, Rescission, and Revocation Periods:**

You may take up to twenty-one (21) days to consider whether to sign this release; although, you may sign it at any time before this period expires. You are hereby advised that you may consult with an attorney before signing this release.

In addition, you may rescind this release as far as it extends to claims or potential claims under the Minnesota Human Rights Act by delivering to the addressee below a notice of your intent to do so within fifteen (15) calendar days following your signing of this release. You further are entitled to revoke this release insofar as it extends to claims or potential claims under the Age Discrimination in Employment Act, to the extent applicable to you, by delivering a notice of your intent to revoke this release within seven (7) calendar days following your signing of it to:

Attn: General Counsel  
The Mosaic Company  
3033 Campus Drive, Suite E490  
Plymouth, MN 55441

To be effective, such written notice must either be delivered by hand or by certified mail, return receipt requested, within such fifteen (15) or seven (7) day time period. The time periods described above shall run concurrently, the day on which you sign this release shall count as the first day of both the fifteen (15) and (7) day time periods, and no allowance will be made should the last day of the time period fall on a weekend or holiday.

Any agreement between you and the Company relating to this release will not become effective until both the rescission and revocation periods have expired, and the Company is not required to pay any amounts pursuant to any agreement relating to this release prior to such time. In the event you provide timely notice of your intent to rescind or revoke this release, the Company may, in its discretion, declare the entire release and any agreement relating to the release null and void. In which case, the Company will have no obligations to you under this release or in connection with any agreement relating to this release, and you shall immediately repay any amounts paid to you as of that date by the Company pursuant to this release or any agreement relating to this release.

**Acknowledgment of Knowing and Voluntary Waiver and Also of Release of Claims under the Age Discrimination in Employment Act:**

You hereby affirm and acknowledge that you have read the entirety of this General Release, that its provisions are written in language you understand, and, in fact, that you do understand their meaning and effect. You represent that you are entering into the release freely and voluntarily, in exchange for valuable and sufficient consideration to which you are not otherwise entitled.

You further acknowledge and affirm your understanding that, *to the extent applicable to you*, this release specifically refers to rights or claims arising under the Age Discrimination in Employment Act, 29 U.S.C. § 621 *et seq.*, and that such release does not extend to claims arising after the date of execution. You also acknowledge that you have been advised you may take up to twenty-one (21) days to consider whether to enter into this agreement and to consult with an attorney before signing this release.

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**Severability:**

Should any part, term, provision, or aspect of this release or any agreement relating to this release be declared to be or determined by any court to be illegal or invalid, the validity of the remaining parts, terms, provisions, or aspects shall not be affected thereby and the said illegal or invalid part, term, provisions, or aspect shall be deemed not to be a part of this release or any agreement relating to this release.

**Acknowledgment:**

The persons below have read the foregoing General Release, agree that its provisions are written in language understandable to them, acknowledge the sufficiency of the consideration and obligations described herein, and hereby execute it knowingly and voluntarily with full understanding of its consequences. In witness whereof, the undersigned have executed this General Release on the date shown below.

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Signed: \_\_\_\_\_

Steven L. Pinney

The Mosaic Company

By: \_\_\_\_\_

Richard L. Mack

Title: Executive Vice President, General Counsel and Corporate Secretary

**THE MOSAIC COMPANY**  
**2004 OMNIBUS STOCK AND INCENTIVE PLAN**  
**(AS AMENDED THROUGH JULY 21, 2009)**

**Section 1. Purpose**

The purpose of the Plan is to promote the interests of the Company and its stockholders by aiding the Company in attracting and retaining employees, officers, consultants, agents, advisors, independent contractors and directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to afford such persons an opportunity to acquire a proprietary interest in the Company.

**Section 2. Definitions**

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "Affiliate" shall mean (i) any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, in each case as determined by the Committee.

(b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent, Other Stock Grant or Other Stock-Based Award granted under the Plan.

(c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(d) "Board" shall mean the Board of Directors of the Company.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

(f) "Committee" shall mean a committee of Directors designated by the Board to administer the Plan, which shall initially be the Compensation Committee of the Board or a subcommittee thereof. The Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan to qualify under Rule 16b-3 and Section 162(m) of the Code, and each member of the Committee shall be a "Non-Employee Director."

(g) "Company" shall mean The Mosaic Company, a Delaware corporation, and any successor corporation.

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(h) "Director" shall mean a member of the Board, including any Non-Employee Director.

(i) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the Plan.

(j) "Eligible Person" shall mean any employee, officer, consultant, agent, advisor, independent contractor or director providing services to the Company or any Affiliate who the Committee determines to be an Eligible Person.

(k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(l) "Fair Market Value" shall mean, with respect to any property (including, without limitation, any Shares or other securities), the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee. Notwithstanding the foregoing and unless otherwise determined by the Committee, the Fair Market Value of a Share as of a given date shall be, if the Shares are then listed on the New York Stock Exchange, the closing sale price of one Share as reported on the New York Stock Exchange on such date or, if the Shares are not traded on the New York Stock Exchange on such date, on the most recent preceding date when the Shares were so traded.

(m) "Incentive Stock Option" shall mean an option granted under Section 6(a) of the Plan that is intended to qualify as an "incentive stock option" in accordance with the terms of Section 422 of the Code or any successor provision.

(n) "Non-Employee Director" shall mean any Director who is not also an employee of the Company or an Affiliate within the meaning of Rule 16b-3 and an "outside director" within the meaning of Section 162(m) of the Code.

(o) "Non-Qualified Stock Option" shall mean an option granted under Section 6(a) of the Plan that is not an Incentive Stock Option.

(p) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(q) "Other Stock Grant" shall mean any right granted under Section 6(f) of the Plan.

(r) "Other Stock-Based Award" shall mean any right granted under Section 6(g) of the Plan.

(s) "Participant" shall mean an Eligible Person designated to be granted an Award under the Plan.

(t) "Performance Award" shall mean any right granted under Section 6(d) of the Plan.

(u) "Performance Goal" shall mean one or more of the following performance goals, either individually, alternatively or in any combination, applied on a corporate, subsidiary or business unit basis: revenue, cash flow, gross profit, earnings before interest and taxes, earnings before interest, taxes, depreciation and amortization and net earnings, earnings per share, margins (including one or more of gross, operating and net income margins), returns (including one or more of return on assets, equity, investment, capital and revenue and total stockholder

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return), stock price, economic value added, working capital, market share, cost reductions, workforce satisfaction and diversity goals, employee retention, customer satisfaction, completion of key projects and strategic plan development and implementation. Such goals may reflect absolute entity or business unit performance or a relative comparison to the performance of a peer group of entities or other external measure of the selected performance criteria. Pursuant to rules and conditions adopted by the Committee on or before the earlier of (i) the 90<sup>th</sup> day of the applicable performance period or (ii) the day upon which 25% of the applicable performance period shall have been completed, for which Performance Goals are established, the Committee may appropriately adjust any evaluation of performance under such goals to exclude the effect of certain events, including any of the following events: asset write-downs; litigation or claim judgments or settlements; changes in tax law, accounting principles or other such laws or provisions affecting reported results; severance, contract termination and other costs related to exiting certain business activities; and gains or losses from the disposition of businesses or assets or from the early extinguishment of debt.

(v) "Person" shall mean any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust.

(w) "Plan" shall mean The Mosaic Company 2004 Omnibus Stock and Incentive Plan, as amended from time to time, the provisions of which are set forth herein.

(x) "Reload Option" shall mean any Option granted under Section 6(a)(v) of the Plan.

(y) "Restricted Stock" shall mean any Share granted under Section 6(c) of the Plan.

(z) "Restricted Stock Unit" shall mean any unit granted under Section 6(c) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date.

(aa) "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any successor rule or regulation.

(bb) "Section 162(m)" shall mean Section 162(m) of the Code and the applicable Treasury Regulations promulgated thereunder.

(cc) "Securities Act" shall mean the Securities Act of 1933, as amended.

(dd) "Share" or "Shares" shall mean a share or shares of common stock, \$0.01 par value per share, of the Company or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan.

(ee) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.

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### Section 3. Administration

(a) Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be determined in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement; (v) amend the terms and conditions of any Award or Award Agreement and accelerate the exercisability of any Option or waive any restrictions relating to any Award; (vi) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, promissory notes (*provided, however*, that the par value of any Shares to be issued pursuant to such exercise shall be paid in the form of cash, services rendered, personal property, real property or a combination thereof, and *provided, further*, that the acceptance of such promissory notes does not conflict with Section 402 of the Sarbanes-Oxley Act of 2002), other securities, other Awards or other property, or canceled, forfeited or suspended; (vii) determine whether, to what extent and under what circumstances cash, Shares, promissory notes (*provided, however*, that the acceptance of such promissory notes does not conflict with Section 402 of the Sarbanes-Oxley Act of 2002), other securities, other Awards, other property and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee (*provided, however*, that the par value of any Shares and Restricted Stock shall be paid in the form of cash, services rendered, personal property, real property or a combination thereof prior to their issuance); (viii) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (ix) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan, including the right to delegate authority under the Plan, subject to Section 162(m); and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. Unless otherwise expressly provided in the Plan, all actions taken and all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Eligible Person and any holder or beneficiary of any Award.

(b) Power and Authority of the Board. Notwithstanding anything to the contrary contained herein, but subject to the requirements of Section 162(m), the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan.

### Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under the Plan shall be 25,000,000. Shares to be issued under the Plan may be either authorized but unissued Shares or Shares re-acquired and held in treasury. Notwithstanding the foregoing, the number of Shares available for granting Incentive Stock Options under the Plan shall not exceed 25,000,000, subject to adjustment as

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provided in Section 4(c) of the Plan and subject to the provisions of Section 422 or 424 of the Code or any successor provision.

(b) Accounting for Awards. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan. Any Shares that are used by a Participant as full or partial payment to the Company of the purchase price relating to an Award, including in connection with the exercise of an SAR or Shares tendered in connection with the grant of a Reload Option, or in connection with the satisfaction of tax obligations relating to an Award, shall again be available for granting Awards under the Plan. In addition, if any Shares covered by an Award or to which an Award relates are not purchased or are forfeited, or if an Award otherwise terminates without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture or termination, shall again be available for granting Awards under the Plan.

(c) Adjustments. In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in its sole discretion and in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards, (iii) the purchase price or exercise price with respect to any Award and (iv) the limitations contained in Section 4(d) of the Plan; *provided, however*, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number. Notwithstanding the above, in the event (i) of any reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company or any other similar corporate transaction or event or (ii) the Company shall enter into a written agreement to undergo such a transaction or event, the Committee may, in its sole discretion, cancel any or all outstanding Awards and pay to the holders of any such Awards that are otherwise vested, in cash, the value of such Awards based upon the price per share of capital stock received or to be received by other stockholders of the Company in such event.

(d) Award Limitations Under the Plan.

(i) Section 162(m) Limitation for Certain Types of Awards. No Eligible Person may be granted any Award or Awards under the Plan, the value of which Award or Awards is based solely on an increase in the value of the Shares after the date of grant of such Award or Awards, for more than 1,000,000 Shares (subject to adjustment as provided for in Section 4(c) of the Plan), in the aggregate in any fiscal year. The

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foregoing annual limitation specifically includes the grant of any Award or Awards representing “qualified performance-based compensation” within the meaning of Section 162(m) of the Code.

(ii) Section 162(m) Limitation for Performance Awards. The maximum amount payable pursuant to all Performance Awards to any Participant in the aggregate in any fiscal year shall be \$5,000,000 in value, whether payable in cash, Shares or other property. This limitation does not apply to any Award subject to the limitation contained in Section 4(d)(i) of the Plan.

#### **Section 5. Eligibility**

Any Eligible Person shall be eligible to be designated a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Company or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term as used herein includes, without limitation, officers and directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a “subsidiary corporation” of the Company within the meaning of Section 424(f) of the Code or any successor provision.

#### **Section 6. Awards**

(a) Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee; *provided, however*, that such purchase price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; *provided, further*, that the Committee may designate a per share exercise price below Fair Market Value on the date of grant (A) to the extent necessary or appropriate, as determined by the Committee, to satisfy applicable legal or regulatory requirements of a foreign jurisdiction or (B) if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an Affiliate.

(ii) Option Term. The term of each Option shall be fixed by the Committee at the time of grant.

(iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms (including, without limitation, cash, Shares, promissory notes (*provided, however*, that the par value of any Shares to be issued pursuant to such exercise shall be paid in the form of cash, services rendered, personal property, real property or a combination thereof, and *provided, further*, that the

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acceptance of such promissory notes does not conflict with Section 402 of the Sarbanes-Oxley Act of 2002), other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price) in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

(iv) Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:

(A) The Committee will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the time the option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Company and its Affiliates) shall exceed \$100,000.

(B) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the stockholders of the Company.

(C) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than 10 years after the date of grant; *provided*, *however*, that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliate, such Incentive Stock Option shall expire and no longer be exercisable no later than 5 years from the date of grant.

(D) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; *provided*, *however*, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliate, the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.

(E) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

(v) Reload Options. The Committee may grant Reload Options, separately or together with another Option and subject to the terms and conditions established by the Committee, pursuant to which the Participant would be granted a new Non-Qualified

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Stock Option when the payment of the exercise price of a previously granted option for common stock is made by the delivery of Shares owned by the Participant pursuant to Section 6(a)(iii) hereof or the relevant provisions of another plan of the Company, when Shares are tendered or withheld as payment of the amount to be withheld under applicable income tax laws in connection with the exercise of an Option, which new Non-Qualified Stock Option would be a Non-Qualified Stock Option to purchase the number of Shares not exceeding the sum of (A) the number of Shares so provided as consideration upon the exercise of the previously granted option to which such Reload Option relates and (B) the number of Shares, if any, tendered or withheld as payment of the amount to be withheld under applicable tax laws in connection with the exercise of the option to which such Reload Option relates pursuant to the relevant provisions of the plan or agreement relating to such option. Reload Options may be granted with respect to options previously granted under the Plan or any other stock option plan of the Company or any Affiliate or may be granted in connection with any option granted under the Plan or any other stock option plan of the Company or any Affiliate at the time of such grant. Such Reload Options shall have a per share exercise price equal to the Fair Market Value of one Share as of the date of grant of the new Non-Qualified Stock Option. Any Reload Option shall be subject to availability of sufficient Shares for grant under the Plan. Shares surrendered as part or all of the exercise price of the Non-Qualified Stock Option to which it relates that have been owned by the optionee less than six months shall not be used to exercise an option and will not be counted for purposes of determining the number of Shares that may be purchased pursuant to a Reload Option.

(b) Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms of the Plan. Each Stock Appreciation Right granted under the Plan shall confer on the holder upon exercise the right to receive, as determined by the Committee, cash or a number of Shares equal to the excess of (i) the Fair Market Value of one Share on the date of exercise (or, if the Committee shall so determine, at any time during a specified period before or after the date of exercise) over (ii) the grant price of the Stock Appreciation Right as determined by the Committee, which grant price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right; *provided, however*, that the Committee may designate a per share grant price below Fair Market Value on the date of grant (A) to the extent necessary or appropriate, as determined by the Committee, to satisfy applicable legal or regulatory requirements of a foreign jurisdiction or (B) if the Stock Appreciation Right is granted in substitution for a stock appreciation right previously granted by an entity that is acquired by or merged with the Company or an Affiliate. Subject to the terms of the Plan, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions (including conditions or restrictions on the exercise thereof) of any Stock Appreciation Right shall be as determined by the Committee.

(c) Restricted Stock and Restricted Stock Units. The Committee is hereby authorized to grant Restricted Stock and Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

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(i) Restrictions. Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, a restriction on or prohibition against the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate.

(ii) Issuance and Delivery of Shares. Any Restricted Stock granted under the Plan shall be issued at the time such Awards are granted and may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company. Such certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Stock. Shares representing Restricted Stock that is no longer subject to restrictions shall be delivered to the Participant promptly after the applicable restrictions lapse or are waived. In the case of Restricted Stock Units, no Shares shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the holder of the Restricted Stock Units.

(iii) Forfeiture. Except as otherwise determined by the Committee, upon a Participant's termination of employment or resignation or removal as a Director (in each case as determined under criteria established by the Committee) during the applicable restriction period, all applicable Shares of Restricted Stock and Restricted Stock Units at such time subject to restriction shall be forfeited and reacquired by the Company; *provided, however*, that the Committee may, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.

(d) Performance Awards. The Committee is hereby authorized to grant to Eligible Persons Performance Awards which are intended to be "qualified performance-based compensation" within the meaning of Section 162(m). A Performance Award granted under the Plan may be payable in cash or in Shares (including, without limitation, Restricted Stock). Performance Awards shall, to the extent required by Section 162(m), be conditioned solely on the achievement of one or more objective Performance Goals, and such Performance Goals shall be established by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m). Subject to the terms of the Plan and any applicable Award Agreement, the Performance Goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee. The Committee shall also certify in writing that such Performance Goals have been met prior to payment of the Performance Awards to the extent required by Section 162(m).

(e) Dividend Equivalents. The Committee is hereby authorized to grant Dividend Equivalents to Eligible Persons under which the Participant shall be entitled to receive payments (in cash, Shares, other securities, other Awards or other property as determined in the discretion

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of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Shares with respect to a number of Shares determined by the Committee. Subject to the terms of the Plan, such Dividend Equivalents may have such terms and conditions as the Committee shall determine.

(f) Other Stock Grants. The Committee is hereby authorized, subject to the terms of the Plan, to grant to Eligible Persons Shares without restrictions thereon as are deemed by the Committee to be consistent with the purpose of the Plan. Subject to the terms of the Plan and any applicable Award Agreement, such Other Stock Grant may have such terms and conditions as the Committee shall determine.

(g) Other Stock-Based Awards. The Committee is hereby authorized to grant to Eligible Persons, subject to the terms of the Plan, such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purpose of the Plan. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(g) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms (including, without limitation, cash, Shares, promissory notes (*provided, however*, that the par value of any Shares to be issued pursuant to such exercise shall be paid in the form of cash, services rendered, personal property, real property or a combination thereof, and *provided, further*, that the acceptance such promissory notes does not conflict with Section 402 of the Sarbanes-Oxley Act of 2002), other securities, other Awards or other property or any combination thereof), as the Committee shall determine, the value of which consideration, as established by the Committee, shall not be less than 100% of the Fair Market Value of such Shares or other securities as of the date such purchase right is granted.

(h) General.

(i) Consideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as determined by the Committee and required by applicable law.

(ii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under any such other plan of the Company or any Affiliate may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iii) Forms of Payment under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine (including, without limitation, cash, Shares, promissory notes (*provided, however*, that the acceptance of such promissory notes does not conflict with Section 402 of the Sarbanes-Oxley Act of 2002), other securities, other

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Awards or other property or any combination thereof), and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents with respect to installment or deferred payments.

(iv) Limits on Transfer of Awards. No Award (other than Other Stock Grants) and no right under any such Award shall be transferable by a Participant otherwise than by will or by the laws of descent and distribution and the Company shall not be required to recognize any attempted assignment of such rights by any Participant; *provided, however*, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Participant and receive any property distributable with respect to any Award upon the death of the Participant; *provided, further*, that, if so determined by the Committee, a Participant may transfer a Non-Qualified Stock Option to any Family Member (as such term is defined in the General Instructions to Form S-8 (or successor to such Instructions or such Form)) at any time that such Participant holds such Option, *provided* that the Participant may not receive any consideration for such transfer, the Family Member may not make any subsequent transfers other than by will or by the laws of descent and distribution and the Company receives written notice of such transfer, *provided, further*, that, if so determined by the Committee and except in the case of an Incentive Stock Option, Awards may be transferable as determined by the Committee. Except as otherwise determined by the Committee, each Award or right under any such Award shall be exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. Except as otherwise determined by the Committee, no Award or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or other encumbrance thereof shall be void and unenforceable against the Company or any Affiliate. Notwithstanding anything herein to the contrary, an Incentive Stock Option shall be exercisable during the Participant's lifetime only by the Participant, and may not be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or other encumbrance thereof shall be void and unenforceable against the Company or any Affiliate.

(v) Term of Awards. Subject to Section 6(a)(iv)(C), the term of each Award shall be for such period as may be determined by the Committee.

(vi) Restrictions: Securities Exchange Listing. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may direct appropriate stop transfer orders and cause other legends to be placed on the certificates for such Shares or other securities to reflect such restrictions. If the Shares or other securities are traded on a securities exchange, the Company shall not be required to deliver any Shares or other securities covered by an Award unless and

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until such Shares or other securities have been and continue to be admitted for trading on such securities exchange.

(vii) Prohibition on Repricing. Except as provided in Section 4(c) of the Plan, no Option or Stock Appreciation Right may be amended to reduce its initial exercise price and no Option or Stock Appreciation Right shall be canceled and replaced with Options or Stock Appreciation Rights having a lower exercise price or grant price, without the approval of the stockholders of the Company.

#### **Section 7. Amendment and Termination; Adjustments**

(a) Amendments to the Plan. The Board may amend, alter, suspend, discontinue or terminate the Plan at any time; *provided, however*, that, notwithstanding any other provision of the Plan or any Award Agreement, without the approval of the stockholders of the Company, no such amendment, alteration, suspension, discontinuation or termination shall be made that, absent such approval:

(i) violates the rules or regulations of the New York Stock Exchange or any other securities exchange that are applicable to the Company;

(ii) increases the number of shares authorized under the Plan as specified in Section 4(a);

(iii) increases the number of shares subject to the limitations contained in Section 4(d) of the Plan;

(iv) permits the award of Options or Stock Appreciation Rights at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right, as prohibited by Sections 6(a)(i) and 6(b)(ii) of the Plan or the repricing of Options or Stock Appreciation Rights, as prohibited by Section 6(g)(vii) of the Plan; or

(v) expands the classes or categories of persons eligible to receive Awards under the Plan.

(b) Amendments to Awards. The Committee may waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively. Except as otherwise provided herein or in an Award Agreement, the Committee may not amend, alter, suspend, discontinue or terminate any outstanding Award, prospectively or retroactively, if such action would adversely affect the rights of the holder of such Award, without the consent of the Participant or holder or beneficiary thereof. Notwithstanding the foregoing, the Committee shall not waive any conditions or rights of the Company, or otherwise amend or alter any outstanding Award that is intended to constitute “qualified performance based compensation” within the meaning of Section 162(m) in such a manner as to cause such Award not to so constitute “qualified performance based compensation.”

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(c) Correction of Defects, Omissions and Inconsistencies. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

#### **Section 8. Income Tax Withholding**

In order to comply with all applicable federal, state or local income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state or local payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. In order to assist a Participant in paying all or a portion of the federal, state and local taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (i) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes or (ii) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

#### **Section 9. General Provisions**

(a) No Rights to Awards. No Eligible Person or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) Award Agreements. No Participant will have rights under an Award granted to such Participant unless and until an Award Agreement shall have been duly executed on behalf of the Company and, if requested by the Company, signed by the Participant.

(c) Plan Provisions Control. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(d) No Rights of Stockholders. Except with respect to Shares of Restricted Stock as to which the Participant has been granted the right to vote, neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a stockholder of the Company with respect to any Shares issuable to such Participant upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued in the name of such Participant or such Participant's legal representative without restrictions thereto.

(e) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

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(f) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ, or as giving a Director of the Company or an Affiliate the right to continue as a director or an Affiliate of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate such employment at any time, with or without cause. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment, or terminate the term of a Director of the Company or an Affiliate, free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. The Awards granted hereunder shall not form any part of the wages or salary of any Eligible Person for purposes of severance pay or termination indemnities, irrespective of the reason for termination of employment. Under no circumstances shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

(g) Governing Law. The validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award, shall be determined in accordance with the internal laws, and not the law of conflicts, of the State of Delaware. Unless otherwise provided in the Award Agreement, recipients of an Award under the Plan are deemed to submit to the nonexclusive jurisdiction and venue of the federal or state courts of Delaware, to resolve any and all issues that may arise out of or relate to the Plan or any related Award Agreement.

(h) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(i) No Trust or Fund Created. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company and/or its Affiliates may make to aid it in meeting its obligations under the Plan. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and an Eligible Person or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate. All payments to be made hereunder shall be paid from the general funds of the Company or an Affiliate, as the case may be and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

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(j) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation under any compensation-based retirement, disability, or similar plan of the Company unless required by law or otherwise provided by such other plan.

(k) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(l) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(m) Section 16 Compliance; Section 162(m) Administration. The Plan is intended to comply in all respects with Rule 16b-3 or any successor provision, as in effect from time to time, and in all events the Plan shall be construed in accordance with the requirements of Rule 16b-3. If any Plan provision does not comply with Rule 16b-3 as hereafter amended or interpreted, the provision shall be deemed inoperative. The Board of Directors, in its absolute discretion, may bifurcate the Plan so as to restrict, limit or condition the use of any provision of the Plan with respect to persons who are officers or directors subject to Section 16 of the Exchange Act without so restricting, limiting or conditioning the Plan with respect to other Eligible Persons. With respect to Options and Stock Appreciation Rights, the Company intends to have the Plan administered in accordance with the requirements for the award of "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

(n) Conditions Precedent to Issuance of Shares. Shares shall not be issued pursuant to the exercise or payment of the purchase price relating to an Award unless such exercise or payment and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, the requirements of any applicable Stock Exchange and the Delaware General Corporation Law. As a condition to the exercise or payment of the purchase price relating to such Award, the Company may require that the person exercising or paying the purchase price represent and warrant that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation and warranty is required by law.

(o) Forfeiture for Misconduct.

(i) Awards Granted Prior to July 20, 2009. With respect to each Award for which the date of grant is prior to July 20, 2009, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, if the Participant knowingly or grossly negligently engaged in the misconduct, or knowingly or grossly negligently failed to prevent the misconduct, or if the Participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the Participant shall reimburse the Company the amount of any payment in

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settlement of an Award earned or accrued during the twelve- (12-) month period following the first public issuance or filing with the Securities and Exchange Commission (whichever first occurred) of the financial document embodying such financial reporting requirement.

(ii) *Awards Granted On or After July 20, 2009.* With respect to each Award for which the date of grant is on or after July 20, 2009, if fraudulent or intentional misconduct contributes to the need for a material restatement of all or a portion of the Company's financial statements filed with the SEC or otherwise contributes to the use of inaccurate metrics to determine the amount of any Award or the amount of any incentive compensation that was paid to or earned by any Participant under the Plan (including but not limited to any profit from the sale of stock that was the subject of an Award) or accrued by the Company in respect of any Award, in addition to any other disciplinary or other action available to the Company under any agreement, Company policy including but not limited to its Code of Business Conduct and Ethics for Directors, Officers and Employees, applicable law or otherwise, the Board, upon the recommendation of the Committee, may require any Participant to forfeit any Award made to, and/or reimburse the Company the amount of any incentive compensation paid to, or received or earned by, such Participant or accrued by the Company in connection with any Award, provided that such Participant either knowingly or grossly negligently engaged in such misconduct, or grossly negligently failed to prevent such misconduct, if in any such case the amount of such Award or incentive compensation was greater than it would have been absent the misconduct.

(p) Employees Based Outside of the United States. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company or its Affiliates operate or have Eligible Persons, the Committee, in its sole discretion, shall have the power and authority to:

- (i) Determine which Affiliates shall be covered by the Plan;
- (ii) Determine which Eligible Persons outside the United States are eligible to participate in the Plan;
- (iii) Modify the terms and conditions of any Award granted to Eligible Persons outside the United States to comply with applicable foreign laws;
- (iv) Establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 9(p) by the Committee shall be attached to this Plan document as appendices; and
- (v) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

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Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate applicable law.

**Section 10. Effective Date of the Plan**

The Plan shall be effective upon its adoption by the Board (the "Effective Date"), *provided, however*, that in the event the Plan is not approved by the stockholders of the Company within one year thereafter, the Plan will be terminated and all Awards granted under the Plan will be terminated and deemed null and void, and *provided, further*, that no Award may vest and no Shares (including Shares of Restricted Stock) may be issued under the Plan prior to approval of the Plan by the stockholders of the Company.

**Section 11. Term of the Plan**

Unless sooner terminated or discontinued pursuant to Section 7(a) of the Plan, the Plan shall terminate ten years from the Effective Date. No Award shall be granted under the Plan after the Plan is terminated. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Board to amend the Plan, shall extend beyond the termination of the Plan.

**Certification Required by Rule 13a-14(a)**

I, **James T. Prokopanko**, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 officer(s) 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(s) 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 control over financial reporting.

Date: October 5, 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 quarterly report on Form 10-Q 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 officer(s) 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(s) 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 control over financial reporting.

Date: October 5, 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 Quarterly Report on Form 10-Q for the quarterly period ended August 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.

October 5, 2009

/s/ James T. Prokopanko

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**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 Quarterly Report on Form 10-Q for the quarterly period ended August 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.

October 5, 2009

/s/ Lawrence W. Stranghoener

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**Lawrence W. Stranghoener**

**Executive Vice President and Chief Financial Officer**

The Mosaic Company