

2014 Annual Report

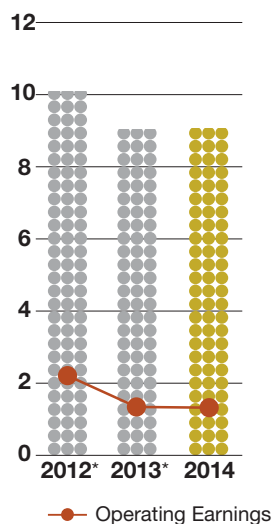


Mosaic®

Financial Highlights

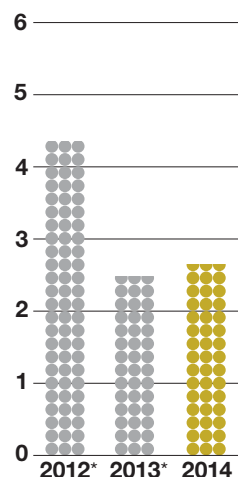
Net Sales and Operating Earnings

Dollars in Billions



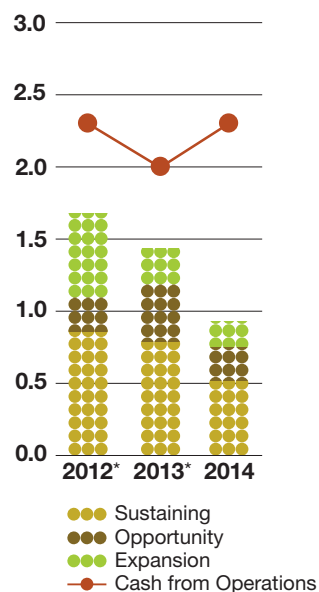
Diluted Earnings Per Share

Dollars Per Share



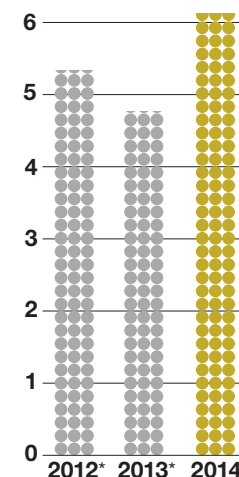
Capital Expenditures and Operating Net Cash Flow

Dollars in Billions



Net Cash Provided By Operating Activities

Dollars Per Share



Three-Year Financial Overview

In Millions (except per share amounts)	2012 (unaudited)	2013 (unaudited)	2014
Net Sales	\$10,044.0	\$9,021.4	\$9,055.8
Gross Margin	2,729.7	2,015.4	1,926.6
Operating Earnings	2,203.4	1,339.9	1,311.8
Net Earnings	1,852.1	1,062.9	1,028.6
Diluted Net Earnings Per Share	4.34	2.49	2.68
Cash and Cash Equivalents	3,405.3	5,293.1	2,374.6
Total Assets	17,438.4	19,554.0	18,283.0
Total Long-term Debt	1,010.6	3,009.3	3,819.0
Total Equity	13,083.2	11,320.6	10,720.6
Net Cash Provided by Operating Activities	2,269.9	2,019.9	2,293.7
Capital Expenditures	1,674.7	1,426.6	929.1
Dividends Per Share on Common Stock	0.68	1.00	1.00
Diluted Weighted Average Number of Shares Outstanding	426.7	424.1	375.6

*Unaudited due to change of year end from May 31 to December 31 in 2013.

The Mosaic Company

Calendar Year 2014 Financial Review

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Introduction

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

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

Our **Phosphates** business segment includes mines and production facilities in Florida which produce concentrated phosphate crop nutrients and phosphate-based animal feed ingredients, and processing plants in Louisiana which produce concentrated phosphate crop nutrients. Our Phosphates segment's results also include our North American phosphate distribution activities and all of our international distribution activities. Additionally, the Phosphates segment has a 35% economic interest in a joint venture that owns a phosphate rock mine (the “**Miski Mayo Mine**”) in Peru and a 25% interest in Wa'ad Al Shamal Phosphate Company (the “**Wa'ad Al Shamal Joint Venture**”), to develop, own and operate integrated phosphate production facilities in the Kingdom of Saudi Arabia for which we will market approximately 25% of the production.

Our **Potash** business segment owns and operates potash mines and production facilities in Canada and the U.S. which produce potash-based crop nutrients, animal feed ingredients and industrial products. Potash sales include domestic and international sales. We are a member of Canpotex, Limited (“**Canpotex**”), an export association of Canadian potash producers through which we sell our Canadian potash outside of the U.S. and Canada. Effective January 1, 2015, our share of Canpotex sales increased to 40.6%, as a result of a proving run of our expansion of our Colonsay mine, which was successfully completed in 2014.

As previously reported, in 2013 we changed our fiscal year end to December 31 from May 31. We are presenting our results of operations for the twelve months ended December 31, 2014, the seven-month transition period of June 1, 2013 through December 31, 2013 (the “**Stub Period**”) and the fiscal years ended May 31, 2013 and 2012. For comparison purposes, unaudited data is shown for the twelve months ended December 31, 2013 and the seven months ended December 31, 2012.

Key Factors that can Affect Results of Operations and Financial Condition

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

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

World prices for the key raw material inputs for concentrated phosphate products, including ammonia, sulfur and phosphate rock, have an effect on industry-wide phosphate prices and costs. The primary feedstock for producing ammonia is natural gas, and costs for ammonia are generally highly dependent on the supply and demand balance for ammonia. We believe the natural gas based pricing under one of the ammonia supply agreements we entered into with CF Industries, Inc. (“**CF**”) will provide us a competitive advantage starting in 2017. Sulfur is a global commodity that is primarily produced as a co-product of oil

refining, where the market price is based primarily on the supply and demand balance for sulfur. We believe our current and future investments in sulfur transformation and transportation assets will enhance our competitive advantage. We produce most of our phosphate rock requirements through either wholly or partly owned mines.

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

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

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

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

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

Results of Operations

The following table shows the results of operations for the years ended December 31, 2014 and 2013, the seven months ended December 31, 2013 and 2012, and the fiscal years ended May 31, 2013 and 2012:

	Years Ended December 31,		2014-2013		Seven Months Ended December 31,		Years Ended May 31,	
	2014	2013 (unaudited)	Change	Percent	2013	2012 (unaudited)	2013	2012
<i>(in millions, except per share data)</i>								
Net sales	\$ 9,055.8	\$ 9,021.4	\$ 34.4	— %	\$ 4,765.9	\$ 5,700.0	\$ 9,974.1	\$ 11,107.8
Cost of goods sold	7,129.2	7,006.0	123.2	2 %	3,937.6	4,126.9	7,213.9	8,022.8
Gross margin	1,926.6	2,015.4	(88.8)	(4)%	828.3	1,573.1	2,760.2	3,085.0
Gross margin percentage	21.3%	22.3%			17.4%	27.6%	27.7%	27.8%
Selling, general and administrative expenses	382.4	393.5	(11.1)	(3)%	211.8	245.6	427.3	410.1
(Gain) loss on assets sold and to be sold	(16.4)	122.8	(139.2)	(113)%	122.8	—	—	—
Carlsbad restructuring expense	125.4	—	125.4	NM	—	—	—	—
Other operating expenses	123.4	159.2	(35.8)	(22)%	76.8	40.8	123.3	63.8
Operating earnings	1,311.8	1,339.9	(28.1)	(2)%	416.9	1,286.7	2,209.6	2,611.1
(Loss) gain in value of share repurchase agreement	(60.2)	73.2	(133.4)	(182)%	73.2	—	—	—
Interest (expense) income, net	(107.6)	(6.1)	(101.5)	NM	(13.3)	11.5	18.8	18.7
Foreign currency transaction gain (loss)	79.1	34.7	44.4	128 %	16.5	(34.2)	(15.9)	16.9
Other (expense) income	(5.8)	(6.6)	0.8	(12)%	(9.1)	(0.4)	2.0	(17.8)
Earnings from consolidated companies before income taxes	1,217.3	1,435.1	(217.8)	(15)%	484.2	1,263.6	2,214.5	2,628.9
Provision for income taxes	184.7	384.6	(199.9)	(52)%	152.6	109.0	341.0	711.4
Earnings from consolidated companies	1,032.6	1,050.5	(17.9)	(2)%	331.6	1,154.6	1,873.5	1,917.5
Equity in net earnings (loss) of nonconsolidated companies	(2.2)	14.8	(17.0)	(115)%	10.9	14.3	18.3	13.3
Net earnings including noncontrolling interests	1,030.4	1,065.3	(34.9)	(3)%	342.5	1,168.9	1,891.8	1,930.8
Less: Net earnings attributable to noncontrolling interests	1.8	2.4	(0.6)	(25)%	2.5	3.2	3.1	0.6
Net earnings attributable to Mosaic	\$ 1,028.6	\$ 1,062.9	\$ (34.3)	(3)%	\$ 340.0	\$ 1,165.7	\$ 1,888.7	\$ 1,930.2
Diluted net earnings per share attributable to Mosaic	\$ 2.68	\$ 2.49	\$ 0.19	8 %	\$ 0.80	\$ 2.73	\$ 4.42	\$ 4.42
Diluted weighted average number of shares outstanding	375.6	424.1			422.0	426.8	426.9	436.5

Overview of the Year ended December 31, 2014 and 2013 (unaudited), Seven Months ended December 31, 2013 and 2012 (unaudited) and Fiscal 2013 and 2012

Net earnings attributable to Mosaic for the years ended December 31, 2014 and 2013 were \$1.0 billion, or \$2.68 per diluted share, and \$1.1 billion, or \$2.49 per diluted share, respectively. Our earnings per share were positively impacted by an approximate 10% lower weighted average number of shares in the current year. Included in 2014 net earnings is a charge of \$60 million, or \$0.16 per diluted share, related to the change in value of our share repurchase agreements with certain Cargill family member trusts and the MAC Trusts ("***Share Repurchase Agreements***"), pre-tax charges of \$125 million, or \$0.19 per diluted share, related to the discontinuance of MOP production at our Carlsbad, New Mexico mine, and discrete income tax benefits of approximately \$152 million, or \$0.40 per diluted share, which were primarily related to the acquisition of Archer Daniels Midland Company's ("***ADM***") fertilizer distribution business in Brazil and Paraguay (the "***ADM Acquisition***") and the sale of our distribution business in Argentina.

Net earnings attributable to Mosaic for the seven months ended December 31, 2013 and 2012 were \$340.0 million, or \$0.80 per diluted share, and \$1.2 billion, or \$2.73 per diluted share, respectively. Included in net earnings for the seven months ended December 31, 2013, was \$122.8 million, or \$0.19 per diluted share, related to the write-down of assets in our Argentina distribution business and our Hersey, Michigan potash business and the write-off of engineering costs of a formerly planned ammonia plant. Net earnings for the 2013 Stub Period also included a gain of \$73.2 million, or \$0.17 per diluted share, related to change in value of our share repurchase agreement and a discrete income tax expense of approximately \$105 million, or \$0.24 per diluted share.

Net earnings attributable to Mosaic for each of fiscal 2013 and 2012 were \$1.9 billion, or \$4.42 per diluted share. Included in fiscal 2013 net earnings is a discrete income tax benefit of approximately \$180 million, or \$0.42 per diluted share, related to the resolution of certain tax matters and resulting in a lower overall effective tax rate.

The more significant factors that affected our results of operations and financial condition in 2014, the seven months ended December 31, 2013 and fiscal 2013 and 2012 are listed below. These factors are discussed in more detail in the following sections of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Year ended December 31, 2014

Operating earnings for the year ended December 31, 2014, reflected net costs of approximately \$109 million related to improving utilization of our asset base, including our decision to permanently discontinue production of MOP at our Carlsbad, New Mexico facility, sell our Hersey salt operations and exit our distribution businesses in Argentina and Chile, compared to \$122.8 million for charges as described above for the year ended December 31, 2013.

Operating earnings were favorably impacted by Phosphates sales volumes which were 12.6 million tonnes in 2014 compared to 11.7 million tonnes in 2013. On March 17, 2014, we completed the acquisition of the Florida phosphate assets and assumption of certain liabilities (the "***CF Phosphate Assets Acquisition***") of CF Industries, Inc. ("***CF***"). The increase in sales volumes from the prior year was primarily due to more tonnes available from the CF Phosphate Assets Acquisition. Lower raw material costs also favorably impacted operating earnings in 2014 compared to 2013.

Potash sales volumes were 9.0 million tonnes in the current year compared to 7.7 million tonnes in the prior year as we experienced an increase in demand in 2014 compared to 2013. In 2013, Potash sales volumes were constrained by sentiments in the market driving customers to purchase fertilizer only as needed, combined with delayed purchases in anticipation of the signing of supply contracts in China. Despite strong demand, and the fact that potash selling prices grew stronger each quarter in 2014, potash selling prices have not recovered to the price levels seen in the first half of 2013. Potash selling prices began to decrease in 2013 due to uncertainty in the potash market and weak customer sentiment, which was exacerbated in July 2013, when one of our global competitors announced its intention to increase production volumes and corresponding sales volumes.

Other highlights in the year ended December 31, 2014:

We generated \$2.3 billion in cash flows from operations for the year ended December 31, 2014. We maintained cash and cash equivalents of \$2.4 billion as of December 31, 2014 compared to \$5.3 billion as of December 31, 2013.

During the year ended December 31, 2014, we took the following steps toward achieving our strategic priorities:

- *Growth: Grow our production of essential crop nutrients and operate with increasing efficiency*
 - On March 17, 2014, we completed the CF Phosphate Assets Acquisition and have included the results in our consolidated financial statements from that date. We have successfully integrated CF operations into our phosphates operations as planned and are on track to realize targeted synergies.

- On June 30, 2014, the Wa'ad Al Shamal Joint Venture entered into funding facilities with a consortium of 20 financial institutions for a total amount of \$5.0 billion. We estimate the cost to develop and construct the integrated phosphate production facilities will approximate \$7.5 billion, which we expect to be funded through external funding facilities, including the ones mentioned above, and investments by the joint venture members. For further information see "Liquidity and Capital Resources" below and Note 9 to our Notes to Consolidated Financial Statements.
- The expansion in our Colonsay mine was completed and added an additional 0.6 million tonnes of operational capacity.
- We continued the expansion of capacity in our Potash segment, with the K3 shafts at our Esterhazy mine, which are on track to start producing ore in 2017 and are expected to add an estimated 0.9 million tonnes to our potash operational capacity. In December 2014, our Board approved approximately \$1.5 billion in capital expenditures over the next ten years to increase the mining capacity of the K3 shafts and provide for an infrastructure to move rock from K3 to the K1 and K2 mills. This would provide us the flexibility to optimize production at K1, K2 and K3 in order to mitigate risk from current and future brine inflows.
- *Market Access: Expand our reach and impact by continuously strengthening our distribution network*
 - On December 17, 2014, we completed the ADM Acquisition for approximately \$350 million, including approximately \$150 million in working capital. This acquisition is expected to significantly accelerate our previously announced growth plans in Brazil, as well as replace a substantial amount of planned internal investments in that country. Under the terms of the agreements, we acquired four blending and warehousing facilities in Brazil, one in Paraguay and additional warehousing and logistics service capabilities. This acquisition will increase our annual distribution capacity in the region from approximately four million metric tonnes to about six million metric tonnes of crop nutrients.

The parties have also negotiated the terms of five-year fertilizer supply agreements where we will supply ADM's fertilizer needs in Brazil and Paraguay.

We expect these and other potential investments in Brazil will enable us to grow our share of sales in this key country.
- *Innovation: Build on our industry-leading products, process and sustainability innovations*
 - Mosaic announced plans to expand MicroEssentials[®] capacity, adding an incremental 1.2 million tonnes, and bringing total capacity to 3.5 million tonnes by 2017. North American sales volumes of our MicroEssentials[®] product increased approximately 14% in the year ended December 31, 2014 from 2013, contributing to a new Mosaic record for sales of MicroEssentials[®].
- *Total Shareholder Return: Deliver strong financial performance and provide meaningful returns to our shareholders*
 - Our Board of Directors authorized a \$1 billion share repurchase program (the "**Repurchase Program**"), allowing the Company to repurchase Class A Shares or Common Stock, through negotiated direct transactions or in the open market. During 2014, under the Repurchase Program, 8,193,698 Class A Shares were repurchased under agreements with certain Cargill family member trusts and 7,585,085 shares of Common Stock were repurchased in the open market for an aggregate of \$727.3 million.
 - We repurchased an additional 43.3 million Class A Shares, Series A-2 and A-3 under a share repurchase agreement (the "**MAC Trusts Share Repurchase Agreement**") with two former Cargill stockholders (the "**MAC Trusts**") for approximately \$2.0 billion.
 - We continue to focus on our lowest cost Potash mines; therefore, we permanently discontinued production of MOP at our Carlsbad, New Mexico facility, as announced on July 23, 2014. The final date for production was December 28, 2014. The discontinued production resulted in total pre-tax charges of approximately \$125.4 million, primarily in the form of non-cash accelerated depreciation and depletion charges and cash severance charges. We recorded a corresponding tax benefit of approximately \$52 million. We are transitioning the Carlsbad facility to exclusive production of our highly valued K-Mag[®] product line.
 - On July 29, 2014, we completed the sale of the salt operations at our Hersey, Michigan mine for approximately \$55 million, resulting in a pre-tax gain of approximately \$13.5 million.
 - On November 18, 2014, we completed the sale of our Argentina assets and recorded a pre-tax gain of approximately \$8.5 million. This will allow us to focus on our more profitable components of our distribution network.

Seven months ended December 31, 2013

Operating earnings for the seven months ended December 31, 2013 were impacted by lower phosphate and potash selling prices compared to the seven months ended December 31, 2012.

Potash selling prices declined from 2012 levels due to supply and demand fundamentals and uncertainty in the potash market as described above. At the beginning of the Stub Period, Potash sales volumes were constrained by negative sentiments and cautious purchasing behavior by customers in the market; however, the demand improved in the fourth quarter of calendar 2013 with a strong fall application.

Our average selling price for phosphates declined from 2012 levels, due in part to softer demand caused by higher producer inventories, a decline in India's import demand and Chinese export policies. However, prices hit a floor during the latter part of calendar 2013 and we saw prices begin to rise in December 2013. The decrease in the average selling price was partially offset by lower raw material costs, including sulfur, ammonia and phosphate rock, for our phosphates products. Phosphates sales volumes for the seven months ended December 31, 2013 were higher than the same period in the prior year, due to higher domestic sales volumes driven by a strong fall application season in North America, strong demand in Brazil and customers taking position when prices started rising in December 2013 after a steady decline in prices over calendar 2013.

On August 5, 2013, we entered into a shareholders' agreement to form the Wa'ad Al Shamal Joint Venture.

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

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

On December 6, 2013, we entered into the MAC Trusts Share Repurchase Agreement with the MAC Trusts to purchase all of the remaining Class A Shares held by the MAC Trusts.

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

Fiscal 2013

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

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

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

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

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

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

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

Fiscal 2012

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

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

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

On February 21, 2012, we announced that we had entered into a settlement (the “**Hardee County Extension Permit Litigation Settlement**”) that resolved in their entirety the pending court proceedings over the federal wetlands permit for the extension of our South Fort Meade, Florida, phosphate rock mine into Hardee County and allowed mining at the South Fort Meade mine to proceed. The settlement resulted in a pre-tax charge of approximately \$13 million included in other operating expenses. We received final court approval of the settlement on March 28, 2012.

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

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

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

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

Phosphates Net Sales and Gross Margin

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

(in millions, except price per tonne or unit)	Years Ended December 31,		2014-2013		Seven Months Ended December 31,		Years Ended May 31,	
	2014	2013 (unaudited)	Change	Percent	2013	2012 (unaudited)	2013	2012
Net sales:								
North America	\$ 2,632.9	\$ 2,275.9	\$ 357.0	15.7 %	\$ 1,275.4	\$ 1,440.2	\$ 2,467.9	\$ 2,553.0
International	3,561.1	3,845.7	(284.6)	(7.4)%	2,162.8	2,371.1	4,026.7	5,286.2
Total	6,194.0	6,121.6	72.4	1.2 %	3,438.2	3,811.3	6,494.6	7,839.2
Cost of goods sold	5,122.8	5,207.7	(84.9)	(1.6)%	2,993.2	3,118.0	5,332.4	6,372.3
Gross margin	\$ 1,071.2	\$ 913.9	\$ 157.3	17.2 %	\$ 445.0	\$ 693.3	\$ 1,162.2	\$ 1,466.9
Gross margin as a percent of net sales	17.3%	14.9%			12.9%	18.2%	17.9%	18.7%
Sales volume (in thousands of metric tonnes)								
Crop Nutrients ^{(a)(b)} :								
North America	3,337	2,951	386	13.1 %	1,795	1,695	3,803	3,746
International	3,113	2,936	177	6.0 %	1,484	1,357	3,126	3,810
MicroEssentials®	1,546	1,358	188	13.8 %	758	670		
Crop Nutrient Blends ^(c)	2,857	2,688	169	6.3 %	1,768	1,731	2,651	2,620
Feed Phosphates	620	572	48	8.4 %	347	308	534	621
Other ^(d)	1,100	1,206	(106)	(8.8)%	805	691	1,092	1,039
Total	12,573	11,711	862	7.4 %	6,957	6,452	11,206	11,836
Average selling price per tonne:								
DAP (FOB plant)	\$ 449	\$ 443	\$ 6	1.4 %	\$ 409	\$ 532	\$ 512	\$ 555
Crop Nutrient Blends (FOB destination)	453	517	(64)	(12.4)%	489	546	555	579
Average price per unit:								
Ammonia (metric tonne)(Central Florida)	\$ 479	\$ 491	\$ (12)	(2.4)%	\$ 457	\$ 513	\$ 524	\$ 528
Sulfur (long ton)	133	157	(24)	(15.3)%	145	192	184	223

(a) Excludes tonnes sold by PhosChem for its other member through December 31, 2013.

(b) Excludes Crop Nutrient Blends and beginning with the seven months ended December 31, 2013 and 2012, excludes MicroEssentials.

(c) The average product mix in crop nutrient blends (“**Blends**”) (by volume) contains approximately 50% phosphate, 25% potash and 25% nitrogen.

(d) Other volumes are primarily single superphosphate (“**SSP**”), potash and urea sold outside of North America.

Calendar 2014 compared to Calendar 2013 (Unaudited)

The Phosphates segment’s net sales increased to \$6.2 billion for the year ended December 31, 2014, compared to \$6.1 billion in the same period a year ago. The increase was due to higher sales volumes that impacted net sales by approximately \$390 million, partially offset by lower sales prices for Blends that impacted net sales by approximately \$230 million. Our Phosphates segment’s results also included the consolidated results of Phosphate Chemicals Export Association, Inc. (“**PhosChem**”) through December 31, 2013. Effective December 31, 2013, we and PhosChem’s other member each assumed responsibility for PhosChem’s former activities as they related to our respective products. We subsequently dissolved PhosChem. The prior year

period included approximately \$98 million related to PhosChem net sales for its other member, which had a minimal impact on gross margin.

Our average DAP selling price was \$449 per tonne for the year ended December 31, 2014, an increase of \$6 per tonne or 1.4% compared with the same period a year ago. Prior year price levels were negatively impacted by softer global demand caused in part by higher than normal producer inventories and a decline in India's import demand. Price levels in the current year are higher than the prior year due to a strengthening market environment during 2014 causing prices to rise. The selling price of Blends decreased 12.4% in the current year compared with the prior year, primarily due to a change in product mix, requiring less phosphates, and a decline in prices of crop nutrients used in Blends, particularly potash.

The Phosphates segment's sales volumes increased to 12.6 million tonnes for the year ended December 31, 2014, compared to 11.7 million tonnes in the same period a year ago, due primarily to more tonnes available per the CF Phosphate Assets Acquisition.

Gross margin for the Phosphates segment increased to \$1.1 billion in the current period compared with \$0.9 billion for the year ended December 31, 2013. Higher sales volumes had a favorable impact on gross margin of approximately \$80 million combined with lower product costs of approximately \$310 million, partially offset by lower Blends sales prices that impacted net sales by approximately \$230 million. The lower product costs were driven by approximately \$100 million of lower sulfur and ammonia costs used in our North American production, and approximately \$280 million of lower prices for crop nutrients used in production in our international distribution business. In the international distribution business, these costs are typically passed on to customers. This is reflected in revenue; therefore, there is minimal impact on gross margin dollars. These costs were partially offset by higher rock costs which were impacted by approximately \$49 million related to the effect of amortization of the fair market value adjustment of inventory acquired in the CF Phosphate Assets Acquisition. Other factors affecting gross margin and costs are discussed below. As a result of these factors, gross margin as a percentage of net sales increased to 17% for the year ended December 31, 2014 compared to 15% for the same period a year ago.

The average consumed price for ammonia for our North American operations decreased to \$479 per tonne in the current period from \$491 in the same period a year ago. The average consumed price for sulfur for our North American operations decreased to \$133 per long ton for the year ended December 31, 2014 from \$157 in the same period a year ago. We purchased more raw materials, primarily ammonia, from third parties this year, primarily due to increased production related to the CF Phosphate Assets Acquisition. The purchase price of these raw materials is driven by global supply and demand. The average consumed cost of purchased and produced rock was \$63 per tonne in the current period, compared to \$62 per tonne in the same period a year ago. The percentage of phosphate rock purchased from our Miski Mayo Mine included in cost of goods sold in our North American operations decreased to 7% for the current period from 8% in the same period a year ago.

Our phosphate rock production was 14.0 million tonnes for the current year compared with 14.2 million tonnes in the same period a year ago. The decrease was due to lower phosphate rock production at our legacy mines consistent with expected recoveries as reflected in our long term mine plans. Also, in June 2014, we exhausted the reserves at our Hookers Prairie, Florida mine, which produced 1.9 million tonnes in the prior year period. These decreases were mostly offset by additional production of 2.6 million tonnes from the South Pasture, Florida mine that was acquired as part of the CF Phosphate Assets Acquisition.

The Phosphates segment's North American production of crop nutrient dry concentrates and animal feed ingredients was 9.3 million tonnes for the year ended December 31, 2014, compared to 8.2 million tonnes for the same period of the prior year. The increase in production is due to approximately 1.3 million tonnes of production from the Plant City facility acquired as part of the CF Phosphate Assets Acquisition. On September 30, 2014, we announced a temporary curtailment in the fourth quarter in our phosphate fertilizer production, primarily related to the increasing cost of raw material prices, in particular ammonia prices. The curtailment partially offset the increase in volumes from the CF Phosphate Assets Acquisition. Our operating rate for processed phosphate production was 82% in 2014 compared to 84% in 2013.

Costs were also impacted by net unrealized mark-to-market derivative losses of \$6.4 million for the year ended December 31, 2014, primarily on natural gas derivatives, compared to a gain of \$1.2 million in the same period a year ago, primarily on freight derivatives.

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

The Phosphates segment's net sales decreased to \$3.4 billion for the seven months ended December 31, 2013, compared to \$3.8 billion in the seven months ended December 31, 2012. The decrease was due to lower sales prices that resulted in a reduction to net sales of approximately \$660 million, partially offset by higher sales volumes that impacted net sales by approximately \$280 million.

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

The Phosphates segment's sales volumes increased to 7.0 million tonnes for the seven months ended December 31, 2013, compared to 6.5 million tonnes in the seven months ended December 31, 2012. The increase in phosphate sales volumes from the same period in the prior year was due to the factors discussed in the Overview.

Included in our results for the seven months ended December 31, 2013 are PhosChem net sales and costs for its other member of \$70 million compared with \$64 million for the seven months ended December 31, 2012.

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

The average consumed price for ammonia for our North American operations decreased to \$457 per tonne in the seven months ended December 31, 2013 from \$513 in the seven months ended December 31, 2012. The average consumed price for sulfur for our North American operations decreased to \$145 per long ton for the seven months ended December 31, 2013 from \$192 in the seven months ended December 31, 2012. The purchase price of these raw materials is driven by global supply and demand. The average consumed cost of purchased and produced rock decreased to \$61 per tonne in the current period, compared to \$66 per tonne in the same period a year ago. The percentage of phosphate rock purchased from our Miski Mayo Mine used in finished product production in our North American operations increased to 9% for the seven months ended December 31, 2013 from 6% in the seven months ended December 31, 2012. This increase offset the percentage of purchased rock from unrelated parties used in phosphate finished product production in our North American operations which decreased to 3% in the seven months ended December 31, 2013, from 6% in the seven months ended December 31, 2012.

Costs were also impacted by net unrealized mark-to-market derivative losses of \$1.6 million for the seven months ended December 31, 2013, primarily on natural gas and foreign currency derivatives, compared to losses of \$1.0 million in the seven months ended December 31, 2012, primarily on freight derivatives.

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

Our phosphate rock production was 7.9 million tonnes for the seven months ended December 31, 2013 compared with 9.0 million tonnes in the seven months ended December 31, 2012. In addition to variations in rock reserve grade, production volumes declined as inventory levels had been rebuilt following the Hardee County Extension Permit Litigation Settlement and mining has been reduced in line with our inventory management strategy.

Fiscal 2013 compared to Fiscal 2012

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

Our average DAP selling price was \$512 per tonne in fiscal 2013, a decrease of \$43 per tonne or 8% compared with fiscal 2012 due to the factors discussed in the Overview. The selling price per tonne of Blends decreased 4% in fiscal 2013 compared with

fiscal 2012, reflecting decreases in the price of materials used to produce Blends, primarily phosphates and potash while nitrogen remained flat.

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

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

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

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

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

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

Potash Net Sales and Gross Margin

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

(in millions, except price per tonne or unit)	Years Ended December 31,		2014-2013		Seven Months Ended December 31,		Years Ended May 31,	
	2014	2013 (unaudited)	Change	Percent	2013	2012 (unaudited)	2013	2012
Net sales:								
North America	\$ 1,850.2	\$ 1,670.7	\$ 179.5	10.7 %	\$ 833.1	\$ 1,270.9	\$ 2,108.0	\$ 1,851.9
International	1,001.4	1,302.5	(301.1)	(23.1)%	554.1	653.7	1,421.3	1,449.4
Total	2,851.6	2,973.2	(121.6)	(4.1)%	1,387.2	1,924.6	3,529.3	3,301.3
Cost of goods sold	1,953.9	1,869.1	84.8	4.5 %	1,012.9	1,043.1	1,918.0	1,679.3
Gross margin	\$ 897.7	\$ 1,104.1	\$ (206.4)	(18.7)%	\$ 374.3	\$ 881.5	\$ 1,611.3	\$ 1,622.0
Gross margin as a percent of net sales	31.5%	37.1%			27.0%	45.8%	45.7%	49.1%
Sales volume (in thousands of metric tonnes)								
Crop Nutrients ^(a) :								
North America	3,639	2,910	729	25.1 %	1,439	1,732	3,139	2,350
International	4,639	4,127	512	12.4 %	1,918	1,665	3,966	3,666
Total	8,278	7,037	1,241	17.6 %	3,357	3,397	7,105	6,016
Non-agricultural	694	660	34	5.2 %	441	384	666	704
Total	8,972	7,697	1,275	16.6 %	3,798	3,781	7,771	6,720
Average selling price per tonne (FOB plant):								
MOP - North America crop nutrients	\$ 325	\$ 382	\$ (57)	(14.9)%	\$ 346	\$ 474	\$ 450	\$ 515
MOP - International	226	303	(77)	(25.4)%	274	390	349	401
MOP - Average ^(b)	279	350	(71)	(20.3)%	325	444	405	448

(a) Excludes tonnes related to a third-party tolling arrangement for which the contract expired December 31, 2012.

(b) MOP – Average selling price includes feed and industrial selling prices.

Calendar 2014 compared to Calendar 2013 (Unaudited)

The Potash segment's net sales decreased to \$2.9 billion for the year ended December 31, 2014, compared to \$3.0 billion in the same period a year ago. The decrease was primarily due to lower selling prices that resulted in a decrease in net sales of approximately \$600 million, partially offset by higher sales volumes that resulted in an increase of approximately \$480 million.

Our average MOP selling price was \$279 per tonne for the year ended December 31, 2014, a decrease of \$71 per tonne compared with the same period a year ago. Average potash selling prices are lower in the current year period due to the factors discussed in the Overview.

The Potash segment's sales volumes increased to 9.0 million tonnes for the year ended December 31, 2014, compared to 7.7 million tonnes in the same period a year ago, due to the factors discussed in the Overview.

Gross margin for the Potash segment decreased to \$0.9 billion in the current year, from \$1.1 billion for the year ended December 31, 2013. Gross margin was unfavorably impacted by approximately \$600 million related to lower selling prices, partially offset by a favorable impact of approximately \$240 million due to the increase in sales volumes. Favorable changes in foreign currency exchange rates, lower plant spending, primarily related to cost reduction activities, and favorable plant mix which led to higher fixed cost absorption benefited gross margin by approximately \$190 million compared to 2013. The average value of the Canadian dollar decreased by approximately 8% in 2014 which reduced our expenses. These and other factors affecting gross margin and costs are further discussed below. As a result of these factors, gross margin as a percentage of net sales decreased to 32% for the year ended December 31, 2014, compared to 37% for the same period a year ago.

We incurred \$181.6 million in expenses, including depreciation on brine assets, and \$19.7 million in capital expenditures related to managing the brine inflows at our Esterhazy mine in 2014, compared to \$201.6 million and \$41.2 million, respectively, in 2013. We have been effectively managing the brine inflows at Esterhazy since 1985, and from time to time we experience changes to the amounts and patterns of brine inflows. Inflows continue to be within the range of our historical experience. Brine inflow expenditures continue to reflect the cost of addressing changing inflow patterns, including inflows from below our mine workings, which can be more complex and costly to manage, as well as costs associated with horizontal drilling. The mine has significant brine storage capacity. Depending on inflow rates, pumping and disposal rates, and other variables, the volume of brine stores in the mine may change significantly from period to period. In general, the higher the level of brine stored in the mine, the less time available to mitigate new or increased inflows that exceed our capacity for pumping or disposal of brine outside the mine, and therefore the less time to avoid flooding and/or loss of the mine. Our past investments in remote injection and increased pumping capacities facilitate our management of the brine inflows and the amount of brine stored in the mine.

We incurred \$168.4 million in Canadian resource taxes for the year ended December 31, 2014, compared with \$187.0 million in the same period a year ago. These taxes decreased due to lower realized prices and profitability, partially offset by lower deductions for capital expenditures and higher sales volumes in the current year. We incurred \$26.6 million in royalties in the year ended December 31, 2014, compared to \$48.2 million in the year ended December 31, 2013 due to lower selling prices.

Costs were negatively impacted by net unrealized mark-to-market derivative losses of \$25.6 million for the year ended December 31, 2014, primarily on foreign currency and commodity derivatives compared with losses of \$0.9 million for the same period a year ago, primarily on foreign currency derivatives offset by commodity derivatives.

For the year ended December 31, 2014, potash production was 8.2 million tonnes compared to 8.1 million tonnes in the year ended December 31, 2013. In the current year period we completed a proving run of the expanded capacity at our Colonsay, Saskatchewan potash mine. The increase in production from the proving run was offset by lower production caused by unplanned down time at our Carlsbad, New Mexico mine related to a warehouse roof collapse. A shortage of rail service in the first four months of 2014, which prioritized shipments from a large North American grain crop over fertilizer shipments also impacted production and sales volumes in the current year. Our operating rate for potash production was 75% for the years ended December 31, 2014 and 2013.

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

The Potash segment's net sales decreased to \$1.4 billion for the seven months ended December 31, 2013 compared with \$1.9 billion in the seven months ended December 31, 2012 primarily due to a decrease in sales prices which resulted in lower net sales of approximately \$400 million. Also, in the seven months ended December 31, 2012 we received approximately \$120 million for reimbursement of certain costs under a tolling agreement which were not received in the seven months ended December 31, 2013, as the agreement had expired.

Our average MOP selling price was \$325 per tonne in the seven months ended December 31, 2013, which is a decrease of 27% compared to the seven months ended December 31, 2012 average price of \$444 per tonne. MOP selling prices, both domestic and international, decreased due to factors discussed in the Overview.

Gross margin for the Potash segment decreased to \$374.3 million in the seven months ended December 31, 2013 from \$881.5 million to the seven months ended December 31, 2012. The gross margin was unfavorably impacted by the items discussed above and the impact of higher costs of approximately \$60 million including factors further discussed below. Gross margin as a percentage of net sales decreased to 27% in the seven months ended December 31, 2013 from 46% in the seven months ended December 31, 2012, reflecting the 27% decline in average MOP selling price.

We incurred \$197.2 million in depreciation expense during the seven months ended December 31, 2013 compared to \$161.7 million for the seven months ended December 31, 2012. The higher depreciation relates to more fixed assets being depreciated as they have been brought into service for our expansion and sustaining projects.

We incurred \$98.4 million in Canadian resource taxes in the seven months ended December 31, 2013 compared with \$161.3 million in the seven months ended December 31, 2012. The lower taxes were due primarily to lower sales and profits in the Stub Period. The potash expansions resulted in a reduction to our Canadian resource taxes of approximately \$37 million and \$109 million for the seven months ended December 31, 2013 and 2012, respectively. We incurred \$22.3 million in royalties in the seven months ended December 31, 2013 compared to \$32.1 million in the seven months ended December 31, 2012. The decrease in royalties was due primarily to lower selling prices in the Stub Period.

Costs were impacted by net unrealized mark-to-market derivative gains, primarily on foreign currency derivatives, of \$13.0 million in the seven months ended December 31, 2013 compared with gains, primarily on foreign currency derivatives, of \$27.2 million in the seven months ended December 31, 2012.

We incurred \$112.3 million in expenses, including depreciation on brine assets, and \$10.1 million in capital expenditures related to managing the brine inflows at our Esterhazy mine during the seven months ended December 31, 2013, compared to \$146.2 million and \$100.4 million, respectively, in the seven months ended December 31, 2012. During the Stub Period, inflows continued to be within the range of our historical experience. Brine inflow expenses decreased compared to the seven months ended December 31, 2012 as a project came on line that enhances our flexibility for disposing of brine that has been pumped out of the mine by injecting it at the remote injection site. In addition, the timing of activities and other temporary operating factors favorably impacted the expense for the seven months ended December 31, 2013. Brine inflow costs continued to reflect the cost of addressing changing inflow patterns and inflows from below our mine workings, which can be more complex and costly to manage, as well as costs associated with horizontal drilling. Capital expenditures decreased from the prior year period primarily due to expenditures for our new remote injection site in the prior year period.

For the seven months ended December 31, 2013, potash production was 4.1 million tonnes compared to 3.9 million tonnes in the seven months ended December 31, 2012 as we completed a proving run of the expanded capacity at our Esterhazy Saskatchewan potash mine partially offset by planned curtailments at our Colonsay and Esterhazy potash mines in the later part of the period. Our operating rate for potash production was 66% in the Stub Period compared to 71% in the seven months ended December 31, 2012 due to higher capacity in the Stub Year as a result of the expiration at the end of calendar 2012 of our obligation to supply 1.1 million tonnes of potash per year under a tolling agreement.

Fiscal 2013 compared to Fiscal 2012

The Potash segment's net sales increased to \$3.5 billion in fiscal 2013 compared with \$3.3 billion in fiscal 2012 due to an increase in sales volumes that resulted in higher net sales of approximately \$520 million, partially offset by a decrease in sales prices which resulted in lower net sales of approximately \$300 million.

The Potash segment's sales volumes increased to 7.8 million tonnes for fiscal 2013 compared to 6.7 million tonnes in fiscal 2012, primarily driven by the factors described in the Overview.

Our average MOP selling price was \$405 per tonne in fiscal 2013, which is a decrease of 10% compared to the fiscal 2012 average price of \$448 per tonne. MOP selling prices, both domestic and international, decreased due to factors discussed in the Overview.

Gross margin for the Potash segment in fiscal 2013 was comparable to fiscal 2012 at \$1.6 billion. The gross margin was favorably impacted by approximately \$360 million due to the increase in sales volumes, partially offset by a decrease in selling prices which unfavorably impacted gross margin by approximately \$300 million. In addition, gross margin was unfavorably impacted by higher costs of approximately \$60 million, which are further described in the following paragraphs. The factors affecting gross margin and costs are further discussed below. Gross margin as a percentage of net sales decreased to 46% in fiscal 2013 from 49% in fiscal 2012.

We incurred \$301.9 million in depreciation expense during fiscal 2013 compared to \$233.1 million in fiscal 2012. The higher depreciation relates to more fixed assets being depreciated as they have been brought into service for our expansion and sustaining projects.

We incurred \$450.9 million in labor and contract labor costs during fiscal 2013 compared to \$393.7 million in fiscal 2012. The increase in labor and contract labor costs primarily related to the effects of the settlement of collective bargaining agreements and additional headcount to support our expansion projects.

We incurred \$249.9 million in Canadian resource taxes in fiscal 2013 compared with \$257.9 million in fiscal 2012. The lower taxes were due primarily to lower selling prices in fiscal 2013. The potash expansions resulted in a reduction to our Canadian resource taxes of approximately \$162 million and \$185 million for fiscal 2013 and 2012, respectively. We incurred \$58.0 million in royalties in fiscal 2013 compared to \$69.2 million in fiscal 2012. The decrease in royalties was due primarily to lower selling prices in fiscal 2013.

Costs were impacted by net unrealized mark-to-market derivative gains, primarily on natural gas derivatives, of \$13.3 million in fiscal 2013 compared with losses, primarily on foreign currency and natural gas derivatives, of \$38.3 million in fiscal 2012.

We incurred \$235.5 million in expenses, including depreciation on brine assets, and \$131.5 million in capital expenditures related to managing the brine inflows at our Esterhazy mine during fiscal 2013, compared to \$205.0 million and \$44.4 million, respectively, in fiscal 2012. During fiscal 2013, inflows continued to be within the range of our historical experience. Brine inflow costs, beginning in the third quarter of fiscal 2013, included the costs for pumping brine from the mine to the remote brine injection site. The remote injection site, which commenced operations in December 2012, and increased pumping capacity, helped us alleviate the effects of constraints on our pumping that began in the latter half of fiscal 2012. These

constraints affected available storage capacity in surface ponds. As a result of our investments in the remote injection and increased pumping capacities, however, we were able to reduce the amount of brine stored in the mine. Brine inflow costs also continued to reflect the cost of addressing changing inflow patterns and inflows from below our mine workings, as well as higher costs associated with the introduction of horizontal drilling beginning in the second quarter of fiscal 2012. Under a tolling agreement that expired during the third quarter of fiscal 2013, we were entitled to reimbursement of a pro-rata share of operating and capital costs of our Esterhazy mine, including a portion of our costs for managing the brine inflows.

For fiscal 2013, potash production was 7.8 million tonnes compared to 7.4 million tonnes in fiscal 2012. We curtailed production in the second half of fiscal 2012 due to lower market demand as a result of cautious customer purchasing behavior. Our operating rate for potash production was 79% in fiscal 2013 compared to 81% in fiscal 2012 due to higher capacity in fiscal 2013.

Other Income Statement Items

(in millions)	Years Ended December 31,		2014-2013		Seven Months Ended December 31,		Years Ended May 31,	
	2014	2013 (unaudited)	Change	Percent	2013	2012 (unaudited)	2013	2012
Selling, general and administrative expenses	\$ 382.4	\$ 393.5	\$ (11.1)	(3)%	\$ 211.8	\$ 245.6	\$ 427.3	\$ 410.1
(Gain) loss on assets sold and to be sold	(16.4)	122.8	(139.2)	(113)%	122.8	—	—	—
Carlsbad restructuring expense	125.4	—	125.4	NM	—	—	—	—
Other operating expenses	123.4	159.2	(35.8)	(22)%	76.8	40.8	123.3	63.8
(Loss) gain in value of share repurchase agreement	(60.2)	73.2	(133.4)	(182)%	73.2	—	—	—
Interest (expense)	(128.9)	(22.8)	(106.1)	NM	(22.8)	—	—	(1.4)
Interest income	21.3	16.7	4.6	28 %	9.5	11.5	18.8	20.1
Interest (expense) income, net	(107.6)	(6.1)	(101.5)	NM	(13.3)	11.5	18.8	18.7
Foreign currency transaction gain (loss)	79.1	34.7	44.4	128 %	16.5	(34.2)	(15.9)	16.9
Other (expense) income	(5.8)	(6.6)	0.8	(12)%	(9.1)	(0.4)	2.0	(17.8)
Provision for income taxes	184.7	384.6	(199.9)	(52)%	152.6	109.0	341.0	711.4

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased to \$382.4 million for the year ended December 31, 2014 compared to \$393.5 million for the same period a year ago resulting from reduced spending of approximately \$25 million related to cost-savings initiatives partially offset by costs of approximately \$15 million associated with an additional incentive grant related to the achievement of future cost-savings initiatives in 2014. In addition, 2014 included approximately \$12 million related to costs associated with our business acquisitions which was offset by other reductions.

Selling, general and administrative expenses decreased to \$211.8 million for the seven months ended December 31, 2013 compared to \$245.6 million for the seven months ended December 31, 2012 due to a decrease in salaries, incentives, and other employee benefits combined with project expenses incurred in the seven months ended December 31, 2012 that were not repeated in the seven months ended December 31, 2013.

Selling, general and administrative expenses increased to \$427.3 million in fiscal 2013 compared to \$410.1 million in fiscal 2012 due to an increase in salaries, incentives, and other employee benefits combined with an increase in project costs related to strategic and operational improvement initiatives.

(Gain) Loss on Assets Sold and To Be Sold

The gain on assets sold and to be sold of \$16.4 million for the year ended December 31, 2014 includes a gain of \$13.5 million from the sale of our salt operations at our Hersey, Michigan mine, combined with a gain of \$8.5 million from the sale of our distribution business in Argentina as the final sales prices of both were higher than previously estimated. This was partially offset by a loss of \$5.6 million related to the closure of our Chile distribution business.

The loss on write-down of assets of \$122.8 million for the year ended December 31, 2013 is related to the then planned exit from our Argentina distribution business, write-off of initial engineering costs of our ammonia plant, closure of the Hersey potash facility, and the then planned sale of our Hersey salt operations mentioned in the Overview.

Other Operating Expenses

Other operating expenses were \$123.4 million for the year ended December 31, 2014 compared to \$159.2 million for the prior year period. Other operating expenses typically consist of three major categories: 1) Asset Retirement Obligations (“*AROs*”)/environmental and legal reserves, 2) insurance reimbursements and 3) gain/loss on fixed assets. The decrease in expense was primarily due to the costs of \$42 million associated with the settlement of potash antitrust litigation in calendar 2013, partially offset by costs of approximately \$10 million, primarily severance, related to the wind down of our Hookers Prairie, Florida mine in 2014 compared to 2013.

Other operating expenses were \$76.8 million for the seven months ended December 31, 2013 compared to \$40.8 million for the seven months ended December 31, 2012. The increase in the seven months ended December 31, 2013 is primarily due to approximately \$15 million of ARO adjustments, approximately \$9 million related to the settlement of certain mineral rights, and approximately \$12 million related to the write-off of fixed assets partially offset by a \$19 million decrease in legal reserves compared to the seven months ended December 31, 2012.

Other operating expenses were \$123.3 million in fiscal 2013 compared to \$63.8 million in fiscal 2012. The increase in fiscal 2013 is primarily due to the settlement of the Potash Antitrust Cases. The settlement and related costs resulted in a pre-tax charge of approximately \$51 million.

Gain (Loss) in Value of Share Repurchase Agreement

The change in the value of share repurchase agreement relates to the remeasurement of our share repurchase obligation to its present value. For the year ended December 31, 2014, we had a loss of \$60.2 million compared to gain of \$73.2 million for the same period a year ago.

Interest Expense

Interest expense was \$128.9 million in 2014 compared to \$22.8 million in 2013. The increase is primarily related to higher average debt balances as a result of a \$2 billion public offering of senior notes completed on November 7, 2013, as part of the implementation of our capital management philosophy and the \$800 million unsecured term loan facility under which we borrowed the full amount on September 18, 2014.

Foreign Currency Transaction Gain (Loss)

In calendar 2014, we recorded a foreign currency transaction gain of \$79.1 million, compared to a gain of \$34.7 million in calendar 2013. The foreign currency transaction gains in 2014 and 2013 were primarily the result of the strengthening of the U.S. dollar relative to the Canadian dollar on significant U.S. dollar denominated intercompany receivables and cash held by certain of our Canadian subsidiaries, partially offset by the effect of the strengthening of the U.S. dollar relative to the Brazilian Real on significant U.S. dollar denominated payables held by our Brazilian subsidiaries.

For the seven months ended December 31, 2013, we recorded a foreign currency transaction gain of \$16.5 million, compared to a loss of \$34.2 million in the seven months ended December 31, 2012. The foreign currency transaction gain in the seven months ended December 31, 2013 was primarily the result of the strengthening of the U.S. dollar relative to the Canadian dollar on significant U.S. dollar denominated intercompany receivables and cash held by certain of our Canadian subsidiaries, partially offset by the effect of the strengthening of the U.S. dollar relative to the Brazilian Real on significant U.S. dollar denominated payables held by our Brazilian subsidiaries.

In fiscal 2013, we recorded a foreign currency transaction loss of \$15.9 million, compared to a gain of \$16.9 million in fiscal 2012. The foreign currency transaction loss in fiscal 2013 was primarily the result of the strengthening of the U.S. dollar relative to the Brazilian Real on significant U.S. dollar denominated payables held by our Brazilian subsidiaries.

Provision for Income Taxes

	Effective Tax Rate	Provision for Income Taxes
Year Ended December 31, 2014	15.2%	\$ 184.7
Seven Months Ended December 31, 2013	31.5%	152.6
Year Ended May 31, 2013	15.4%	341.0
Year ended May 31, 2012	27.1%	711.4

Income tax expense for the year ended December 31, 2014 was \$184.7 million, an effective tax rate of 15.2% on pre-tax income of \$1.2 billion. Our income tax rate is impacted by the mix of earnings across the jurisdictions in which we operate and by a benefit associated with depletion. The tax rate was favorably impacted by \$53.6 million related to losses on the sale of our distribution business in Argentina, \$8.1 million related to the settlement of certain non-U.S. tax matters, and two items related to the ADM Acquisition: \$47.0 million as a result of a change in the tax status of a Brazilian subsidiary and a \$32.8 million valuation allowance reduction primarily related to net operating losses at a Brazilian subsidiary. The tax rate was negatively impacted by \$81.0 million as a result of our decision that our earnings were not permanently re-invested in certain non-U.S. subsidiaries. During 2014, we recorded \$51.9 million of tax benefit related to the \$125.4 million pre-tax charges resulting from the decision to permanently discontinue production of MOP at our Carlsbad, New Mexico facility. For further information, please see Note 12 to our Notes to Consolidated Financial Statements.

Income tax expense for the seven months ended December 31, 2013 was \$152.6 million, an effective tax rate of 31.5% on pre-tax income of \$484.2 million. The tax rate was negatively impacted by a tax expense of \$100.8 million as a result of the determination that we are no longer permanently reinvested at certain non-U.S. subsidiaries. The tax rate was favorably impacted by the \$73.2 million change in value of the share repurchase agreement, which was non-taxable.

Income tax expense for fiscal 2013 was \$341.0 million, an effective tax rate of 15.4% on pre-tax income of \$2.2 billion. The tax rate was favorably impacted by a discrete income tax benefit of approximately \$180 million related to the resolution of certain tax matters.

Income tax expense for fiscal 2012 was \$711.4 million, an effective tax rate of 27.1% on pre-tax income of \$2.6 billion.

Critical Accounting Estimates

We prepare our Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America which requires us to make various judgments, estimates and assumptions that could have a significant impact on our reported results and disclosures. We base these estimates on historical experience and other assumptions believed to be reasonable at the time we prepare our financial statements. Changes in these estimates could have a material effect on our Consolidated Financial Statements.

Our significant accounting policies can be found in Note 3 of our Notes to Consolidated Financial Statements. We believe the following accounting policies include a higher degree of judgment and complexity in their application and are most critical to aid in fully understanding and evaluating our reported financial condition and results of operations.

Recoverability of Long-Lived Assets including Goodwill

Assessing the potential impairment of long-lived assets is an integral part of our normal ongoing review of operations. These assessments involve estimates that require significant management judgment, and include inherent uncertainties that are often interdependent and do not change in isolation. Factors that management must estimate include, among others, industry and market conditions, the economic life of the asset, sales volume and prices, inflation, raw materials costs, cost of capital, tax rates and capital spending. These factors are even more difficult to predict when global financial markets are highly volatile. Further, our Company faces many uncertainties and risks related to various economic, political and regulatory environments in the countries in which we operate. Refer to “Item 1A. Risk Factors” in Part I of our annual report on Form 10-K for 2014.

As mentioned above, these factors do not change in isolation; therefore, it is not practicable to present the impact of changing a single factor. If management uses different assumptions or if different conditions occur in future periods, future impairment charges could result and could be material. Impairments generally would be non-cash charges. During the year ended December 31, 2014, no material impairment was indicated for Mosaic’s asset groups except for the write-down of assets in connection with the MOP closure in Carlsbad. See Note 22 of our Notes to Consolidated Financial Statements for additional information regarding the MOP closure in Carlsbad.

The carrying value of goodwill in our reporting units is tested annually as of October 31st for possible impairment. We typically use an income approach valuation model, representing present value of future cash flows, to determine the fair value of a reporting unit. Growth rates for sales and profits are determined using inputs from our annual strategic planning process. The rates used to discount projected future cash flows reflect a weighted average cost of capital based on the Company's industry, capital structure and risk premiums including those reflected in the current market capitalization. When preparing these estimates, management considers each reporting unit's historical results, current operating trends, and specific plans in place. These estimates are impacted by various factors including inflation, the general health of the economy and market competition. In addition, events and circumstances that might be indicators of possible impairment are assessed during other interim periods. No goodwill impairment was indicated during the year ended December 31, 2014. See Note 10 of our Notes to Consolidated Financial Statements for additional information regarding goodwill. As of December 31, 2014 we had \$1.8 billion of goodwill.

Useful Lives of Depreciable Assets and Rates of Depletion

We estimate initial useful lives of property, plant and equipment based on operational experience, current technology, improvements made to the assets, and anticipated business plans. Factors affecting the fair value of our assets, as noted above, may also affect the estimated useful lives of our assets and these factors can change. Therefore, we periodically review the estimated remaining useful lives of our facilities and other significant assets and adjust our depreciation rates prospectively where appropriate.

Depletion expenses for mining operations, including mineral reserves, are generally determined using the units-of-production method based on estimates of recoverable reserves. These estimates may change based on new information regarding the extent or quality of mineral reserves, permitting or changes in mining strategies.

Inventories

We review our inventory carrying amounts quarterly to determine if they exceed their estimated net realizable value. Forecasted selling prices are a significant component in determining estimated net realizable value. As described in our significant accounting policies, there are a number of demand and supply variables that can impact forecasted selling prices. Additionally, judgment is involved in this analysis with estimating whether inventories will be sold as blends or other products and the expected effects on costs. These factors do not change in isolation, and therefore, it is not practicable to present the impact of changing a single factor.

Although we believe our judgments and estimates are reasonable, results could differ materially if actual selling prices differ significantly from forecasted selling prices or if expected costs change significantly through the ultimate sale of inventory. Charges for lower of cost or market adjustments, if any, are recognized in our Consolidated Statements of Earnings in the period when there is evidence of a decline of market value below cost. During the year ended December 31, 2014, seven months ended December 31, 2013, and during fiscal 2013 and 2012, no material lower of cost or market inventory write-downs were indicated.

We allocate fixed expense to the costs of production based on normal capacity, which refers to a range of production levels and is considered the production expected to be achieved over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. Fixed overhead costs allocated to each unit of production should not increase due to abnormally low production. Those excess costs are recognized as a current period expense. When a production facility is completely shut down temporarily, it is considered "idle", and all related expenses are charged to cost of goods sold.

Environmental Liabilities and Asset Retirement Obligations

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

Contingent environmental liabilities are described in Note 20 of our Notes to Consolidated Financial Statements. Accruals for environmental matters are based primarily on third-party estimates for the cost of remediation at previously operated sites and estimates of legal costs for ongoing environmental litigation. We regularly assess the likelihood of material adverse judgments or outcomes as well as potential ranges or probability of losses. We determine the amount of accruals required, if any, for contingencies after carefully analyzing each individual matter. Actual costs incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating environmental exposures. As of December 31, 2014 and 2013, we had accrued \$32.5 million and \$31.3 million, respectively, for environmental matters.

As indicated in Note 13 of our Notes to Consolidated Financial Statements, we recognize AROs in the period in which we have an existing legal obligation, and the amount of the liability can be reasonably estimated. We utilize internal engineering experts

as well as third-party consultants to assist management in determining the costs of retiring certain of our long-term operating assets. Assumptions and estimates reflect our historical experience and our best judgments regarding future expenditures. The assumed costs are inflated based on an estimated inflation factor and discounted based on a credit-adjusted risk-free rate. For active facilities, fluctuations in the estimated costs (including those resulting from a change in environmental regulations), inflation rates and discount rates can have a significant impact on the corresponding assets and liabilities recorded in the Consolidated Balance Sheets. However, changes in the assumptions for our active facilities would not have a significant impact on the Consolidated Statements of Earnings in the year they are identified. For closed facilities, fluctuations in the estimated costs, inflation and discount rates have an impact on the Consolidated Statements of Earnings in the year they are identified as there is no asset related to these items. Phosphate land reclamation activities generally occur concurrently with mining operations; as such, we accrue and expense reclamation costs as we mine. As of December 31, 2014 and 2013, \$859.5 million and \$723.9 million, respectively, was accrued for AROs. The increase recorded in 2014 was principally the result of the CF Phosphate Assets Acquisition.

Pension Plans and Other Postretirement Benefits

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

The assumptions and actuarial estimates required to estimate the employee benefit obligations for pension plans and other postretirement benefits include discount rate, expected salary increases, certain employee-related factors, such as turnover, retirement age and mortality (life expectancy), expected return on assets and healthcare cost trend rates. We evaluate these critical assumptions at least annually. Our assumptions reflect our historical experiences and our best judgments regarding future expectations that have been deemed reasonable by management. During 2014, we adopted recently updated mortality tables for both the U.S. and Canadian plans which contributed to increases in the actuarial loss and projected benefit obligation recognized as of December 31, 2014.

The judgments made in determining the costs of our benefit plans can impact our Consolidated Statements of Earnings. As a result, we use actuarial consultants to assist management in developing reasonable assumptions and cost estimates. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors. The effects of actual results differing from our assumptions are included as a component of other comprehensive income/(expense) as unamortized net gains and losses, which are amortized into earnings over future periods. As of December 31, 2014 and 2013, we had \$84.1 million and \$75.2 million, respectively, accrued for pension and other postretirement benefit obligations. Our pension and other postretirement benefits are further described in Note 17 of our Notes to Consolidated Financial Statements.

Income Taxes

We make estimates for income taxes in three major areas: uncertain tax positions, valuation allowances, and U.S. deferred income taxes on our non-U.S. subsidiaries' undistributed earnings.

Due to Mosaic's global operations, we assess uncertainties and judgments in the application of complex tax regulations in a multitude of jurisdictions. Future changes in judgment related to the expected ultimate resolution of uncertain tax positions will affect earnings in the quarter of such change. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, our liabilities for income taxes reflect what we believe to be the more likely than not outcome. We adjust these liabilities, as well as the related interest, in light of changing facts and circumstances including negotiations with taxing authorities in various jurisdictions, outcomes of tax litigation, and resolution of disputes arising from tax audits in the normal course of business. Settlement of any particular position may require the use of cash. Based upon an analysis of tax positions taken on prior year returns and expected positions to be taken on the current year return, management has identified gross uncertain income tax positions of \$100.6 million as of December 31, 2014. It is reasonably possible that changes to the Company's unrecognized tax benefits could be significant; however, due to the uncertainty of possible outcomes, a current estimate of the range of changes that may occur cannot be made.

A valuation allowance is provided for deferred tax assets for which it is more likely than not that the related tax benefits will not be realized. Significant judgment is required in evaluating the need for and magnitude of appropriate valuation allowances. The realization of the Company's deferred tax assets is dependent on generating certain types of future taxable income, using both historical and projected future operating results, the source of future income, the reversal of existing taxable temporary differences, taxable income in prior carry-back years (if permitted) and the availability of tax planning strategies. As of December 31, 2014 and 2013, we had a valuation allowance of \$28.3 million and \$129.2 million, respectively. Changes in tax laws, assumptions with respect to future taxable income, tax planning strategies, resolution of matters under tax audit and foreign currency exchange rates could result in adjustment to these allowances. Prior to the year ended December 31, 2014, we had provided a valuation allowance for deferred tax assets primarily related to certain non-U.S. subsidiaries. As of December

31, 2014, we determined that sufficient positive evidence existed to conclude it was more likely than not that we would realize the benefits of the net operating loss and other deferred tax assets at a Brazilian subsidiary for which a valuation allowance had been recorded. We also concluded that it was more likely than not that we would realize the benefits related to losses on the sale of our distribution business in Argentina. Accordingly, during the year ended December 31, 2014, a reduction of the valuation allowance of \$100.9 million was recorded, of which approximately \$86 million was a reduction to income tax expense. The remaining amount did not impact income tax expense.

We have not recorded U.S. deferred income taxes on certain of our non-U.S. subsidiaries' undistributed earnings as such amounts are intended to be reinvested outside the United States indefinitely. Generally, such amounts become subject to U.S. taxation upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of additional U.S. tax liabilities we would incur.

We have included a further discussion of income taxes in Note 12 of our Notes to Consolidated Financial Statements.

Litigation

Our operating results are affected by claims and judicial or administrative proceedings involving the Company, many of which are incidental to the ordinary operation of the business, as described in Note 20 of our Notes to Consolidated Financial Statements. We record accruals for such claims and proceedings when information available to us indicates it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. These accruals are established as part of an ongoing assessment that takes into consideration such items as advice of legal counsel, developments in individual claims and proceedings, changes in the law, changes in business focus, changes in the litigation environment, changes in opponent strategy and tactics, ongoing discovery, and past experience in defending and settling similar claims. Adjustments to accruals, recorded as needed in our Consolidated Statement of Earnings each quarter, are made to reflect changes in and current status of these factors. While we have established what we currently believe are adequate accruals for pending legal matters, these accruals frequently involve estimates based upon the current judgment of management and others and the final outcome or potential settlement of litigation or other claims could differ materially from the recorded amounts.

Liquidity and Capital Resources

We define liquidity as the ability to generate or access adequate amounts of cash to meet current cash needs. We assess our liquidity in terms of our ability to fund working capital requirements, fund sustaining and opportunity capital projects, pursue strategic opportunities and capital management decisions which include making payments on and issuing indebtedness and making distributions to our shareholders, either in the form of share repurchases or dividends. Our liquidity, to a certain extent, is subject to general economic, financial, competitive and other factors that are beyond our control.

As of December 31, 2014, we had cash and cash equivalents of \$2.4 billion, stockholders' equity of \$10.7 billion, long-term debt of \$3.8 billion and short-term debt of \$13.5 million. We have increased our target liquidity buffer to \$2.5 billion due to the recent growth of our business, targeting approximately \$1 billion in cash on our balance sheet and \$1.5 billion in committed credit lines. We also target debt leverage ratios that are consistent with investment grade credit ratings. Our capital allocation priorities include maintaining our assets and liquidity targets, paying our dividend, investing to grow our business, taking advantage of strategic opportunities and returning excess cash to shareholders in order to maintain an efficient balance sheet. During 2014, we executed on strategic opportunities, including the completion of the CF Phosphate Assets Acquisition and ADM Acquisition, which reduced our unrestricted cash by approximately \$1.7 billion, invested \$929.1 million in capital expenditures, and we returned excess cash to shareholders by repurchasing approximately 59.1 million shares for an aggregate expenditure of approximately \$2.8 billion. We also paid \$382.5 million in cash dividends.

In addition to our working capital and other normal liquidity requirements, we expect to utilize our available liquidity, including cash and cash equivalents and issue debt, to fund our Repurchase Program, our commitments in connection with the Wa'ad Al Shamal Joint Venture and certain financial assurance requirements related to our Phosphates business as discussed under "EPA RCRA Initiative" in Note 20 of our Notes to Consolidated Financial Statements. We used net proceeds from borrowings under our unsecured \$800 million term loan facility (the "***Term Loan Facility***") to replenish cash that we used to fund the CF Phosphate Assets Acquisition.

All of our cash and cash equivalents are diversified in highly rated investment vehicles. Approximately \$1.2 billion of cash and cash equivalents are held by non-U.S. subsidiaries and are not subject to significant foreign currency exposures as the majority are held in investments denominated in U.S. dollars, as of December 31, 2014. These funds may create foreign currency transaction gains or losses depending on the functional currency of the entity holding the cash. In addition, there are no significant restrictions that would preclude us from bringing these funds back to the U.S.; however, there would be an income tax expense impact on repatriating approximately \$0.9 billion of cash associated with certain undistributed earnings, which are part of the permanently reinvested earnings discussed in Note 12 of our Notes to Consolidated Financial Statements. However,

we currently intend to use a portion of this cash for non-U.S. expansions. Information about the investment of our cash and cash equivalents is included in Note 3 of our Notes to Consolidated Financial Statements.

Cash Requirements

We have certain contractual cash obligations that require us to make payments on a scheduled basis which include, among other things, long-term debt payments, interest payments, operating leases, unconditional purchase obligations, and funding requirements of pension and postretirement obligations. Unconditional purchase obligations are our largest contractual cash obligations. These include obligations for capital expenditures related to our expansion projects, contracts to purchase raw materials such as sulfur, ammonia, rock and natural gas, obligations to purchase raw materials for our international distribution activities and equity contributions for nonconsolidated investments. Other large cash obligations are our AROs and other environmental obligations primarily related to our Phosphates segment and our long-term debt. Our long-term debt has maturities ranging from one year to 30 years. We expect to fund our AROs, purchase obligations, and capital expenditures with a combination of operating cash flows, cash and cash equivalents, and borrowings. See Off-Balance Sheet Arrangements and Obligations for the amounts owed by Mosaic under Contractual Cash Obligations below and the discussion under “EPA RCRA Initiative” in Note 20 of our Notes to Consolidated Financial Statements for more information on this matter.

Sources and Uses of Cash

The following table represents a comparison of the net cash provided by operating activities, net cash used in investing activities, and net cash used in financing activities for calendar 2014 and 2013, the seven months ended December 31, 2013 and 2012, and for fiscal 2013 and 2012:

<i>(in millions)</i>	Years Ended December 31,		2014-2013		Seven Months Ended December 31,		Years Ended May 31,	
	2014	2013 (unaudited)	Change	Percent	2013	2012 (unaudited)	2013	2012
Cash Flow								
Net cash provided by operating activities	\$ 2,293.7	\$ 2,019.9	\$ 273.8	14 %	\$ 889.4	\$ 742.9	\$ 1,887.5	\$ 2,705.8
Net cash used in investing activities	(2,739.1)	(1,595.3)	(1,143.8)	72 %	(957.2)	(967.0)	(1,589.8)	(1,627.4)
Net cash provided by (used in) financing activities	(2,340.0)	1,514.8	(3,854.8)	(254)%	1,705.3	(207.1)	(397.8)	(1,061.1)

As of December 31, 2014, we had cash and cash equivalents of \$2.4 billion. 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, cash equivalents and borrowings under the Term Loan Facility will be sufficient to finance our operations, including our expansion plans, existing strategic initiatives and expected dividend payments, for the next 12 months. There can be no assurance, however, that we will continue to generate cash flows at or above current levels. In 2014, we borrowed the entire \$800 million available under our Term Loan Facility. In addition, at December 31, 2014, we had \$1.48 billion available for working capital needs and investment opportunities under our \$1.5 billion credit facility.

Operating Activities

Net cash flow from operating activities has provided us with a significant source of liquidity. For the year ended December 31, 2014, net cash provided by operating activities was \$2.3 billion, compared to \$2.0 billion in the same period of the prior year. During calendar year 2014, operating cash flow was primarily generated by net earnings and positive changes in working capital including, a decrease in other current assets and an increase in accounts payable, partially offset by increases in accounts receivable and inventories.

The decrease in other current and noncurrent assets of \$457.7 million was driven by a decrease in our income tax receivable due to the application of prior year tax refunds against current year tax liabilities, resulting in paying less cash for taxes, a decline in the balance of final price deferred product as many of these priced in December 2014, and a decrease in working capital levels of Argentina and Chile. The increase in accounts payable of \$277.2 million was primarily due the timing of payments for inventory purchases in Brazil that had not been paid for at December 31, 2014 as we have extended terms that we did not have in the prior year. The increase in accounts receivable of \$226.5 million is primarily due to higher sales in December 2014 compared to December 2013. The increase in inventories of \$129.7 million in the current year is primarily due to higher cost of raw materials used in our phosphates products, as discussed further in the Phosphates Net Sales and Gross Margin section.

For the seven months ended December 31, 2013, net cash provided by operating activities was \$889.4 million, compared to \$742.9 million in the same period of the prior year. During the Stub Period, operating cash flow was primarily generated by net earnings, a decrease in accounts receivable and inventories, partially offset by decreases in accounts payable and accrued liabilities.

For fiscal 2013, net cash provided by operations was \$1.9 billion, compared to \$2.7 billion in fiscal 2012. During fiscal 2013, operating cash flow was primarily generated by net earnings, partially offset by the effect of changes in working capital, including an increase in accounts receivable and higher inventory levels. The increase in accounts receivable was the result of higher sales in May 2013 compared with May 2012 sales. Higher inventories were due to building phosphate rock inventory in fiscal 2013 and entering the year with low finished goods inventory in fiscal 2013 compared to the prior year.

Operating activities provided \$2.7 billion of cash for fiscal 2012, primarily driven by net earnings and lower investments in working capital as compared to fiscal 2013.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2014 was \$2.7 billion, compared to \$1.6 billion in the same period a year ago. We completed the CF Phosphate Assets Acquisition and the ADM Acquisition for approximately \$1.7 billion and invested \$154.6 million in the Wa'ad Al Shamal Joint Venture in 2014. Capital expenditures decreased by \$497.5 million in the current year compared to the prior year due to lower Potash expansion spending and the timing of maintenance capital.

Net cash used in investing activities for the seven months ended December 31, 2013 of \$1.0 billion was comparable to the same period in the prior year. Capital expenditures decreased slightly in the Stub Period primarily related to our expansion projects in our Potash segment. We also invested \$158.9 million in the Wa'ad Al Shamal Joint Venture in the Stub Period.

Net cash used in investing activities for fiscal 2013 was comparable to fiscal 2012 at \$1.6 billion. Capital expenditures decreased slightly in fiscal 2013 primarily related to our expansion projects in our Potash segment. We also invested \$15.0 million in the Wa'ad Al Shamal Joint Venture.

Investing activities used \$1.6 billion of cash for fiscal 2012, primarily related to our expansion projects in our Potash segment.

Financing Activities

Net cash used in financing activities for the year ended December 31, 2014 was \$2.3 billion, compared to net cash provided by financing activities of \$1.5 billion for the same period in the prior year. Cash used in financing activities primarily reflected shares repurchased during the year for an aggregate of approximately \$2.8 billion, and dividends paid of \$382.5 million, partially offset by proceeds of \$800 million from our Term Loan Facility in the current year.

Net cash provided by financing activities for the seven months ended December 31, 2013 was \$1.7 billion, compared to net cash used in financing activities of \$207.1 million for the same period in the prior year. In the Stub Period we received proceeds of \$2.0 billion from a public debt offering consisting of \$900 million aggregate principal amount of 4.250% Senior Notes due 2023, \$500 million aggregate principal amount of 5.45% Senior Notes due 2033 and \$600 million aggregate principal amount of 5.625% Senior Notes due 2043, which were the primary reasons for the increase in net cash provided by financing activities. The proceeds were partially offset by dividends of \$213.5 million paid in the Stub Period.

Net cash used in financing activities for fiscal 2013 was \$397.8 million, compared to \$1.1 billion in fiscal 2012. The primary reason for the decrease in net cash used in financing activities was the repurchase of Class A common stock combined with the redemption of our 7-5/8% Senior Notes that both occurred in fiscal 2012 partially offset by an increase in dividends paid in fiscal 2013.

Net cash used in financing activities for fiscal 2012 was \$1.1 billion, primarily due to the repurchase of Class A common stock in the second quarter of fiscal 2012 for \$1.2 billion. Additionally, on October 24, 2011, we completed a \$750.0 million public offering of our New Senior Notes. We used \$505.0 million of the net proceeds from this offering to redeem the remaining \$469.3 million aggregate principal amount of our 7-5/8% Senior Notes of our subsidiary, MOS Holdings Inc., on December 1, 2011.

Debt Instruments, Guarantees and Related Covenants

See Note 11 of our Notes to Consolidated Financial Statements for additional information relating to our financing arrangements.

Financial Assurance Requirements

In addition to various operational and environmental regulations primarily related to our Phosphates segment, we incur liabilities for reclamation activities under which 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 cash deposits, surety bonds or letters of credit. See Other Commercial Commitments under Off-Balance Sheet Arrangements and Obligations and Note 20 of our Notes to Consolidated Financial Statements for additional information about these requirements.

Off-Balance Sheet Arrangements and Obligations

Off-Balance Sheet Arrangements

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

- certain obligations under guarantee contracts that have “any of the characteristics identified in Financial Accounting Standards Board (“**FASB**”) Accounting Standards Codification (“**ASC**”) paragraph ASC 460-10-15-4 (Guarantees Topic)”;
- a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets;
- any obligation, including a contingent obligation, under a contract that would be accounted for as derivative instruments except that it is both indexed to the registrant’s own stock and classified as equity; and
- any obligation, arising out of a variable interest in an unconsolidated entity that is held by, and material to, the registrant, where such entity provides financing, liquidity, market risk or credit risk support to the registrant, or engages in leasing, hedging or research and development services with the registrant.

Information regarding guarantees that meet the above requirements is included in Note 16 of our Notes to Consolidated Financial Statements and is hereby incorporated by reference. We do not have any contingent interest in assets transferred, derivative instruments, or variable interest entities that qualify as off-balance sheet arrangements under SEC rules.

Contractual Cash Obligations

The following is a summary of our contractual cash obligations as of December 31, 2014:

(in millions)	Total	Payments by Calendar Year			
		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Long-term debt	\$ 3,819.0	\$ 41.0	\$ 409.6	\$ 448.1	\$ 2,920.3
Estimated interest payments on long-term debt ^(a)	2,550.4	159.9	316.6	296.8	1,777.1
Operating leases	306.2	58.0	94.0	63.6	90.6
Purchase commitments ^(b)	8,295.4	2,420.6	954.5	730.9	4,189.4
Pension and postretirement liabilities ^(c)	486.9	20.4	99.0	102.8	264.7
Total contractual cash obligations	\$ 15,457.9	\$ 2,699.9	\$ 1,873.7	\$ 1,642.2	\$ 9,242.1

(a) Based on interest rates and debt balances as of December 31, 2014.

(b) Based on prevailing market prices as of December 31, 2014. The majority of items more than 5 years are our estimated purchase commitments from our equity investee, the Miski Mayo Mine and under the CF Ammonia Supply Agreements. For additional information related to our purchase commitments, see Note 19 of our Notes to Consolidated Financial Statements.

(c) Calendar 2015 pension plan payments are based on minimum funding requirements. For years thereafter, pension plan payments are based on expected benefits paid. The postretirement plan payments are based on projected benefit payments.

In addition to the above, we have an obligation to fund our investment in the Wa'ad Al Shamal Joint Venture of approximately \$520 million over the next four years.

Other Commercial Commitments

The following is a summary of our other commercial commitments as of December 31, 2014:

(in millions)	Total	Commitment Expiration by Calendar Year			
		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Letters of credit	\$ 30.2	\$ 30.2	\$ —	\$ —	\$ —
Surety bonds	171.6	171.1	0.2	0.3	—
Total	\$ 201.8	\$ 201.3	\$ 0.2	\$ 0.3	\$ —

The surety bonds and letters of credit generally expire within one year or less but a substantial portion of these instruments provide financial assurance for continuing obligations and, therefore, in most cases, must be renewed on an annual basis. We issue Letters of Credit through our Credit Facility and bi-lateral agreements. As of December 31, 2014 we had \$23.1 million of outstanding Letters of Credit through our Credit Facility and \$7.1 million outstanding through bi-lateral agreements. We primarily incur liabilities for reclamation activities in our Florida operations and for phosphogypsum management system (“*Gypstack*”) closure in our Florida and Louisiana operations where, in order to obtain necessary permits, we must either pass a test of financial strength or provide credit support, typically in the form of cash deposits, surety bonds or letters of credit. As of December 31, 2014, we had \$170.1 million in surety bonds outstanding for reclamation obligations, primarily related to mining in Florida. We have letters of credit directly supporting mining reclamation activity of \$1.7 million. The surety bonds generally require us to obtain a discharge of the bonds or to post additional collateral (typically in the form of cash or letters of credit) at the request of the issuer of the bonds.

We are subject to financial responsibility obligations for our Gypstacks in Florida and Louisiana. We are currently in compliance with these financial assurance requirements because our financial strength permits us to meet applicable financial strength tests. However, at various times we have not met the applicable financial strength tests and there can be no assurance that we will be able to meet applicable financial strength tests in Florida and Louisiana in the future. In the event we do not meet either the Florida or Louisiana financial strength test, we could be required to seek an alternate financial strength test acceptable to state regulatory authorities or provide credit support, which may include surety bonds, letters of credit and cash escrows or trust funds. Cash escrows or trust funds would be classified as restricted cash on our Consolidated Balance Sheets. Assuming we maintain our current levels of liquidity and capital resources, we do not expect that the Florida and Louisiana requirements will have a material effect on our results of operations, liquidity or capital resources.

Currently, financial assurance requirements in Florida and Louisiana for the closure of Gypstacks are, in general terms, based upon the same assumptions and associated estimated values, as the AROs recognized for financial reporting purposes. For financial reporting purposes, we recognize the AROs based on the estimated future closure and post-closure costs of Gypstacks, the undiscounted value of which is approximately \$1.7 billion. The value of the AROs for closure of Mosaic’s Gypstacks, discounted to the present value based on a credit-adjusted risk-free rate, is reflected on our Consolidated Balance Sheets in the amount of approximately \$543 million as of December 31, 2014. Compliance with the financial assurance requirements in Florida and Louisiana is generally based on the undiscounted Gypstack closure estimates.

In connection with the Company’s efforts to achieve resolution of certain environmental matters, the U.S. Department of Justice and the U.S. Environmental Protection Agency (the “*EPA*”), together with the States of Louisiana and Florida, seek to require Mosaic to provide financial assurances for the closure of Gypstacks that are significantly more burdensome than the current requirements and would require Mosaic to pre-fund a meaningful portion of the estimated costs to close all the Gypstacks currently, rather than the costs estimated at the end of their useful lives. See the discussions under “Environmental, Health, Safety and Security Matters – Operating Requirements and Impacts – Financial Assurance” below and “EPA RCRA Initiative” in Note 20 of our Notes to Consolidated Financial Statements for more information on this matter.

Other Long-Term Obligations

The following is a summary of our other long-term obligations as of December 31, 2014:

(in millions)	Total	Payments by Calendar Year			
		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
ARO ^(a)	\$ 2,052.4	\$ 82.7	\$ 148.6	\$ 139.1	\$ 1,682.0

(a) Represents the undiscounted, inflation adjusted estimated cash outflows required to settle the AROs. The corresponding present value of these future expenditures is \$859.5 million as of December 31, 2014, and is reflected in our accrued liabilities and other noncurrent liabilities in our Consolidated Balance Sheets.

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

Commitments are set forth in Note 19 of our Notes to Consolidated Financial Statements and are hereby incorporated by reference.

Income Tax Obligations

Gross uncertain tax positions as of December 31, 2014 of \$100.6 million are not included in the other long-term obligations table presented above because the timing of the settlement of unrecognized tax benefits cannot be reasonably determined. For further discussion, refer to Note 12 of our Notes to Consolidated Financial Statements.

Market Risk

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

Foreign Currency Exchange Rates

We use financial instruments, including forward contracts, zero-cost collars and futures, which typically expire within eighteen months, to reduce the impact of foreign currency exchange risk in our cash flows, not the foreign currency volatility in our earnings.

One of the primary currency exposures relates to several of our Canadian entities, whose sales are denominated in U.S. dollars, but whose costs are paid principally in Canadian dollars, which is their functional currency. We generally enter into derivative instruments for a portion of the currency risk exposure on anticipated cash inflows and outflows, including contractual outflows for our Potash expansion and other capital expenditures denominated in Canadian dollars. A stronger Canadian dollar generally reduces these entities' operating earnings. A weaker Canadian dollar has the opposite effect. Depending on the underlying exposure, such derivatives can create additional earnings volatility because we do not use hedge accounting. Gains or losses on these derivative contracts, both for open contracts at quarter end (unrealized) and settled contracts (realized), are recorded in either cost of goods sold or foreign currency transaction loss (gain).

The functional currency for our Brazilian subsidiaries is the Brazilian real. We finance our Brazilian inventory purchases with U.S. dollar denominated liabilities. A stronger Brazilian real relative to the U.S. dollar has the impact of reducing these liabilities on a functional currency basis. When this occurs, an associated foreign currency transaction gain is recorded as non-operating income. A weaker Brazilian real has the opposite effect. We also enter into derivative instruments for a portion of our currency risk exposure on anticipated cash flows, and record an associated gain or loss in the foreign currency transaction gain and loss line in the Consolidated Statements of Earnings.

As discussed above, we have Canadian dollar, Brazilian real, and other foreign currency exchange contracts. As of December 31, 2014 and 2013, the fair value of our major foreign currency exchange contracts were (\$35.2) million and (\$17.4) million, respectively. We recorded an unrealized loss of \$16.7 million in cost of goods sold and recorded an unrealized loss of \$2.8 million in foreign currency transaction gain (losses) in the Consolidated Statements of Earnings for 2014.

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

(in millions)	As of December 31, 2014			As of December 31, 2013	
	Expected Maturity Date Years ending December 31,		Fair Value	Expected Maturity Date Year ending December 31,	
	2015	2016		2014	Fair Value
Foreign Currency Exchange Forwards					
Canadian Dollar			\$ (36.6)		\$ (13.3)
Notional (million US\$) - long Canadian dollars	\$ 732.9	\$ 66.5		\$ 687.9	
Weighted Average Rate - Canadian dollar to U.S. dollar	1.1120	1.1286		1.0467	
Foreign Currency Exchange Non-Deliverable Forwards					
Brazilian Real			\$ (0.9)		\$ (3.0)
Notional (million US\$) - short Brazilian real	\$ 136.1	\$ —		\$ 87.2	
Weighted Average Rate - Brazilian real to U.S. dollar	2.6483	—		2.3849	
Notional (million US\$) - long Brazilian real	\$ 96.5	\$ —		\$ 45.7	
Weighted Average Rate - Brazilian real to U.S. dollar	2.6661	—		2.2559	
Indian Rupee			\$ 2.3		\$ (1.1)
Notional (million US\$) - short Indian rupee	\$ 100.3	\$ —		\$ 104.5	
Weighted Average Rate - Indian rupee to U.S. dollar	62.7853	—		63.9091	
Total Fair Value			\$ (35.2)		\$ (17.4)

Commodities

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

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

As of December 31, 2014 and 2013, the fair value of our major natural gas commodities contracts were (\$12.6) million and (\$0.6) million, respectively. We recorded an unrealized loss of \$12.0 million in cost of goods sold on the Consolidated Statements of Earnings in calendar year 2014.

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

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

(in millions)	As of December 31, 2014			As of December 31, 2013		
	Expected Maturity Date Years ending December 31,		Fair Value	Expected Maturity Date Years ending December 31,		Fair Value
	2015	2016		2014	2015	
Natural Gas Swaps			\$ (12.6)			\$ (0.6)
Notional (million MMBtu) - long	14.1	10.3		7.2	1.0	
Weighted Average Rate (US\$/MMBtu)	\$ 3.35	\$ 3.33		\$ 3.71	\$ 3.82	
Total Fair Value			<u>\$ (12.6)</u>			<u>\$ (0.6)</u>

Summary

Overall, there have been no material changes in our primary market risk exposures since the prior year. We do not expect any material changes in our primary risk exposures. For additional information related to derivatives, see Notes 14 and 15 of our Notes to Consolidated Financial Statements.

Environmental, Health, Safety and Security Matters

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

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

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

We have expended, and anticipate that we will continue to expend, substantial financial and managerial resources to comply with EHS standards and to continue to improve our environmental stewardship. In 2015, excluding capital expenditures arising out of the possible settlement referred to under “EPA RCRA Initiative” in Note 20 of our Notes to Consolidated Financial Statements, we expect environmental capital expenditures to total approximately \$180 million, primarily related to: (i) modification or construction of waste management infrastructure and water treatment systems; (ii) construction and modification projects associated with Gypstacks and clay settling ponds at our Phosphates facilities and tailings management areas for our Potash mining and processing facilities; (iii) upgrading or new construction of air pollution control equipment at some of the concentrates plants; and (iv) capital projects associated with remediation of contamination at current or former operations. Additional expenditures for land reclamation, Gypstack closure and water treatment activities are expected to total approximately \$130 million in 2015. In 2016, we estimate environmental capital expenditures will be approximately \$190 million and expenditures for land reclamation activities, Gypstack closure and water treatment activities are expected to be approximately \$140 million. In the year ended December 31, 2014 and the seven months ended December 31, 2013, we spent approximately \$300 and \$130 million, respectively, for environmental capital expenditures, land reclamation activities, Gypstack closure and water treatment activities. No assurance can be given that greater-than-anticipated EHS capital expenditures or land reclamation, Gypstack closure or water treatment expenditures will not be required in 2015 or in the future.

Operating Requirements and Impacts

Permitting. We hold numerous environmental, mining and other permits or approvals authorizing operation at each of our facilities. Our ability to continue operations at a facility could be materially affected by a government agency decision to deny or delay issuing a new or renewed permit or approval, to revoke or substantially modify an existing permit or approval, to substantially change conditions applicable to a permit modification, or by legal actions that successfully challenge our permits.

Expanding our operations or extending operations into new areas is also predicated upon securing the necessary environmental or other permits or approvals. We have been engaged in, and over the next several years will be continuing, efforts to obtain permits in support of our anticipated Florida mining operations at certain of our properties. For years, we have successfully permitted mining properties and anticipate that we will be able to permit these properties as well.

A denial of our permits, the issuance of permits with cost-prohibitive conditions, substantial delays in issuing key permits, legal actions that prevent us from relying on permits or revocation of permits can prevent or delay our mining at the affected properties and thereby materially affect our business, results of operations, liquidity or financial condition:

The Altman Extension of the Four Corners Mine. In fiscal 2009, in connection with our efforts to permit the Altman Extension (the “**Altman Extension**”) of our Four Corners, Florida, phosphate rock mine, non-governmental

organizations for the first time filed a lawsuit in federal court contesting the actions by the U.S. Army Corps of Engineers (the “*Corps*”) in issuing a federal wetlands permit. This lawsuit was dismissed by the court in September 2013.

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

The periods of shutdown or reduced production at our South Fort Meade mine resulted in costs to suspend operations and idle plant costs, and lower phosphate rock mining production levels also adversely affected gross margin. Because of our successful execution of mitigation measures, our sales volumes were not significantly impacted. Our mitigation activities included a partial settlement that allowed us to mine a limited portion of our reserves in Hardee County; drawing down existing phosphate rock and finished product inventories; sourcing rock from our investment in the Miski Mayo Mine; purchasing phosphate rock from third parties where reasonable; and maximizing production at our other phosphate mines.

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

Local Community Involvement. In addition, in Florida, local community involvement has become an increasingly important factor in the permitting process for mining companies, and various counties and other parties in Florida have in the past filed and continue to file lawsuits challenging the issuance of some of the permits we require. These actions can significantly delay permit issuance.

Waters of the United States. In April 2014, the EPA and the Corps jointly issued a proposed rule that would redefine the scope of waters regulated under the federal Clean Water Act. We believe the new definition would expand the types and extent of water resources regulated under federal law, thereby potentially expanding our permitting and reporting requirements, increasing our costs of compliance, including costs associated with wetlands and stream mitigation, lengthening the time necessary to obtain permits, and restricting our ability to mine certain of our phosphate rock reserves.

Water Quality Regulations for Nutrient Discharges. There are several ongoing initiatives relating to nutrient discharges. New regulatory restrictions from these initiatives could have a material effect on either us or our customers. For example:

Water Quality Regulations for Nutrient Discharges in Florida. The Florida Department of Environmental Protection (“*FDEP*”) has adopted state nutrient criteria rules (the “*Florida NNC Rule*”) to supplant the requirements of numeric water quality standards for the discharge of nitrogen and/or phosphorus into Florida lakes and streams that were adopted by the EPA in December 2010 (the “*NNC Rule*”). While the EPA has withdrawn the federal NNC Rule and the FDEP criteria now are effective, the possibility remains that still-pending litigation relating to the NNC Rule future litigation could challenge the EPA's withdrawal or the effectiveness of the Florida NNC Rule. Subject to further litigation developments, we expect that compliance with the requirements of nutrient criteria rules could adversely affect our Florida Phosphate operations, require significant capital expenditures or substantially increase our annual operating expenses.

Nutrient Discharges into the Gulf of Mexico and Mississippi River Basin. The Gulf Coast Ecosystem Restoration Task Force, established by executive order of the President and comprised of five Gulf states and eleven federal agencies, has delivered a final strategy for long-term ecosystem restoration for the Gulf Coast. The strategy calls for, among other matters, reduction of the flow of excess nutrients into the Gulf of Mexico through state nutrient reduction

frameworks, new nutrient reduction approaches and reduction of agricultural and urban sources of excess nutrients. Implementation of the strategy will require legislative or regulatory action at the state level. We cannot predict what the requirements of any such legislative or regulatory action could be or whether or how it would affect us or our customers.

In March 2012, several non-governmental organizations brought a lawsuit in federal court against the EPA, seeking to require it to establish numeric nutrient criteria for nitrogen and phosphorous in the Mississippi River basin and the Gulf of Mexico. The EPA had previously denied a 2008 petition seeking such standards. On May 30, 2012, the court granted our motion to intervene in this lawsuit. On September 20, 2013 the court held that, while the EPA was required to respond directly to the petition and find that numeric nutrient criteria either were or were not necessary for the Mississippi River watershed, the EPA had the discretion to decide this issue based on non-technical factors, including cost, policy considerations, administrative complexity and other issues. The EPA appealed the district court decision, and oral argument before the 5th Circuit Court of Appeals was heard on December 5, 2014. The court's decision on that appeal is pending. If necessary, we intend to defend vigorously the EPA's decision. In the event that the EPA were to establish numeric nutrient criteria for nitrogen and phosphorous in the Mississippi River basin and the Gulf of Mexico, we cannot predict what its requirements would be or the effects it would have on us or our customers.

Other Nutrient Issues. We continue to monitor proposed regulations and policies prompted by the 2014 algal bloom in Lake Erie. We cannot predict the effects such initiatives might have to our operations or those of our customers.

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

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

During the life of the tailings management areas, clay settling ponds and Gypstacks, we have incurred and will continue to incur significant costs to manage our potash and phosphate residual materials in accordance with environmental laws and regulations and with permit requirements. Additional legal and permit requirements will take effect when these facilities are closed. Our asset retirement obligations are further discussed in Note 13 of our Notes to Consolidated Financial Statements.

Financial Assurance. Separate from our accounting treatment for reclamation and closure liabilities, some jurisdictions in which we operate have required us either to pass a test of financial strength or provide credit support, typically cash deposits, surety bonds, financial guarantees or letters of credit, to address phosphate mining reclamation liabilities and closure liabilities for clay settling areas and Gypstacks. See Other Commercial Commitments under Off-Balance Sheet Arrangements and Obligations above for additional information about these requirements. Among other matters, the EPA is engaged in an ongoing review of mineral processing industries, including us and other phosphoric acid producers, under the U.S. Resource Conservation and Recovery Act. We are negotiating with the government the terms of a possible settlement of certain matters related to this review. The final terms of this possible settlement are not yet agreed or approved; however, if a settlement can be achieved, in all likelihood our multi-faceted commitments would include as one of its key elements our deposit into one or more trust funds of cash in an amount currently estimated at approximately \$625 million to pre-fund a material portion of our existing asset retirement obligations for closure and post-closure care of our Gypstacks. The funds would be classified as restricted cash on our balance sheet. See the discussion under "EPA RCRA Initiative" in Note 20 of our Notes to Consolidated Financial Statements for additional information about this matter.

We have accepted a proposal by the Province of Saskatchewan under which we would establish a trust valued at \$25 million in satisfaction of financial assurance requirements for closure of our Saskatchewan potash facilities. The trust is to be fully funded by us by 2021 in equal annual installments which began in July 2014.

Climate Change

We are committed to finding ways to meet the challenges of crop nutrient and animal feed ingredient production and distribution in the context of the need to reduce greenhouse gas emissions. While focused on helping the world grow the food it needs, we have proven our commitment to using our resources more efficiently and have implemented innovative energy recovery technologies that result in our generation of much of the energy we need, particularly in our U.S. Phosphates operations, from high efficiency heat recovery systems that result in lower greenhouse gas emissions.

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

The direct greenhouse gas emissions from our operations result primarily from:

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

In addition, the production of energy and raw materials that we purchase from unrelated parties for use in our business and energy used in the transportation of our products and raw materials are a source of greenhouse gas emissions.

Governmental greenhouse gas emission initiatives include among others:

- *Initiatives in the United States:* Various legislative or regulatory initiatives relating to greenhouse gases have been adopted or considered by the U.S. Congress, the EPA or various states. We do not believe that any such legislation or regulation that has been adopted has had, or that any such legislation or regulation that is currently under active consideration is reasonably likely to have, a material adverse effect on our results of operations, liquidity or capital resources. It is possible, however, that future legislation or regulation addressing climate change could adversely affect our operating activities, energy, raw material and transportation costs, results of operations, liquidity or capital resources, and these effects could be material.

Our continuing focus on operational excellence in our Phosphates business segment is helping us reduce our indirect greenhouse gas emissions. For example, normal chemical processes in our U.S. Phosphates' operations generate heat that can be captured and converted into electricity to replace some of the electricity we currently purchase. We already have waste heat recovery systems that generate a portion of our U.S. Phosphates' electricity needs and are continuing waste heat recovery initiatives that will deliver significant additional energy savings. These initiatives, along with energy efficiency and conservation measures, are intended to offset most or all of our U.S. Phosphates' electricity purchases and are expected to significantly reduce the indirect greenhouse gas emissions associated with our Phosphates business. Mosaic voluntarily quantifies and publically reports greenhouse gas emissions beyond current regulatory requirements, including emissions from transportation of raw materials and finished products.

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

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

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

We continue to focus on energy efficiency initiatives within our operations. As part of our recently completed and ongoing capital project activities, the Potash business unit is installing higher efficiency motors and electrical systems that reduce energy requirements compared to older equipment.

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

Operating Impacts Due to Climate Change. The prospective impact of potential climate change on our operations and those of our customers and farmers remains uncertain. Some scientists have hypothesized that the impacts of climate change could include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperature levels and that these changes could be severe. These impacts could vary by geographic location. Severe climate change could impact our costs and operating activities, the location and cost of global grain and oilseed production, and the supply and demand for grains and oilseeds. At the present time, we cannot predict the prospective impact of potential climate change on our results of operations, liquidity or capital resources, or whether any such effects could be material to us.

Remedial Activities

The U.S. Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as CERCLA or the Superfund law, and state analogues, impose liability, without regard to fault or to the legality of a party's conduct, on certain categories of persons, including those who have disposed of "hazardous substances" at a third-party location. Under Superfund, or its various state analogues, one party may be responsible for the entire site, regardless of fault or the locality of its disposal activity. We have contingent environmental remedial liabilities that arise principally from three sources which are further discussed below: (i) facilities currently or formerly owned by our subsidiaries or their predecessors; (ii) facilities adjacent to currently or formerly owned facilities; and (iii) third-party Superfund or state equivalent sites where we are alleged to have disposed of hazardous materials. Taking into consideration established accruals for environmental remedial matters of approximately \$32.5 million as of December 31, 2014, expenditures for these known conditions currently are not expected, individually or in the aggregate, to have a material effect on our business or financial condition. However, material expenditures could be required in the future to remediate the contamination at known sites or at other current or former sites.

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

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

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

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

Product Requirements and Impacts

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

Additional Information

For additional information about phosphate mine permitting in Florida, our environmental liabilities, the environmental proceedings in which we are involved, our asset retirement obligations related to environmental matters, and our related accounting policies, see Environmental Liabilities and AROs under Critical Accounting Estimates above and Notes 3, 13, and 20 of our Notes to Consolidated Financial Statements.

Sustainability

We are committed to making informed choices that improve our corporate governance, financial strength, operational efficiency, environmental stewardship, community engagement and resource management. Through these efforts, we intend to sustain our business and experience lasting success.

We have included, or incorporate by reference, throughout this annual report on Form 10-K discussions of various matters relating to our sustainability, in its broadest sense, that we believe may be material to our investors. These matters include but are not limited to discussions about: corporate governance including the leadership and respective roles of our Board of Directors, its committees and management as well as succession planning; recent and prospective developments in our business; product development; risk, enterprise risk management and risk oversight; the regulatory and permitting environment for our business and ongoing regulatory and permitting initiatives; executive compensation practices; employee and contractor safety; and other EHS matters including climate change, water management, energy and other operational efficiency initiatives, reclamation and asset retirement obligations. Other matters relating to sustainability are included in our sustainability reports that are available on our website at www.mosaicco.com/sustainability. Our sustainability reports are not incorporated by reference in this annual report on Form 10-K.

Contingencies

Information regarding contingencies in Note 20 of our Notes to Consolidated Financial Statements is incorporated herein by reference.

Related Parties

Information regarding related party transactions is set forth in Note 21 of our Notes to Consolidated Financial Statements and is incorporated herein by reference.

Recently Issued Accounting Guidance

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

Forward-Looking Statements

Cautionary Statement Regarding Forward Looking Information

All statements, other than statements of historical fact, appearing in this report constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements about our expectations, beliefs, intentions or strategies for the future, including statements about the Wa’ad Al Shamal Joint Venture, the CF Phosphate Assets Acquisition, CF Ammonia Supply Agreements, the ADM Acquisition, or the Cargill Transaction, and their nature, impact and benefits, statements concerning our future operations, financial condition and prospects, statements regarding our expectations for capital expenditures, statements concerning our level of indebtedness and other information, and any statements of assumptions regarding any of the foregoing. In particular, forward-looking statements may include words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “potential,” “predict,” “project” or “should.” These statements involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this filing.

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

- business and economic conditions and governmental policies affecting the agricultural industry where we or our customers operate, including price and demand volatility resulting from periodic imbalances of supply and demand;
- 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, including the effects of proving runs by members of Canpotex to prove the production capacity of potash expansion projects;
- the expected cost of the Wa'ad Al Shamal Joint Venture and our expected investment in it, the amount, terms, availability and sufficiency of funding for the Wa'ad Al Shamal Joint Venture from us, Ma'aden, SABIC and existing or future external sources, the ability of the Wa'ad Al Shamal Joint Venture to obtain additional planned funding in acceptable amounts and upon acceptable terms, the future success of current plans for the joint venture and any future changes in those plans;
- 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 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, including those of export associations or joint ventures in which we participate;
- 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, including any potential adverse effects related to our joint venture interest in the Miski Mayo mine in the event that protests against natural resource companies in Peru were to extend to or impact the Miski Mayo mine;
- adverse weather conditions affecting our operations, including the impact of potential hurricanes, excessive heat, cold, snow or rainfall, or drought;
- difficulties or delays in receiving, challenges to, increased costs of obtaining or satisfying conditions of, or revocation or withdrawal of required governmental and regulatory approvals including permitting activities;
- changes in the environmental and other governmental regulation that applies to our operations, including the possibility of further federal or state legislation or regulatory action affecting greenhouse gas emissions or of restrictions or liabilities related to elevated levels of naturally-occurring radiation that arise from disturbing the ground in the course of mining

activities or possible efforts to reduce the flow of nutrients into the Gulf of Mexico, the Mississippi River basin or elsewhere;

- the potential costs and effects of implementation of federal or state water quality standards for the discharge of nitrogen and/or phosphorus into Florida waterways;
- 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, particularly when we are exiting our business operations or locations that produced or sold the products to that customer;
- any significant reduction in customers' liquidity or access to credit that they need to purchase our products;
- rates of return on, and the investment risks associated with, our cash balances;
- our use of cash and/or available debt capacity to fund share repurchases, including past repurchases under the MAC Trusts Share Repurchase Agreement, financial assurance requirements arising in our business and strategic investments, that has reduced and is expected to continue to reduce our available cash and liquidity and increase our leverage;
- 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, our investment in the Wa'ad Al Shamal Joint Venture, the CF Phosphate Assets Acquisition and ADM Acquisition and to successfully integrate and grow acquired businesses;
- actual costs of various items differing from management's current estimates, including, among others, asset retirement, environmental remediation, reclamation or other environmental obligations, Canadian resource taxes and royalties, the liabilities we assumed in the CF Phosphate Assets Acquisition and ADM Acquisition or the costs of the Wa'ad Al Shamal Joint Venture, its existing or future funding and our commitments in support of such funding;
- the costs and effects of legal and administrative proceedings and regulatory matters affecting us, including environmental, tax or administrative proceedings, complaints that our operations are adversely impacting nearby farms, businesses, other property uses or properties, settlements thereof and actions taken by courts with respect to approvals of settlements, resolution of global tax audit activity, and other further developments in legal proceedings and regulatory matters;
- 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;
- brine inflows at our Esterhazy, Saskatchewan potash mine as well as potential inflows at our other shaft mines;
- accidents involving our operations, including potential fires, explosions, seismic events or releases of hazardous or volatile chemicals;
- terrorism or other malicious intentional acts, including cybersecurity risks such as attempts to gain unauthorized access to, or disable, our information technology systems, or our costs of addressing 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 noncontrolling interest;
- changes in our relationships with other members of export associations and joint ventures in which we participate or their or our exit from participation in such export associations and joint ventures, and other changes in our commercial arrangements with unrelated third parties;
- the adequacy of our property, business interruption and casualty insurance policies to cover potential hazards and risks incident to our business, and our willingness and ability to maintain current levels of insurance coverage as a result of market conditions, our loss experience and other factors;
- potential liabilities imposed on us by the agreements relating to the Cargill Transaction;
- difficulties in fully realizing the benefits of the CF Phosphate Assets Acquisition or the CF Ammonia Supply Agreements, including the risks that: the anticipated cost or capital expenditure savings from the transactions may not be fully realized

or may take longer to realize than expected; regulatory agencies might not take, or might delay, actions with respect to permitting or regulatory enforcement matters that are necessary for us to fully realize the benefits of the transactions; or the price of natural gas will rise or the market price for ammonia will fall to a level at which the natural gas based pricing under one of the long term CF Ammonia Supply Agreements becomes disadvantageous to us; and

- other risk factors reported from time to time in our Securities and Exchange Commission reports.

Material uncertainties and other factors known to us are discussed in Item 1A, “Risk Factors,” of our annual report on Form 10-K for the calendar year ended December 31, 2014 and incorporated by reference herein as if fully stated herein.

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

The Board of Directors and Stockholders
The Mosaic Company:

We have audited the accompanying consolidated balance sheets of The Mosaic Company and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of earnings, comprehensive income, cash flows, and equity for the year ended December 31, 2014, the seven-month period ended December 31, 2013, and the years ended May 31, 2013 and 2012. In connection with our audits of the consolidated financial statements, we also have audited financial statement Schedule II—Valuation and Qualifying Accounts. We also have audited The Mosaic Company’s internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Mosaic Company’s management is responsible for these consolidated financial statements, the financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements, financial statement schedule, and an opinion on the Company’s internal control over financial reporting based on our audits.

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

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

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Mosaic Company and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the year ended December 31, 2014, the seven months ended December 31, 2013, and the years ended May 31, 2013 and 2012, in conformity with U.S. generally accepted accounting principles. In our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects, the information set forth therein. Also in our opinion, The Mosaic Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Mosaic Company acquired the Florida phosphate business of CF Industries, Inc. on March 17, 2014 and the fertilizer distribution business of Archer Daniels Midland on December 17, 2014 (collectively, the Acquired Businesses). Management excluded from its assessment of the effectiveness of internal control over financial reporting as of December 31, 2014, the Acquired Businesses' internal control over financial reporting associated with approximately nine percent of The Mosaic Company's total assets as of December 31, 2014 and approximately six percent of The Mosaic Company's total revenues for the year ended December 31, 2014.

/s/ KPMG LLP

Minneapolis, Minnesota
February 17, 2015

Consolidated Statements of Earnings
In millions, except per share amounts

	Year Ended December 31, 2014	Seven Months Ended December 31, 2013	Years Ended May 31, 2013 2012	
Net sales	\$ 9,055.8	\$ 4,765.9	\$ 9,974.1	\$ 11,107.8
Cost of goods sold	7,129.2	3,937.6	7,213.9	8,022.8
Gross margin	1,926.6	828.3	2,760.2	3,085.0
Selling, general and administrative expenses	382.4	211.8	427.3	410.1
(Gain) loss on assets sold and to be sold	(16.4)	122.8	—	—
Carlsbad restructuring expense	125.4	—	—	—
Other operating expenses	123.4	76.8	123.3	63.8
Operating earnings	1,311.8	416.9	2,209.6	2,611.1
(Loss) gain in value of share repurchase agreement	(60.2)	73.2	—	—
Interest (expense) income, net	(107.6)	(13.3)	18.8	18.7
Foreign currency transaction gain (loss)	79.1	16.5	(15.9)	16.9
Other (expense) income	(5.8)	(9.1)	2.0	(17.8)
Earnings from consolidated companies before income taxes	1,217.3	484.2	2,214.5	2,628.9
Provision for income taxes	184.7	152.6	341.0	711.4
Earnings from consolidated companies	1,032.6	331.6	1,873.5	1,917.5
Equity in net earnings (loss) of nonconsolidated companies	(2.2)	10.9	18.3	13.3
Net earnings including noncontrolling interests	1,030.4	342.5	1,891.8	1,930.8
Less: Net earnings attributable to noncontrolling interests	1.8	2.5	3.1	0.6
Net earnings attributable to Mosaic	\$ 1,028.6	\$ 340.0	\$ 1,888.7	\$ 1,930.2
Basic net earnings per share attributable to Mosaic	\$ 2.69	\$ 0.80	\$ 4.44	\$ 4.44
Basic weighted average number of shares outstanding	374.1	420.8	425.7	435.2
Diluted net earnings per share attributable to Mosaic	\$ 2.68	\$ 0.80	\$ 4.42	\$ 4.42
Diluted weighted average number of shares outstanding	375.6	422.0	426.9	436.5

See Accompanying Notes to Consolidated Financial Statements

Consolidated Statements of Comprehensive Income
In millions

	Year Ended December 31, 2014	Seven Months Ended December 31, 2013	Years Ended May 31, 2013 2012	
Net earnings including noncontrolling interest	\$ 1,030.4	\$ 342.5	\$ 1,891.8	\$ 1,930.8
Other comprehensive income (loss), net of tax				
Foreign currency translation, net of tax of \$87.0, \$34.1, (\$16.0), and \$28.0, respectively	(560.8)	(226.8)	(46.6)	(307.4)
Net actuarial gain (loss) and prior service cost, net of tax of \$20.5, \$20.9, \$5.7, and \$14.6, respectively	(38.2)	34.5	(5.7)	(28.7)
Realized gain (loss) on interest rate swap, net of tax of \$6.3	9.0	(21.1)	—	—
Other comprehensive income (loss)	(590.0)	(213.4)	(52.3)	(336.1)
Comprehensive income	440.4	129.1	1,839.5	1,594.7
Less: Comprehensive income (loss) attributable to noncontrolling interest	(0.2)	1.2	2.4	(3.3)
Comprehensive income attributable to Mosaic	\$ 440.6	\$ 127.9	\$ 1,837.1	\$ 1,598.0

See Accompanying Notes to Consolidated Financial Statements

Consolidated Balance Sheets
In millions, except per share amounts

	December 31,	
	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,374.6	\$ 5,293.1
Receivables, net	754.4	543.1
Inventories	1,718.3	1,432.9
Deferred income taxes	148.7	129.9
Other current assets	368.2	706.8
Total current assets	5,364.2	8,105.8
Property, plant and equipment, net	9,313.9	8,576.6
Investments in nonconsolidated companies	849.8	576.4
Goodwill	1,806.5	1,794.4
Deferred income taxes	394.4	152.2
Other assets	554.2	348.6
Total assets	\$ 18,283.0	\$ 19,554.0
Liabilities and Equity		
Current liabilities:		
Short-term debt	\$ 13.5	\$ 22.6
Current maturities of long-term debt	41.0	0.4
Accounts payable	797.3	570.2
Accrued liabilities	726.1	666.3
Contractual share repurchase liability	—	1,985.9
Deferred income taxes	3.7	20.5
Accrued income taxes	18.8	—
Total current liabilities	1,600.4	3,265.9
Long-term debt, less current maturities	3,778.0	3,008.9
Deferred income taxes	984.0	1,031.5
Other noncurrent liabilities	1,200.0	927.1
Equity:		
Preferred stock, \$0.01 par value, 15,000,000 shares authorized, none issued and outstanding as of December 31, 2014 and 2013	—	—
Class A common stock, \$0.01 par value, 194,203,987 shares authorized as of December 31, 2014, 17,176,046 shares issued and outstanding as of December 31, 2014, 254,300,000 shares authorized, 128,759,772 shares issued and 85,839,827 shares outstanding as of December 31, 2013	0.2	1.3
Class B common stock, \$0.01 par value, 87,008,602 shares authorized, none issued and outstanding as of December 31, 2014 and 2013	—	—
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 369,987,783 shares issued and 350,364,236 shares outstanding as of December 31, 2014, 352,204,571 shares issued and 340,166,109 shares outstanding as of December 31, 2013	3.5	3.0
Capital in excess of par value	4.2	1.6
Retained earnings	11,168.9	11,182.1
Accumulated other comprehensive income (loss)	(473.7)	114.3
Total Mosaic stockholders' equity	10,703.1	11,302.3
Non-controlling interests	17.5	18.3
Total equity	10,720.6	11,320.6
Total liabilities and equity	\$ 18,283.0	\$ 19,554.0

See Accompanying Notes to Consolidated Financial Statements

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

	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,	
	2014	2013	2013	2012
Cash Flows from Operating Activities				
Net earnings including noncontrolling interests	\$ 1,030.4	\$ 342.5	\$ 1,891.8	\$ 1,930.8
Adjustments to reconcile net earnings including noncontrolling interests to net cash provided by operating activities:				
Depreciation, depletion and amortization	750.9	386.2	604.8	508.1
Deferred income taxes	(153.8)	69.1	200.0	245.8
Equity in net loss (earnings) of nonconsolidated companies, net of dividends	4.7	3.9	32.2	(3.7)
Accretion expense for asset retirement obligations	42.1	21.6	33.3	32.4
Share-based compensation expense	54.3	23.3	28.2	23.4
Amortization of acquired inventory	49.0	—	—	—
Change in value of share repurchase agreement	60.2	(73.2)	—	—
(Gain) loss on assets sold and to be sold	(16.4)	122.8	—	—
Unrealized loss (gain) on derivatives	34.8	(15.4)	(1.4)	45.9
Carlsbad restructuring expense	125.4	—	—	—
Other	10.9	43.7	30.5	31.5
Changes in assets and liabilities, net of acquisitions:				
Receivables, net	(226.5)	404.1	(296.7)	118.5
Inventories, net	(129.7)	30.8	(315.5)	6.5
Other current assets and noncurrent assets	457.7	(101.0)	(2.7)	(238.8)
Accounts payable	277.2	(100.6)	(100.5)	(58.4)
Accrued liabilities	30.4	(223.5)	(55.7)	(2.2)
Other noncurrent liabilities	(107.9)	(44.9)	(160.8)	66.0
Net cash provided by operating activities	2,293.7	889.4	1,887.5	2,705.8
Cash Flows from Investing Activities				
Capital expenditures	(929.1)	(800.0)	(1,588.3)	(1,639.3)
Proceeds from sale of businesses	81.4	—	—	—
Acquisition of businesses	(1,725.4)	—	—	—
Investments in nonconsolidated companies	(154.6)	(158.9)	(15.0)	—
Other	(11.4)	1.7	13.5	11.9
Net cash (used in) investing activities	(2,739.1)	(957.2)	(1,589.8)	(1,627.4)
Cash Flows from Financing Activities				
Payments of short-term debt	(220.4)	(154.3)	(263.1)	(148.8)
Proceeds from issuance of short-term debt	200.2	119.1	289.1	167.9
Payments of long-term debt	(2.1)	(1.4)	(1.5)	(542.8)
Proceeds from issuance of long-term debt	812.0	2,000.3	1.9	748.0
Payment of tender premium on debt	—	—	—	(17.2)
Payment of financing costs	—	(21.7)	—	—
Realized loss on interest rate swap	—	(21.1)	—	—
Contributions by Cargill	—	—	—	18.5
Repurchase of stock	(2,755.3)	—	—	(1,162.5)
Cash dividends paid	(382.5)	(213.5)	(426.6)	(119.5)
Other	8.1	(2.1)	2.4	(4.7)
Net cash provided by (used in) financing activities	(2,340.0)	1,705.3	(397.8)	(1,061.1)
Effect of exchange rate changes on cash	(133.1)	(41.5)	(13.8)	(112.7)
Net change in cash and cash equivalents	(2,918.5)	1,596.0	(113.9)	(95.4)
Cash and cash equivalents—beginning of period	5,293.1	3,697.1	3,811.0	3,906.4
Cash and cash equivalents—end of period	\$ 2,374.6	\$ 5,293.1	\$ 3,697.1	\$ 3,811.0

See Accompanying Notes to Consolidated Financial Statements

Consolidated Statements of Equity
In millions, except per share data

	Mosaic Shareholders						
	Shares	Dollars					
	Common Stock	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests	Total Equity
Balance as of May 31, 2011	446.6	\$ 4.5	\$ 2,596.3	\$ 8,330.6	\$ 710.2	\$ 20.3	\$ 11,661.9
Total comprehensive income (loss)	—	—	—	1,930.2	(332.2)	(3.3)	1,594.7
Stock option exercises / Restricted stocks units vested	0.2	—	3.0	—	—	—	3.0
Amortization of share based compensation	—	—	23.4	—	—	—	23.4
Repurchase of Class A common stock	(21.3)	(0.2)	(1,162.3)	—	—	—	(1,162.5)
Dividends (\$0.275 per share)	—	—	—	(119.5)	—	—	(119.5)
Dividends for noncontrolling interests	—	—	—	—	—	(0.7)	(0.7)
Tax shortfall related to share based compensation	—	—	(0.9)	—	—	—	(0.9)
Balance as of May 31, 2012	425.5	4.3	1,459.5	10,141.3	378.0	16.3	11,999.4
Total comprehensive income (loss)	—	—	—	1,888.7	(51.6)	2.4	1,839.5
Stock option exercises	0.3	—	6.0	—	—	—	6.0
Amortization of stock based compensation	—	—	28.2	—	—	—	28.2
Dividends (\$1.00 per share)	—	—	—	(426.6)	—	—	(426.6)
Dividends for noncontrolling interests	—	—	—	—	—	(1.2)	(1.2)
Tax shortfall related to share based compensation	—	—	(2.4)	—	—	—	(2.4)
Balance as of May 31, 2013	425.8	4.3	1,491.3	11,603.4	326.4	17.5	13,442.9
Total comprehensive income (loss)	—	—	—	340.0	(212.1)	1.2	129.1
Stock option exercises	0.1	—	1.1	—	—	—	1.1
Amortization of stock based compensation	—	—	23.3	—	—	—	23.3
Forward contract to repurchase Class A common stock	—	—	(1,511.3)	(547.8)	—	—	(2,059.1)
Dividends (\$0.50 per share)	—	—	—	(213.5)	—	—	(213.5)
Dividends for noncontrolling interests	—	—	—	—	—	(0.4)	(0.4)
Tax shortfall related to share based compensation	—	—	(2.8)	—	—	—	(2.8)
Balance at December 31, 2013	425.9	4.3	1.6	11,182.1	114.3	18.3	11,320.6
Total comprehensive income (loss)	—	—	—	1,028.6	(588.0)	(0.2)	440.4
Stock option exercises	0.7	—	6.7	—	—	—	6.7
Amortization of stock based compensation	—	—	54.3	—	—	—	54.3
Forward contract and other repurchases of stock	(59.1)	(0.6)	(60.4)	(659.3)	—	—	(720.3)
Dividends (\$1.00 per share)	—	—	—	(382.5)	—	—	(382.5)
Dividends for noncontrolling interests	—	—	—	—	—	(0.6)	(0.6)
Tax benefit related to share based compensation	—	—	2.0	—	—	—	2.0
Balance as of December 31, 2014	367.5	\$ 3.7	\$ 4.2	\$ 11,168.9	\$ (473.7)	\$ 17.5	\$ 10,720.6

See Accompanying Notes to Consolidated Financial Statements

1. ORGANIZATION AND NATURE OF BUSINESS

The Mosaic Company (before or after the Cargill Transaction described in Note 2, “*Mosaic*”, and with its consolidated subsidiaries, “*we*”, “*us*”, “*our*”, or the “*Company*”) is the parent company of the business that was formed through the business combination (“*Combination*”) of IMC Global Inc. and the Cargill Crop Nutrition fertilizer businesses of Cargill, Incorporated and its subsidiaries (collectively, “*Cargill*”) on October 22, 2004.

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 concentrated phosphate crop nutrients and phosphate-based animal feed ingredients, and processing plants in Louisiana which produce concentrated phosphate crop nutrients. Our Phosphates segment's results also include our international distribution activities. In fiscal 2011, the Phosphates segment acquired a 35% economic interest in a joint venture that owns the Miski Mayo Mine in Peru. On August 5, 2013, we entered into a Shareholders’ Agreement with Saudi Arabian Mining Company (“*Ma’aden*”) and Saudi Basic Industries Corporation (“*SABIC*”) under which the parties have formed Wa’ad Al Shamal Phosphate Company (the “*Wa’ad Al Shamal Joint Venture*”) to develop, own and operate integrated phosphate production facilities in the Kingdom of Saudi Arabia. We own 25% of the joint venture and will market approximately 25% of the production of the joint venture. On March 17, 2014, we completed the acquisition of the Florida phosphate assets and assumption of certain related liabilities (“*CF Phosphate Assets Acquisition*”) of CF Industries, Inc. (“*CF*”). On December 17, 2014, we completed the acquisition of Archer Daniels Midland Company's (“*ADM's*”) fertilizer distribution business in Brazil and Paraguay. These transactions are further described in Note 23 of our Notes to Consolidated Financial Statements.

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

Intersegment sales are eliminated within Corporate, Eliminations and Other. See Note 24 of our Notes to Consolidated Financial Statements for segment results.

As previously reported, we changed our fiscal year end to December 31 from May 31 in 2013.

2. CARGILL TRANSACTION

On May 25, 2011, we consummated the first in a series of transactions intended to result in the split-off and orderly distribution of Cargill’s approximately 64% equity interest in us through a series of transactions (the “*Cargill Transaction*”). These transactions included the following:

- A Merger (the “*Merger*”) between a subsidiary of GNS II (U.S.) Corp. (“*GNS*”) and MOS Holdings Inc. (“*MOS Holdings*”) that had the effect of recapitalizing our prior Common Stock into three classes: Common Stock, Class A Common Stock (“*Class A Shares*”) and Class B Common Stock (“*Class B Shares*”). The Common Stock is substantially identical to our prior Common Stock, and all three new classes had the same economic rights as our prior Common Stock. Holders of the Common Stock and the Class A Shares have one vote per share on all matters on which they are entitled to vote, whereas holders of the Class B Shares had ten votes per share solely for the election of directors and one vote per share on all other matters on which they were entitled to vote. The Class A Shares are and the Class B Shares were subject to transfer restrictions, have or had conversion rights and class voting rights, and are or were not publicly traded. Following the Merger, our Common Stock continues to trade under the ticker symbol MOS.
- Prior to the Merger, GNS was a wholly-owned subsidiary of the company then known as The Mosaic Company. The Merger made GNS the parent company of MOS Holdings. In connection with the Merger, the company formerly known as The Mosaic Company was renamed MOS Holdings Inc. and GNS was renamed The Mosaic Company.
- In the Merger, a portion of our Common Stock held by Cargill was converted, on a one-for-one basis, into the right to receive Class A Shares and Class B Shares. Each other outstanding share of our prior Common Stock (including a portion of the shares of our prior Common Stock held by Cargill) was converted into the right to receive a share of our Common Stock.

- Cargill conducted a split-off (the “**Split-off**”) in which it exchanged 178.3 million of our shares that it received in the Merger for shares of Cargill stock held by certain Cargill stockholders (the “**Exchanging Cargill Stockholders**”). Immediately after the Split-off, the Exchanging Cargill Stockholders held approximately 40% of our total outstanding shares that represented approximately 82% of the total voting power with respect to the election of our directors.
- Cargill also exchanged the remaining 107.5 million of our shares that it received in the Merger with certain holders of Cargill debt (the “**Exchanging Cargill Debt Holders**”) for such Cargill debt (the “**Debt Exchange**”).
- Certain of the Exchanging Cargill Stockholders (the “**MAC Trusts**”) and the Exchanging Cargill Debt Holders (collectively, the “**Selling Stockholders**”) then sold an aggregate of 115.0 million shares of our Common Stock that they received in the Split-off and the Debt Exchange in an underwritten secondary public offering (the “**Formation Offering**”).
- All other shares of our stock (approximately 128.8 million Class A Shares in the aggregate) received by the Exchanging Cargill Stockholders and not sold in the Formation Offering have generally been subject to transfer restrictions and were to be released in three equal annual installments beginning on November 26, 2013, unless sold prior to the release date.

Pursuant to a ruling from the U.S. Internal Revenue Service, the Merger, Split-off and Debt Exchange were tax-free to Cargill, Mosaic and their respective stockholders.

Subsequently, we have completed several additional transactions in furtherance of the Cargill Transaction:

- On September 29, 2011, we converted 20.7 million Class A Shares, Series A-4, to Common Stock in connection with their sale in an underwritten public secondary offering by the MAC Trusts. In accordance with our Restated Certificate of Incorporation, each such converted Class A Share was subsequently retired and cancelled and may not be reissued, and the number of authorized Class A Shares was reduced by a corresponding amount.
- On October 6, 2011, our stockholders approved the conversion of each of our approximately 113.0 million outstanding Class B Shares on a one-for-one basis into shares of the corresponding series of Class A Shares. In accordance with our Restated Certificate of Incorporation, each such converted Class B Share was subsequently retired and cancelled and may not be reissued, and the number of authorized Class B Shares was reduced by a corresponding amount.
- On November 17, 2011, we purchased an aggregate 21.3 million Class A Shares, Series A-4, from the MAC Trusts. The purchase price was \$54.58 per share, the closing price for our Common Stock on November 16, 2011, resulting in a total purchase price of approximately \$1.2 billion. This repurchase completed the disposition of the 157.0 million shares designated to be sold during the 15-month period following the Split-off by the Selling Stockholders.
- On November 26, 2013, pursuant to the terms of our Restated Certificate of Incorporation, all 42.9 million outstanding Class A Shares, Series A-1 (including 21,647,007 shares held by the MAC Trusts), were converted into regular Mosaic Common Stock, par value \$.01 per share. On November 26, 2014, the remaining 17,176,068 Class A Shares, Series A-2, held by Exchanging Cargill Stockholders, were converted into Common Stock. In accordance with our Restated Certificate of Incorporation, each such converted Class A Share was subsequently retired and cancelled and may not be reissued, and the number of authorized Class A Shares was reduced by a corresponding amount. Conversion of the remaining 17,176,046 Class A Shares, Series A-3, held by Exchanging Cargill Stockholders, is scheduled to occur on November 26, 2015.
- In addition, on November 26, 2013, the last of the restrictions imposed by the agreements relating to the Cargill Transaction on our ability to engage in share buybacks expired. On December 6, 2013, Mosaic entered into a share repurchase agreement (the “**MAC Trusts Share Repurchase Agreement**”) with the MAC Trusts to purchase all of the remaining Class A Shares held by the MAC Trusts. During 2014, pursuant to the MAC Trusts Share Repurchase Agreement, all 21,647,007 Class A Shares, Series A-3 and all 21,647,008 Class A Shares, Series A-2, held by the MAC Trusts, were repurchased for an aggregate of \$2.0 billion.

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

In addition to the Class A Shares purchased by Mosaic under the MAC Trusts Share Repurchase Agreement, the MAC Trusts received an aggregate of 21,647,007 shares of Common Stock that were converted from outstanding Class A Shares, Series A-1, on November 26, 2013. Based solely on a Schedule 13G/A dated December 31, 2014 and filed with the Securities and Exchange Commission on January 13, 2015 by Christine M. Morse and Paul G. Busch, the MAC Trusts beneficially own less than five percent of our outstanding shares of Common Stock.

In February of 2014, our Board of Directors authorized a \$1 billion share repurchase program (the “**Repurchase Program**”), allowing the Company to repurchase Class A Shares or shares of our Common Stock, through direct buybacks or in open market transactions. This authorization is in addition to the MAC Trusts Share Repurchase Agreement described above. During 2014, under the Repurchase Program, 8,193,698 Class A Shares were repurchased under agreements we entered with certain Cargill family member trusts (the “**Family Trusts Share Repurchase Agreements**”, and together with the MAC Trusts Share Repurchase Agreement, the “**Share Repurchase Agreements**”) and 7,585,085 shares of Common Stock were repurchased in the open market for an aggregate of \$727.3 million.

The Share Repurchase Agreements were accounted for as forward contracts with an initial liability established at fair value based on the average of the weighted average trading price for each of the preceding 20 trading days as noted above and a corresponding reduction of equity. The contracts were subsequently remeasured at the present value of the amount to be paid at settlement with the difference being recognized in the consolidated statement of earnings. In calculating basic and diluted earnings per share (“**EPS**”), we were required to exclude the Class A shares that remained to be repurchased. Any amounts, including contractual (accumulated) dividends and participation rights in undistributed earnings, attributable to shares that remained to be repurchased that had not yet been recognized in the consolidated statement of earnings were deducted in computing income available to common shareholders, consistent with the two-class method. See the calculation of EPS in Note 7 of our Notes to Consolidated Financial Statements.

As part of the Cargill Transaction, we agreed that, among other things, and subject to certain exceptions:

- We would not engage in certain prohibited acts (“**Prohibited Acts**”) until May 26, 2013.
- We are contractually obligated to indemnify Cargill for certain taxes and tax-related losses imposed on Cargill if we engaged in a Prohibited Act or in the event we are in breach of representations or warranties made in support of the tax-free nature of the Merger, Split-off and Debt Exchange, if our Prohibited Act or breach causes the Merger, Split-off and/or Debt Exchange to fail to qualify as tax-free transactions.

Generally speaking, Prohibited Acts included:

- Entering into any agreements, understandings, arrangements or substantial negotiations pursuant to which any person would acquire, increase or have the right to acquire or increase such person’s ownership interest in us, provided that equity issuances, redemptions or repurchases from the MAC Trusts and approvals of transfers within an agreed-upon “basket” were not Prohibited Acts.
- Approving or recommending a third-party tender offer or exchange offer for our stock or causing or permitting any merger, reorganization, combination or consolidation of Mosaic or MOS Holdings.
- Causing our “separate affiliated group” (as defined in the Internal Revenue Code) to fail to be engaged in the fertilizer business.
- Reclassifying, exchanging or converting any shares of our stock into another class or series, or changing the voting rights of any shares of our stock (other than the conversion of Class B Common Stock to Class A Common Stock) or declaring or paying a stock dividend in respect of our common stock.
- Facilitating the acquisition of Mosaic’s stock by any person or coordinating group (as defined in IRS regulations) (other than Cargill and its subsidiaries), if such acquisition would result in any person or coordinating group beneficially owning 10% or more of our outstanding Common Stock.
- Facilitating participation in management or operation of the Company (including by becoming a director) by a person or coordinating group (as defined in IRS regulations) (other than Cargill and its subsidiaries) who beneficially owns 5% or more of our outstanding Common Stock.

Although we are no longer restricted from engaging in Prohibited Acts, our indemnity to Cargill for any breach of the representations and warranties we made in support of the tax-free nature of the Merger, Split-off and Debt Exchange and any Prohibited Acts that occurred prior to May 26, 2013 remains in effect.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation and Basis of Consolidation

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“**U.S. GAAP**”). Throughout the Notes to Consolidated Financial Statements, amounts in tables are in millions of dollars except for per share data and as otherwise designated. As previously reported, in 2013 we changed our fiscal year end to December 31 from May 31. We are presenting our results of operations for the twelve months ended December 31, 2014, the seven-month transition period of June 1, 2013 through December 31, 2013 (the “**Stub Period**”) and the fiscal years ended May 31, 2013 and 2012.

The accompanying Consolidated Financial Statements include the accounts of Mosaic and its majority owned subsidiaries, as well as the accounts of certain variable interest entities, including PhosChem, for which we were the primary beneficiary. Effective December 31, 2013, we and PhosChem's other member each assumed responsibility for PhosChem's former activities as they related to our respective products. We subsequently dissolved PhosChem and continue to sell our own product internationally. PhosChem had net sales of \$492.0 million for the seven months ended December 31, 2013 and \$1.3 billion and \$2.4 billion for the years ended May 31, 2013 and 2012, respectively, which are included in our consolidated net sales and had minimal impact on our gross margin. Certain investments in companies where we do not have control but have the ability to exercise significant influence are accounted for by the equity method.

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 including goodwill, the useful lives and net realizable values of long-lived assets, environmental and reclamation liabilities including asset retirement obligations ("AROs"), 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, 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 North American export sales is recognized upon the transfer of title to the customer and when the other revenue recognition criteria have been met, which generally occurs when product enters international waters. Revenue from sales originating outside of North America is recognized upon transfer of title to the customer based on contractual terms of each arrangement and when the other revenue recognition criteria have been met. Our products are generally sold based on the market prices prevailing at the time the sales contract is signed or through contracts which are priced at the time of shipment based on a formula. In certain circumstances, the final price of our products is determined after shipment based on the current market at the time the price is agreed to with the customer. In such circumstances, revenue is recognized when the final price is fixed and the other revenue recognition criteria have been met. Shipping and handling costs are included as a component of cost of goods sold.

Non-Income Taxes

We pay Canadian resource taxes consisting of the Potash Production Tax and resource surcharge. The Potash Production Tax is a Saskatchewan provincial tax on potash production and consists of a base payment and a profits tax. In addition to the Canadian resource taxes, royalties are payable to the mineral owners with respect to potash reserves or production of potash. These resource taxes and royalties are recorded in our cost of goods sold. Our Canadian resource tax and royalty expenses were \$195.0 million for calendar 2014, \$120.7 million for the seven months ended December 31, 2013, and \$307.9 million and \$327.1 million for fiscal 2013 and 2012, respectively.

We have approximately \$74 million of assets recorded as of December 31, 2014 related to PIS and Cofins, which is a Brazilian federal value-added tax, and income tax credits mostly earned in 2009 through 2014 that we believe will be realized through paying income taxes, paying other federal taxes, or receiving cash refunds. Should the Brazilian government determine that these are not valid credits upon audit, this could impact our results in such period. We have recorded the PIS and Cofins credits at amounts which are probable of collection. Information regarding PIS and Cofins taxes under audit, are included in Note 20 of our Notes to Consolidated Financial Statements

Foreign Currency Translation

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

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of 90 days or less, and other highly liquid investments that are payable on demand such as money market accounts, certain certificates of deposit and repurchase agreements. The carrying amount of such cash equivalents approximates their fair value due to the short-term and highly liquid nature of these instruments.

Concentration of Credit Risk

In the U.S., we sell our products to manufacturers, distributors and retailers primarily in the Midwest and Southeast. Internationally, our potash products are sold primarily through Canpotex, an export association. A concentration of credit risk arises from our sales and accounts receivable associated with the international sales of potash product through Canpotex. We consider our concentration risk related to the Canpotex receivable to be mitigated by their credit policy which requires the underlying receivables to be substantially insured or secured by letters of credit. As of December 31, 2014 and 2013, \$118.0 million and \$73.8 million, respectively, of accounts receivable were due from Canpotex. During calendar 2014, sales to Canpotex were \$923.6 million, \$439.7 million during the seven months ended December 31, 2013, and in fiscal 2013 and 2012, sales to Canpotex were \$1.2 billion and \$1.3 billion, respectively.

Inventories

Inventories of raw materials, work-in-process products, finished goods and operating materials and supplies are stated at the lower of cost or market. Costs for substantially all inventories are determined using the weighted average cost basis. To determine the cost of inventory, we allocate fixed expense to the costs of production based on the normal capacity, which refers to a range of production levels and is considered the production expected to be achieved over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance.

Market value of our inventory is defined as forecasted selling prices less reasonably predictable selling costs (net realizable value). Significant management judgment is involved in estimating forecasted selling prices including various demand and supply variables. Examples of demand variables include grain and oilseed prices, stock-to-use ratios and changes in inventories in the crop nutrients distribution channels. Examples of supply variables include forecasted prices of raw materials, such as phosphate rock, sulfur, ammonia, and natural gas, estimated operating rates and industry crop nutrient inventory levels. Results could differ materially if actual selling prices differ materially from forecasted selling prices. Charges for lower of cost or market are recognized in our Consolidated Statements of Earnings in the period when there is evidence of a decline of market value below cost.

Property, Plant and Equipment and Recoverability of Long-Lived Assets

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

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

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

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of a long-lived asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset group. If it is determined that an impairment loss has occurred, the loss is measured as the amount by which the carrying amount of the long-lived asset group exceeds its fair value.

Leases

Leases in which the risk of ownership is retained by the lessor are classified as operating leases. Leases which substantially transfer all of the benefits and risks inherent in ownership to the lessee are classified as capital leases. Assets acquired under capital leases are depreciated on the same basis as property, plant and equipment. Rental payments are expensed on a straight-

line basis. Leasehold improvements are depreciated over the depreciable lives of the corresponding fixed assets or the related lease term, whichever is shorter.

Contingencies

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

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

Pension and Other Postretirement Benefits

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

We accrue the funded status of our plans, which is representative of our obligations under employee benefit plans and the related costs, net of plan assets measured at fair value. The cost of pensions and other retirement benefits earned by employees is generally determined with the assistance of an actuary using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected healthcare costs.

Additional Accounting Policies

To facilitate a better understanding of our consolidated financial statements we have disclosed the following significant accounting policies (with the exception of those identified above) throughout the following notes, with the related financial disclosures by major caption:

Note	Topic	Page
7	Earnings per Share	F-51
9	Investments in Non-Consolidated Companies	F-53
10	Goodwill	F-54
12	Income Taxes	F-57
13	Accounting for Asset Retirement Obligations	F-60
14	Accounting for Derivative and Hedging Activities	F-61
15	Fair Value Measurements	F-62
18	Share Based Payments	F-67

4. RECENTLY ISSUED ACCOUNTING GUIDANCE

Recently Adopted Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("**FASB**") issued Accounting Standards Update ("**ASU**") No. 2013-11, "*Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*," which requires that an unrecognized tax benefit should be presented in the financial statements as a reduction of a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward when settlement in this manner is available under the law. This guidance was effective for us beginning January 1, 2014 and was applied on a prospective basis to all unrecognized tax benefits that existed at the effective date. This guidance did not have a material impact on our results of operations or financial position.

Pronouncements Issued But Not Yet Adopted

In April 2014, the FASB issued ASU No. 2014-08, "*Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*", which changes the criteria for reporting a discontinued operation. Under this standard, a disposal of part of an organization that has a major effect on its operations and financial results is a discontinued operation. This guidance is effective prospectively for us beginning January 1, 2015 with earlier application permitted, but only for disposals (or classifications as held for sale) that have not been reported previously. We do not expect that this guidance will have a material impact on our results of operations or financial position.

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers (Topic 606)*," which requires revenue to be recognized based on the amount an entity is expected to be entitled to for promised goods or services provided to customers. The standard also requires expanded disclosures regarding contracts with customers. The guidance in this standard supersedes the revenue recognition requirements in Topic 605, "*Revenue Recognition*", and most industry-specific guidance. This guidance is effective for us beginning January 1, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the requirements of this standard, and have not yet determined the impact on our results of operations or financial position.

5. OTHER FINANCIAL STATEMENT DATA

The following provides additional information concerning selected balance sheet accounts:

	December 31,	
	2014	2013
<i>(in millions)</i>		
Receivables		
Trade	\$ 624.9	\$ 460.1
Non-trade	132.1	84.9
	<u>757.0</u>	<u>545.0</u>
Less allowance for doubtful accounts	2.6	1.9
	<u>\$ 754.4</u>	<u>\$ 543.1</u>
Inventories		
Raw materials	\$ 114.6	\$ 34.0
Work in process	505.1	433.6
Finished goods	1,025.5	891.6
Operating materials and supplies	73.1	73.7
	<u>\$ 1,718.3</u>	<u>\$ 1,432.9</u>
Other current assets		
Final price deferred ^(a)	\$ 49.9	\$ 154.3
Income and other taxes receivable	201.9	272.6
Prepaid expenses	63.8	115.8
Assets held for sale ^(b)	6.0	111.9
Other	46.6	52.2
	<u>\$ 368.2</u>	<u>\$ 706.8</u>

		December 31,	
	(in millions)	2014	2013
Accrued liabilities			
Non-income taxes		\$ 29.9	\$ 23.6
Payroll and employee benefits		172.8	111.8
Asset retirement obligations		87.9	86.3
Customer prepayments		101.6	131.9
Other		333.9	312.7
		<u>\$ 726.1</u>	<u>\$ 666.3</u>
Other noncurrent liabilities			
Asset retirement obligations		\$ 771.6	\$ 637.6
Accrued pension and postretirement benefits		77.6	69.0
Unrecognized tax benefits		89.2	96.3
Other		261.6	124.2
		<u>\$ 1,200.0</u>	<u>\$ 927.1</u>

- (a) Final price deferred is product that has shipped to customers, but the price has not yet been agreed upon. This has not been included in inventory as it is not held for sale.
- (b) See further description of assets held for sale in Footnote 22.

Interest expense, net was comprised of the following in the calendar year 2014, seven months ended December 31, 2013, and fiscal 2013 and 2012:

(in millions)	Year Ended December 31, 2014	Seven Months Ended December 31, 2013	Years Ended May 31,	
			2013	2012
Interest income	\$ 21.3	\$ 9.5	\$ 18.8	\$ 20.1
Less interest expense	128.9	22.8	—	1.4
Interest income (expense), net	<u>\$ (107.6)</u>	<u>\$ (13.3)</u>	<u>\$ 18.8</u>	<u>\$ 18.7</u>

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(in millions)	December 31,	
	2014	2013
Land	\$ 233.7	\$ 188.6
Mineral properties and rights	3,515.5	2,932.6
Buildings and leasehold improvements	2,242.0	1,969.5
Machinery and equipment	6,660.6	5,994.1
Construction in-progress	1,295.5	1,516.8
	<u>13,947.3</u>	<u>12,601.6</u>
Less: accumulated depreciation and depletion	4,633.4	4,025.0
	<u>\$ 9,313.9</u>	<u>\$ 8,576.6</u>

Depreciation and depletion expense was \$750.9 million for calendar 2014, \$386.2 million for the seven months ended December 31, 2013 and \$604.8 million and \$508.1 million for fiscal 2013 and 2012, respectively. Capitalized interest on major construction projects was \$34.0 million for calendar 2014, \$25.0 million for the seven months ended December 31, 2013 and \$52.0 million and \$55.7 million in fiscal 2013 and 2012, respectively.

7. EARNINGS PER SHARE

We use the two-class method to compute basic and diluted EPS. Earnings for the period are allocated pro-rata between the common shareholders and the participating securities. Our only participating securities are related to the Share Repurchase

Agreement. The numerator for basic and diluted EPS is net earnings for common stockholders. The denominator for basic EPS is the weighted-average number of shares outstanding during the period. The denominator for diluted EPS also includes the weighted average number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued, unless the shares are anti-dilutive, and excludes shares subject to forward contracts.

The following is a reconciliation of the numerator and denominator for the basic and diluted EPS computations:

(in millions)	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,	
	2014	2013	2013	2012
Net earnings attributed to Mosaic	\$ 1,028.6	\$ 340.0	\$ 1,888.7	\$ 1,930.2
Undistributed earnings attributable to participating securities	(22.3)	(4.0)	—	—
Numerator for basic and diluted earnings available to common stockholders	\$ 1,006.3	\$ 336.0	\$ 1,888.7	\$ 1,930.2
Basic weighted average number of shares outstanding	382.4	425.9	425.7	435.2
Shares subject to forward contract	(8.3)	(5.1)	—	—
Basic weighted average number of shares outstanding attributable to common stockholders	374.1	420.8	425.7	435.2
Dilutive impact of share-based awards	1.5	1.2	1.2	1.3
Diluted weighted average number of shares outstanding	375.6	422.0	426.9	436.5
Basic net earnings per share	\$ 2.69	\$ 0.80	\$ 4.44	\$ 4.44
Diluted net earnings per share	\$ 2.68	\$ 0.80	\$ 4.42	\$ 4.42

A total of 1.3 million shares for calendar 2014, 1.1 million shares for the seven months ended December 31, 2013, 0.6 million shares for fiscal 2013 and 0.5 million shares for fiscal 2012 of common stock subject to issuance upon exercise of stock options have been excluded from the calculation of diluted EPS because the effect would be anti-dilutive.

8. CASH FLOW INFORMATION

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

(in millions)	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,	
	2014	2013	2013	2012
Cash paid during the period for:				
Interest	\$ 155.9	\$ 28.7	\$ 52.0	\$ 76.7
Less amount capitalized	34.0	25.0	52.0	55.7
Cash interest, net	\$ 121.9	\$ 3.7	\$ —	\$ 21.0
Income taxes	\$ 113.2	\$ 155.7	\$ 299.9	\$ 516.4

Acquiring or constructing property, plant and equipment by incurring a liability does not result in a cash outflow for us until the liability is paid. In the period the liability is incurred, the change in operating accounts payable on the Consolidated Statements of Cash Flows is adjusted by such amount. In the period the liability is paid, the amount is reflected as a cash outflow from investing activities. The applicable net change in operating accounts payable that was classified to investing activities on the Consolidated Statements of Cash Flows was \$29.3 million for calendar 2014, \$87.7 million for the seven months ended December 31, 2013 and \$54.6 million and \$56.7 million, for fiscal 2013 and 2012, respectively.

In September 2014, we accrued \$120 million representing the remaining liability for our portion of mineral rights value transferred to the Wa'ad Al Shamal Joint Venture from Ma'aden. The offset to this non-current liability was recorded as an investment in nonconsolidated companies. This amount is expected to be paid in 2016.

9. INVESTMENTS IN NON-CONSOLIDATED COMPANIES

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

A summary of our equity-method investments, which were in operation as of December 31, 2014, is as follows:

Entity	Economic Interest
Gulf Sulphur Services LTD., LLLP	50.0%
River Bend Ag, LLC	50.0%
IFC S.A.	45.0%
Yunnan Three Circles Sinochem Cargill Fertilizers Co. Ltd.	35.0%
Miski Mayo Mine	35.0%
Wa'ad Al Shamal Joint Venture	25.0%
Canpotex	38.8%

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

(in millions)	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,	
	2014	2013	2013	2012
Net sales	\$ 3,814.1	\$ 1,846.5	\$ 4,475.2	\$ 4,938.4
Net earnings	20.0	12.1	67.5	97.9
Mosaic's share of equity in net earnings (loss)	(2.2)	10.9	18.3	13.3
Total assets	4,344.9	1,658.5	1,841.4	1,776.0
Total liabilities	3,107.0	985.3	1,149.8	1,005.0
Mosaic's share of equity in net assets	394.0	250.9	256.4	282.8

The difference between our share of equity in net assets as shown in the above table and the investment in non-consolidated companies as shown on the Consolidated Balance Sheets is due to an excess amount paid over the book value of the Miski Mayo Mine. The excess relates to phosphate rock reserves adjusted to fair value in relation to the Miski Mayo Mine. The excess amount is amortized over the estimated life of the phosphate rock reserves and is net of related deferred income taxes. The investment in non-consolidated companies on the Consolidated Balance Sheets also includes \$120 million accrued for a future capital commitment to the Wa'ad Al Shamal Joint Venture for a portion of mineral rights that were transferred from Ma'aden.

The Wa'ad Al Shamal Joint Venture is developing a mine and two chemical complexes that are presently expected to produce phosphate fertilizers, animal feed, food grade purified phosphoric acid and other downstream phosphates products in the Kingdom of Saudi Arabia. We currently estimate that the cost to develop and construct the integrated phosphate production facilities (the "**Project**") will approximate \$7.5 billion, which we expect to be funded primarily through investments by us, Ma'aden and SABIC, and through borrowing arrangements and other external project financing facilities ("**Funding Facilities**"). The facilities are expected to have a production capacity of approximately 3.5 million tonnes of finished product per year. Operations are expected to commence in late 2016. We will market approximately 25% of the production of the joint venture.

On June 30, 2014, the Wa'ad Al Shamal Joint Venture entered into Funding Facilities with a consortium of 20 financial institutions for a total amount of approximately \$5.0 billion.

Also on June 30, 2014, in support of the Funding Facilities, we, together with Ma'aden and SABIC, agreed to provide our respective proportionate shares of the funding necessary for the Wa'ad Al Shamal Joint Venture by:

- (a) Contributing equity or making shareholder subordinated loans of up to \$2.4 billion to fund project costs to complete and commission the Project (the “**Equity Commitments**”).
- (b) Through the earlier of Project completion or June 30, 2020, contributing equity, making shareholder subordinated loans or providing bank subordinated loans, to fund cost overruns on the Project (the “**Additional Cost Overrun Commitment**”).
- (c) Through the earlier of Project completion or June 30, 2020, contributing equity, making shareholder loans or providing bank subordinated loans, to fund scheduled debt service (excluding accelerated amounts) payable under the Funding Facilities and certain other amounts (such commitment, the “**DSU Commitment**” and such scheduled debt service and other amounts, “**Scheduled Debt Service**”). Our proportionate share of amounts covered by the DSU Commitment is not anticipated to exceed approximately \$200 million. The fair value of the DSU Commitment at December 31, 2014 is not material.
- (d) To the extent that, by December 31, 2016, the Wa’ad Al Shamal Joint Venture has not received payment of certain governmental funding that has been allocated for the development of infrastructure assets to be utilized for the Project in the amount of at least \$260 million, providing subordinated bridge loans to the Wa’ad Al Shamal Joint Venture (the “**IFA Bridge Loan**”).
- (e) From the earlier of the project completion date or June 30, 2020, to the extent there is a shortfall in the amounts available to pay Scheduled Debt Service, depositing for the payment of Scheduled Debt Service an amount up to the respective amount of certain shareholder tax amounts, and severance fees under the Wa’ad Al Shamal Joint Venture’s mining license, paid within the prior 36 months by Wa’ad Al Shamal Joint Venture on behalf of us, Ma’aden and SABIC, if any.

The Wa’ad Al Shamal Joint Venture has not yet entered into definitive agreements for certain of the planned Funding Facilities (the “**Future Funding Facilities**”) for the Project, and the definitive terms with respect to these Future Funding Facilities have not been established. To the extent that the Wa’ad Al Shamal Joint Venture does not obtain definitive commitments for certain of these Future Finance Facilities in the amount of approximately \$560 million aggregate principal amount by June 30, 2016, we, together with Ma’aden and SABIC, have agreed to either arrange for other Future Funding Facilities or provide funding in the form of financial indebtedness to the Wa’ad Al Shamal Joint Venture in the amount of our respective proportionate shares of the shortfall.

We anticipate that, in connection with the Future Finance Facilities, we and the Wa’ad Al Shamal Joint Venture will undertake obligations in addition to the current Equity Commitments, the Additional Cost Overrun Commitment, the DSU Commitment and the IFA Bridge Loan.

We currently estimate that our cash investment in the Project, including the amount we have invested to date, will approximate \$850 million. Our estimate of the \$850 million consists of our share of the Equity Commitments and our payments for mineral rights. As of December 31, 2014, our investment was \$448.5 million, which includes \$120 million accrued for a future capital commitment. All other commitments, other than the Equity Commitment, are not included in our \$850 million estimate as it is remote that we would have to provide under these commitments.

10. GOODWILL

Goodwill is carried at cost, not amortized, and represents the excess of the purchase price and related costs over the fair value assigned to the net identifiable assets of a business acquired. We test goodwill for impairment on a quantitative basis at the reporting unit level on an annual basis or upon the occurrence of events that may indicate possible impairment. The test resulted in no impairment in the periods presented.

The changes in the carrying amount of goodwill, by reporting unit, as of December 31, 2014 and 2013, are as follows:

<i>(in millions)</i>	Phosphates	Potash	Total
Balance as of May 31, 2013	546.6	1,298.0	1,844.6
Foreign currency translation	—	(39.4)	(39.4)
Reallocation of goodwill to assets held for sale	(10.8)	—	(10.8)
Balance at December 31, 2013	535.8	1,258.6	1,794.4
Foreign currency translation	1.6	(95.7)	(94.1)
Goodwill acquired in ADM acquisition	105.9	—	105.9
Reallocation of goodwill to assets held for sale	5.1	(4.8)	0.3
Balance as of December 31, 2014	648.4	1,158.1	1,806.5

As of December 31, 2014, \$365.3 million of goodwill was tax deductible.

11. FINANCING ARRANGEMENTS

Mosaic Credit Facility

We have an unsecured five-year revolving credit facility of up to \$1.5 billion (the “**Mosaic Credit Facility**”) which is intended to serve as our primary senior unsecured bank credit facility to meet the combined liquidity needs of all of our business segments. The maturity date of the Mosaic Credit Facility is December 5, 2018.

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) of 3.5 to 1.0 as well as a minimum Interest Coverage Ratio (as defined) of not less than 3.0 to 1.0.

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

Short-Term Debt

Short-term debt consists of the revolving credit facility under the Mosaic Credit Facility, under which there were no borrowings as of December 31, 2014 and 2013, and various other short-term borrowings related to our international distribution activities. These short-term borrowings outstanding were \$13.5 million as of December 31, 2014, are denominated in various currencies and bear interest at rates between 6.0% and 10.8% and mature at various dates in 2015.

We had outstanding letters of credit that utilized a portion of the amount available for revolving loans under the Mosaic Credit Facility of \$23.1 million and \$19.0 million as of December 31, 2014 and 2013, respectively. The net available borrowings for revolving loans under the Mosaic Credit Facility as of December 31, 2014 and 2013 were approximately \$1,476.9 million and \$1,481.0 million, respectively. Unused commitment fees under the Mosaic Credit Facility accrued at an average annual rate of 0.125% for calendar 2014, and 0.19% for the 7 months ended December 31, 2013, 0.20% for fiscal 2013 and 0.21% for fiscal 2012, generating expenses of \$1.9 million, \$0.9 million, \$1.5 million and \$1.6 million, respectively.

We had additional outstanding letters of credit of \$7.1 million as of December 31, 2014.

Long-Term Debt, including Current Maturities

On March 20, 2014, Mosaic entered into the Term Loan Facility with certain financial institutions. The Term Loan Facility consists of \$370 million Term A-1 Loans (the “**Term A-1 Loans**”) and \$430 million Term A-2 Loans (“**Term A-2 Loans**,” and collectively with the Term A-1 Loans, “**Loans**”).

On September 18, 2014, Mosaic borrowed the entire amount available under the Term Loan Facility.

Final maturity of the Term A-1 Loans is September 18, 2017 and final maturity of the Term A-2 Loans is September 18, 2019. In addition, Mosaic is required to repay 5.00% of the Term A-1 loan balance on each of September 18, 2015 and 2016 and 5.00% of the Term A-2 loan balance on each of September 18, 2015 and 2016, 7.50% on September 18, 2017, and 10.00% on September 18, 2018. Mosaic may prepay outstanding Term A-1 Loans and Term A-2 Loans at any time and from time to time, without premium or penalty. The interest rate currently applicable to outstanding Loans is LIBOR plus 1.125%.

Net proceeds from borrowings under the Term Loan Facility replaced a portion of the cash that Mosaic used to fund the CF Phosphate Assets Acquisition and certain related liabilities on March 17, 2014. Under the Term Loan Facility, proceeds of borrowings may also be used for working capital, capital expenditures, dividends, share repurchases, other acquisitions and other lawful corporate purposes.

The Term Loan Facility has default provisions and covenants similar to those under the Mosaic Credit Facility.

On November 7, 2013, we completed a \$2 billion public offering consisting of \$900 million aggregate principal amount of 4.25% Senior Notes due 2023, \$500 million aggregate principal amount of 5.45% Senior Notes due 2033, and \$600 million aggregate principal amount of 5.625% Senior Notes due 2043 (collectively, the “**Senior Notes of 2013**”).

We received net proceeds from this offering of approximately \$1.98 billion, which we used for general corporate purposes, including, without limitation, working capital, capital expenditures, strategic opportunities and distributions to our stockholders, either in the form of share repurchases or dividends.

The Senior Notes of 2013 are Mosaic’s senior unsecured obligations and rank equally in right of payment with Mosaic’s existing and future senior unsecured indebtedness. The indenture governing the Senior Notes of 2013 contains restrictive covenants limiting debt secured by liens, sale and leaseback transactions and mergers, consolidations and sales of substantially all assets as well as other events of default.

We have additional senior notes outstanding, consisting of \$450 million aggregate principal amount of 3.750% senior notes due 2021 and \$300 million aggregate principal amount of 4.875% Senior Notes due 2041 (collectively, the “*Senior Notes of 2011*”).

Two debentures, issued by Mosaic Global Holdings, Inc., one of our consolidated subsidiaries, the first due in 2018 (the “*2018 Debentures*”) and the second due in 2028 (the “*2028 Debentures*”) remain outstanding with balances of \$89.0 million and \$147.1 million, respectively, as of December 31, 2014. The indentures governing the 2018 Debentures and the 2028 Debentures also contain restrictive covenants limiting debt secured by liens, sale and leaseback transactions and mergers, consolidations and sales of substantially all assets as well as events of default. The obligations under the 2018 Debentures and the 2028 Debentures are guaranteed by several of the Company’s subsidiaries.

Long-term debt primarily consists of term loans, industrial revenue bonds, secured notes, unsecured notes, and unsecured debentures. Long-term debt as of December 31, 2014 and 2013, respectively, consisted of the following:

<i>(in millions)</i>	December 31, 2014 Stated Interest Rate	December 31, 2014 Effective Interest Rate	Maturity Date	December 31, 2014 Stated Value	Combination Fair Market Value Adjustment	Discount on Notes Issuance	December 31, 2014 Carrying Value	December 31, 2013 Stated Value	Combination Fair Market Value Adjustment	Discount on Notes Issuance	December 31, 2013 Carrying Value
Industrial revenue and recovery zone bonds	1.15%	1.15%	2040	\$ 15.9	\$ —	\$ —	\$ 15.9	\$ 16.8	\$ —	\$ —	\$ 16.8
Unsecured notes	3.75% - 5.63%	4.73%	2021-2043	2,750.0	—	(10.1)	2,739.9	2,750.0	—	(11.2)	2,738.8
Unsecured debentures	7.30% - 7.38%	7.08%	2018-2028	236.1	2.8	—	238.9	236.1	3.1	—	239.2
Term Loans	Libor plus 1.125%	1.28%	2017-2019	800.0	—	—	800.0	—	—	—	—
Other	2.50% - 9.00%	6.59%	2014-2023	24.3	—	—	24.3	14.5	—	—	14.5
Total long-term debt				3,826.3	2.8	(10.1)	3,819.0	3,017.4	3.1	(11.2)	3,009.3
Less current portion				41.6	0.4	(1.0)	41.0	1.1	0.4	(1.1)	0.4
Total long-term debt, less current maturities				\$ 3,784.7	\$ 2.4	\$ (9.1)	\$ 3,778.0	\$ 3,016.3	\$ 2.7	\$ (10.1)	\$ 3,008.9

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

<i>(in millions)</i>	
2015	\$ 41.0
2016	43.7
2017	365.9
2018	132.4
2019	315.7
Thereafter	2,920.3
Total	<u>\$ 3,819.0</u>

12. INCOME TAXES

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

The provision for income taxes for calendar 2014, the seven months ended December 31, 2013, and the fiscal years ended May 31, 2013 and 2012 consisted of the following:

(in millions)	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,	
	2014	2013	2013	2012
<i>Current:</i>				
Federal	\$ 46.0	\$ (25.0)	\$ 138.8	\$ 314.5
State	11.8	(15.1)	42.5	61.0
Non-U.S.	265.4	141.9	81.5	77.0
Total current	323.2	101.8	262.8	452.5
<i>Deferred:</i>				
Federal	(103.6)	32.8	(32.9)	7.4
State	(16.4)	(0.3)	(14.1)	9.0
Non-U.S.	(18.5)	18.3	125.2	242.5
Total deferred	(138.5)	50.8	78.2	258.9
Provision for income taxes	\$ 184.7	\$ 152.6	\$ 341.0	\$ 711.4

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

(in millions)	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,	
	2014	2013	2013	2012
United States earnings	\$ 312.9	\$ 208.2	\$ 1,158.1	\$ 1,412.7
Non-U.S. earnings	904.4	276.0	1,056.4	1,216.2
Earnings from consolidated companies before income taxes	\$ 1,217.3	\$ 484.2	\$ 2,214.5	\$ 2,628.9
Computed tax at the U.S. federal statutory rate of 35%	35.0 %	35.0 %	35.0 %	35.0 %
State and local income taxes, net of federal income tax benefit	0.1 %	1.2 %	1.6 %	1.6 %
Percentage depletion in excess of basis	(9.7)%	(15.7)%	(7.1)%	(6.6)%
Impact of non-U.S. earnings	(3.8)%	3.8 %	(10.2)%	(2.9)%
Non-taxable change in value of share repurchase agreement	1.7 %	(5.3)%	— %	— %
Change in valuation allowance	(7.6)%	10.0 %	(3.6)%	0.4 %
Other items (none in excess of 5% of computed tax)	(0.5)%	2.5 %	(0.3)%	(0.4)%
Effective tax rate	15.2 %	31.5 %	15.4 %	27.1 %

In the year ended December 31, 2014, the impact of non-U.S. earnings included a cost of \$81.0 million related to certain non-U.S. subsidiaries where our earnings were not permanently re-invested, a deferred tax benefit of \$47.0 million related to a change in the tax status of a Brazilian subsidiary and a benefit of \$8.1 million related to the settlement of certain non-U.S. tax

matters. The non-U.S. earnings is also impacted by the mix of earnings across the jurisdictions in which we operate. In addition, the effective rate reflects decreases of \$32.8 million related to the release of valuation allowances related to net operating losses and other deferred tax assets at a Brazilian subsidiary, and \$53.6 million related to losses on the sale of our distribution business in Argentina, which are both reflected in the change in valuation allowance above.

The seven months ended December 31, 2013 reflect increased expenses of \$4.0 million related to the resolution of certain multi-jurisdictional tax matters and \$100.8 million due to no longer being permanently re-invested in certain non-U.S. subsidiaries, which are included in the impact of non-U.S. earnings above.

The fiscal 2013 effective tax rate reflects a decrease of \$179.3 million due to the resolution of certain tax matters, which is included in the impact of non-U.S. earnings above.

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

	December 31,	
(in millions)	2014	2013
<i>Deferred tax liabilities:</i>		
Depreciation and amortization	\$ 897.9	\$ 1,029.8
Depletion	397.9	388.6
Partnership tax basis differences	120.1	106.2
Undistributed earnings of non-U.S. subsidiaries	219.5	319.6
Other liabilities	41.5	150.9
Total deferred tax liabilities	\$ 1,676.9	\$ 1,995.1
<i>Deferred tax assets:</i>		
Alternative minimum tax credit carryforwards	\$ 144.5	\$ 113.8
Capital loss carryforwards	—	54.6
Foreign tax credit carryforwards	450.5	580.9
Net operating loss carryforwards	103.1	145.3
Pension plans and other benefits	29.1	17.1
Asset retirement obligations	263.7	260.0
Other assets	269.7	182.7
Subtotal	1,260.6	1,354.4
Valuation allowance	28.3	129.2
Net deferred tax assets	1,232.3	1,225.2
Net deferred tax liabilities	\$ (444.6)	\$ (769.9)

We have certain entities that are taxed in both their local currency jurisdiction and the U.S. As a result, we have deferred tax balances for both jurisdictions. As of December 31, 2014 and 2013, these non-U.S. deferred taxes are offset by approximately \$457.0 million and \$384.9 million, respectively, of anticipated foreign tax credits included within our depreciation and depletion components of deferred tax liabilities above.

As of December 31, 2014, we had estimated carryforwards for tax purposes as follows: alternative minimum tax credits of \$144.5 million, net operating losses of \$343.1 million and foreign tax credits of \$450.5 million. These carryforward benefits may be subject to limitations imposed by the Internal Revenue Code, and in certain cases, provisions of foreign law. The alternative minimum tax credit carryforwards can be carried forward indefinitely. The majority of our net operating loss carryforwards relate to Brazil and can be carried forward indefinitely but are limited to 30 percent of taxable income each year. Of the \$450.5 million of foreign tax credits, approximately \$350 million have an expiration date of calendar 2018 or earlier. The majority of the remaining balance expires in calendar 2023. The realization of our foreign tax credit carryforwards is dependent on market conditions, repatriation of the undistributed earnings of certain non-U.S. subsidiaries, and other business outcomes. We will need certain types of taxable income totaling approximately \$1.3 billion in the U.S. between calendar 2014 and calendar 2023 to fully utilize our foreign tax credit carryforwards, the majority of which must be earned before calendar 2018.

We have no intention of remitting certain undistributed earnings of non-U.S. subsidiaries aggregating \$2.2 billion as of December 31, 2014, and accordingly, no deferred tax liability has been established relative to these earnings. Generally, such

amounts become subject to U.S. taxation upon the remittance of dividends and under certain other circumstances. The calculation of the unrecognized deferred tax liability related to these earnings is complex and is not practicable.

Valuation Allowance

In assessing the need for a valuation allowance, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. We evaluate our ability to realize the tax benefits associated with deferred tax assets by analyzing the relative impact of all the available positive and negative evidence regarding our forecasted taxable income using both historical and projected future operating results, the reversal of existing taxable temporary differences, taxable income in prior carry-back years (if permitted) and the availability of tax planning strategies. The ultimate realization of deferred tax assets is dependent upon the generation of certain types of future taxable income during the periods in which those temporary differences become deductible. In making this assessment, we consider the scheduled reversal of deferred tax liabilities, our ability to carry back the deferred tax asset, projected future taxable income, and tax planning strategies. A valuation allowance will be recorded in each jurisdiction in which a deferred income tax asset is recorded when it is more likely than not that the deferred income tax asset will not be realized. Changes in deferred tax asset valuation allowances typically impact income tax expense.

Prior to the year ended December 31, 2014, we had provided a valuation allowance for deferred tax assets primarily related to net operating losses at certain non-U.S. subsidiaries. As of December 31, 2014, we determined that sufficient positive evidence existed to conclude it was more likely than not that we would realize the benefits of the net operating loss and other deferred tax assets at a Brazilian subsidiary for which a valuation allowance had been recorded. We also concluded that it was more likely than not that we would realize the benefits related to losses on the sale of a distribution business in a non-U.S. subsidiary. Accordingly, during the year ended December 31, 2014, the valuation allowance decreased \$100.9 million primarily related to these two items.

For the seven months ended December 31, 2013, the valuation allowance increased \$35.4 million primarily due to our determination that it was not more likely than not that we would be able to utilize the anticipated capital loss resulting from the write down of our distribution business in Argentina and Chile.

In fiscal 2013, the valuation allowance decreased \$86.6 million primarily due to our determination that the valuation allowance against certain non-U.S. deferred tax assets recorded in prior fiscal years could be reduced. In fiscal 2012, the valuation allowance decreased by \$29.0 million.

Uncertain Tax Positions

Accounting for uncertain income tax positions is determined by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. This minimum threshold is that a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than a fifty percent likelihood of being realized upon ultimate settlement.

As of December 31, 2014, we had \$100.6 million of gross uncertain tax positions. If recognized, the benefit to our effective tax rate in future periods would be approximately \$100.0 million of that amount. During calendar 2014, we recorded gross increases in our uncertain tax positions of \$21.3 million related to certain non-U.S. tax matters, which partially offset the decrease of \$32.6 million on the same matter. The impact to the effective rate was a decrease to the expense of \$8.1 million, net of offsetting items not included in gross uncertain tax positions.

We also recorded a gross increase of \$11.7 million relating to other matters impacting prior fiscal years, which did not impact our effective rate.

Based upon the information available as of December 31, 2014, we anticipate that the amount of uncertain tax positions will change in the next twelve months; however, the change cannot reasonably be estimated.

<i>(in millions)</i>	Year Ended December 31, 2014	Seven Months Ended December 31, 2013	Year ended May 31, 2013
Gross unrecognized tax benefits, beginning of period	\$ 99.2	\$ 316.8	\$ 476.9
Gross increases:			
Prior period tax positions	33.0	128.5	7.7
Current period tax positions	2.8	0.4	36.6
Gross decreases:			
Prior period tax positions	—	(24.0)	(204.3)
Settlements	(32.6)	(323.7)	—
Currency translation	(1.8)	1.2	(0.1)
Gross unrecognized tax benefits, end of period	\$ 100.6	\$ 99.2	\$ 316.8

We recognize interest and penalties related to unrecognized tax benefits as a component of our income tax expense. Interest and penalties accrued in our Consolidated Balance Sheets as of December 31, 2014 and 2013 are \$20.0 million and \$28.8 million, respectively, and are included in other noncurrent liabilities in the Consolidated Balance Sheets.

We operate in multiple tax jurisdictions, both within the United States and outside the United States, and face audits from various tax authorities regarding transfer pricing, deductibility of certain expenses, and intercompany transactions, as well as other matters. With few exceptions, we are no longer subject to examination for tax years prior to 2008.

We are currently under audit by the U.S. Internal Revenue Service for fiscal 2011 and 2012 and by the Canada Revenue Agency for fiscal 2008 to 2013. Based on the information available, we do not anticipate significant changes to our unrecognized tax benefits as a result of these examinations.

13. ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS

We recognize AROs in the period in which we have an existing legal obligation associated with the retirement of a tangible long-lived asset, and the amount of the liability can be reasonably estimated. The ARO is recognized at fair value when the liability is incurred with a corresponding increase in the carrying amount of the related long lived asset. We depreciate the tangible asset over its estimated useful life. The liability is adjusted in subsequent periods through accretion expense which represents the increase in the present value of the liability due to the passage of time. Such depreciation and accretion expenses are included in cost of goods sold for operating facilities and other operating expense for indefinitely closed facilities.

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

A reconciliation of our AROs is as follows:

	<i>(in millions)</i>	
	Year Ended December 31,	Seven Months Ended December 31,
	2014	2013
AROs, beginning of period	\$ 723.9	\$ 658.5
Liabilities acquired in CF Phosphate Assets Acquisition	145.6	—
Liabilities incurred	21.7	13.6
Liabilities settled	(91.1)	(37.0)
Accretion expense	42.1	21.6
Revisions in estimated cash flows	17.3	67.2
AROs, end of period	859.5	723.9
Less current portion	87.9	86.3
	<u>\$ 771.6</u>	<u>\$ 637.6</u>

14. ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We periodically enter into derivatives to mitigate our exposure to foreign currency risks and the effects of changing commodity and freight prices. We record all derivatives on the Consolidated Balance Sheets at fair value. The fair value of these instruments is determined by using quoted market prices, third party comparables, or internal estimates. We net our derivative asset and liability positions when we have a master netting arrangement in place. Changes in the fair value of the foreign currency, commodity, and freight derivatives are immediately recognized in earnings because we do not apply hedge accounting treatment to these instruments. As of December 31, 2014 and 2013, the gross asset position of our derivative instruments was \$9.0 million and \$7.9 million, respectively, and the gross liability position of our liability instruments was \$54.8 million and \$20.4 million, respectively.

We do not apply hedge accounting treatments to our foreign currency exchange contracts, commodities contracts, or freight contracts. Unrealized gains and (losses) on foreign currency exchange contracts used to hedge cash flows related to the production of our product are included in cost of goods sold in the Consolidated Statements of Earnings. Unrealized gains and (losses) on commodities contracts and certain forward freight agreements are also recorded in cost of goods sold in the Consolidated Statements of Earnings. Unrealized gains or (losses) on foreign currency exchange contracts used to hedge cash flows that are not related to the production of our products are included in the foreign currency transaction gain (loss) line in the Consolidated Statements of Earnings.

The following is the total absolute notional volume associated with our outstanding derivative instruments:

<i>(in millions of Units)</i>				
Instrument	Derivative Category	Unit of Measure	December 31, 2014	December 31, 2013
Foreign currency derivatives	Foreign Currency	US Dollars	1,132.3	940.2
Natural gas derivatives	Commodity	MMbtu	24.4	8.2

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 as of December 31, 2014 and 2013 was \$41.7 million and \$12.3 million, respectively. We have not posted cash collateral in the normal course of business associated with these contracts. If the credit-risk-related contingent features underlying these agreements were triggered on December 31, 2014, we would be required to post an additional \$40.7 million of collateral assets, which are either cash or U.S. Treasury instruments, to the counterparties.

Counterparty Credit Risk

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

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

15. FAIR VALUE MEASUREMENTS

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

Foreign Currency Derivatives—The foreign currency derivative instruments that we currently use are forward contracts, zero-cost collars, and futures, which typically expire within one year. Valuations are based on exchange-quoted prices, which are classified as Level 1. Some of the valuations are adjusted by a forward yield curve or interest rates. In such cases, these derivative contracts are classified within Level 2. Changes in the fair market values of these contracts are recognized in the Consolidated Financial Statements as a component of cost of goods sold or foreign currency transaction (gain) loss. As of December 31, 2014 and 2013, the gross asset position of our foreign currency derivative instruments was \$4.6 million and \$0.6 million, respectively, and the gross liability position of our foreign currency derivative instruments was \$39.8 million and \$18.1 million, respectively.

Commodity Derivatives—The commodity contracts primarily relate to natural gas. The commodity derivative instruments that we currently use are forward purchase contracts, swaps, and three-way collars. The natural gas contracts settle using NYMEX futures or AECO price indexes, which represent fair value at any given time. The contracts' maturities are for future months and settlements are scheduled to coincide with anticipated gas purchases during those future periods. Quoted market prices from NYMEX and AECO are used to determine the fair value of these instruments. These market prices are adjusted by a forward yield curve and are classified within Level 2. Changes in the fair market values of these contracts are recognized in the Consolidated Financial Statements as a component of cost of goods sold. As of December 31, 2014 and 2013, the gross asset position of our commodity derivative instruments was \$4.4 million and \$6.0 million, respectively, and the gross liability position of our commodity derivative instruments was \$14.9 million and \$2.0 million, respectively.

Financial Instruments

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

	December 31,			
	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(in millions)				
Cash and cash equivalents	\$ 2,374.6	\$ 2,374.6	\$ 5,293.1	\$ 5,293.1
Accounts receivable	754.4	754.4	543.1	543.1
Accounts payable trade	797.3	797.3	570.2	570.2
Short-term debt	13.5	13.5	22.6	22.6
Long-term debt, including current portion	3,819.0	4,101.2	3,009.3	3,059.6

For cash and cash equivalents, accounts receivable, accounts payable and short-term debt, the carrying amount approximates fair value because of the short-term maturity of those instruments. The fair value of long-term debt is estimated using quoted market prices for the publicly registered notes and debentures, classified as Level 1 and Level 2, respectively, within the fair value hierarchy, depending on the market liquidity of the debt.

16. GUARANTEES AND INDEMNITIES

We enter into various contracts that include indemnification and guarantee provisions as a routine part of our business activities. Examples of these contracts include asset purchase and sale agreements, surety bonds, financial assurances to regulatory agencies in connection with reclamation and closure obligations, commodity sale and purchase agreements, and other types of contractual agreements with vendors and other third parties. These agreements indemnify counterparties for matters such as reclamation and closure obligations, tax liabilities, environmental liabilities, litigation and other matters, as well as breaches by Mosaic of representations, warranties and covenants set forth in these agreements. In many cases, we are essentially guaranteeing our own performance, in which case the guarantees do not fall within the scope of the accounting and disclosures requirements under U.S. GAAP.

Our more significant guarantees and indemnities 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 material concerns regarding their ability to perform on their obligations. The guarantees generally have a one-year term, but may extend up to two years or longer depending on the crop cycle, and we expect to renew many of these guarantees on a rolling twelve-month basis. As of December 31, 2014, we have estimated the maximum potential future payment under the guarantees to be \$63.6 million. The fair value of our guarantees is immaterial to the Consolidated Financial Statements as of December 31, 2014 and 2013.

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. See Note 2 of our Notes to Consolidated Financial Statements for additional information for indemnification provisions related to the Cargill Transaction.

17. PENSION PLANS AND OTHER BENEFITS

We sponsor pension and postretirement benefits through a variety of plans including defined benefit plans, defined contribution plans, and postretirement benefit plans in North America and certain of our international locations. We reserve the right to amend, modify, or terminate the Mosaic sponsored plans at any time, subject to provisions of the Employee Retirement Income Security Act of 1974 ("**ERISA**"), prior agreements and our collective bargaining agreements.

Defined Benefit and Postretirement Medical Benefit Plans

We sponsor various defined benefit pension plans in the U.S. and in Canada. Benefits are based on different combinations of years of service and compensation levels, depending on the plan. Generally, contributions to the U.S. plans are made to meet minimum funding requirements of ERISA, while contributions to Canadian plans are made in accordance with Pension Benefits Acts instituted by the provinces of Saskatchewan and Ontario. Certain employees in the U.S. and Canada, whose pension benefits exceed Internal Revenue Code and Canada Revenue Agency limitations, respectively, are covered by supplementary non-qualified, unfunded pension plans.

We provide certain health care benefit plans for certain retired employees ("**Retiree Health Plans**") which may be either contributory or non-contributory and contain certain other cost-sharing features such as deductibles and coinsurance. The Retiree Health Plans are unfunded and the projected benefit obligation was \$56.2 million and \$52.8 million as of December 31, 2014 and 2013, respectively. The related income statement effects of the Retiree Health Plans are not material to the Company.

Accounting for Pension Plans

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

	Pension Plans	
	Year Ended December 31,	Seven Months Ended December 31,
	2014	2013
<i>(in millions)</i>		
Change in projected benefit obligation:		
Benefit obligation at beginning of period	\$ 728.0	\$ 788.6
Service cost	6.3	4.6
Interest cost	32.8	19.0
Actuarial (gain) loss	124.8	(49.3)
Currency fluctuations	(26.8)	(11.8)
Benefits paid	(42.1)	(23.1)
Special termination costs	5.4	—
Projected benefit obligation at end of period	\$ 828.4	\$ 728.0
Change in plan assets:		
Fair value at beginning of period	\$ 736.9	\$ 707.6
Currency fluctuations	(26.3)	(9.1)
Actual return	110.7	18.8
Company contribution	32.9	42.7
Benefits paid	(42.1)	(23.1)
Fair value at end of period	\$ 812.1	\$ 736.9
Funded/(unfunded) status of the plans as of the end of period	\$ (16.3)	\$ 8.9
Amounts recognized in the consolidated balance sheets:		
Noncurrent assets	\$ 10.1	\$ 30.2
Current liabilities	(0.6)	(0.6)
Noncurrent liabilities	(25.8)	(20.7)
Amounts recognized in accumulated other comprehensive (income) loss		
Prior service costs (credits)	\$ 18.7	\$ 24.9
Actuarial (gain) loss	120.6	73.1

The accumulated benefit obligation for the defined benefit pension plans was \$823.7 million and \$724.0 million as of December 31, 2014 and 2013, respectively.

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

<i>(in millions)</i>	Pension Plans			
	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,	
	2014	2013	2013	2012
<i>Net Periodic Benefit Cost</i>				
Service cost	\$ 6.3	\$ 4.6	\$ 6.5	\$ 5.6
Interest cost	32.8	19.0	32.6	34.5
Expected return on plan assets	(44.0)	(25.1)	(37.3)	(35.8)
Amortization of:				
Prior service cost/(credit)	1.9	1.4	1.3	1.3
Actuarial (gain)/loss	4.7	5.4	16.1	13.4
Preliminary net periodic benefit cost	\$ 1.7	\$ 5.3	\$ 19.2	\$ 19.0
Curtailment expense	2.3	—	—	—
Special termination costs	5.4	—	—	—
Total net periodic benefit cost	\$ 9.4	\$ 5.3	\$ 19.2	\$ 19.0
<i>Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income</i>				
Prior service cost (credit) recognized in other comprehensive income	\$ (1.9)	\$ (1.3)	\$ 14.1	\$ (1.3)
Net actuarial loss (gain) recognized in other comprehensive income	53.3	(48.5)	(5.9)	36.3
Total recognized in other comprehensive income	\$ 51.4	\$ (49.8)	\$ 8.2	\$ 35.0
Total recognized in net periodic benefit (income) cost and other comprehensive income	\$ 60.8	\$ (44.5)	\$ 27.4	\$ 54.0

The estimated net actuarial (gain) loss and prior service cost (credit) for the pension plans and postretirement plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost in calendar 2015 is \$9.2 million.

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

<i>(in millions)</i>	Pension Plans Benefit Payments	Other Postretirement Plans Benefit Payments	Medicare Part D Adjustments
2015	42.2	5.8	0.6
2016	43.4	5.8	0.6
2017	44.3	5.5	0.6
2018	45.9	5.1	0.6
2019	47.3	4.5	0.6
2020-2024	247.8	16.9	1.9

In calendar 2015, we need to contribute cash of at least \$14.6 million to the pension plans to meet minimum funding requirements. Also in calendar 2015, we anticipate contributing cash of \$5.8 million to the postretirement medical benefit plans to fund anticipated benefit payments.

Plan Assets and Investment Strategies

The Company's overall investment strategy is to obtain sufficient return and provide adequate liquidity to meet the benefit obligations of our pension plans. Investments are made in public securities to ensure adequate liquidity to support benefit payments. Domestic and international stocks and bonds provide diversification to the portfolio.

For the U.S. plans, we utilize an asset allocation policy that seeks to maintain a fully-funded plan status under the Pension Protection Act of 2006. As such, the primary investment objective beyond accumulating sufficient assets to meet future benefit

obligations is to monitor and manage the liabilities of the plan to better insulate the portfolio from changes in interest rates that are impacting the liabilities. This requires an interest rate management strategy to reduce the sensitivity in the plan's funded status and having a portion of the Plan's assets invested in return-seeking strategies. Currently, our policy includes a 75% allocation to fixed income and 25% to return-seeking strategies.

For the Canadian pension plan the investment objectives for the pension plans' assets are as follows: (i) achieve a nominal annualized rate of return equal to or greater than the actuarially assumed investment return over ten to twenty-year periods; (ii) achieve an annualized rate of return of the Consumer Price Index plus 5% over ten to twenty-year periods; (iii) realize annual, three and five-year annualized rates of return consistent with or in excess of specific respective market benchmarks at the individual asset class level; and (iv) achieve an overall return on the pension plans' assets consistent with or in excess of the total fund benchmark, which is a hybrid benchmark customized to reflect the trusts' asset allocation and performance objectives. Currently, our policy includes a 40% allocation to fixed income and 60% to return-seeking strategies.

A significant amount of the assets are invested in funds that are managed by a group of professional investment managers. These funds are mainly commingled funds. Performance is reviewed by Mosaic management monthly by comparing each fund's return to benchmark with an in depth quarterly review presented by the professional investment managers to the Global Pension Investment Committee. We do not have any significant concentrations of credit risk or industry sectors within the plan assets. Assets may be indirectly invested in Mosaic stock, but any risk related to this investment would be immaterial due to the insignificant percentage of the total pension assets that would be invested in Mosaic stock.

Fair Value Measurements of Plan Assets

The following tables provide fair value measurement, by asset class of the Company's defined benefit plan assets for both the U.S. and Canadian plans:

<i>(in millions)</i>		December 31, 2014			
Pension Plan Assets		Total	Level 1	Level 2	Level 3
Asset Category					
Cash		\$ 8.6	\$ 8.6	\$ —	\$ —
Equity securities ^(a)		302.2	—	285.9	16.3
Fixed income ^(b)		491.9	—	491.9	—
Private equity funds		9.4	—	—	9.4
Total assets at fair value		<u>\$ 812.1</u>	<u>\$ 8.6</u>	<u>\$ 777.8</u>	<u>\$ 25.7</u>

<i>(in millions)</i>		December 31, 2013			
Pension Plan Assets		Total	Level 1	Level 2	Level 3
Asset Category					
Cash		\$ 9.8	\$ 9.8	\$ —	\$ —
Equity securities ^(a)		281.1	—	262.8	18.3
Fixed income ^(b)		433.9	—	433.9	—
Private equity funds		12.1	—	—	12.1
Total assets at fair value		<u>\$ 736.9</u>	<u>\$ 9.8</u>	<u>\$ 696.7</u>	<u>\$ 30.4</u>

(a) This class includes several funds that are invested approximately 46% in U.S. equity securities, 26% in international equity securities, 23% in Canadian equity securities, and 5% in other real estate securities.

(b) This class includes several funds that are invested approximately 57% in corporate debt securities, 22% in other governmental securities in the U.S. and Canada, 13% in U.S. government debt securities, 5% in foreign entity debt securities and 3% in Canadian government securities.

Rates and Assumptions

The approach used to develop the discount rate for the pension and postretirement plans is commonly referred to as the yield curve approach. Under this approach, we use a hypothetical curve formed by the average yields of available corporate bonds rated AA and above and match it against the projected benefit payment stream. Each category of cash flow of the projected benefit payment stream is discounted back using the respective interest rate on the yield curve. Using the present value of projected benefit payments, a weighted-average discount rate is derived.

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

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

	Pension Plans			
	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,	
	2014	2013	2013	2012
Discount rate	3.95%	4.75%	4.25%	4.44%
Expected return on plan assets	6.15%	6.15%	6.13%	6.29%
Rate of compensation increase	3.50%	3.50%	4.00%	4.00%

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

	Pension Plans			
	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,	
	2014	2013	2013	2012
Discount rate	4.75%	4.25%	4.44%	5.13%
Expected return on plan assets	6.15%	6.13%	6.29%	6.87%
Rate of compensation increase	3.50%	4.00%	4.00%	4.00%

Defined Contribution Plans

Eligible salaried and nonunion hourly employees in the U.S. participate in a defined contribution investment plan which permits employees to defer a portion of their compensation through payroll deductions and provides matching contributions. We match 100% of the first 3% of the participant's contributed pay plus 50% of the next 3% of the participant's contributed pay, subject to Internal Revenue Service limits. Participant contributions, matching contributions, and the related earnings immediately vest. Mosaic also provides an annual non-elective employer contribution feature for eligible salaried and non-union hourly employees based on the employee's age and eligible pay. Participants are generally vested in the non-elective employer contributions after three years of service. In addition, a discretionary feature of the plan allows the Company to make additional contributions to employees. Certain union employees participate in a defined contribution retirement plan based on collective bargaining agreements.

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

The expense attributable to defined contribution plans in the U.S. and Canada was \$51.5 million for calendar 2014, \$30.2 million for the seven months ended December 31, 2013 and \$47.3 million and \$41.2 million in fiscal 2013 and 2012, respectively.

18. SHARE-BASED PAYMENTS

The Mosaic Company 2004 Omnibus Stock and Incentive Plan (the "***Omnibus Plan***") which was approved by our shareholders and became effective October 20, 2004 and subsequently amended, provides for the grant of shares and share options to employees for up to 25 million shares of common stock. Following the effectiveness of The Mosaic Company 2014 Stock and Incentive Plan (the "***2014 Stock and Incentive Plan***") as described below, no additional awards were granted under the Omnibus Plan, but the Omnibus Plan will remain in effect with respect to the awards that had previously been granted thereunder.

The Mosaic Company 2014 Stock and Incentive Plan (the "***2014 Stock and Incentive Plan***") was approved by our shareholders and became effective on May 15, 2014 and permits the grant of stock and stock options to employees for up to 25 million shares of common stock. The 2014 Stock and Incentive Plan provides for grants of stock options, restricted stock, restricted stock units, performance units and a variety of other share-based and non-share-based awards. Our employees, officers,

directors, consultants, agents, advisors, and independent contractors, as well as other designated individuals, are eligible to participate in the 2014 Stock and Incentive Plan.

Mosaic settles stock option exercises, restricted stock units and performance units with newly issued common shares. The Compensation Committee of the Board of Directors administers the 2014 Stock and Incentive Plan and the Omnibus Plan subject to their respective provisions and applicable law.

Stock Options

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

Valuation Assumptions

Assumptions used to calculate the fair value of stock options in each period are noted in the following table. Expected volatility is based on the simple average of implied and historical volatility using the daily closing prices of the Company's stock for a period equal to the expected term of the option. The risk-free interest rate is based on the U.S. Treasury rate at the time of the grant for instruments of comparable life.

	Year Ended December 31, 2014	Seven Months Ended December 31, 2013	Years Ended May 31,	
			2013	2012
Weighted average assumptions used in option valuations:				
Expected volatility	42.40%	43.87%	47.70%	51.80%
Expected dividend yield	2.01%	1.85%	1.74%	0.28%
Expected term (in years)	7	7	7	5
Risk-free interest rate	2.31%	1.99%	0.92%	1.46%

A summary of the status of our stock options as of December 31, 2014, and activity during the calendar year 2014, is as follows:

	Shares (in millions)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2013	2.6	\$ 44.82	5.0	\$ 28.0
Granted	0.2	\$ 49.73		
Exercised	(0.4)	\$ 18.91		
Outstanding as of December 31, 2014	2.4	\$ 48.88	4.8	\$ 16.0
Exercisable as of December 31, 2014	2.0	\$ 48.16	4.0	\$ 16.0

The weighted-average grant date fair value of options granted during calendar 2014 was \$18.79, \$20.87 during the seven months ended December 31, 2013, and \$22.71 and \$30.96 during fiscal 2013 and 2012, respectively. The total intrinsic value of options exercised during calendar 2014 was \$9.4 million, during the seven months ended December 31, 2013 was \$1.3 million and during fiscal 2013 and 2012 was \$6.8 million and \$5.5 million, respectively.

Restricted Stock Units

Restricted stock units are issued to various employees, officers and directors at a price equal to the market price of our stock at the date of grant. The fair value of restricted stock units is equal to the market price of our stock at the date of grant. Restricted stock units generally cliff vest after three years of continuous service and are expensed on a straight-line basis over the required service period, based on the estimated grant date fair value, net of estimated forfeitures.

A summary of the status of our restricted stock units as of December 31, 2014, and activity during calendar 2014, is as follows:

	Shares (in millions)	Weighted Average Grant Date Fair Value Per Share
Restricted stock units as of December 31, 2013	0.8	\$ 57.50
Granted	0.6	48.72
Issued and cancelled	(0.4)	55.51
Restricted stock units as of December 31, 2014	1.0	\$ 53.12

Performance Units

During the year ended December 31, 2014, approximately 100,000 performance units were granted with a weighted average grant date fair value of \$61.11. Final performance units are awarded based on the increase or decrease, subject to certain limitations, in Mosaic's share price from the grant date to the third anniversary of the award, plus dividends. The beginning and ending stock prices are based on a 30 trading-day average stock price. Holders of the awards must be employed at the end of the performance period in order for any shares to vest, except in the event of death, disability or retirement at or after age 60, certain changes in control, and Committee or Board discretion as provided in the related award agreements.

The fair value of each performance unit is determined using a Monte Carlo simulation. This valuation methodology utilizes assumptions consistent with those of our other share-based awards and a range of ending stock prices; however, the expected term of the awards is three years, which impacts the assumptions used to calculate the fair value of performance units as shown in the table below. Performance units are considered equity-classified fixed awards measured at grant-date fair value and not subsequently re-measured. Performance units cliff vest after three years of continuous service. Performance units are expensed on a straight-line basis over the required service period, based on the estimated grant date fair value of the award net of estimated forfeitures.

A summary of the assumptions used to estimate the fair value of performance units is as follows:

	Year Ended December 31, 2014	Seven Months Ended December 31, 2013	Years Ended May 31, 2013 2012	
Weighted average assumptions used in performance unit valuations:				
Expected volatility	30.39%	32.78%	38.05%	54.72%
Expected dividend yield	2.08%	1.85%	1.74%	0.28%
Expected term (in years)	3	3	3	3
Risk-free interest rate	0.77%	0.61%	0.31%	0.69%

A summary of our performance unit activity during calendar 2014 is as follows:

	Shares (in millions)	Weighted Average Grant Date Fair Value Per Share
Outstanding as of December 31, 2013	0.4	\$ 69.64
Granted	0.1	61.11
Outstanding as of December 31, 2014	0.5	\$ 64.31

We recorded share-based compensation expense of \$57.2 million for calendar 2014, \$25.1 million for the seven months ended December 31, 2013, \$32.2 million for fiscal 2013 and \$25.2 million for fiscal 2012. The tax benefit related to share-based compensation expense was \$19.8 million for calendar 2014, \$8.4 million for the seven months ended December 31, 2013, \$11.4 million for fiscal 2013 and \$8.7 million for fiscal 2012.

As of December 31, 2014, there was \$31.6 million of total unrecognized compensation cost related to options, restricted stock units and performance units granted under the 2014 Stock and Incentive Plan and the Omnibus Plan. The unrecognized

compensation cost is expected to be recognized over a weighted-average period of 1 year. The total fair value of options vested in calendar 2014, the seven months ended December 31, 2013 and fiscal 2013 and 2012 was \$5.5 million, \$7.1 million, \$9.5 million and \$10.2 million, respectively.

Cash received from exercises of all share-based payment arrangements for calendar 2014, the seven months ended December 31, 2013, fiscal 2013 and 2012 was \$6.7 million, \$1.1 million, \$6.0 million and \$3.0 million, respectively. In calendar 2014, the seven months ended December 31, 2013, fiscal 2013 and 2012 we received a tax benefit for tax deductions from options of \$10.2 million, \$4.4 million, \$6.4 million, and \$3.7 million, respectively.

19. COMMITMENTS

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

We have long-term agreements for the purchase of sulfur which is used in the production of phosphoric acid. In addition, we have long-term agreements for the purchase of raw materials, including a commercial offtake agreement with the Miski Mayo Mine for phosphate rock and an agreement with CF for the purchase of ammonia, used to produce phosphate products. We have long-term agreements for the purchase of natural gas, which is a significant raw material, used primarily in the solution mining process in our Potash segment and used in our phosphate concentrates plants. Also, we have agreements for capital expenditures primarily in our Potash segments related to our expansion projects.

A schedule of future minimum long-term purchase commitments, based on December 31, 2014 market prices, and minimum lease payments under non-cancelable operating leases as of December 31, 2014 follows:

<i>(in millions)</i>	Purchase Commitments	Operating Leases
2015	\$ 2,420.6	\$ 58.0
2016	532.4	50.1
2017	422.1	43.9
2018	364.9	34.5
2019	366.0	29.1
Subsequent years	4,189.4	90.6
	<u>\$ 8,295.4</u>	<u>\$ 306.2</u>

Rental expense for calendar 2014, seven months ended December 31, 2013, fiscal 2013 and 2012 amounted to \$108.9 million, \$56.5 million, \$88.8 million and \$80.0 million, respectively. Purchases made under long-term commitments were \$2.3 billion for calendar 2014, \$1.2 billion for the seven months ended December 31, 2013 and \$2.7 billion and \$3.1 billion for fiscal 2013 and 2012, respectively.

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

We incur liabilities for reclamation activities and Gypstack closures in our Florida and Louisiana operations where, in order to obtain necessary permits, we must either pass a test of financial strength or provide credit support, typically in the form of cash deposits, surety bonds or letters of credit. The surety bonds generally expire within one year or less but a substantial portion of these instruments provide financial assurance for continuing obligations and, therefore, in most cases, must be renewed on an annual basis. As of December 31, 2014, we had \$179.9 million in surety bonds outstanding, of which \$170.1 million is for reclamation obligations, primarily related to mining in Florida, and \$9.8 million is for other matters.

20. CONTINGENCIES

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

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 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 \$32.5 million and \$31.3 million, as of December 31, 2014 and December 31, 2013, respectively, expenditures for these known conditions currently are not expected, individually or in the aggregate, to have a material effect on our business or financial condition. However, material expenditures could be required in the future to remediate the contamination at known sites or at other current or former sites or as a result of other environmental, health and safety matters. Below is a discussion of the more significant environmental matters.

EPA RCRA Initiative. In 2003, the U.S. Environmental Protection Agency (“**EPA**”) Office of Enforcement and Compliance Assurance announced that it would be targeting 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, we understand that 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 phosphates concentrates 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 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), Green Bay (August 2006) and Bartow (September 2006) facilities in Florida. The EPA issued similar NOVs to our competitors, including with respect to the Plant City Facility acquired in the CF Phosphate Assets Acquisition as described in Note 23, and 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 with respect to our facilities (excluding the Plant City Facility). We believe we have substantial defenses to 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 intend to evaluate various alternatives and continue discussions to determine if a negotiated resolution can be reached. If it cannot, we intend to vigorously defend these matters in any enforcement actions that may be pursued.

We are negotiating the terms of a possible settlement with the EPA, the DOJ, the Florida Department of Environmental Protection and the Louisiana Department of Environmental Quality (collectively, the “**Government**”) and the final terms are not yet agreed upon or approved. If a settlement can be achieved, in all likelihood our commitments would be multi-faceted with key elements including, in general and among other elements, the following:

- Incurring future capital expenditures likely to exceed \$150 million in the aggregate over a period of several years.
- Providing meaningful additional financial assurance for the estimated costs of closure and post-closure care (“**Gypstack Closure Costs**”) of our phosphogypsum management systems (“**Gypstacks**”). For financial reporting purposes, we recognize our estimated ARO, including Gypstack Closure Costs, at their present value. This present value determined for financial reporting purposes is reflected on our Consolidated Balance Sheets in accrued liabilities and other noncurrent liabilities. As of December 31, 2014, the undiscounted amount of our Gypstack AROs, determined using the assumptions used for financial reporting purposes, was approximately \$1.7 billion and the present value of our Gypstack Closure Costs reflected in our Consolidated Balance Sheet was approximately \$543 million. Currently, financial assurance requirements in Florida and Louisiana for Gypstack Closure Costs can be satisfied through a variety of methods, including satisfaction of financial tests. In the context of a potential settlement

of the Government's enforcement action, we expect that we would agree to pre-fund a material portion of our Gypstack Closure Costs, primarily by depositing cash, currently estimated to be in the amount of approximately \$625 million, into one or more trust funds which would increase over time with reinvestment of earnings. Amounts held in any such trust funds (including reinvested earnings) would be classified as restricted cash included in other assets on our Consolidated Balance Sheets. We expect that any final settlement of this matter would resolve substantially all of our financial assurance obligations to the Government for Gypstack Closure Costs. Our actual Gypstack Closure Costs are generally expected to be paid by us in the normal course of our Phosphates business over a period that may not end until three decades or more after a Gypstack has been closed.

- We have also established accruals to address the estimated cost of civil penalties in connection with this matter, which we do not believe, in light of the relevant regulatory history, would be material to our results of operations, liquidity or capital resources.

In light of our strong operating cash flows, liquidity and capital resources, we believe that we have sufficient liquidity and capital resources to be able to fund such capital expenditures, financial assurance requirements and civil penalties as part of a settlement. If a settlement cannot be agreed upon, we cannot predict the outcome of any litigation or estimate the potential amount or range of loss; however, we would face potential exposure to material costs should we fail in the defense of an enforcement action.

See Note 23 for a discussion of how the EPA's RCRA Initiative and Florida financial assurance requirements affect the facilities we acquired in the CF Phosphate Assets Acquisition.

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.

Florida Sulfuric Acid Plants. On April 8, 2010, the EPA Region 4 submitted an administrative subpoena to us under Section 114 of the Federal Clean Air Act (the "*CAA*") regarding compliance of our Florida sulfuric acid plants with the "New Source Review" requirements of the CAA. The request received by Mosaic appears to be part of a broader EPA national enforcement initiative focusing on sulfuric acid plants. 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.

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, 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; CF; and certain other private parties. Our subsidiaries have already received and anticipate receiving amounts pursuant to the indemnification agreements for certain of their expenses incurred to date as well as future anticipated expenditures. We record potential indemnifications as an offset to the established accruals when they are realizable or realized.

MicroEssentials® Patent Lawsuit

On January 9, 2009, John Sanders and Specialty Fertilizer Products, LLC filed a complaint against Mosaic, Mosaic Fertilizer, LLC, Cargill, Incorporated and Cargill Fertilizer, Inc. in the United States District Court for the Western District of Missouri (the "*Missouri District Court*"). The complaint alleges that our production of MicroEssentials® SZ, one of several types of the MicroEssentials® value-added ammoniated phosphate crop nutrient products that we produce, infringes on a patent then held by the plaintiffs. Plaintiffs have since asserted that other MicroEssentials® products also infringe the patent. Plaintiffs seek to enjoin the

alleged infringement and to recover an unspecified amount of damages and attorneys' fees for past infringement. Our answer to the complaint responds that the plaintiffs' patent is not infringed, is invalid and is unenforceable because the plaintiffs engaged in inequitable conduct during the prosecution of the patent.

The Missouri District Court stayed the lawsuit pending an ex parte reexamination of plaintiffs' patent claims by the U.S. Patent and Trademark Office (the "**PTO**"). That ex parte reexamination has now ended, with different patent claims being granted to the plaintiffs. On September 12, 2012, however, Shell Oil Company ("**Shell**") filed an additional reexamination request which in part asserted that the claims as amended and added in connection with the ex parte reexamination are unpatentable. On October 4, 2012, the PTO issued an Ex Parte Reexamination Certificate in which certain claims of the plaintiffs' patent were cancelled, disclaimed and amended, and new claims were added. Following the PTO's grant of Shell's request for an *inter partes* reexamination, on December 11, 2012, the PTO issued an initial rejection of all of plaintiffs' remaining patent claims. On September 12, 2013, the PTO reversed its initial rejection of the plaintiffs' remaining patent claims and allowed them to stand. Shell has appealed the PTO's decision. A successful appeal by Shell could limit or eliminate the claims the plaintiffs can assert against us.

Through an order entered by the court on September 25, 2014, Cargill was dismissed as a defendant, and the two original plaintiffs were replaced by JLSMN LLC, an entity to whom the patents were transferred.

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, estimate the potential amount or range of loss or determine whether it will have a material effect on our results of operations, liquidity or capital resources.

Brazil Tax Contingencies

Our Brazilian subsidiary is engaged in a number of judicial and administrative proceedings relating to various non-income tax matters. We estimate that our maximum potential liability with respect to these matters is approximately \$91 million. Approximately \$50 million of the maximum potential liability relates to PIS and Cofins tax credit cases for the period from 2004 to 2009; while the majority of the remaining amount relates to various other non-income tax cases such as value-added taxes. Based on Brazil legislation and the current status of similar tax cases involving unrelated taxpayers, we believe we have recorded adequate accruals, which are immaterial, for the probable liability with respect to these Brazilian judicial and administrative proceedings.

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.

21. RELATED PARTY TRANSACTIONS

We enter into transactions and agreements with certain of our non-consolidated companies from time to time. As of December 31, 2014 and 2013, the net amount due from our non-consolidated companies totaled \$35.7 million and \$52.6 million, respectively.

The Consolidated Statements of Earnings included the following transactions with our non-consolidated companies:

<i>(in millions)</i>	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,	
	2014	2013	2013	2012
Transactions with non-consolidated companies included in net sales	\$ 946.0	\$ 448.8	\$ 1,263.9	\$ 1,321.2
Transactions with non-consolidated companies included in cost of goods sold	532.8	257.5	632.0	557.3

22. DISPOSAL AND EXIT ACTIVITIES

In 2013, we decided to exit our distribution businesses in Argentina and Chile and in connection with this decision, we wrote down the related assets by approximately \$50 million, pre-tax, to their estimated fair value. This amount was included in loss on write down of assets in the Consolidated Statement of Earnings in our Transition Report on Form 10-K filed with the SEC for the transition period from June 1, 2013 to December 31, 2013 (the "**2013 10-K Report**"). As a result of new information regarding the structure of the intended disposition of Argentina's distribution business as an asset sale, during the twelve months ended December 31, 2014, we recorded a \$53.6 million tax benefit. In the fourth quarter of 2014, we completed the sale of our Argentina assets and recorded a pre-tax gain of \$8.5 million. Additionally, the decision was made in the second quarter of

2014 to close the Chile business and sell the remaining fixed assets. We recorded a pre-tax loss of \$5.6 million related to the decision. The fixed assets related to Chile's distribution businesses qualify for asset held for sale accounting. At December 31, 2014, we included \$6.0 million in other current assets in our Condensed Consolidated Balance Sheet as assets held for sale. We expect to continue to sell our products in these countries by using other distribution channels. Completion of these exit activities is expected during the first half of 2015.

In 2013, we also decided to sell the salt operations of our Hersey, Michigan mine and close the related potash operations. In connection with the planned sale of this mine, we wrote down the related assets by approximately \$48 million pre-tax, to their estimated fair value during the three months ended September 30, 2013, and recorded a corresponding tax benefit of approximately \$17 million, which was reflected in the Consolidated Statement of Earnings in our 2013 10-K Report. The sale of the salt operations was completed on July 29, 2014 for \$55.0 million, resulting in a pre-tax gain of \$13.5 million in calendar 2014.

On July 21, 2014, we decided to permanently discontinue production of MOP at our Carlsbad, New Mexico facility. The final date for production was December 28, 2014. The decision was based on the quality of the ore in the Carlsbad basin and the age of the facility's infrastructure. Our larger potash production facilities at Esterhazy, Belle Plaine and Colonsay in Saskatchewan, Canada will continue to produce MOP.

We plan to transition the Carlsbad facility to exclusive production of our highly valued K-Mag[®] product line. The pre-tax charges were \$125.4 million, of which approximately \$100 million related to accelerated depreciation and depletion in calendar 2014. We also recorded a tax benefit of approximately \$52 million related to these costs in the year ended December 31, 2014.

During calendar 2014, we recorded severance charges and other personnel related costs of approximately \$11 million in connection with the previously announced closing of our Hookers Prairie phosphate mine and certain cost saving initiatives. During calendar 2014, we paid approximately \$9 million related to these costs, with the remaining amounts to be paid by March 31, 2015.

23. ACQUISITIONS

CF Acquisition

On March 17, 2014, we completed the CF Phosphate Assets Acquisition. The purchase price was \$1,172.1 million plus an additional \$203.7 million (all in cash) to fund CF's asset retirement obligation trust and escrow. We acquired CF's phosphate mining and production operations in Central Florida and terminal and warehouse facilities in Tampa, Florida. This acquisition allows us to take advantage of synergies associated with combining our phosphate operations and logistical capabilities in Central Florida with those of CF. In addition, we will be able to forego the construction of a beneficiation plant at Ona and the construction of an ammonia plant. The results of the CF phosphates operations have been included in our condensed consolidated financial statements for the period from March 17, 2014 through December 31, 2014.

As part of the CF Phosphate Assets Acquisition, we assumed certain ARO related to Gypstack Closure Costs at both the Plant City, Florida phosphate concentrates facility (the "***Plant City Facility***") and a closed Florida phosphate concentrates facility in Bartow, Florida (the "***Bonnie Facility***") that we acquired. Associated with these assets are two related financial assurance arrangements for which we became responsible and that place into trust the estimated Gypstack Closure Costs for these facilities, pursuant to federal or state law, which the government can draw against in the event we cannot perform such closure activities. One is a trust (the "***Plant City Trust***") established to meet the requirements under a consent decree with the EPA and the FDEP with respect to RCRA compliance at Plant City (the "***Plant City Consent Decree***") that also satisfies Florida financial assurance requirements at that site. The other is a trust fund (the "***Bonnie Facility Trust***") established to meet the requirements under Florida financial assurance regulations (the "***Florida Financial Assurance Requirement***") that apply to the Bonnie Facility. In the CF Phosphate Assets Acquisition, we deposited \$189.2 million into the Plant City Trust as a substitute for funds that CF had deposited into trust. Based on our most recent closure cost estimates, an additional \$7 million was added to the Plant City Trust in the fourth quarter of 2014 to attain full funding status. In addition, in July 2014, the FDEP approved our funding of \$14.5 million into the Bonnie Facility Trust, which substituted funds that CF had deposited into an escrow account. We expect we will be required to deposit up to an additional \$4 million in the Bonnie Facility Trust near the end of 2015. Both financial assurance funding obligations require estimates of future expenditures that could be impacted by refinements in scope, technological developments, cost inflation, changes in regulations, discount rates and the timing of activities. Additional funding would be required in the future if increases in cost estimates exceed investment earnings in the Plant City Trust or the Bonnie Facility Trust. The deposits into the Plant City Trust and the Bonnie Facility Trust are reflected in the Statement of Cash Flows components of the \$1,375.8 million cash used in the CF Phosphate Assets Acquisition.

At December 31, 2014, the aggregate amount of AROs associated with the Plant City Facility and the Bonnie Facility included in our consolidated balance sheet was \$103.5 million. The aggregate amount held in the Plant City Trust and the Bonnie Facility Trust exceeds the aggregate amount of AROs associated with the Plant City Facility and the Bonnie Facility because the amount required

to be held in the Plant City Trust represents the aggregate undiscounted estimated amount to be paid by us in the normal course of our Phosphates business over a period that may not end until three decades or more after the Gypstack has been closed, while the ARO included in our Consolidated Balance Sheet reflect the discounted present value of those estimated amounts. As part of the acquisition we also acquired ARO related to land reclamation.

The following table summarizes the amounts of the assets acquired and liabilities assumed as recognized with the acquisition.

<i>(in millions)</i>		
Inventory	\$	144.1
Other current assets		0.5
Mineral properties and rights		499.7
Property, plant and equipment		627.1
Funds in trust for asset retirement obligations ⁽¹⁾		203.7
Other assets		56.8
Current liabilities		(1.5)
Other liabilities		(9.0)
Asset retirement obligation		(145.6)
Total purchase price paid	\$	<u>1,375.8</u>

⁽¹⁾ Included with other assets in the Consolidated Balance Sheet as of December 31, 2014

We also signed two strategic supply agreements with CF under which CF will provide Mosaic with ammonia for its production purposes (“**CF Ammonia Supply Agreements**”). Under one agreement, which is expected to commence prior to January 1, 2017, Mosaic will purchase approximately 545,000 to 725,000 tonnes annually for up to fifteen years at a price tied to the prevailing price of U.S. natural gas. The execution of this agreement was not contingent upon the completion of the acquisition; therefore, no corresponding asset or liability was recorded as part of the acquisition accounting.

Under the second agreement, which became effective on the acquisition date, Mosaic will purchase approximately 270,000 tonnes annually for three years from CF’s Trinidad operations at CFR Tampa market-based pricing. The effectiveness of this agreement was a condition to the acquisition and included in the acquisition accounting, but its impacts were not material.

We recognized approximately \$8.7 million of acquisition and integration costs that were expensed during 2014. These costs are included within selling, general and administrative expenses in the Consolidated Statements of Earnings.

The CF phosphates operations contributed revenues of \$574.2 million and net earnings of \$37.6 million from March 17, 2014 through December 31, 2014, excluding the effects of the acquisition and integration costs described above.

Brazil and Paraguay Distribution Business Acquisition

On December 17, 2014, we completed the acquisition of ADM's fertilizer distribution business and working capital in Brazil and Paraguay for approximately \$350 million, including a target working capital amount of \$150 million, which was funded with cash from operations. This acquisition is expected to significantly accelerate our previously announced growth plans in Brazil as well as replace a substantial amount of planned internal investments in that country. Under the terms of the agreements, we acquired four blending and warehousing facilities in Brazil, one in Paraguay and additional warehousing and logistics service capabilities. We expect this acquisition to increase our annual distribution in the region from approximately four million metric tonnes to about six million metric tonnes of crop nutrients.

The parties have also entered into five-year fertilizer supply agreements providing for Mosaic to supply ADM’s fertilizer needs in Brazil and Paraguay.

The following table summarizes the amounts of the assets acquired and liabilities assumed as recognized at the acquisition date. The fair value of these assets and liabilities is provisional pending determination of the final valuation:

<i>(in millions)</i>		
Inventory	\$	122.5
Other current assets		10.3
Property, plant and equipment		95.1
Goodwill		105.9
Other assets		18.6
Accounts payable		(19.2)
Other current liabilities		(24.2)
Estimated value of acquisition	\$	309.0
Estimated post closing working capital adjustment	\$	40.6
Initial payment for acquisition	\$	349.6

We recognized approximately \$2.9 million of acquisition and integration costs that were expensed during 2014. These costs are included within selling, general and administrative expenses in the Consolidated Statements of Earnings.

The contribution from this additional distribution business in Brazil and Paraguay to our revenues and net earnings was immaterial for the period December 17, 2014 through December 31, 2014.

Pro-forma Results

The unaudited pro-forma consolidated results presented below include the effects of the acquisitions described above as if they had been consummated as of January 1, 2013. The pro-forma results below include adjustments related to depreciation and amortization to reflect the fair value of acquired property, plant and equipment and identifiable intangible assets, depletion of acquired mineral rights, and the associated income tax impacts. The pro-forma information does not necessarily reflect the actual results of operations had the acquisitions been consummated at the beginning of the fiscal reporting period indicated nor is it indicative of future operating results. The pro-forma information does not include any adjustment for potential revenue enhancements, cost synergies or other operating efficiencies that could result from the acquisition or transaction or integration costs relating to the acquisitions.

<i>(in millions)</i>	Years Ended December 31,	
	2014	2013
Net sales	\$ 9,947.7	\$ 10,820.9
Net earnings attributable to Mosaic	\$ 1,014.6	\$ 1,079.8

24. 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 of our Notes to Consolidated Financial Statements. 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. Corporate, Eliminations and Other primarily represents unallocated corporate office activities and eliminations. All intersegment transactions are eliminated within Corporate, Eliminations and other.

Segment information for calendar 2014, the seven months ended December 31, 2013, and fiscal 2013 and 2012 is as follows:

<i>(in millions)</i>	Phosphates	Potash	Corporate, Eliminations and Other	Total
Year Ended December 31, 2014				
Net sales to external customers	\$ 6,194.0	\$ 2,839.9	\$ 21.9	\$ 9,055.8
Intersegment net sales	—	11.7	(11.7)	—
Net sales	6,194.0	2,851.6	10.2	9,055.8
Gross margin	1,071.2	897.7	(42.3)	1,926.6
Carlsbad restructuring expense	—	125.4	—	125.4
Operating earnings (loss)	766.7	630.6	(85.5)	1,311.8
Capital expenditures	439.0	470.7	19.4	929.1
Depreciation, depletion and amortization expense	368.9	355.1	26.9	750.9
Equity in net earnings (loss) of nonconsolidated companies	(4.6)	—	2.4	(2.2)
Seven Months Ended December 31, 2013				
Net sales to external customers	\$ 3,438.2	\$ 1,323.9	\$ 3.8	\$ 4,765.9
Intersegment net sales	—	63.3	(63.3)	—
Net sales	3,438.2	1,387.2	(59.5)	4,765.9
Gross margin	445.0	374.3	9.0	828.3
Operating earnings (loss)	199.7	224.6	(7.4)	416.9
Capital expenditures	298.7	471.0	30.3	800.0
Depreciation, depletion and amortization expense	177.2	197.2	11.8	386.2
Equity in net earnings of nonconsolidated companies	10.1	—	0.8	10.9
Year Ended May 31, 2013				
Net sales to external customers	\$ 6,494.6	\$ 3,469.1	\$ 10.4	\$ 9,974.1
Intersegment net sales	—	60.2	(60.2)	—
Net sales	6,494.6	3,529.3	(49.8)	9,974.1
Gross margin	1,162.2	1,611.3	(13.3)	2,760.2
Operating earnings (loss)	848.1	1,393.0	(31.5)	2,209.6
Capital expenditures	427.5	1,017.7	143.1	1,588.3
Depreciation, depletion and amortization expense	287.3	301.9	15.6	604.8
Equity in net earnings of nonconsolidated companies	16.4	—	1.9	18.3
Year Ended May 31, 2012				
Net sales to external customers	\$ 7,839.2	\$ 3,263.1	\$ 5.5	\$ 11,107.8
Intersegment net sales	—	38.2	(38.2)	—
Net sales	7,839.2	3,301.3	(32.7)	11,107.8
Gross margin	1,466.9	1,622.0	(3.9)	3,085.0
Operating earnings (loss)	1,179.1	1,457.3	(25.3)	2,611.1
Capital expenditures	407.9	1,171.4	60.0	1,639.3
Depreciation, depletion and amortization expense	263.9	233.1	11.1	508.1
Equity in net earnings of nonconsolidated companies	11.9	—	1.4	13.3
Total assets as of December 31, 2014	\$ 11,392.2	\$ 8,296.6	\$ (1,405.8)	\$ 18,283.0
Total assets as of December 31, 2013	9,945.1	9,597.4	11.5	19,554.0

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

(in millions)	Year Ended December 31, 2014	Seven Months Ended December 31, 2013	Years Ended May 31,	
			2013	2012
<i>Net sales^(a):</i>				
Brazil	\$ 1,921.4	\$ 1,249.8	\$ 2,069.3	\$ 2,161.6
Canpotex ^(b)	923.6	439.7	1,239.8	1,298.9
Canada	663.1	259.7	686.3	786.3
India	331.9	315.8	475.2	1,579.7
Australia	194.7	31.2	177.5	290.1
China	191.1	86.9	173.3	160.4
Argentina	167.3	163.1	258.3	266.7
Colombia	145.0	55.2	143.5	155.9
Japan	131.5	75.9	188.2	177.5
Mexico	131.3	22.4	128.9	90.5
Peru	101.8	35.6	56.9	95.1
Chile	44.6	76.9	116.5	121.1
Thailand	40.8	28.7	88.9	94.0
Other	223.7	72.4	271.7	209.3
Total international countries	5,211.8	2,913.3	6,074.3	7,487.1
United States	3,844.0	1,852.6	3,899.8	3,620.7
Consolidated	\$ 9,055.8	\$ 4,765.9	\$ 9,974.1	\$ 11,107.8

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

(b) The export association of the Saskatchewan potash producers.

(in millions)	December 31,	
	2014	2013
<i>Long-lived assets:</i>		
Canada	\$ 4,993.0	\$ 5,372.3
Brazil	257.6	122.2
Other	22.5	51.0
Total international countries	5,273.1	5,545.5
United States	5,444.8	3,956.1
Consolidated	\$ 10,717.9	\$ 9,501.6

Excluded from the table above as of December 31, 2014 and 2013, are goodwill of \$1,806.5 million and 1,794.4 million and deferred income taxes of \$394.4 million and 152.2 million, respectively.

Net sales by product type for calendar 2014, seven months ended December 31, 2013, and fiscal 2013 and 2012 are as follows:

(in millions)	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,	
	2014	2013	2013	2012
<i>Sales by product type:</i>				
Phosphate Crop Nutrients	\$ 4,096.2	\$ 2,059.3	\$ 4,106.1	\$ 5,418.4
Potash Crop Nutrients	2,828.8	1,312.3	3,434.5	3,174.4
Crop Nutrient Blends	1,292.9	863.7	1,472.3	1,517.1
Other ^(a)	837.9	530.6	961.2	997.9
	<u>\$ 9,055.8</u>	<u>\$ 4,765.9</u>	<u>\$ 9,974.1</u>	<u>\$ 11,107.8</u>

(a) Includes sales for animal feed ingredients and industrial potash.

Quarterly Results (Unaudited)

In millions, except per share amounts and common stock prices

	Quarter				
	First	Second ^(a)	Third	Fourth	Year
Year Ended December 31, 2014					
Net sales	1,986.2	\$ 2,440.2	\$ 2,250.7	\$ 2,378.7	\$ 9,055.8
Gross margin	411.6	521.1	414.7	579.2	1,926.6
Operating earnings	266.6	403.2	277.3	364.7	1,311.8
Net earnings attributable to Mosaic	217.5	248.4	201.9	360.8	1,028.6
Basic net earnings per share attributable to Mosaic	0.54	\$ 0.65	\$ 0.54	\$ 0.97	\$ 2.69
Diluted net earnings per share attributable to Mosaic	0.54	0.64	0.54	0.97	2.68
Common stock prices:					
High	50.63	\$ 51.25	\$ 49.56	\$ 48.73	
Low	43.58	47.09	44.09	40.32	
Seven Months Ended December 31, 2013					
Net sales		\$ 675.7	\$ 1,908.7	\$ 2,181.5	\$ 4,765.9
Gross margin		119.9	386.9	321.5	828.3
Operating earnings		93.8	144.1	179.0	416.9
Net earnings attributable to Mosaic		86.7	124.4	128.9	340.0
Basic net earnings per share attributable to Mosaic		\$ 0.21	\$ 0.29	\$ 0.30	\$ 0.80
Diluted net earnings per share attributable to Mosaic		0.21	0.29	0.30	0.80
Common stock prices:					
High		\$ 62.09	\$ 56.97	\$ 49.81	
Low		53.30	39.75	42.76	
Year Ended May 31, 2013					
Net sales	\$ 2,505.1	\$ 2,536.2	\$ 2,240.6	\$ 2,692.2	\$ 9,974.1
Gross margin	747.3	675.9	568.4	768.6	2,760.2
Operating earnings	610.2	559.6	419.1	620.7	2,209.6
Net earnings attributable to Mosaic	429.4	628.8	344.6	485.9	1,888.7
Basic net earnings per share attributable to Mosaic	\$ 1.01	\$ 1.48	\$ 0.81	\$ 1.14	\$ 4.44
Diluted net earnings per share attributable to Mosaic	1.01	1.47	0.81	1.14	4.42
Common stock prices:					
High	\$ 59.95	\$ 61.98	\$ 63.46	\$ 64.65	
Low	44.43	48.29	52.65	56.90	

(a) Due to our change in fiscal year-end, the second quarter of the Stub Period contains results for only the month of June.

The number of holders of record of our Common Stock and Class A Common Stock as of February 11, 2015 was 2,096.

Dividends have been declared on a quarterly basis during all periods presented. In fiscal 2013, we increased our annual dividend to \$1.00 per share.

The following table presents our selected financial data. This information has been derived from our audited consolidated financial statements. This historical data should be read in conjunction with the Consolidated Financial Statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Five Year Comparison
In millions, except per share amounts

	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,			
	2014	2013	2013	2012	2011	2010
Statements of Operations Data:						
Net sales	\$ 9,055.8	\$ 4,765.9	\$ 9,974.1	\$ 11,107.8	\$ 9,937.8	\$ 6,759.1
Cost of goods sold	7,129.2	3,937.6	7,213.9	8,022.8	6,816.0	5,065.8
Gross margin	1,926.6	828.3	2,760.2	3,085.0	3,121.8	1,693.3
Selling, general and administrative expenses	382.4	211.8	427.3	410.1	372.5	360.3
(Gain) loss on assets sold and to be sold ^(b)	(16.4)	122.8	—	—	—	—
Carlsbad restructuring expense ^(a)	125.4	—	—	—	—	—
Other operating expenses	123.4	76.8	123.3	63.8	85.1	62.2
Operating earnings	1,311.8	416.9	2,209.6	2,611.1	2,664.2	1,270.8
(Loss) gain in value of share repurchase agreement	(60.2)	73.2	—	—	—	—
Interest (expense) income, net	(107.6)	(13.3)	18.8	18.7	(5.1)	(49.6)
Foreign currency transaction gain (loss)	79.1	16.5	(15.9)	16.9	(56.3)	(32.4)
Gain on sale of equity investment ^(d)	—	—	—	—	685.6	—
Other (expense) income	(5.8)	(9.1)	2.0	(17.8)	(17.1)	0.9
Earnings from consolidated companies before income taxes	1,217.3	484.2	2,214.5	2,628.9	3,271.3	1,189.7
Provision for income taxes ^{(a)(c)}	184.7	152.6	341.0	711.4	752.8	347.3
Earnings from consolidated companies	1,032.6	331.6	1,873.5	1,917.5	2,518.5	842.4
Equity in net earnings (loss) of nonconsolidated companies	(2.2)	10.9	18.3	13.3	(5.0)	(10.9)
Net earnings including noncontrolling interests	1,030.4	342.5	1,891.8	1,930.8	2,513.5	831.5
Less: Net earnings attributable to noncontrolling interests	1.8	2.5	3.1	0.6	(1.1)	4.4
Net earnings attributable to Mosaic	\$ 1,028.6	\$ 340.0	\$ 1,888.7	\$ 1,930.2	\$ 2,514.6	\$ 827.1

	Year Ended December 31,	Seven Months Ended December 31,	Years Ended May 31,			
	2014	2013	2013	2012	2011	2010
Earnings per common share attributable to Mosaic:						
Basic net earnings per share attributable to Mosaic	\$ 2.69	\$ 0.80	\$ 4.44	\$ 4.44	\$ 5.64	\$ 1.86
Diluted net earnings per share attributable to Mosaic	\$ 2.68	\$ 0.80	\$ 4.42	\$ 4.42	\$ 5.62	\$ 1.85
Average shares outstanding:						
Basic weighted average number of shares outstanding	374.1	420.8	425.7	435.2	446.0	445.1
Diluted weighted average number of shares outstanding	375.6	422.0	426.9	436.5	447.5	446.6
Balance Sheet Data (at period end):						
Cash and cash equivalents	\$ 2,374.6	\$ 5,293.1	\$ 3,697.1	\$ 3,811.0	\$ 3,906.4	\$ 2,523.0
Total assets	18,283.0	19,554.0	18,086.0	16,690.4	15,786.9	12,707.7
Total long-term debt (including current maturities)	3,819.0	3,009.3	1,010.5	1,010.5	809.3	1,260.8
Total liabilities	7,562.4	8,233.4	4,643.1	4,691.0	4,125.0	3,959.3
Total equity	10,720.6	11,320.6	13,442.9	11,999.4	11,661.9	8,748.4
Other Financial Data:						
Depreciation, depletion and amortization	\$ 750.9	\$ 386.2	\$ 604.8	\$ 508.1	\$ 447.4	\$ 445.0
Net cash provided by operating activities	2,293.7	889.4	1,887.5	2,705.8	2,426.7	1,356.0
Capital expenditures	929.1	800.0	1,588.3	1,639.3	1,263.2	910.6
Dividends per share ^(e)	1.00	0.50	1.00	0.275	0.20	1.50

- (a) In 2014, we decided to permanently discontinue production of MOP at our Carlsbad, New Mexico facility. The pre-tax charges were \$125.4 million. See further discussion in Note 22 to the Consolidated Financial Statements. The year ended December 31, 2014 also includes a discrete income tax benefit of approximately \$152 million primarily related to the acquisition of ADM and the sale of our distribution business in Argentina. See further discussion in Note 12 to the Consolidated Financial Statements.
- (b) In the seven months ended December 31, 2013, we decided to exit our distribution businesses in Argentina and Chile and wrote-down the related assets by approximately \$50 million. We decided to sell the salt operations at our Hersey, Michigan mine and close the related potash operations which resulted in a write-down of approximately \$48 million. We also wrote-off engineering costs of approximately \$25 million related to a proposed ammonia plant. See further discussion in Notes 22 to the Consolidated Financial Statements.
- (c) Fiscal 2013 includes a discrete income tax benefit of \$179.3 million associated with our non-U.S. subsidiaries due to the resolution of certain tax matters.
- (d) In fiscal 2011, we recorded a \$685.6 million pre-tax gain on the sale of our equity method investment in Fosfertil. We recorded a \$673.4 million pre-tax gain on the sale of our equity method investment in Saskferco in fiscal 2009.
- (e) Dividends have been declared quarterly during all periods presented. In fiscal 2013 we increased our annual dividend to \$1.00 per share. In the fourth quarter of fiscal 2012, we paid a quarterly dividend of \$0.125, which represented a 150 percent increase over the Company's previous dividend rate. In fiscal 2010, we paid a special dividend of \$1.30 per share in addition to quarterly dividends of \$0.05 per share.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining effective internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control system is a process designed to provide reasonable assurance to our management, Board of Directors and stockholders regarding the reliability of financial reporting and the preparation and fair presentation of our consolidated financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles (U.S. GAAP), and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP, and that receipts and expenditures are being made only in accordance with authorizations from our management and Board of Directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. In assessing the effectiveness of our internal control over financial reporting as of December 31, 2014 management used the control criteria framework of the Committee of Sponsoring Organizations (COSO) of the Treadway Commission published in its report entitled *Internal Control—Integrated Framework (1992)*. Based on its evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2014. In May of 2013, COSO adopted an updated framework, which we intend to adopt in 2015. KPMG LLP, the independent registered public accounting firm that audited the financial statements included in this annual report, has issued an auditors' report on the Company's internal control over financial reporting as of December 31, 2014.

For the year ended December 31, 2014, management's assessment of our internal control over financial reporting excluded the internal control over financial reporting of the Florida phosphate assets of CF Industries, Inc. that we acquired on March 17, 2014, and the assets of Archer Daniels Midland's fertilizer distribution business in Brazil and Paraguay that we acquired on December 17, 2014. These assets represented 9% of our consolidated total assets as of December 31, 2014, and the related operations contributed revenues of 6% for the year ended December 31, 2014.

BOARD OF DIRECTORS

Robert L. Lumpkins
Retired Vice Chairman and Chief
Financial Officer of Cargill,
Incorporated
Chairman of the Board of The
Mosaic Company
Committee: Corporate Governance
and Nominating (Chair)

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Retired Executive Vice President and
Chief Financial Officer of CA
Technologies
Committees: Audit (Chair);
Corporate Governance and
Nominating

Gregory L. Ebel
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Officer of Spectra Energy Corp
Committees: Audit; Compensation

Timothy S. Gitzel
President and Chief Executive
Officer of Cameco Corporation
Committees: Audit; Corporate Governance
and Nominating

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Chief Financial Officer of McKesson
Corporation
Committees: Audit; Corporate
Governance and Nominating

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Vice President of Material Handling
and Underground Division of
Caterpillar, Incorporated
Committee: Environmental, Health,
Safety and Sustainable Development

Emery N. Koenig
Vice Chairman and Chief Risk
Officer of Cargill, Incorporated
Committee: Environmental, Health,
Safety and Sustainable
Development

William T. Monahan
Retired Chairman of the Board,
President and Chief Executive
Officer of Imation Corp.
Committees: Audit; Compensation
(Chair)

James L. Popowich
Retired President and Chief
Executive Officer of Elk Valley Coal
Corporation
Committees: Compensation;
Environmental, Health, Safety and
Sustainable Development

James T. Prokopanko
President and Chief Executive
Officer of The Mosaic Company

David T. Seaton
Chairman and Chief Executive
Officer of Fluor Corporation
Committees: Compensation;
Environmental, Health, Safety and
Sustainable Development

Steven M. Seibert
Attorney at The Seibert Law Firm
Committees: Corporate Governance
and Nominating; Environmental,
Health, Safety and Sustainable
Development (Chair)

EXECUTIVE OFFICERS

James T. Prokopanko
President and Chief Executive
Officer

Anthony T. Brausen
Senior Vice President – Finance and
Chief Accounting Officer

Gary "Bo" N. Davis
Senior Vice President – Phosphate
Operations

Mark J. Isaacson
Vice President, General Counsel and
Corporate Secretary

Mark E. Kaplan
Senior Vice President – Public Affairs

Richard L. Mack
Executive Vice President and Chief
Financial Officer

Richard N. McLellan
Senior Vice President – Commercial

James "Joc" C. O'Rourke
Executive Vice President –
Operations and Chief Operating
Officer

Walter F. Precourt III
Senior Vice President – Potash
Operations

Corrine D. Ricard
Senior Vice President – Human
Resources

Shareholder Information

Safe Harbor

Certain statements in this review that are neither reported financials nor other historical information are forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results and Mosaic's plans and objectives to differ materially from those expressed in the forward-looking statements. Additional information about such risks and uncertainties is set forth in our reports filed with the Securities and Exchange Commission.

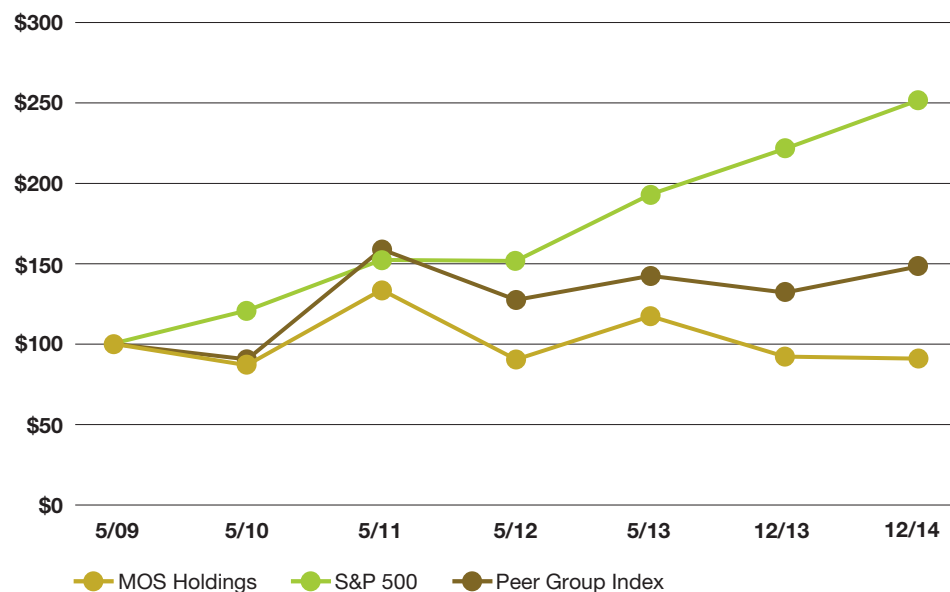
Shareholder Return Information

The following performance graph compares the cumulative total return on our common stock for a period beginning May 31, 2009, with the cumulative total return of the Standard & Poor's 500 Stock Index, and a peer group of companies selected by us.

Our 2014 peer group is comprised of Agrium Inc., CF Industries Holdings, Inc. and Potash Corporation of Saskatchewan Inc. Our stock price performance differs from that of our peer group during some periods due to differences in the market segments in which we compete or in the level of our participation in such segments compared to other members of the peer group. In accordance with Standard & Poor's policies, companies with less than a majority of their stock publicly traded are not included in the S&P 500 Index, and, accordingly, we were not included in the S&P 500 Index until September 23, 2011, on account of our former controlling stockholder. The comparisons set forth below assume an initial investment of \$100 and reinvestment of dividends or distributions.

Comparison of 67-Month Cumulative Total Return*

Among MOS Holdings, S&P 500 Index and Peer Group Index



*\$100 invested on 5/31/09 in stock or index, including reinvestments of dividends, for each fiscal year in the period from 5/31/09 through 5/31/13, for the seven months ended 12/31/13 and the calendar year ended 12/31/14.

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Mosaic's 10-K Report, filed in February 2015 with the Securities and Exchange Commission, is available to shareholders and interested parties without charge by contacting Laura Gagnon.

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View online at:
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