President and Chief Executive Officer Jim Prokopanko explains how the company’s expertise and abilities will serve farmers and shareholders alike.

Dear Fellow Shareholders,

For 30 years I have had the good fortune to be a participant in agriculture’s emergence as a critical issue of our time—a trend that again accelerated this past year. Evidence of this shift appeared around the world in Mosaic’s fiscal 2012: At the World Economic Forum in Switzerland, the critical need for global food security was a primary topic of discussion. India’s parliament introduced a national food security bill to provide affordable grains to some 600 million people. Several Southeast Asian countries came together to establish a shared emergency rice reserve to ensure long-term food security in the region. And China’s renewed focus on agriculture policy led to the nation producing 570 million tons of grain, a new record.

The Mosaic Company is positioned and equipped to help meet the rising global demand for food, which brings great opportunity for our company and its stakeholders. I traveled extensively in fiscal 2012, and saw firsthand the many ways, large and small, in which Mosaic and our people embrace their responsibility to feed the world. The Mosaic Board of Directors and I, along with other senior leaders, visited Indian farmers who are transforming their yields—and their lives—through the application of our MicroEssentials® products. I saw farmers in Argentina experimenting with innovative fertilizer technology to improve their yields and help meet the growing global demand for grains. Across North America, I observed our employees safely operating mines and plants to produce phosphates and potash, and, to complete the cycle, I met with North American fertilizer dealers and their farming customers as they distributed our products to the field this spring.

There is no room for debate: The world needs to produce more food to nourish its growing population, and it cannot meet this acute need without innovative and balanced crop nutrition. Mosaic, driven by our mission to help the world grow the food it needs, is in a unique position to help—we have the most powerful combination of assets, resources, innovation and global reach in our industry. An urgent global need for food and a company with the means to help the world meet it: these are the roots of our success.

Fiscal 2012: A Year of Great Progress

Mosaic’s success in fiscal 2012 demonstrates the commitment of our 8,000 employees around the world. While the economy and financial markets remained volatile, we made significant progress toward achieving our vision of Mosaic becoming the best crop nutrition company in the world.

The Mosaic Company must help meet the rising global demand for food — and with that responsibility comes great opportunity for the company and its stakeholders.
• We resolved litigation that limited production at our South Fort Meade phosphate mine in Florida. By the end of calendar 2012, we expect to have access to the full capacity of our South Fort Meade resources, which should result in lower phosphate production costs.

• We settled a dispute over a potash tolling agreement at our Esterhazy, Saskatchewan mine. Beginning in January 2013, we will have an additional 1.3 million tonnes of proven potash peaking production capacity to help meet our customers’ needs.

• We made important headway with our $6 billion potash expansion projects. We’re nearing completion of the K2 shaft and mill expansion at our Esterhazy mines, and our Belle Plaine Phase I expansion is complete. We expect these projects will generate over one million tonnes of new capacity in fiscal 2013.

• We continued to operate with excellence, reducing costs and increasing operating efficiency. As a result, we’re maintaining our low-cost position in global phosphate manufacturing and improving potash recovery rates.

• We were named to the S&P 500 Index, reflecting our position as one of the world’s largest companies.

• We delivered our best safety year ever as we continued our relentless pursuit of an injury-free workplace.

• We made further advances in our steadfast commitments to sustainability and corporate responsibility.

• And we continued to support our communities with targeted corporate giving, employee donations and volunteer work.

Mosaic’s progress in fiscal 2012 was bolstered by an increasingly strong financial foundation. We generated net sales of $11.1 billion, compared with $9.9 billion in 2011. Net earnings for the year were $1.9 billion, compared with $2.5 billion in the previous year. In fiscal 2011, net earnings included $70 million from the sale of Fosfort. While volatile markets can impact our business for short periods of time, our financial might provides resilience and flexibility. In the midst of our major investments to grow for the long term, we were able to return significant capital to shareholders. The company repurchased 21.3 million shares and increased its dividend by 150 percent during fiscal 2012. Since the end of the fiscal year, Mosaic has announced an additional dividend increase of $.50 per share, making a 400-percent total change increase since the beginning of calendar 2012. After these investments and shareholder distributions, our cash position remains a source of strength, with $3.8 billion as we start fiscal 2013.

Our successes were recognized externally. For the first time, Mosaic was included in the Ethisphere Institute’s list of the world’s most ethical companies; we were the only crop nutrition company on the list. Ethisphere honors companies that promote ethical business standards and practices internally, exceed legal compliance minimums and shape future industry standards. In addition, for the third year in a row Mosaic was named to Corporate Responsibility Magazine’s list of the 100 Best Corporate Citizens. Mosaic was ranked 28th — up from 67th in 2011 — in recognition of its conservation and environmental stewardship efforts, as well as its financial and governance transparency.
We manage Mosaic for the long term. Quarterly and even annual results can suffer or benefit from the whims of the economy, the grain and oilseeds markets, transportation costs, weather and many other influences. In order to fulfill Mosaic’s critically important mission of helping the world grow the food it needs, the company must have the ability to navigate both turbulent and calm waters. I am certain that we have the management experience and strength, and the commitment to operating with excellence, to do just that.

A Bright Future for Agriculture
The world’s population, now just over seven billion people, is expected to grow to nine billion by 2050. Over the same period, the globe’s farmland is expected to increase by only one percent—yet it must yield as much food in that time as it has over the last 8,000 years. Clearly, feeding the world is a growing challenge, compounded by the positive trend of increasing prosperity in areas with the greatest populations: as Asia’s middle class grows, for example, so too does the demand for protein in diets. Producing one pound of chicken requires two pounds of grain, a pound of pork requires three pounds of grain, and one pound of beef requires about seven pounds of grain. The world’s farmers face a multiplying challenge—but also a compelling opportunity. And farmers cannot realize the opportunity without good crop nutrition.

A Bright Future for Mosaic
The products Mosaic delivers help meet the global demand for food by increasing crop yields and farmer productivity. Potash and phosphates are essential in their simplest forms, but at Mosaic, we know that good science can provide farmers with higher and more economic production. That’s why we’re committed to innovation.

At the core of our product innovation is the “4Rs” concept: applying the right combination of nutrients, at the right time, in the right place and in the right amount. The concept drives much of our innovation, including the development of MicroEssentials®, our unique combination of vital nutrients in one nutritionally balanced granule. We are investing to increase MicroEssentials® production capacity—because farmers are discovering its matchless benefits, and because it generates compelling returns for our shareholders. Product innovation differentiates Mosaic, and we are devoted to further research and development of our product pipeline to drive crop yields and help meet the world’s growing demand for more and better quality food.

Innovation is just one of the qualities essential to Mosaic’s success. Over the coming years, we plan to build on each of them:

• **Our scale**: Mosaic is the world’s largest combined producer of potash and phosphates, and we intend to grow even larger. We expect to increase potash operating capacity by more than 40 percent, and in phosphates, we seek to diversify our rock assets through acquisitions or joint ventures.

• **Our global reach**: Mosaic has the industry’s most powerful distribution network and sales operations, and we will press this advantage for the benefit of production efficiencies and our customers by getting our products to the right places at the right time.
Our efficiency and operating effectiveness: In 2012, we continued our pursuit of aggressive cost-saving goals—while seeking to improve our safety performance. We are on track to achieve both.

Our commitment to our stakeholders: At Mosaic, we are dedicated to serving our customers with superior product and effective advice; we are devoted to attracting and retaining great talent; we are committed to effective environmental stewardship and corporate responsibility; and we are driven to deliver enhanced shareholder value.

Our culture: Mosaic employees live our values of integrity, excellence, sustainability and connectivity every day, and our commitment to these values will not waver.

The Mosaic team—8,000 strong, all around the world—is energized to grow from the roots of our success. I am grateful and proud to be a part of this organization, and I deeply appreciate all the efforts of my colleagues at Mosaic.

I am also grateful for our customers, partners and suppliers and their enduring relationships with us. Please know that we intend to stay by your side as you grow your businesses and help feed the world.

And finally, thank you to our shareholders for your continued confidence and support in making Mosaic the best crop nutrition company in the world.

All of us who hold stakes in Mosaic also hold a stake in something much larger, and quite humbling: It is our responsibility to help the world grow the food it needs. Together, we can achieve this monumental goal.

Sincerely,

James T. Prokopanko
President and Chief Executive Officer
August 2012