

# Mosaic's Strategic Acquisition of CF Industries' Phosphate Business

October 28, 2013



# Safe Harbor

*This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about the proposed transactions; the benefits of the proposed transactions; future strategic plans and other statements about future financial and operating results. Such statements are based upon the current beliefs and expectations of The Mosaic Company's management and are subject to significant risks and uncertainties. These risks and uncertainties include but are not limited to risks and uncertainties arising from the possibility that the closing of the proposed phosphate asset acquisition may be delayed or may not occur, including delays arising from any inability to obtain governmental approvals of the transaction on the proposed terms and schedule and the ability to satisfy other closing conditions; difficulties with realization of the benefits of the proposed transactions, including the risks that the acquired assets may not be integrated successfully or that the cost savings from the transactions may not be fully realized or may take longer to realize than expected; the predictability and volatility of, and customer expectations about, agriculture, fertilizer, raw material, energy and transportation markets that are subject to competitive and other pressures and economic and credit market conditions; the level of inventories in the distribution channels for crop nutrients; changes in foreign currency and exchange rates; international trade risks; changes in government policy; changes in environmental and other governmental regulation, including greenhouse gas regulation, implementation of numeric water quality standards for the discharge of nutrients into Florida waterways or possible efforts to reduce the flow of excess nutrients into the Mississippi River basin or the Gulf of Mexico; further developments in judicial or administrative proceedings, or complaints that Mosaic's operations are adversely impacting nearby farms, business operations or properties; difficulties or delays in receiving, increased costs of or challenges to necessary governmental permits or approvals or increased financial assurance requirements; resolution of global tax audit activity; the effectiveness of the Company's processes for managing its strategic priorities; the ability of the Northern Promise joint venture among Mosaic, Ma'aden and SABIC to obtain project financing in acceptable amounts and upon acceptable terms, the future success of current plans for the joint venture and any future changes in those plans; adverse weather conditions affecting operations in Central Florida or the Mississippi River basin or the Gulf Coast of the United States, and including potential hurricanes, excess rainfall or drought; actual costs of various items differing from management's current estimates, including, among others, asset retirement, environmental remediation, reclamation or other environmental regulation, Canadian resources taxes and royalties, or the liabilities we are assuming in the proposed phosphate acquisition; brine inflows at Mosaic's Esterhazy, Saskatchewan, potash mine or other potash shaft mines; other accidents and disruptions involving Mosaic's operations, including potential mine fires, floods, explosions, seismic events or releases of hazardous or volatile chemicals, as well as other risks and uncertainties reported from time to time in The Mosaic Company's reports filed with the Securities and Exchange Commission. Actual results may differ from those set forth in the forward-looking statements*



# Summary

- Mosaic is uniquely positioned to maximize acquisition value due to proximity to existing assets.
- Expected to be capital neutral and not impact share repurchase plans.
- Forecast to be ~\$0.30 accretive to EPS in 2015, with returns exceeding our risk adjusted hurdle rate.

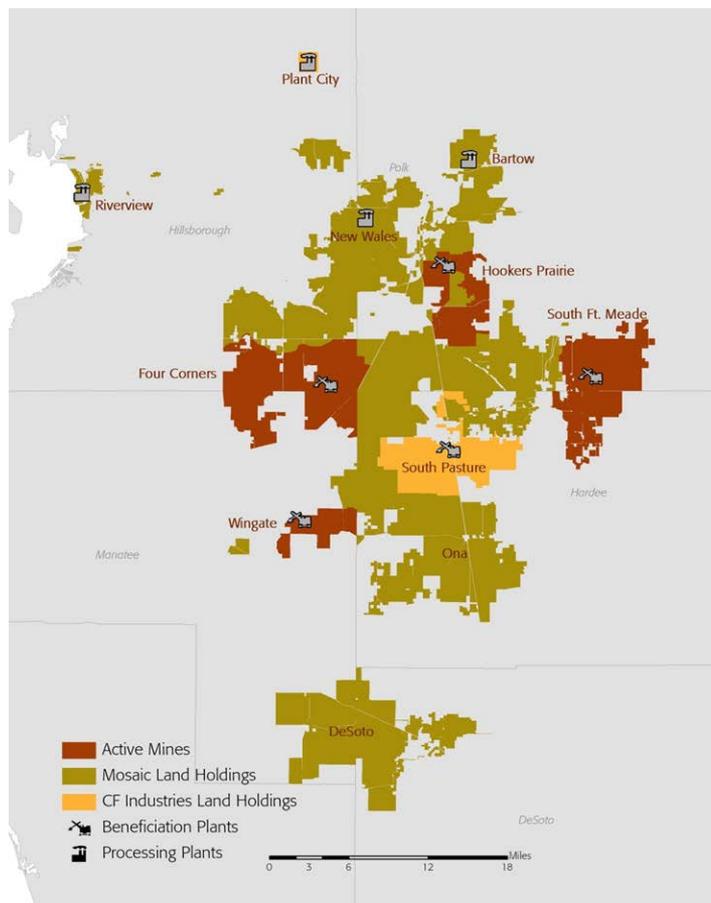
# Transaction Details

- Purchase of CF Industries' phosphate business for \$1.2 billion in cash.
  - Plus fund ~\$200 million Asset Retirement Obligation escrow.
  - Total consideration of \$1.4 billion.
- Purchased assets:
  - South Pasture mine and beneficiation plant, including 70 million tonnes of proven and probable reserves per CF's form 10-K.
  - Plant City processing plant, with approximately 1.8 million tonnes of annual finished phosphate capacity, including short-term agreement for ~270,000 tonnes of ammonia.
  - Tampa ammonia terminal and dry product warehouse.
- Additionally, strategic ammonia supply agreement for up to 15 years.
  - Supply of up to ~545,000 to 725,000 tonnes annually, at Mosaic's election.
  - Pricing formula based on Henry Hub gas price.
- Expected close in the first half of calendar 2014, subject to regulatory approvals.



# Strategic and Financial Benefits

Aligns perfectly with Phosphate growth strategy.



1. Proximity to current Florida operations allows significant mining, operational and logistics synergies.
2. Provides additional finished product to feed expected growth through our distribution system.
3. Expected synergies drive EPS accretion of ~\$0.30 in 2015, excluding any debt financing costs and assuming 427 million shares.
4. Projected 2015 EBITDA, including synergies, ~\$230 million\*.
5. Forecast returns exceed risk adjusted hurdle rate.
6. Significantly lowers planned capital spending.

\* EBITDA is gross margin plus selling, general and administrative expenses but excluding deductions for depreciation, depletion and amortization.



# Avoidance of Capital Outlay



Results in a decrease in future capital spending of approximately \$1.4 billion and timing flexibility for an additional \$1 billion.

1. Not having to construct \$1 billion Ona beneficiation plant.
  - Requires \$500 million for washing facility and enhancements at Hardee Mine Complex and elsewhere.
2. Forego proposed \$1.1 billion Louisiana ammonia plant.
  - U.S. natural gas based long term supply agreement from Donaldsonville, LA starting prior to January, 2017.
  - Avoids capital and execution risk.
  - Mosaic will proceed with a \$200 million investment in ammonia transport assets.

The acquisition is expected to have no impact on Mosaic's planned shareholder distributions and capital management philosophy.



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# Accounting Impacts of Acquisition

2014 earnings will be impacted by the following:

- Integration and restructuring costs that will be expensed as incurred
- Acquisition related costs that will be expensed as incurred
- Accounting treatment of the valuation of certain assets and liabilities as of closing date :
  - Acquired inventory will be increased to market value, resulting in the recognition of a minimal gross margin when sold
  - Assets will be valued at best use to a third party and may have no value to Mosaic, resulting in an immediate write-off of these assets
- Step up of fixed asset values will result in additional depreciation expense in 2014 and future years
- Contracts assumed in the transaction will be adjusted to market value and that adjustment will be recognized in 2014 and future periods as additional expense/income

