

1. ORGANIZATION AND NATURE OF BUSINESS

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation and Basis of Consolidation

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

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

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

Accounting Estimates

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

Revenue Recognition

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

Income Taxes

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

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

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

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

Canadian Resource Taxes and Royalties

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

Foreign Currency Translation

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

Cash and Cash Equivalents

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

Concentration of Credit Risk

In the U.S., we sell our products to manufacturers, distributors and retailers primarily in the Midwest and Southeast. Internationally, our phosphate and potash products are sold primarily through two North American export associations. A concentration of credit risk arises from our sales and accounts receivable associated with the international sales of potash product through Canpotex. We consider our concentration risk related to the Canpotex receivable to be mitigated by their credit policy. Canpotex's credit policy requires

the underlying receivables to be substantially insured or secured by letters of credit. At May 31, 2009 and 2008, \$230.2 million and \$205.4 million, respectively, of accounts receivable were due from Canpotex. In fiscal 2009, 2008, and 2007, sales to Canpotex were \$1.3 billion, \$813.3 million, and \$397.7 million, respectively.

Receivables and Allowance for Doubtful Accounts

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

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

Inventories

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

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

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

Property, Plant and Equipment

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

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

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

Leases

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

Investments

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

Recoverability of Long-Lived Assets

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

Goodwill

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

Environmental Costs

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

Asset Retirement Obligations

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

Litigation

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

Pension and Other Postretirement Benefits

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

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

Share-Based Compensation

We account for stock-based compensation in accordance with SFAS No. 123 (R) *Share-Based Payment* (“SFAS 123R”). SFAS 123R requires an entity to measure the cost of employees’ services received in exchange for an award of equity instruments based on grant-date fair value of the award, with the cost to be recognized over the period during which the employee is required to provide service in exchange for the award. The majority of granted awards are stock options that vest annually in equal amounts over a three-year period, and all stock options have an exercise price equal to the fair market value of our common stock on the date of grant. We recognize compensation expense for awards on a straight-line basis over the requisite service period.

Derivative and Hedging Activities

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

3. OTHER FINANCIAL STATEMENT DATA

The following provides additional information concerning selected balance sheet accounts:

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

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

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

4. RECENTLY ISSUED ACCOUNTING GUIDANCE

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

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

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

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

In April 2007, the FASB issued FIN 39-1. FIN 39-1 requires entities that are parties to master netting arrangements to offset the receivable or payable recognized upon payment or receipt of cash collateral against fair value amounts recognized for derivative instruments that have been recorded under the same master netting arrangement in accordance with FASB Interpretation No. 39. Entities are required to recognize the effects of applying FIN 39-1 as a change in accounting principle through retrospective application for all financial statements presented unless it is impracticable to do so. The guidance provided by FIN 39-1 became effective for us on June 1, 2008 and did not have a material effect on our Consolidated Financial Statements.

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

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

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

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

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification* (“SFAS 168”), which establishes the FASB’s Accounting Standards Codification as the exclusive authoritative reference for nongovernmental U.S. GAAP for use in financial statements issued for interim and annual periods ending after September 15, 2009, except for SEC rules and interpretative releases, which are also authoritative for SEC registrants. As a result, SFAS 168 replaces SFAS 162 and provides guidance that all codification standards will carry the same level of authority. We are currently evaluating the impact of this standard, but would not expect it to have a material impact on our Consolidated Financial Statements.

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

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

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

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

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

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (“FSP FAS 107-1 and APB 28-1”). This FSP requires interim disclosures regarding the fair value of financial instruments that were previously required only annually. In addition, the FSP requires certain additional disclosures regarding the methods and significant assumptions used to estimate the fair value of financial instruments. These additional disclosures are effective for us beginning with the first quarter ending August 31, 2009. We are currently evaluating the requirements of the FSP.

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

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

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

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

6. EARNINGS PER SHARE

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

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

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

7. ACCUMULATED OTHER COMPREHENSIVE INCOME

Components of accumulated other comprehensive income are as follows:

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

8. CASH FLOW INFORMATION

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

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

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

9. INVESTMENTS IN NON-CONSOLIDATED COMPANIES

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

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

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

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

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

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

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

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

10. GOODWILL

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

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

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

11. FINANCING ARRANGEMENTS

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

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

Purchases of Existing Notes

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

New Senior Notes

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

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

Amended and Restated Credit Facilities

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

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

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

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

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

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

Short-Term Debt

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

We had no outstanding borrowings under the revolving credit facility as of either May 31, 2009 or May 31, 2008. We had outstanding letters of credit that utilized a portion of the revolving credit facility of \$21.9 million and \$41.2 million as of May 31, 2009 and

May 31, 2008, respectively. The net available borrowings under the revolving credit facility as of May 31, 2009 and May 31, 2008 were approximately \$428.1 million and \$408.8 million, respectively. Unused commitment fees of \$1.5 million were expensed during both fiscal 2009 and 2008. Borrowings under the revolving credit facility bear interest at LIBOR plus 1.5%.

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

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

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

Long-Term Debt, including Current Maturities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. VARIABLE INTEREST ENTITIES

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

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

PhosChem is an export association of United States phosphate producers that markets our phosphate products internationally. We, along with the other member, are, subject to certain conditions and exceptions, contractually obligated to reimburse PhosChem for our respective pro rata share of any operating expenses or other liabilities. PhosChem had net sales of \$2.7 billion, \$2.8 billion and \$1.6 billion for the years ended May 31, 2009, 2008 and 2007,

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

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

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

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

13. INCOME TAXES

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

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

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:

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

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

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

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

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

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

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

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

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

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

Valuation Allowance

For the fiscal year ended 2009, the valuation allowance increased \$109.0 million and for fiscal years ended 2008 and 2007 the valuation allowance was reduced by \$310.0 million and \$181.8 million, respectively. In assessing the need for a valuation allowance, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. In making this assessment, we consider the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. During fiscal 2009, we determined that it was more likely than not that we would not realize certain non-U.S. deferred tax assets of \$106.0 million which was reflected in income tax expense.

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

FIN 48

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

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

(in millions)

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

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

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

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

14. ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS

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

A reconciliation of our AROs is as follows:

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

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

15. ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

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

Foreign Currency Derivatives⁴ – We periodically enter into derivative contracts in order to reduce our foreign currency exchange rate risk. We use forward contracts, zero-cost collars and futures, which typically expire within one year, to reduce the impact of foreign currency exchange risk in the Consolidated Statements of Earnings and Consolidated Statements of Cash Flows. One of the primary currency exposures relates to several of our Canadian entities, whose sales are denominated in U.S. dollars, but whose costs are paid principally in Canadian dollars, which is their functional currency. Our Canadian businesses monitor their foreign currency risk by estimating their forecasted transactions and measuring their balance sheet exposure in U.S. dollars and Canadian dollars. We hedge certain of these risks through forward contracts and zero-cost

collars. Our international distribution and production operations monitor their foreign currency risk by assessing their balance sheet and forecasted exposures. Our Brazilian operations enter into foreign currency futures traded on the Futures and Commodities Exchange – Brazil Mercantile & Futures Exchange – and also enter into forward contracts to hedge foreign currency risk. Our other foreign locations also use forward contracts to reduce foreign currency risk.

Commodity Derivatives⁴ – We enter into derivative contracts to reduce the risk of price fluctuation in the purchases of certain of our product inputs. Our commodity derivatives contracts primarily relate to purchases of natural gas and ammonia. We use forward purchase contracts, swaps, and three-way collars to reduce these risks. The use of these financial instruments reduces the exposure of these risks with the intent to reduce our risk and variability.

Freight Derivatives⁴ – We enter into derivative contracts to reduce the risk of price fluctuation in the purchases of our freight. We use forward freight agreements to reduce the risk and variability of related price changes in freight. The use of these financial instruments reduces the exposure of these risks with the intent to reduce our risk and variability.

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

(in millions of Units)

Instrument	Derivative Category	Unit of Measure	May 31, 2009
Foreign Currency Derivatives	Foreign Currency	U.S. dollars	1,024.2
Natural Gas Derivatives	Commodity	MMbtu	36.6
Ocean Freight Contracts	Freight	Tonnes	0.7
Ocean Freight Derivatives	Freight	U.S. dollars	3.0

Our foreign currency exchange contracts, commodities contracts, and freight contracts do not qualify for hedge accounting under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (“SFAS 133”); therefore, unrealized gains and losses are recorded in the Consolidated Statements of Earnings. Unrealized gains and losses on foreign currency exchange contracts related to inventory purchases, commodities contracts and certain forward freight agreements are recorded in cost of goods sold in

the Consolidated Statements of Earnings. Unrealized gain or (loss) on foreign currency exchange contracts used to hedge changes in our financial position are included in the foreign currency transaction loss line in the Consolidated Statements of Earnings. Below is a table that shows the unrealized gains and (losses) on derivative instruments related to foreign currency exchange contracts, commodities contracts, and freight:

(in millions)

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

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

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

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

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

Credit-Risk-Related Contingent Features

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

Counterparty Credit Risk

We enter into foreign exchange and certain commodity derivatives, primarily with a diversified group of highly rated counterparties. We continually monitor our positions and the credit ratings of the counterparties involved and limit the amount of credit exposure to any one party. While we may be exposed to potential losses due to the credit risk of non-performance by these counterparties, losses are not anticipated. We closely monitor the credit risk associated with our counterparties and customers and to date have not experienced material losses.

16. FAIR VALUE MEASUREMENTS

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

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

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

Fair Value Hierarchy

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

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

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

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

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

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

Commodity Derivatives – The commodity contracts primarily relate to natural gas and ammonia. The commodity derivative instruments that we currently use are forward purchase contracts, swaps, and three-way collars. The natural gas contracts settle using NYMEX futures or AECO price indexes, which represent fair value at any given time. The contracts' maturities are for future months and settlements are scheduled to coincide with anticipated gas purchases during those future periods. Quoted market prices from NYMEX and AECO are used to determine the fair value of these instruments.

These market prices are adjusted by a forward yield curve and are classified within Level 2. The ammonia contracts settle using exchange-quoted prices. Quoted market prices are used to determine the fair value of these instruments; however, the market for this commodity is thinly traded exchanges and is not considered to create a liquid market in which quoted prices are readily available and we therefore classify these contracts in Level 2. Changes in the fair market values of these contracts are recognized in the Consolidated Financial Statements as a component of cost of goods sold.

Freight Derivatives – The freight derivatives that we currently use are forward freight agreements. We estimate fair market values based on exchange-quoted prices, adjusted for differences in local markets. These differences are generally valued using inputs from broker quotations. Therefore, these contracts are classified in Level 2. Certain ocean freight derivatives are traded in less active markets with less availability of pricing information and require internally-developed inputs that might not be observable in or corroborated by the market. These contracts are classified within Level 3. Changes in the fair market values of these contracts are recognized in the Consolidated Financial Statements as a component of cost of goods sold.

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

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

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

Financial Instruments

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

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

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

17. GUARANTEES AND INDEMNITIES

We enter into various contracts that include indemnification and guarantee provisions as a routine part of our business activities. Examples of these contracts include asset purchase and sale agreements, surety bonds, financial assurances to regulatory agencies in connection with reclamation and closure obligations, commodity sale and purchase agreements, and other types of contractual agreements with vendors and other third parties. These agreements indemnify counterparties for matters such as reclamation and closure obligations, tax liabilities, environmental liabilities, litigation and other matters, as well as breaches by Mosaic of representations, warranties and covenants set forth in these agreements. In many cases, we are essentially guaranteeing our own performance, in which case the guarantees do not fall within the scope of FASB Interpretation No. 45 (“FIN 45”), *Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*.

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

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

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

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

18. PENSION PLANS AND OTHER BENEFITS

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

Defined Benefit Plans

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

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

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

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

Postretirement Medical Benefit Plans

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

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

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

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

Accounting for Pension and Postretirement Plans

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

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

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

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

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

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

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

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

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

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

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

U.S. Pension Plan Assets	2009 Target	Plan Assets as of May 31, 2009	2008 Target	Plan Assets as of May 31, 2008
Asset Category				
Equity securities	20.0%	19.5%	70.0%	69.3%
Debt securities	75.0%	75.0%	25.0%	24.9%
Real estate	5.0%	5.0%	5.0%	5.8%
Other	–	0.5%	–	–
Total	100.0%	100.0%	100.0%	100.0%

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

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

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

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

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

The approach used to develop the expected long-term rate of return on plan assets combines an analysis of historical performance, the drivers of investment performance by asset class, and current economic fundamentals. For returns, we utilized a

building block approach starting with inflation expectations and added an expected real return to arrive at a long-term nominal expected return for each asset class. Long-term expected real returns are derived in the context of future expectations of the U.S. Treasury real yield curve.

The assumptions used to determine benefit obligations for fiscal 2009 are based on a measurement date of May 31 while the fiscal 2008 and 2007 assumptions are based on a measurement date of February 28.

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

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

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

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

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

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

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

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

Defined Contribution Plans

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

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

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

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

19. SHARE-BASED PAYMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20. COMMITMENTS

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

We have long-term agreements for the purchase of sulfur which is used in the production of phosphoric acid. We also have long-term agreements for the purchase of ammonia which is used with phosphoric acid to produce DAP and monoammonium phosphate fertilizer (“MAP”) in our Phosphates business. We have long-term agreements for the purchase of natural gas, which is a significant raw material used in the solution mining process in our Potash segment. We also have long-term agreements for the purchase of natural gas for use in our phosphate concentrates plants. The commitments included in the table below are based on market prices as of May 31, 2009.

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

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

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

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

Under a long-term contract (the “*PCS Tolling Contract*”) with Potash Corporation of Saskatchewan Inc. (“*PCS*”), our wholly-owned subsidiary, Mosaic Potash Esterhazy Limited Partnership (“*Mosaic Esterhazy*”), mines and refines PCS’ potash reserves at our Esterhazy

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

Under a long-term contract that extends through 2011 with a third party customer, we supply approximately 0.2 million tonnes of potash annually. In addition, we supply approximately 0.2 million tonnes of salt on an annual basis to a customer under a long-term contract that extends through 2013. As of the date of the Combination, these contracts reflected below market prices and we recorded a \$123.7 million fair value adjustment that is being amortized into sales over the life of the contracts. For fiscal 2009, 2008 and 2007, the amortization of the fair value adjustment increased net sales by \$17.2 million, \$19.4 million and \$16.2 million, respectively.

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

21. CONTINGENCIES

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

Environmental Matters

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

Hutchinson, Kansas Sinkhole. In January 2005, a sinkhole developed at a former IMC salt solution mining and steam extraction facility in Hutchinson, Kansas. Under Kansas Department of Health and Environment (“KDHE”) oversight, we completed measures to fill and stabilize the sinkhole and provided KDHE information regarding our continuous monitoring of the sinkhole as well as steps taken to ensure its long term stability. Subsequent to this event, KDHE requested that we investigate the potential for subsidence or collapse at approximately 30 former salt solution mining wells at the property, some of which are in the vicinity of nearby residential properties, railroads and roadways. In response to this request, with KDHE approval, we conducted sonar and geophysical assessments of five former wells in the summer of 2008. We are currently negotiating an agreement with KDHE and the City of Hutchinson with respect to measures to address risks presented by the former wells. We do

not expect that the costs related to these matters will have a material impact on our business or financial condition in excess of amounts accrued. If further subsidence were to occur at the existing sinkhole, additional sinkholes were to develop, KDHE does not accept our proposed measures to address risks presented by the former wells or further investigation at the site reveals additional subsidence or sinkhole risk, it is possible that we could be subject to additional claims from governmental agencies or other third parties that could exceed established accruals, and it is possible that the amount of any such claims could be material.

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

We have received Notices of Violation (“NOVs”) from the EPA related to the handling of hazardous waste at our Riverview (September 2005), New Wales (October 2005), Mulberry (June 2006) and Bartow (September 2006) facilities in Florida. The EPA has issued similar NOVs to our competitors and has referred the NOVs to the U.S. Department of Justice (“DOJ”) for further enforcement. We currently are engaged in discussions with the DOJ

and EPA. We believe we have substantial defenses to most of the allegations in the NOV, including but not limited to, previous EPA regulatory interpretations and inspection reports finding that the process water handling practices in question comply with the requirements of the exemption for extraction and beneficiation wastes. We have met several times with the DOJ and EPA to discuss potential resolutions to this matter. In addition to seeking various changes to our operations, the DOJ and EPA have expressed a desire to obtain financial assurances for the closure of phosphogypsum management systems which may be significantly more stringent than current requirements in Florida or Louisiana. We intend to evaluate various alternatives and continue discussions to determine if a negotiated resolution can be reached. If it cannot, we intend to vigorously defend these matters in any enforcement actions that may be pursued. Should we fail in our defense in any enforcement actions, we could incur substantial capital and operating expenses to modify our facilities and operating practices relating to the handling of process water, and we could also be required to pay significant civil penalties.

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

EPA Clean Air Act Initiative. In August 2008, we attended a meeting with the EPA and DOJ at which we reiterated our responses to an August 2006 request from EPA under Section 114 of the Federal Clean Air Act for information and copies of records relating to compliance with National Emission Standards for Hazardous Air Pollutants for hydrogen fluoride (the "NESHAP") at our Riverview, New Wales, Bartow, South Pierce and Green Bay facilities in Florida. We cannot predict at this time whether the EPA and DOJ will initiate an enforcement action over this matter, what its scope would be, or what the range of outcomes of such a potential enforcement action might be.

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

this matter, what its scope would be, or what the range of outcomes of such a potential enforcement action might be.

Financial Assurances for Phosphogypsum Management Systems in Florida and Louisiana. In Florida and Louisiana, we are required to comply with financial assurance regulatory requirements to provide comfort to the government that sufficient funds will be available for the ultimate closure and post-closure care of our phosphogypsum management systems. The estimated discounted net present value of our liabilities for such closure and post-closure care are included in our AROs, which are discussed in Note 14 of our Consolidated Financial Statements. In contrast, the financial assurance requirements in Florida and Louisiana are based on the undiscounted amounts of our liabilities in the event we were no longer a going concern. These financial assurance requirements can be satisfied without the need for any expenditure of corporate funds to the extent our financial statements meet certain balance sheet and income statement financial strength tests. In the event that we were unable to satisfy these financial strength tests in the future, we must utilize alternative methods of complying with the financial assurance requirements or could be subject to enforcement proceedings brought by relevant governmental agencies. Potential alternative methods of compliance include negotiating a consent decree that imposes alternative financial assurance or other conditions or, alternatively, providing credit support in the form of cash escrows, surety bonds from insurance companies, letters of credit from banks, or other forms of financial instruments or collateral to satisfy the financial assurance requirements.

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

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

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

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

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

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

Phosphate Mine Permitting in Florida

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

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

On February 17, 2009, Sierra Club, Inc. (the "**Sierra Club**"), Joseph Rehill, John Korvick, Mary Sheppard and Manasota-88, Inc. ("**Manasota-88**") brought two lawsuits in the Manatee County Circuit Court alleging procedural defects by the Manatee County Board in its approval of the Settlement Agreement and the Manatee County Board's subsequent approvals that permit us to begin mining the Altman Extension. One lawsuit is against Manatee County and seeks a writ of certiorari invalidating the Manatee County Board approvals. The other suit names both Manatee County and Mosaic Fertilizer, LLC ("**Mosaic Fertilizer**") and seeks a declaratory judgment that the Settlement Agreement and the Manatee County Board approvals are null and void. We believe each of these suits is without merit and we intend to defend vigorously against them. We do not anticipate that these suits will adversely affect our future mining plans for the Altman Extension.

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

The Hardee County Extension of the South Fort Meade Mine.

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

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

Potash Antitrust Litigation

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

United States directly from the defendants during the period July 1, 2003 through the date of the amended consolidated complaint ("*Class Period*"). The amended consolidated complaint generally alleges, among other matters, that the defendants: conspired to fix, raise, maintain and stabilize the price at which potash was sold in the United States; exchanged information about prices, capacity, sales volume and demand; allocated market shares, customers and volumes to be sold; coordinated on output, including the limitation of production; and fraudulently concealed their anticompetitive conduct. The plaintiffs in the Direct Purchaser Cases generally seek injunctive relief and to recover unspecified amounts of damages, including treble damages, arising from defendants' alleged combination or conspiracy to unreasonably restrain trade and commerce in violation of Section 1 of the Sherman Act. The plaintiffs also seek costs of suit, reasonable attorneys' fees and pre-judgment and post-judgment interest.

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

The amended consolidated complaint in the Indirect Purchaser Cases was filed on behalf of the named plaintiffs and a purported class of all persons who indirectly purchased potash products for end use during the Class Period in the United States, any of 20 specified states and the District of Columbia defined in the consolidated complaint as "*Indirect Purchaser States*," any of 22 specified states and the District of Columbia defined in the consolidated complaint as "*Consumer Fraud States*," and/or 48 states and the District of Columbia and Puerto Rico defined in the consolidated complaint as "*Unjust Enrichment States*." The plaintiffs generally seek injunctive relief and to recover unspecified amounts of damages, including treble damages for violations of the antitrust laws of the Indirect Purchaser States where allowed by law, arising from defendants' alleged continuing agreement, understanding, contract, combination and conspiracy in restraint of trade and commerce in violation of Section 1 of the Sherman Act, Section 16 of the Clayton Act, the antitrust, or unfair competition laws of the Indirect Purchaser States and the consumer protection and unfair competition laws of

the Consumer Fraud States, as well as restitution or disgorgement of profits, damages for alleged common law restraint of trade in New York, and any penalties, punitive or exemplary damages and/or full consideration where permitted by applicable state law. The plaintiffs also seek costs of suit and reasonable attorneys' fees where allowed by law and pre-judgment and post-judgment interest.

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

MicroEssentials Patent Lawsuit

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

Esterhazy Potash Mine Tolling Contract Disputes

On or about May 27, 2009, PCS filed a lawsuit against Mosaic Esterhazy in the Queen's Bench Judicial Centre of Saskatoon, Saskatchewan, following our notice, described more fully in Note 20, that based on our present calculations, we believe that our obligation to supply potash under the PCS Tolling Contract will expire by August 30, 2010 and informing PCS that we will cease delivery of product following that date. In general terms, the lawsuit contests our basis and timing for termination of the PCS Tolling Contract; asserts that PCS' rights to potash under the contract will not expire until at least 2012, and potentially later at current delivery rates; alleges that our notice is a threatened repudiation of the contract and would convert PCS' reserves to our use; and asserts that the value of the potash at issue exceeds \$1 billion. The lawsuit also alleges that we breached our contractual obligation to engage in good mining practices, resulting in saturated brine inflows in portions of our Esterhazy mine, which allegedly reduced the extraction ratio of potash from the mine. The lawsuit further claims that if our

Esterhazy mine were to flood, we could convert the mine to a solution mine and that under such circumstances we would be able to extract a greater portion of the reserves and that PCS would accordingly be entitled to additional potash under the PCS Tolling Contract. The lawsuit requests orders from the court declaring the amount of potash that PCS has a right to receive under the PCS Tolling Contract; that we deliver that amount of potash to PCS on a timely basis in accordance with the PCS Tolling Contract; restraining us from ceasing delivery of potash to PCS until a final order is issued by the court; and awarding damages to PCS for any conversion of PCS' reserves and our alleged threatened repudiation of the contract, as well as costs, pre- and post-judgment interest and such further relief as the court may allow.

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

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

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

Other Claims

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

22. RELATED PARTY TRANSACTIONS

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

Approval of Transactions with Cargill

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

On December 11, 2008, our Board, on the recommendation of the Special Transactions Committee and our Corporate Governance and Nominating Committee, replaced the special approval requirements for transactions, arrangements or agreements between Cargill and us that had been established under the expired Investor Rights Agreement with new special approval requirements under which responsibility for approval of these transactions has been transferred to a subcommittee of the Corporate Governance and Nominating Committee comprised solely of independent directors in accordance with procedures it establishes. The subcommittee

has delegated approval authority for certain transactions with Cargill to the internal management committee in accordance with our Related Person Transactions Approval Policy. The internal management committee is required to report its activities to the subcommittee of the Corporate Governance and Nominating Committee on a periodic basis.

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

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

Master Transition Services Agreement and Amendment; Master Services Agreement

In connection with the combination between IMC and the fertilizer businesses of Cargill, we and Cargill entered into a master transition services agreement. Pursuant to the master transition services agreement, Cargill agreed to provide us with various transition-related services pursuant to individual work orders negotiated with us. We have entered into individual work orders for services in various countries, including Argentina, Australia, Brazil, Canada, Chile, China, Hong Kong, India, Mexico, Thailand, and the United States. Each of these work orders has been approved by the Special Transactions Committee or our internal management committee. Generally speaking, each work order is related to services provided by Cargill for its fertilizer businesses prior to the combination which were continued for our benefit post-combination. Services provided by Cargill include, but are not limited to, accounting, accounts payable and receivable processing, certain financial reporting, financial service center, graphics, human resources, information technology, insurance, legal, license and tonnage reporting, mail services, maintenance, marketing, office services, procurement, public relations, records, strategy and business development, tax, travel services and expense reporting, treasury, and other administrative and functional related services. The services performed may be modified by our mutual agreement with Cargill. The initial master transition services agreement with Cargill expired in October 2005 and was renewed through October 2006. In October 2006 Cargill agreed to continue to provide certain services to us and the parties entered into a master services agreement on terms similar to the master transition services agreement. We have renewed several work orders under which Cargill had been performing services on a transitional basis. Each of these work orders has been approved by the Special Transactions Committee or by our internal management committee.

Fertilizer Supply Agreement (U.S.)

We sell fertilizer products to Cargill's AgHorizons business unit which it resells through its retail fertilizer stores in the U.S. Under a fertilizer supply agreement, we sell nitrogen, phosphate and potash products at prices set forth in price lists that we issue from time to time to our customers. In addition, we may sell to Cargill certain products produced by third parties. We have also agreed to make available to Cargill AgHorizons, on regular commercial terms, new fertilizer products and agronomic services that are developed. Cargill AgHorizons is not obligated to purchase any minimum volume of fertilizer products and we are under no obligation to supply such products unless the parties agree to specific volumes and prices on a transaction-by-transaction basis. Our supply agreement is in effect until terminated by either party on three months written notice.

Fertilizer Supply Agreement (Canada)

We sell fertilizer products produced to a Canadian subsidiary of Cargill. Cargill purchases the substantial majority of its Canadian fertilizer requirements from us for its retail fertilizer stores in Western Canada. The agreement provides that we will sell nitrogen, phosphate and potash products at prices set forth in price lists we issue from time to time to our customers. In addition, we may sell Cargill certain products produced by third parties for a per tonne sourcing fee. In exchange for Cargill's commitment to purchase the substantial majority of its fertilizer needs from us and because it is one of our largest customers in Canada, we have also agreed to make new fertilizer products and agronomic services, to the extent marketed by us, available to Cargill on regular commercial terms. In addition, because of the volume of purchases by Cargill, we have agreed to pay a per tonne rebate at the end of each contract year if annual purchase volumes exceed certain thresholds. This agreement is in effect until June 30, 2010.

Phosphate Supply Agreement

We have a supply agreement with Cargill's subsidiary in Argentina for phosphate-based fertilizers. Cargill has no obligation to purchase any minimum quantities of fertilizer products from us and we have no obligation to supply any minimum quantities of products to Cargill. This agreement has been renewed through May 31, 2009.

Spot Fertilizer Sales

From time to time, we make spot fertilizer sales to Cargill's subsidiaries in Paraguay and Bolivia. We are under no obligation to sell fertilizer to Cargill under this relationship. This agreement is in effect until December 22, 2009.

Feed Supply Agreements and Renewals

We have various agreements relating to the supply of feed grade phosphate, potash and urea products to Cargill's animal nutrition, grain and oilseeds, and poultry businesses. The sales are generally on a spot basis in Bolivia, Brazil, Canada, Indonesia, Malaysia, Mexico, Philippines, Taiwan, Thailand, United States, Vietnam, and Venezuela. Cargill has no obligation to purchase any minimum of feed grade products from us and we have no obligation to supply any minimum amount of feed grade products to Cargill. These supply agreements are in effect until May 31, 2010.

Ocean Transportation Agreement

We have a non-exclusive agreement with Cargill's Ocean Transportation Division to perform various freight related services for us. Freight services include, but are not limited to: (i) vessel and owner screening, (ii) freight rate quotes in specified routes and at specified times, (iii) advice on market opportunities and freight strategies for the shipment of our fertilizer products to international locations, and (iv) the execution of various operational tasks associated with the international shipment of our products. We pay a fee (1) in the case of voyage charters, an address commission calculated as a percentage of the voyage freight value, (2) in the case of time charters, an address commission calculated as a percentage of the time-charter hire, and (3) in the case of forward freight agreements, a commission calculated as a percentage of the forward freight agreement notional value. Our agreement provides that the parties may renegotiate fees during its term, and the agreement is in effect until either party terminates it by providing 60 days prior written notice to the other party.

Services Agreements for Logistics and General Services

Our Argentine subsidiary has entered into services agreements with Cargill's Argentine subsidiary, which originates fertilizer and sells crop nutrients to farmers from its country stations in Argentina. Under the terms of the services agreement, we supply services related to fertilizer origination, administration, storage and dispatch. This agreement is in effect until May 31, 2009, unless terminated earlier by the parties and will automatically renew for an additional two-year term unless terminated by either party at least 90 days prior to the expiration of the original term. We have also agreed to make available to Cargill 50,000 tonnes of storage space per month as well as to a daily dispatch of 30 trucks for fertilizer shipments.

Barter Agreements

We have a barter relationship with Cargill's grain and oilseed business in Brazil. Cargill's Brazilian subsidiary, Mosaic and Brazilian farmers may, from time to time, enter into commercial arrangements pursuant to which farmers agree to forward delivery grain contracts with Cargill, and in turn, use cash generated from the transactions to purchase fertilizer from us. Similarly, in Argentina, we enter into agreements with farmers who purchase fertilizer products from us and agree to sell their grain to us upon harvest. Upon receipt of the grain, we have agreements to sell it to Cargill's grain and oilseed business in Argentina. The number of barter transactions with Cargill's subsidiaries varies from year to year. The Brazil agreement remains in effect until either party terminates it by providing 90 days' prior written notice to the other party. In Argentina, the agreement is in effect until May 31, 2010.

Offer of Single Superphosphate

We have a supply agreement with Cargill's subsidiary in Argentina for single superphosphate. Cargill has no obligation to purchase any minimum quantities of fertilizer products from us and we have no obligation to supply any minimum quantities of products to Cargill. This agreement has been renewed through May 31, 2009.

Fertilizer Supply Agreement

On July 18, 2008, Phosphate Chemicals Export Association, Inc. ("PhosChem"), a consolidated subsidiary of ours, and of which one of our subsidiaries is a member, and Cargill S.A.C.I. entered into a supply agreement for sales of fertilizer products to Cargill in Argentina.

Miscellaneous Co-Location Agreements

We have various office sharing and sublease arrangements with Cargill in various geographic locations, including with respect to certain offices in Argentina, Brazil, China and the United States.

Miscellaneous

There are various other agreements between us and Cargill which we believe are not significant to us.

Summary

As of May 31, 2009 and 2008, the net amount due (to) from Cargill related to the above transactions amounted to (\$3.1) million and \$12.5 million, respectively.

Cargill made net equity (distributions) contributions of \$(0.6) million, \$4.6 million and \$2.3 million to us during fiscal 2009, 2008 and 2007, respectively.

In summary, the Consolidated Statements of Earnings included the following transactions with Cargill:

<i>(in millions)</i>	Years Ended May 31,		
	2009	2008	2007
Transactions with Cargill included in net sales	\$286.3	\$299.1	\$180.5
Transactions with Cargill included in cost of goods sold	173.1	228.0	71.8
Transactions with Cargill included in selling, general and administrative expenses	11.6	16.1	11.4
Interest (income) expense (received from) paid to Cargill	(0.8)	0.2	(0.6)

We have also entered into transactions and agreements with certain of our non-consolidated companies. As of May 31, 2009 and 2008, the net amount due from our non-consolidated companies totaled \$220.0 million and \$191.4 million, respectively.

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

<i>(in millions)</i>	Years Ended May 31,		
	2009	2008	2007
Transactions with non-consolidated companies included in net sales	\$1,315.9	\$871.0	\$455.7
Transactions with non-consolidated companies included in cost of goods sold	384.8	327.8	211.7

23. BUSINESS SEGMENTS

The reportable segments are determined by management based upon factors such as products and services, production processes, technologies, market dynamics, and for which segment financial information is available for our chief operating decision maker.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2. We evaluate performance based on the operating earnings of the respective business segments, which includes certain allocations of corporate selling, general and administrative expenses. The segment results may not represent the actual results that would be expected if they were independent, standalone businesses.

For a description of the business segments, see Note 1. The Corporate, Eliminations and Other segment primarily represents activities associated with our Nitrogen distribution business, unallocated corporate office activities and eliminations. All intersegment sales are eliminated within the Corporate, Eliminations and Other segment.

Segment information for fiscal 2009, 2008 and 2007 is as follows:

<i>(in millions)</i>	Phosphates	Potash	Offshore	Corporate, Eliminations and Other	Total
2009					
Net sales to external customers	\$5,064.4	\$2,759.2	\$2,340.9	\$ 133.5	\$10,298.0
Intersegment net sales	716.2	58.0	8.3	(782.5)	–
Net sales	5,780.6	2,817.2	2,349.2	(649.0)	10,298.0
Gross margin	1,273.6	1,505.9	(105.3)	92.5	2,766.7
Operating earnings (loss)	1,088.0	1,409.9	(191.4)	94.4	2,400.9
Capital expenditures	408.3	343.6	22.0	7.2	781.1
Depreciation, depletion and amortization expense	214.4	119.4	16.6	10.1	360.5
Equity in net earnings of nonconsolidated companies	2.3	–	66.0	31.8	100.1
2008					
Net sales to external customers	\$5,259.4	\$2,194.5	\$2,216.8	\$ 141.9	\$ 9,812.6
Intersegment net sales	446.8	56.7	7.0	(510.5)	–
Net sales	5,706.2	2,251.2	2,223.8	(368.6)	9,812.6
Gross margin	2,081.1	853.3	277.9	(51.8)	3,160.5
Operating earnings (loss)	1,897.1	798.6	175.4	(64.4)	2,806.7
Capital expenditures	201.2	149.5	18.2	3.2	372.1
Depreciation, depletion and amortization expense	202.3	128.5	17.8	9.5	358.1
Equity in net earnings of nonconsolidated companies	1.8	–	55.0	67.2	124.0
2007					
Net sales to external customers	\$2,910.7	\$1,411.9	\$1,348.3	\$ 102.8	\$ 5,773.7
Intersegment net sales	293.2	67.0	7.3	(367.5)	–
Net sales	3,203.9	1,478.9	1,355.6	(264.7)	5,773.7
Gross margin	431.7	413.9	78.7	1.8	926.1
Operating earnings (loss)	311.2	368.2	(1.0)	(62.1)	616.3
Capital expenditures	136.2	135.1	11.2	9.6	292.1
Depreciation, depletion and amortization expense	185.4	119.1	15.6	9.3	329.4
Equity in net earnings of nonconsolidated companies	2.3	–	16.5	22.5	41.3
Total assets as of May 31, 2009	\$5,310.4	\$8,298.3	\$1,185.0	\$(2,117.5)	\$12,676.2
Total assets as of May 31, 2008	4,266.8	7,026.4	1,794.3	(1,267.7)	11,819.8

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

<i>(in millions)</i>	Years Ended May 31,		
	2009	2008	2007
Net sales^(a):			
India	\$ 2,275.9	\$1,412.8	\$ 554.4
Brazil	1,435.9	1,663.1	860.3
Canpotex ^(b)	1,283.3	813.3	397.7
Canada	578.8	511.7	291.5
Australia	290.3	386.7	193.5
Japan	227.6	303.3	120.4
Argentina	188.3	239.3	180.0
Chile	173.1	201.7	108.6
Thailand	146.5	179.5	88.7
Mexico	143.9	202.2	180.3
Colombia	123.2	147.1	86.4
China	97.9	96.4	241.7
Ukraine	0.2	5.6	180.0
Pakistan	—	—	85.0
Other	236.0	388.9	290.9
Total foreign countries	7,200.9	6,551.6	3,859.4
United States	3,097.1	3,261.0	1,914.3
Consolidated	\$10,298.0	\$9,812.6	\$5,773.7

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

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

<i>(in millions)</i>	May 31,	
	2009	2008
Long-lived assets:		
Canada	\$3,235.0	\$3,281.9
Brazil	449.2	487.4
Other	66.7	66.4
Total foreign countries	3,750.9	3,835.7
United States	3,355.2	3,174.6
Consolidated	\$7,106.1	\$7,010.3

Net sales by product type for fiscal 2009, 2008 and 2007 are as follows:

<i>(in millions)</i>	Years Ended May 31,		
	2009	2008	2007
Sales by product type:			
Phosphate Crop Nutrients	\$ 4,908.5	\$4,996.4	\$2,794.8
Potash Crop Nutrients	2,489.5	2,031.6	1,295.0
Crop Nutrient Blends	1,550.1	1,635.6	840.7
Other	1,349.9	1,149.0	843.2
	\$10,298.0	\$9,812.6	\$5,773.7