

CF Industries Holdings, Inc.  
Form 10-Q  
August 06, 2015  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q  
(Mark One)

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-32597

CF INDUSTRIES HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

20-2697511

(I.R.S. Employer  
Identification No.)

4 Parkway North, Suite 400

Deerfield, Illinois

(Address of principal executive offices)

(847) 405-2400

(Registrant's telephone number, including area code)

60015

(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Non-accelerated filer

Large accelerated filer

Accelerated filer

(Do not check if a  
smaller reporting  
company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

233,047,785 shares of the registrant's common stock, \$0.01 par value per share, were outstanding at July 31, 2015.

Table of Contents

TABLE OF CONTENTS

<u>PART I.</u>	<u>Financial Information</u>	
	<u>Item 1.</u>	<u>Financial Statements (unaudited)</u>
		<u>Consolidated Statements of Operations</u> 1
		<u>Consolidated Statements of Comprehensive Income</u> 2
		<u>Consolidated Balance Sheets</u> 3
		<u>Consolidated Statements of Equity</u> 4
		<u>Consolidated Statements of Cash Flows</u> 5
		<u>Notes to Unaudited Consolidated Financial Statements</u> 6
	<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 38
	<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 61
	<u>Item 4.</u>	<u>Controls and Procedures</u> 62
<u>PART II.</u>	<u>Other Information</u>	62
	<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 62
	<u>Item 6.</u>	<u>Exhibits</u> 62

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Table of Contents

## CF INDUSTRIES HOLDINGS, INC.

## PART I—FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	(in millions, except per share amounts)			
Net sales	\$1,311.5	\$1,472.7	\$2,265.1	\$2,605.3
Cost of sales	625.6	882.4	1,163.4	1,572.2
Gross margin	685.9	590.3	1,101.7	1,033.1
Selling, general and administrative expenses	37.9	39.5	78.0	81.2
Other operating—net	22.4	21.6	40.6	15.8
Total other operating costs and expenses	60.3	61.1	118.6	97.0
Gain on sale of phosphate business	—	—	—	747.1
Equity in earnings of operating affiliates	4.7	2.1	14.4	17.9
Operating earnings	630.3	531.3	997.5	1,701.1
Interest expense	29.0	50.7	62.9	90.7
Interest income	(0.2	) (0.3	) (0.6	) (0.5
Other non-operating—net	0.5	0.7	0.5	0.6
Earnings before income taxes and equity in (losses) earnings of non-operating affiliates	601.0	480.2	934.7	1,610.3
Income tax provision	200.7	157.2	313.4	570.4
Equity in (losses) earnings of non-operating affiliates—net of taxes	(35.5	) 1.7	(20.6	) 5.2
Net earnings	364.8	324.7	600.7	1,045.1
Less: Net earnings attributable to noncontrolling interest	12.9	12.1	18.2	24.0
Net earnings attributable to common stockholders	\$351.9	\$312.6	\$582.5	\$1,021.1
Net earnings per share attributable to common stockholders <sup>(1)</sup> :				
Basic	\$1.50	\$1.22	\$2.45	\$3.86
Diluted	\$1.49	\$1.22	\$2.44	\$3.85
Weighted-average common shares outstanding <sup>(1)</sup> :				
Basic	235.2	255.3	237.4	264.5
Diluted	236.1	256.0	238.3	265.3
Dividends declared per common share <sup>(1)</sup>	\$0.30	\$0.20	\$0.60	\$0.40

Share and per share amounts have been retroactively restated for all prior periods presented to reflect the <sup>(1)</sup> five-for-one split of the Company's common stock effected in the form of a stock dividend that was distributed on June 17, 2015.

See Accompanying Notes to Unaudited Consolidated Financial Statements.

Table of Contents

CF INDUSTRIES HOLDINGS, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	(in millions)			
Net earnings	\$364.8	\$324.7	\$600.7	\$1,045.1
Other comprehensive income (loss):				
Foreign currency translation adjustment—net of taxes	36.0	30.3	(50.3	) 13.4
Unrealized gain on securities—net of taxes	—	0.2	—	0.3
Defined benefit plans—net of taxes	(1.5	) (0.9	) 4.3	6.5
	34.5	29.6	(46.0	) 20.2
Comprehensive income	399.3	354.3	554.7	1,065.3
Less: Comprehensive income attributable to noncontrolling interest	12.9	12.1	18.2	24.0
Comprehensive income attributable to common stockholders	\$386.4	\$342.2	\$536.5	\$1,041.3

See Accompanying Notes to Unaudited Consolidated Financial Statements.

Table of ContentsCF INDUSTRIES HOLDINGS, INC.  
CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	June 30, 2015	December 31, 2014
	(in millions, except share and per share amounts)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 809.9	\$ 1,996.6
Restricted cash	54.0	86.1
Accounts receivable—net	194.9	191.5
Inventories	205.3	202.9
Deferred income taxes	53.8	84.0
Prepaid income taxes	14.7	34.8
Other current assets	33.8	18.6
Total current assets	1,366.4	2,614.5
Property, plant and equipment—net	6,465.6	5,525.8
Investments in and advances to affiliates	808.7	861.5
Goodwill	2,090.8	2,092.8
Other assets	266.9	243.6
Total assets	\$ 10,998.4	\$ 11,338.2
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 701.2	\$ 589.9
Income taxes payable	12.4	16.0
Customer advances	17.3	325.4
Other current liabilities	22.6	48.4
Total current liabilities	753.5	979.7
Long-term debt	4,592.6	4,592.5
Deferred income taxes	776.5	818.6
Other liabilities	400.0	374.9
Equity:		
Stockholders' equity:		
Preferred stock—\$0.01 par value, 50,000,000 shares authorized	—	—
Common stock—\$0.01 par value, 500,000,000 shares authorized, 2015—235,440,950 shares issued and 2014—245,904,140 shares issued	2.4	2.5
Paid-in capital <sup>(1)</sup>	1,368.0	1,413.9
Retained earnings	3,080.3	3,175.3
Treasury stock—at cost, 2015—2,033,622 shares and 2014—4,231,090 shares	(129.0)	(222.2)
Accumulated other comprehensive loss	(205.8)	(159.8)
Total stockholders' equity	4,115.9	4,209.7
Noncontrolling interest	359.9	362.8
Total equity	4,475.8	4,572.5
Total liabilities and equity	\$ 10,998.4	\$ 11,338.2

(1) December 31, 2014 amounts have been retroactively restated to reflect the five-for-one split of the Company's common stock effected in the form of a stock dividend that was distributed on June 17, 2015.

See Accompanying Notes to Unaudited Consolidated Financial Statements.

3

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Table of ContentsCF INDUSTRIES HOLDINGS, INC.  
CONSOLIDATED STATEMENTS OF EQUITY  
(Unaudited)

	Common Stockholders				Accumulated		Noncontrolling Interest	Total Equity
	\$0.01 Par Value Common Stock <sup>(1)</sup>	Treasury Stock <sup>(1)</sup>	Paid-In Capital <sup>(1)</sup>	Retained Earnings	Other Comprehensive Income (Loss)	Total Stockholders' Equity		
	(in millions, except per share amounts)							
Balance as of December 31, 2013	\$2.8	\$(201.8)	\$1,592.1	\$3,725.6	\$(42.6)	\$5,076.1	\$362.3	\$5,438.4
Net earnings	—	—	—	1,021.1	—	1,021.1	24.0	1,045.1
Other comprehensive income:								
Foreign currency translation adjustment—net of taxes	—	—	—	—	13.4	13.4	—	13.4
Unrealized net gain on securities—net of taxes	—	—	—	—	0.3	0.3	—	0.3
Defined benefit plans—net of taxes	—	—	—	—	6.5	6.5	—	6.5
Comprehensive income						1,041.3	24.0	1,065.3
Purchases of treasury stock	—	(1,550.8)	—	—	—	(1,550.8)	—	(1,550.8)
Retirement of treasury stock	(0.2)	1,150.6	(133.3)	(1,017.1)	—	—	—	—
Acquisition of treasury stock under employee stock plans	—	(1.9)	—	—	—	(1.9)	—	(1.9)
Issuance of \$0.01 par value common stock under employee stock plans	—	0.8	8.9	—	—	9.7	—	9.7
Stock-based compensation expense	—	—	9.9	—	—	9.9	—	9.9
Excess tax benefit from stock-based compensation	—	—	5.2	—	—	5.2	—	5.2
Cash dividends (\$0.40 per share)	—	—	—	(107.2)	—	(107.2)	—	(107.2)
Distributions declared to noncontrolling interest	—	—	—	—	—	—	(23.5)	(23.5)
Balance as of June 30, 2014	\$2.6	\$(603.1)	\$1,482.8	\$3,622.4	\$(22.4)	\$4,482.3	\$362.8	\$4,845.1
Balance as of December 31, 2014	\$2.5	\$(222.2)	\$1,413.9	\$3,175.3	\$(159.8)	\$4,209.7	\$362.8	\$4,572.5

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Net earnings	—	—	—	582.5	—	582.5	18.2	600.7
Other comprehensive income:								
Foreign currency translation adjustment—net of taxes	—	—	—	—	(50.3 )	(50.3 )	—	(50.3 )
Defined benefit plans—net of taxes	—	—	—	—	4.3	4.3	—	4.3
Comprehensive income						536.5	18.2	554.7
Purchases of treasury stock	—	(504.7 )	—	—	—	(504.7 )	—	(504.7 )
Retirement of treasury stock	(0.1 )	597.1	(62.0 )	(535.0 )	—	—	—	—
Acquisition of treasury stock under employee stock plans	—	(0.1 )	(0.9 )	—	—	(1.0 )	—	(1.0 )
Issuance of \$0.01 par value common stock under employee stock plans	—	0.9	7.4	—	—	8.3	—	8.3
Stock-based compensation expense	—	—	7.8	—	—	7.8	—	7.8
Excess tax benefit from stock-based compensation	—	—	1.8	—	—	1.8	—	1.8
Cash dividends (\$0.60 per share)	—	—	—	(142.5 )	—	(142.5 )	—	(142.5 )
Distributions declared to noncontrolling interest	—	—	—	—	—	—	(21.1 )	(21.1 )
Balance as of June 30, 2015	\$2.4	\$(129.0)	\$1,368.0	\$3,080.3	\$(205.8 )	\$4,115.9	\$359.9	\$4,475.8

(1) Amounts have been retroactively restated for all prior periods presented to reflect the five-for-one split of the Company's common stock effected in the form of a stock dividend that was distributed on June 17, 2015. See Accompanying Notes to Unaudited Consolidated Financial Statements.



Table of ContentsCF INDUSTRIES HOLDINGS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Six months ended	
	June 30,	
	2015	2014
	(in millions)	
Operating Activities:		
Net earnings	\$600.7	\$1,045.1
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	219.3	203.1
Deferred income taxes	(5.7)	) 1.1
Stock-based compensation expense	8.1	10.0
Excess tax benefit from stock-based compensation	(1.8)	) (5.2)
Unrealized (gain) loss on derivatives	(43.2)	) 61.4
Loss on sale of equity method investments	42.8	—
Gain on sale of phosphate business	—	(747.1)
Loss on disposal of property, plant and equipment	13.6	1.0
Undistributed earnings of affiliates—net of taxes	(16.2)	) (15.1)
Changes in:		
Accounts receivable—net	(3.7)	) (12.1)
Inventories	(8.0)	) 64.0
Accrued and prepaid income taxes	30.4	22.6
Accounts payable and accrued expenses	(33.2)	) (30.4)
Customer advances	(308.1)	) (57.2)
Other—net	3.8	14.1
Net cash provided by operating activities	498.8	555.3
Investing Activities:		
Additions to property, plant and equipment	(1,031.9)	) (685.0)
Proceeds from sale of property, plant and equipment	8.0	5.9
Proceeds from sale of equity method investment	12.8	—
Proceeds from sale of phosphate business	—	1,353.6
Deposits to restricted cash funds	—	(505.0)
Withdrawals from restricted cash funds	32.1	14.0
Other—net	(22.4)	) 16.8
Net cash (used in) provided by investing activities	(1,001.4)	) 200.3
Financing Activities:		
Proceeds from long-term borrowings	—	1,494.2
Financing fees	(2.0)	) (16.0)
Dividends paid on common stock	(142.5)	) (107.2)
Distributions to noncontrolling interest	(21.1)	) (23.5)
Purchases of treasury stock	(523.1)	) (1,591.2)
Issuances of common stock under employee stock plans	7.4	9.7
Excess tax benefit from stock-based compensation	1.8	5.2
Other—net	—	(43.0)
Net cash used in financing activities	(679.5)	) (271.8)
Effect of exchange rate changes on cash and cash equivalents	(4.6)	) (0.5)
(Decrease) increase in cash and cash equivalents	(1,186.7)	) 483.3
Cash and cash equivalents at beginning of period	1,996.6	1,710.8

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Cash and cash equivalents at end of period	\$809.9	\$2,194.1
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See Accompanying Notes to Unaudited Consolidated Financial Statements.

5

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Table of Contents

CF INDUSTRIES HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Background and Basis of Presentation

We are one of the largest manufacturers and distributors of nitrogen fertilizer and other nitrogen products in the world. Our principal customers are cooperatives, independent fertilizer distributors and industrial users. Our principal nitrogen fertilizer products are ammonia, granular urea and urea ammonium nitrate solution (UAN). Our other nitrogen products include ammonium nitrate (AN), diesel exhaust fluid (DEF), urea liquor, and aqua ammonia, which are sold primarily to our industrial customers. Our core market and distribution facilities are concentrated in the midwestern United States and other major agricultural areas of the United States and Canada. We also export nitrogen fertilizer products, primarily from our Donaldsonville, Louisiana manufacturing facility.

On May 15, 2015, the Company announced that its board of directors declared a five-for-one split of the Company's common stock to be effected in the form of a stock dividend. On June 17, 2015, stockholders of record as of the close of business on June 1, 2015 (Record Date) received four additional shares of common stock for each share of common held on the Record Date. Shares reserved under the Company's equity and incentive plans were adjusted to reflect the stock split. All share and per share data has been retroactively restated to reflect the stock split, except for the number of authorized shares of common stock. Since the par value of the common stock remained at \$0.01 per share, the recorded value for common stock has been retroactively restated to reflect the par value of total outstanding shares with a corresponding decrease to paid in capital.

Prior to March 17, 2014, we manufactured and distributed phosphate fertilizer products. Our principal phosphate products were diammonium phosphate (DAP) and monoammonium phosphate (MAP). On March 17, 2014, we completed the sale of our phosphate mining and manufacturing business (the "Transaction"), which was located in Florida, to The Mosaic Company (Mosaic) for approximately \$1.4 billion in cash. The Transaction followed the terms of the definitive agreement executed in October 2013. The accounts receivable and accounts payable pertaining to the phosphate mining and manufacturing business and certain phosphate inventory held in distribution facilities were not sold to Mosaic in the Transaction and were settled in the ordinary course.

Upon closing the Transaction, we began to supply Mosaic with ammonia produced by our Point Lisas Nitrogen Limited (PLNL) joint venture. The contract to supply ammonia to Mosaic from our PLNL joint venture represents the continuation of a supply practice that previously existed between our former phosphate mining and manufacturing business and other operations of the Company. Prior to March 17, 2014, PLNL sold ammonia to us for use in the phosphate business and the cost was included in our production costs in the phosphate segment. Subsequent to the sale of the phosphate business, we now sell the PLNL-sourced ammonia to Mosaic. The revenue from these sales to Mosaic and the costs to purchase the ammonia from PLNL are now included in our ammonia segment. Our 50% share of the operating results of our PLNL joint venture continues to be included in our equity in (losses) earnings of operating affiliates in our consolidated statements of operations. Because of the significance of this continuing supply practice, in accordance with U.S. generally accepted accounting principles (GAAP), the phosphate mining and manufacturing business is not reported as discontinued operations in our consolidated statements of operations. See Note 3—Phosphate Business Disposition for additional information.

In the third quarter of 2014, we completed certain changes to our reporting structures and as a result, our reporting segments increased to the following five segments: ammonia, granular urea, UAN, other, and phosphate. The phosphate segment reflects the reported results of the phosphate business through March 17, 2014, plus the continuing sales of the phosphate inventory in the distribution network after March 17, 2014. The remaining phosphate inventory was sold in the second quarter of 2014; therefore, the phosphate segment does not have operating results subsequent to that quarter. The phosphate segment will continue to be included until the reporting of comparable period phosphate results ceases. Historical financial results have been restated to reflect the new segment structure on a comparable basis. See Note 18—Segment Disclosures for additional information.

The accompanying unaudited interim consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements for the year ended December 31, 2014, in accordance with U.S. GAAP for interim financial reporting. In the opinion of management, these statements reflect all adjustments, consisting only of

normal and recurring adjustments that are necessary for the fair representation of the information for the periods presented. The accompanying unaudited interim consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Operating results for any period presented apply to that period only and are not necessarily indicative of results for any future period.

## Table of Contents

The accompanying unaudited interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements and related disclosures included in our 2014 Annual Report on Form 10-K filed with the SEC on February 26, 2015. The preparation of the unaudited interim consolidated financial statements requires us to make use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the unaudited consolidated financial statements and the reported revenues and expenses for the periods presented. Significant estimates and assumptions are used for, but are not limited to, net realizable value of inventories, environmental remediation liabilities, environmental and litigation contingencies, the cost of customer incentives, useful lives of property and identifiable intangible assets, the assumptions used in the evaluation of potential impairments of property, investments, identifiable intangible assets and goodwill, income tax and valuation reserves, allowances for doubtful accounts receivable, the measurement of the fair values of investments for which markets are not active, assumptions used in the determination of the funded status and annual expense of pension and postretirement employee benefit plans and the assumptions used in the valuation of stock-based compensation awards granted to employees.

All references to "CF Holdings," "the Company," "we," "us" and "our" refer to CF Industries Holdings, Inc. and its subsidiaries, except where the context makes clear that the reference is only to CF Industries Holdings, Inc. itself and not its subsidiaries. All references to "CF Industries" refer to CF Industries, Inc., a 100% owned subsidiary of CF Industries Holdings, Inc.

### 2. New Accounting Standards

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-05, Customer's Accounting for Fees Paid in a Cloud Computing Arrangement (an update to Subtopic 350-40, Intangibles—Goodwill and Other—Internal-Use Software), which provides guidance on accounting for cloud computing arrangements. Under this ASU, if a cloud computing arrangement includes a software license, then the customer should account for the license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the arrangement should be accounted for as a service contract. This ASU is effective for arrangements entered into, or materially modified, in interim and annual periods beginning after December 15, 2015. Retrospective application of the ASU is permitted but not required. We are currently evaluating the impact of this ASU on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This ASU requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. Debt disclosures will include the face amount of the debt liability and the effective interest rate. The ASU requires retrospective application and represents a change in accounting principle. This ASU is effective for fiscal years beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. We expect that the adoption of this ASU will not have a material impact on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which supersedes the revenue recognition requirements in Accounting Standards Codification 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments. Additionally, information concerning the costs to obtain and fulfill a contract, including assets to be recognized, is to be disclosed. In July 2015, the FASB voted to defer the effective date of this ASU to December 15, 2017 for interim and annual reporting periods beginning after that date. Early adoption of the standard as of December 15, 2016 (for interim and annual reporting periods beginning after that date) is permitted by the FASB. We are currently evaluating the impact of the adoption of this ASU on our consolidated financial statements.

### 3. Phosphate Business Disposition

In March 2014, we completed the sale of our phosphate mining and manufacturing business to Mosaic (the "Transaction") pursuant to the terms of an Asset Purchase Agreement dated as of October 28, 2013 (the "Purchase

Agreement"), among CF Industries Holdings, Inc., CF Industries, Inc. and Mosaic for approximately \$1.4 billion in cash. During the first quarter of 2014, we recognized pre-tax and after-tax gains on the Transaction of \$747.1 million and \$461.0 million, respectively. Under the terms of the Purchase Agreement, the accounts receivable and accounts payable pertaining to the phosphate mining and manufacturing business and certain phosphate fertilizer inventory held in distribution facilities were not sold to Mosaic in the Transaction and were settled in the ordinary course. During the fourth quarter of 2014, based on the ordinary course settlement

7

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Table of Contents

of certain transactions and certain adjustments that were made in accordance with the Purchase Agreement, we increased the recognized pre-tax and after-tax gains on the Transaction to \$750.1 million and \$462.8 million, respectively.

Upon closing the Transaction, we began to supply Mosaic with ammonia produced by our PLNL joint venture. The contract to supply ammonia to Mosaic from our PLNL joint venture represents the continuation of a supply practice that previously existed between our former phosphate mining and manufacturing business and other operations of the Company. Prior to March 17, 2014, PLNL sold ammonia to us for use in the phosphate business and the cost was included in our production costs in the phosphate segment. Subsequent to the sale of the phosphate business, we now sell the PLNL-sourced ammonia to Mosaic. The revenue from these sales to Mosaic and the costs to purchase the ammonia from PLNL are now included in our ammonia segment. Our 50% share of the operating results of our PLNL joint venture continues to be included in our equity in earnings of operating affiliates in our consolidated statements of operations. Because of the significance of this continuing supply practice, in accordance with U.S. GAAP, the phosphate mining and manufacturing business is not reported as discontinued operations in our consolidated statements of operations.

The phosphate segment reflects the reported results of the phosphate business through March 17, 2014, plus the continuing sales of the phosphate inventory in the distribution network after March 17, 2014. The remaining phosphate inventory was sold in the second quarter of 2014; therefore, the phosphate segment does not have operating results subsequent to that quarter. The segment will continue to be included until the reporting of comparable period phosphate results ceases.

#### 4. Net Earnings Per Share

Net earnings per share were computed as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	(in millions, except per share amounts)			
Net earnings attributable to common stockholders	\$351.9	\$312.6	\$582.5	\$1,021.1
Basic earnings per common share <sup>(1)</sup> :				
Weighted-average common shares outstanding	235.2	255.3	237.4	264.5
Net earnings attributable to common stockholders	\$1.50	\$1.22	\$2.45	\$3.86
Diluted earnings per common share <sup>(1)</sup> :				
Weighted-average common shares outstanding	235.2	255.3	237.4	264.5
Dilutive common shares—stock options	0.9	0.7	0.9	0.8
Diluted weighted-average shares outstanding	236.1	256.0	238.3	265.3
Net earnings attributable to common stockholders	\$1.49	\$1.22	\$2.44	\$3.85

Share and per share amounts have been retroactively restated for all prior periods presented to reflect the

<sup>(1)</sup> five-for-one split of the Company's common stock effected in the form of a stock dividend that was distributed on June 17, 2015.

In the computation of diluted earnings per common share, potentially dilutive stock options are excluded if the effect of their inclusion is anti-dilutive. For the three and six months ended June 30, 2015 and 2014, anti-dilutive stock options were insignificant.

#### 5. Inventories

Inventories consist of the following:

	June 30,	December 31,
	2015	2014
	(in millions)	
Finished goods	\$180.7	\$179.5
Raw materials, spare parts and supplies	24.6	23.4
	\$205.3	\$202.9





Table of Contents

## 6. Property, Plant and Equipment—Net

Property, plant and equipment—net consists of the following:

	June 30, 2015	December 31, 2014
	(in millions)	
Land	\$48.6	\$48.4
Machinery and equipment	5,458.7	5,268.7
Buildings and improvements	174.5	160.7
Construction in progress <sup>(1)</sup>	3,422.0	2,559.0
	9,103.8	8,036.8
Less: Accumulated depreciation and amortization	2,638.2	2,511.0
	\$6,465.6	\$5,525.8

As of June 30, 2015 and December 31, 2014, we had construction in progress that was accrued but unpaid of <sup>(1)</sup> \$444.1 million and \$279.0 million, respectively. These amounts included accruals related to our capacity expansion projects of \$406.5 million and \$244.3 million as of June 30, 2015 and December 31, 2014, respectively. As of June 30, 2015 and December 31, 2014, construction in progress includes expenditures of \$3.0 billion and \$2.0 billion, respectively, related to our capacity expansion projects in Port Neal, Iowa and Donaldsonville, Louisiana. Plant turnarounds—Scheduled inspections, replacements and overhauls of plant machinery and equipment at our continuous process manufacturing facilities during a full plant shutdown are referred to as plant turnarounds. The expenditures related to turnarounds are capitalized in property, plant and equipment when incurred. The following is a summary of plant turnaround activity:

	Six months ended June 30,	
	2015	2014
	(in millions)	
Net capitalized turnaround costs:		
Beginning balance	\$153.2	\$119.8
Additions	36.8	18.8
Depreciation	(29.8	) (29.5
Effect of exchange rate changes	(1.4	) (0.2
Ending balance	\$158.8	\$108.9

Scheduled replacements and overhauls of plant machinery and equipment include the dismantling, repair or replacement and installation of various components including piping, valves, motors, turbines, pumps, compressors, heat exchangers and the replacement of catalysts when a full plant shutdown occurs. Scheduled inspections are also conducted during full plant shutdowns, including required safety inspections which entail the disassembly of various components such as steam boilers, pressure vessels and other equipment requiring safety certifications. Internal employee costs and overhead amounts are not considered turnaround costs and are not capitalized.

Table of Contents

## 7. Goodwill and Other Intangible Assets

The following table shows the carrying amount of goodwill by business segment as of June 30, 2015 and December 31, 2014:

	Ammonia (in millions)	Granular Urea	UAN	Other	Total
Balance as of December 31, 2014	\$578.7	\$829.6	\$577.0	\$107.5	\$2,092.8
Effect of exchange rate changes	(0.6 )	(0.8 )	(0.6 )	—	(2.0 )
Balance as of June 30, 2015	\$578.1	\$828.8	\$576.4	\$107.5	\$2,090.8

Our identifiable intangibles and carrying values are shown below and are presented in other assets on our consolidated balance sheets.

	June 30, 2015			December 31, 2014		
	Gross Carrying Amount (in millions)	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets:						
Customer relationships	\$50.0	\$(14.6 )	\$35.4	\$50.0	\$(13.2 )	\$36.8
TerraCair brand	10.0	(10.0 )	—	10.0	(5.0 )	5.0
Total intangible assets	\$60.0	\$(24.6 )	\$35.4	\$60.0	\$(18.2 )	\$41.8

Amortization expense of our identifiable intangibles was \$0.7 million and \$6.4 million for the three and six months ended June 30, 2015, respectively, and \$1.0 million and \$2.0 million for the three and six months ended June 30, 2014, respectively. In early 2015, management approved a plan to discontinue the usage of the TerraCair brand in the sale of DEF. Based on the change in the usage of this brand, the related intangible assets were fully amortized during the first quarter of 2015.

Total estimated amortization expense for the remainder of 2015 and each of the five succeeding fiscal years is as follows:

	Estimated Amortization Expense (in millions)
Remainder of 2015	\$1.4
2016	2.8
2017	2.8
2018	2.8
2019	2.8
2020	2.8

Table of Contents

8. Equity Method Investments

During the second quarter of 2015, Company management approved certain plans to focus its portfolio of equity method investments, including the following actions, which are further described below.

Operating Equity Method Investments

- We sold our 50% ownership interest in an ammonia storage joint venture in Houston, Texas.

Non-Operating Equity Method Investments

•We agreed to purchase the remaining 50% equity interest in GrowHow UK Limited (GrowHow). Upon closing, GrowHow will become a wholly-owned subsidiary. See Note 20—Subsequent Events for additional information.

- We sold our 50% ownership interest in KEYTRADE AG (Keytrade).

As of June 30, 2015 and December 31, 2014, equity method investments consist of the following:

	June 30, 2015 (in millions)	December 31, 2014
Operating equity method investments	\$360.2	\$377.6
Non-operating equity method investments	448.5	483.9
Investments in and advances to affiliates	\$808.7	\$861.5

Operating Equity Method Investments

In June 2015, we sold our 50% ownership interest in an ammonia storage joint venture in Houston, Texas. Equity in earnings of operating affiliates in our consolidated statement of operations for the three months ended June 30, 2015 includes a \$0.8 million net loss consisting of the loss on the sale of the investment and our equity earnings from the operations of this joint venture through the date of the sale. As of June 30, 2015, our remaining operating equity method investment was a 50% ownership interest in Point Lisas Nitrogen Limited (PLNL), which operates an ammonia production facility in the Republic of Trinidad and Tobago. We include our share of the net earnings from these equity method investments as an element of earnings from operations because these operations provide additional production and storage capacity to our operations and are integrated with our other supply chain and sales activities in the ammonia segment.

The results of operations and financial position of PLNL and our equity in earnings of operating equity method investments are summarized below:

	Three months ended June 30, 2015		Six months ended June 30, 2015	
	2015	2014	2015	2014
	(in millions)			
Summarized PLNL statement of operations information:				
Net sales	\$52.9	\$56.7	\$120.5	\$125.4
Net earnings	\$14.4	\$8.4	\$33.3	\$29.8
Equity in earnings (losses) of operating affiliates:				
PLNL	\$5.5	\$1.3	\$13.2	\$15.7
Ammonia storage joint venture	\$(0.8	) \$0.8	\$1.2	\$2.2

Table of Contents

	June 30, 2015	December 31, 2014
	(in millions)	
Summarized PLNL balance sheet information:		
Current assets	\$68.3	\$88.1
Noncurrent assets	125.7	118.8
Total assets	\$194.0	\$206.9
Current liabilities	\$20.2	\$28.6
Noncurrent liabilities	20.0	21.8
Equity	153.8	156.5
Total liabilities and equity	\$194.0	\$206.9

The total carrying value of our operating equity method investment as of June 30, 2015 was \$360.2 million, which was \$283.3 million more than our share of the affiliate's book value. The excess is primarily attributable to the purchase accounting impact of our acquisition of the investment in PLNL and reflects primarily the revaluation of property, plant and equipment, the value of an exclusive natural gas contract and goodwill. The increased basis for property, plant and equipment and the gas contract is being depreciated over a remaining period of approximately 18 years and 8 years, respectively. Our equity in earnings of operating affiliates is different from our ownership interest in income reported by the unconsolidated affiliates due to amortization of basis differences.

We have transactions in the normal course of business with PLNL reflecting our obligation to purchase 50% of the ammonia produced by PLNL at current market prices. Our ammonia purchases from PLNL totaled \$27.5 million and \$57.1 million for the three and six months ended June 30, 2015, respectively, and \$32.0 million and \$66.0 million for the three and six months ended June 30, 2014, respectively.

#### Non-Operating Equity Method Investments

As of June 30, 2015, our non-operating equity method investment represents our 50% ownership interest in GrowHow, which operates nitrogen production facilities in the United Kingdom. Subsequent to June 30, 2015, we agreed to purchase the remaining 50% equity interest in GrowHow for total cash consideration of \$580 million, subject to closing adjustments. On July 31, 2015, we completed the GrowHow acquisition and GrowHow became a wholly-owned subsidiary. See Note 20—Subsequent Events for additional information.

During the second quarter of 2015, we sold our interests in Keytrade and recorded an after-tax loss of \$29.2 million (pre-tax loss of \$40.1 million).

Equity in (losses) earnings of non-operating affiliates—net of taxes for the three and six months ended June 30, 2015 includes our equity earnings in GrowHow for the respective period, our equity earnings in Keytrade through the date of sale and the after-tax loss on the sale of our interests in Keytrade.

Table of Contents

The results of operations and financial position of GrowHow and our equity in (losses) earnings of GrowHow and Keytrade are summarized below:

	Three months ended June 30, 2015		Six months ended June 30, 2015	
	2014	2014	2014	2014
	(in millions)			
Summarized GrowHow statement of operations information:				
Net sales	\$153.5	\$156.2	\$350.2	\$371.9
Net earnings	\$5.7	\$8.3	\$39.7	\$26.7
Equity in (losses) earnings of non-operating affiliates—net of taxes:				
GrowHow	\$—	\$1.1	\$14.3	\$3.1
Keytrade	\$(35.5	) \$0.6	\$(34.9	) \$2.1
			June 30, 2015	December 31, 2014
			(in millions)	

Summarized GrowHow balance sheet information:

Current assets	\$215.1	\$201.7
Noncurrent assets	316.0	294.7
Total assets	\$531.1	\$496.4
Current liabilities	\$68.6	\$69.3
Noncurrent liabilities	161.8	169.2
Equity	300.7	257.9
Total liabilities and equity	\$531.1	\$496.4

The carrying value of our investment in GrowHow as of June 30, 2015 was \$448.5 million, which was \$298.2 million more than our share of the affiliate's book value. The excess is primarily attributable to the purchase accounting impact of our original acquisition of GrowHow and reflects the revaluation of property, plant and equipment, identifiable intangibles and goodwill. The increased basis for property, plant and equipment and identifiable intangibles is being depreciated over remaining periods of up to 10 years. Our equity in (losses) earnings of non-operating affiliates—net of taxes is different than our ownership interest in their net earnings due to the amortization of basis differences.

As of June 30, 2015, the amount of our consolidated retained earnings that represents our undistributed earnings of non-operating equity method investment in GrowHow is \$9.6 million.

#### 9. Fair Value Measurements

Our cash and cash equivalents and other investments consist of the following:

	June 30, 2015			
	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
	(in millions)			
Cash	\$82.3	\$—	\$—	\$82.3
Cash equivalents:				
U.S. and Canadian government obligations	702.6	—	—	702.6
Other debt securities	25.0	—	—	25.0
Total cash and cash equivalents	\$809.9	\$—	\$—	\$809.9
Restricted cash	54.0	—	—	54.0
Nonqualified employee benefit trusts	18.2	2.1	—	20.3



Table of Contents

	December 31, 2014			Fair Value
	Cost Basis (in millions)	Unrealized Gains	Unrealized Losses	
Cash	\$71.3	\$—	\$—	\$71.3
Cash equivalents:				
U.S. and Canadian government obligations	1,916.3	—	—	1,916.3
Other debt securities	9.0	—	—	9.0
Total cash and cash equivalents	\$1,996.6	\$—	\$—	\$1,996.6
Restricted cash	86.1	—	—	86.1
Nonqualified employee benefit trusts	17.4	2.0	—	19.4

Under our short-term investment policy, we may invest our cash balances, either directly or through mutual funds, in several types of investment-grade securities, including notes and bonds issued by governmental entities or corporations. Securities issued by governmental entities include those issued directly by the Federal government; those issued by state, local or other governmental entities; and those guaranteed by entities affiliated with governmental entities.

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

The following tables present assets and liabilities included in our consolidated balance sheets as of June 30, 2015 and December 31, 2014 that are recognized at fair value on a recurring basis, and indicate the fair value hierarchy utilized to determine such fair value:

	June 30, 2015			
	Total Fair Value (in millions)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$727.6	\$727.6	\$—	\$—
Restricted cash	54.0	54.0	—	—
Derivative assets	23.1	—	23.1	—
Nonqualified employee benefit trusts	20.3	20.3	—	—
Derivative liabilities	(27.8 )	—	(27.8 )	—

	December 31, 2014			
	Total Fair Value (in millions)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$1,925.3	\$1,925.3	\$—	\$—
Restricted cash	86.1	86.1	—	—
Derivative assets	0.5	—	0.5	—
Nonqualified employee benefit trusts	19.4	19.4	—	—
Derivative liabilities	(48.4 )	—	(48.4 )	—
Cash Equivalents				

As of June 30, 2015 and December 31, 2014, our cash equivalents consisted primarily of U.S. and Canadian government obligations and money market mutual funds that invest in U.S. government obligations and other investment-grade securities.





Table of Contents

## Restricted Cash

We maintain a cash account for which the use of the funds is restricted. As of June 30, 2015 and December 31, 2014, restricted cash consists of an account that was put in place to satisfy certain requirements included in our engineering and procurement services contract for our capacity expansion projects. Under the terms of this contract, we are required to grant an affiliate of ThyssenKrupp Industrial Solutions, formerly ThyssenKrupp Uhde, a security interest in a restricted cash account and maintain a cash balance in that account equal to the cancellation fees for procurement services and equipment that would arise if we were to cancel the projects.

## Derivative Instruments

The derivative instruments that we use are primarily natural gas options, natural gas fixed price swaps and foreign currency forward contracts traded in the over-the-counter (OTC) markets with multi-national commercial banks, other major financial institutions and large energy companies. The natural gas derivatives are traded in months forward and settlements are scheduled to coincide with anticipated gas purchases during those future periods. The foreign currency derivative contracts held are for the exchange of a specified notional amount of currencies at specified future dates coinciding with anticipated foreign currency cash outflows associated with our Donaldsonville, Louisiana and Port Neal, Iowa capacity expansion projects. The natural gas derivative contracts settle using primarily NYMEX futures prices. To determine the fair value of these instruments, we use quoted market prices from NYMEX and standard pricing models with inputs derived from or corroborated by observable market data such as forward curves supplied by an industry-recognized unrelated third party. The currency derivatives are valued based on quoted market prices supplied by an industry-recognized independent third party. See Note 14—Derivative Financial Instruments for additional information.

## Nonqualified Employee Benefit Trusts

We maintain trusts associated with certain deferred compensation related nonqualified employee benefits. The investments are accounted for as available-for-sale securities. The fair values of the trusts are based on daily quoted prices representing the net asset values of the investments. These trusts are included on our consolidated balance sheets in other assets.

## Financial Instruments

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

	June 30, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in millions)			
Long-term debt	\$4,592.6	\$4,768.4	\$4,592.5	\$4,969.3

The fair value of our long-term debt was based on quoted prices for identical or similar liabilities in markets that are not active or valuation models in which all significant inputs and value drivers are observable and, as a result, are classified as Level 2 inputs.

The carrying amounts of cash and cash equivalents, as well as instruments included in other current assets and other current liabilities that meet the definition of financial instruments, approximate fair values because of their short-term maturities.

## 10. Income Taxes

Our income tax provision for the three months ended June 30, 2015 was \$200.7 million on pre-tax income of \$601.0 million, or an effective tax rate of 33.4%, compared to an income tax provision of \$157.2 million on pre-tax income of \$480.2 million, or an effective tax rate of 32.7%, for the three months ended June 30, 2014. Our effective tax rate was higher in the three months ended June 30, 2015 principally due to higher state income taxes and a reduced tax benefit from depletion related to our phosphate mining and manufacturing business that was sold in March 2014. Our effective tax rate based on pre-tax earnings differs from our effective tax rate based on pre-tax earnings exclusive of the noncontrolling interest, as our consolidated income tax provision does not include a tax provision on the earnings attributable to the noncontrolling interest in Terra Nitrogen Company, L.P. (TNCLP), which does not record an income tax provision.

We recorded an income tax benefit of \$11.9 million in the three months ended June 30, 2015 for the pre-tax losses on the sale of equity method investments. The tax benefit related to the loss on the sale of our interests in Keytrade is included in

15

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Table of Contents

equity in (losses) earnings of non-operating affiliates—net of taxes in our consolidated statements of operations. See Note 8—Equity Method Investments for additional information.

Our unrecognized tax benefits are \$135.5 million as of June 30, 2015 of which approximately \$97.0 million would impact our effective tax rate if these unrecognized tax benefits were to be recognized in the future.

## 11. Interest Expense

Details of interest expense are as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	(in millions)			
Interest on borrowings <sup>(1)</sup>	\$63.5	\$63.5	\$127.0	\$111.4
Fees on financing agreements <sup>(1)</sup>	2.4	2.4	3.8	5.9
Interest on tax liabilities	0.5	0.4	1.0	1.9
Interest capitalized	(37.4	) (15.6	) (68.9	) (28.5
	\$29.0	\$50.7	\$62.9	\$90.7

<sup>(1)</sup> See Note 12—Financing Agreements for additional information.

Table of Contents

## 12. Financing Agreements

## Credit Agreement

CF Holdings, as a guarantor, and CF Industries, as borrower, entered into a \$500.0 million senior unsecured credit agreement, dated May 1, 2012 (the Credit Agreement), which provided for a revolving credit facility of up to \$500.0 million with a maturity of five years. On April 22, 2013, the Credit Agreement was amended and restated to increase the credit facility from \$500.0 million to \$1.0 billion and extend its maturity to May 1, 2018. On March 20, 2015, the Credit Agreement was further amended and restated to increase the credit facility from \$1.0 billion to \$1.5 billion and extend its maturity to March 20, 2020.

Borrowings under the Credit Agreement bear interest at a variable rate based on an applicable margin over LIBOR or a base rate and may be used for working capital, capital expenditures, acquisitions, share repurchases and other general corporate purposes. The Credit Agreement requires that the Company maintain a minimum interest coverage ratio and not exceed a maximum total leverage ratio, and includes other customary terms and conditions, including customary events of default and covenants.

All obligations under the Credit Agreement are unsecured. Currently, CF Holdings is the only guarantor of CF Industries' obligations under the Credit Agreement. Certain of CF Industries' domestic subsidiaries would be required to become guarantors under the Credit Agreement if such subsidiary were to guarantee other debt of the Company or CF Industries in excess of \$450.0 million. Currently, no such subsidiary guarantees any debt.

As of June 30, 2015, there was \$1,495.1 million of available credit under the Credit Agreement (net of outstanding letters of credit of \$4.9 million), and there were no borrowings outstanding as of June 30, 2015 or December 31, 2014, or during the periods then ended.

## Senior Notes

Long-term debt presented on our consolidated balance sheets as of June 30, 2015 and December 31, 2014 consisted of the following:

	June 30, 2015	December 31, 2014
	(in millions)	
Unsecured senior notes:		
6.875% due 2018	\$800.0	\$800.0
7.125% due 2020	800.0	800.0
3.450% due 2023	749.4	749.4
5.150% due 2034	746.2	746.2
4.950% due 2043	748.8	748.8
5.375% due 2044	748.2	748.1
	4,592.6	4,592.5
Less: Current portion	—	—
Net long-term debt	\$4,592.6	\$4,592.5

Under the indentures (including the applicable supplemental indentures) governing the senior notes identified in the table above, each series of senior notes is guaranteed by CF Holdings. Interest is paid semiannually and the senior notes are redeemable at our option, in whole at any time or in part from time to time, at specified make-whole redemption prices. The indentures governing the senior notes contain customary events of default and covenants that limit, among other things, the ability of CF Holdings and its subsidiaries, including CF Industries, to incur liens on certain properties to secure debt.

If a Change of Control occurs together with a Ratings Downgrade (as both terms are defined under the indentures governing the senior notes), CF Industries would be required to offer to repurchase each series of senior notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest. In addition, in the event that a subsidiary of ours, other than CF Industries, becomes a borrower or a guarantor under the Credit Agreement (or any renewal, replacement or refinancing thereof), such subsidiary would be required to become a guarantor of the senior notes, provided that such requirement will no longer apply with respect to the senior notes due in 2023, 2034, 2043 and 2044 following the repayment of the senior notes due in 2018 and 2020 or the subsidiaries of ours, other than CF

Industries, otherwise becoming no longer subject to such a requirement to guarantee the senior notes due in 2018 and 2020.

17

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Table of Contents

## 13. Noncontrolling Interest

Terra Nitrogen Company, L.P. (TNCLP) is a master limited partnership (MLP) that owns a nitrogen manufacturing facility in Verdigris, Oklahoma. We own an aggregate 75.3% of TNCLP through general and limited partnership interests. Outside investors own the remaining 24.7% of the limited partnership. For financial reporting purposes, the assets, liabilities and earnings of the partnership are consolidated into our financial statements. The outside investors' limited partnership interests in the partnership are recorded in noncontrolling interest in our consolidated financial statements. The noncontrolling interest represents the noncontrolling unitholders' interest in the earnings and equity of TNCLP. An affiliate of CF Industries is required to purchase all of TNCLP's fertilizer products at market prices as defined in the Amendment to the General and Administrative Services and Product Offtake Agreement, dated September 28, 2010.

TNCLP makes cash distributions to the general and limited partners based on formulas defined within its Agreement of Limited Partnership. Cash available for distribution is defined in the agreement generally as all cash receipts less all cash disbursements, less certain reserves (including reserves for future operating and capital needs) established as the general partner determines in its reasonable discretion to be necessary or appropriate. Changes in working capital affect available cash, as increases in the amount of cash invested in working capital items (such as increases in inventory and decreases in accounts payable) reduce available cash, while declines in the amount of cash invested in working capital items increase available cash. Cash distributions to the limited partners and general partner vary depending on the extent to which the cumulative distributions exceed certain target threshold levels set forth in the Agreement of Limited Partnership.

In each of the applicable quarters of 2015 and 2014, the minimum quarterly distributions were satisfied, which entitled us, as the general partner, to receive increased distributions on our general partner interests as provided for in the Agreement of Limited Partnership. The earnings attributed to our general partner interest in excess of the threshold levels for the six months ended June 30, 2015 and 2014, were \$56.4 million and \$80.1 million, respectively.

As of June 30, 2015, Terra Nitrogen GP Inc. (TNGP), the general partner of TNCLP (and an indirect wholly-owned subsidiary of CF Industries), and its affiliates owned 75.3% of TNCLP's outstanding units. When not more than 25% of TNCLP's issued and outstanding units are held by non-affiliates of TNGP, TNCLP, at TNGP's sole discretion, may call, or assign to TNGP or its affiliates, TNCLP's right to acquire all such outstanding units held by non-affiliated persons. If TNGP elects to acquire all outstanding units, TNCLP is required to give at least 30 but not more than 60 days' notice of TNCLP's decision to purchase the outstanding units. The purchase price per unit will be the greater of (1) the average of the previous 20 trading days' closing prices as of the date five days before the purchase is announced or (2) the highest price paid by TNGP or any of its affiliates for any unit within the 90 days preceding the date the purchase is announced.

A reconciliation of the beginning and ending balances of TNCLP's noncontrolling interest and distributions payable to noncontrolling interests in our consolidated balance sheets is provided below.

	Six months ended June 30,	
	2015	2014
	(in millions)	
Noncontrolling interest:		
Beginning balance	\$362.8	\$362.3
Earnings attributable to noncontrolling interest	18.2	24.0
Declaration of distributions payable	(21.1	) (23.5
Ending balance	\$359.9	\$362.8
Distributions payable to noncontrolling interest:		
Beginning balance	\$—	\$—
Declaration of distributions payable	21.1	23.5
Distributions to noncontrolling interest	(21.1	) (23.5
Ending balance	\$—	\$—

Proposed Internal Revenue Service Regulation Impacting Master Limited Partnerships

Currently, no federal income taxes are paid by TNCLP due to its MLP status. Partnerships are generally not subject to federal income tax, although publicly-traded partnerships (such as TNCLP) are treated as corporations for federal income tax purposes (and therefore are subject to federal income tax), unless at least 90% of the partnership's gross income is "qualifying income" as defined in Section 7704 of the Internal Revenue Code of 1986, as amended, and the partnership is not required to

18

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Table of Contents

register as an investment company under the Investment Company Act of 1940. Any change in the tax treatment of income from fertilizer-related activities as qualifying income could cause TNCLP to be treated as a corporation for federal income tax purposes, and could have a material adverse impact on unitholder distributions for unitholders who would not be entitled to a dividends received deduction or other similar offsetting deduction. If TNCLP were taxed as a corporation, under current law, due to its current ownership interest, CF Industries would qualify for a partial dividends received deduction on the dividends received from TNCLP. Therefore, we would not expect a change in the tax treatment of TNCLP to have a material impact on the consolidated financial condition or results of operations of CF Holdings.

On May 6, 2015, the Internal Revenue Service (IRS) published proposed regulations on the types of income and activities which constitute or generate qualifying income of a MLP. The proposed regulations would have the effect of limiting the types of income and activities which qualify under the MLP rules, subject to certain transition provisions. The proposed regulations include as activities that generate qualifying income processing or refining and transportation activities with respect to any mineral or natural resource (including fertilizer), but reserve on specific proposals regarding fertilizer-related activities. We continue to monitor these IRS regulatory activities.

#### 14. Derivative Financial Instruments

We use derivative financial instruments to reduce our exposure to changes in commodity prices and foreign currency exchange rates.

##### Commodity Price Risk Management

Natural gas is the largest and most volatile component of the manufacturing cost for nitrogen-based products. We manage the risk of changes in natural gas prices primarily through the use of derivative financial instruments covering periods of generally less than three years. The derivatives that we use are primarily natural gas options and natural gas fixed price swaps traded in the OTC markets. These natural gas derivatives settle using primarily a NYMEX futures price index, which represents the basis for fair value at any given time. We enter into natural gas derivative contracts with respect to natural gas to be consumed by us in the future, and settlements of those derivative contracts are scheduled to coincide with our anticipated purchases of natural gas used to manufacture nitrogen products during those future periods. We use natural gas derivatives as an economic hedge of natural gas price risk, but without the application of hedge accounting. As a result, changes in fair value of these contracts are recorded in earnings.

As of June 30, 2015 and December 31, 2014, we had open natural gas derivative contracts for 300.7 million MMBtus and 58.7 million MMBtus, respectively. For the six months ended June 30, 2015, we used derivatives to cover approximately 70% of our natural gas consumption.

##### Foreign Currency Exchange Rates

In the fourth quarter of 2012, our Board of Directors authorized a project to construct new ammonia and urea/UAN plants at our Donaldsonville, Louisiana complex and new ammonia and urea plants at our Port Neal, Iowa complex. A portion of the capacity expansion project costs are euro-denominated. In order to manage our exposure to changes in the euro to U.S. dollar currency exchange rates, we have hedged our projected euro-denominated payments through the second quarter of 2016 using foreign currency forward contracts.

As of June 30, 2015 and December 31, 2014, the notional amount of our open foreign currency derivatives was €99.0 million and €209.0 million, respectively. None of these open foreign currency derivatives were designated as hedging instruments for accounting purposes.

As of June 30, 2015, accumulated other comprehensive income includes \$7.4 million of pre-tax gains related to foreign currency derivatives that were originally designated as cash flow hedges. The hedges were de-designated as of December 31, 2013, and the remaining balance in accumulated other comprehensive income will be reclassified into income over the depreciable lives of the property, plant and equipment associated with the capacity expansion projects. We expect that the amounts to be reclassified within the next twelve months will be insignificant. See Note 16—Accumulated Other Comprehensive Income (Loss) for additional information.



Table of Contents

The effect of derivatives in our consolidated statements of operations is shown in the table below. None of our derivatives were designated as hedging instruments.

	Unrealized gain (loss) recognized in income		
	Three months ended		
	June 30,		
	2015	2014	
	(in millions)		
Natural gas derivatives	Cost of sales	\$18.4	\$(28.6 )
Foreign exchange contracts	Other operating—net	15.1	(8.3 )
Unrealized gains (losses) recognized in income		\$33.5	\$(36.9 )
		Gain (loss) in income	
		Three months ended	
		June 30,	
		2015	2014
		(in millions)	
All Derivatives		\$33.5	\$(36.9 )
Unrealized gains (losses)		(15.4 )	35.5
Realized (losses) gains		\$18.1	\$(1.4 )
Net derivative gains (losses)			
	Unrealized gain (loss) recognized in income		
	Six months ended		
	June 30,		
	2015	2014	
	(in millions)		
Natural gas derivatives	Cost of sales	\$47.1	\$(51.2 )
Foreign exchange contracts	Other operating—net	2.8	(13.2 )
Unrealized gains (losses) recognized in income		\$49.9	\$(64.4 )
		Gain (loss) in income	
		Six months ended	
		June 30,	
		2015	2014
		(in millions)	
All Derivatives		\$49.9	\$(64.4 )
Unrealized gains (losses)		(59.1 )	97.5
Realized (losses) gains		\$(9.2 )	\$33.1
Net derivative (losses) gains			

The fair values of derivatives on our consolidated balance sheets are shown below. As of June 30, 2015 and December 31, 2014, none of our derivative instruments were designated as hedging instruments. For additional information on derivative fair values, see Note 9—Fair Value Measurements.

Table of Contents

	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	June 30, 2015 (in millions)	December 31, 2014	Balance Sheet Location	June 30, 2015 (in millions)	December 31, 2014
Foreign exchange contracts	Other current assets	\$—	\$—	Other current liabilities	\$(19.6 )	\$(22.4 )
Foreign exchange contracts	Other assets	—	—	Other liabilities	—	—
Natural gas derivatives	Other current assets	13.5	0.5	Other current liabilities	(3.0 )	(26.0 )
Natural gas derivatives	Other assets	9.6	—	Other liabilities	(5.2 )	—
Total derivatives		\$23.1	\$ 0.5		\$(27.8 )	\$(48.4 )
Current / Noncurrent totals						
	Other current assets	\$13.5	\$ 0.5	Other current liabilities	\$(22.6 )	\$(48.4 )
	Other assets	9.6	—	Other liabilities	(5.2 )	—
Total derivatives		\$23.1	\$ 0.5		\$(27.8 )	\$(48.4 )

As of June 30, 2015 and December 31, 2014, the aggregate fair value of the derivative instruments with credit-risk-related contingent features in a net liability position was \$23.8 million and \$47.1 million, respectively, which also approximates the fair value of the maximum amount of additional collateral that would need to be posted or assets needed to settle the obligations if the credit-risk-related contingent features were triggered at the reporting dates. At both June 30, 2015 and December 31, 2014, we had no cash collateral on deposit with counterparties for derivative contracts. The credit support documents executed in connection with certain of our International Swaps and Derivatives Association (ISDA) agreements generally provide us and our counterparties the right to set off collateral against amounts owing under the ISDA agreements upon the occurrence of a default or a specified termination event. The following table presents amounts relevant to offsetting of our derivative assets and liabilities as of June 30, 2015 and December 31, 2014:

	Amounts presented in consolidated balance sheets <sup>(1)</sup> (in millions)	Gross amounts not offset in consolidated balance sheets		
		Financial instruments	Cash collateral received (pledged)	Net amount
June 30, 2015				
Total derivative assets	\$23.1	\$23.1	\$—	\$—
Total derivative liabilities	27.8	23.1	—	4.7
Net derivative liabilities	\$(4.7 )	\$—	\$—	\$(4.7 )
December 31, 2014				
Total derivative assets	\$0.5	\$0.5	\$—	\$—
Total derivative liabilities	48.4	0.5	—	47.9
Net derivative liabilities	\$(47.9 )	\$—	\$—	\$(47.9 )

(1) We report the fair values of our derivative assets and liabilities on a gross basis on our consolidated balance sheets. As a result, the gross amounts recognized and net amounts presented are the same.

We do not believe the contractually allowed netting, close-out netting or setoff of amounts owed to, or due from, the counterparties to our ISDA agreements would have a material effect on our financial position.

Table of Contents

## 15. Treasury Stock

Our Board of Directors has authorized certain programs to repurchase shares of our common stock. Each of these programs is consistent in that repurchases may be made from time to time in the open market, through privately-negotiated transactions, through block transactions or otherwise. The manner, timing and amount of repurchases are determined by our management based on the evaluation of market conditions, stock price and other factors.

In the third quarter of 2012, our Board of Directors authorized a program to repurchase up to \$3.0 billion of the common stock of CF Holdings through December 31, 2016 (the 2012 Program). The repurchases under this program were completed in the second quarter of 2014. On August 6, 2014, our Board of Directors authorized a program to repurchase up to \$1.0 billion of the common stock of CF Holdings through December 31, 2016 (the 2014 Program). The following table summarizes the share repurchases under the 2014 Program and the 2012 Program. The number of shares has been retroactively restated for all prior periods presented to reflect the five-for-one split of the Company's common stock effected in the form of a stock dividend that was distributed on June 17, 2015. See Note 1—Background and Basis of Presentation for further information.

	2014 Program		2012 Program	
	Shares (in millions)	Amounts	Shares	Amounts
Shares repurchased as of December 31, 2013	—	\$—	36.7	\$1,449.3
Shares repurchased in 2014:				
First quarter	—	\$—	16.0	\$793.9
Second quarter	—	—	15.4	756.8
Third quarter	—	—	—	—
Fourth quarter	7.0	372.8	—	—
Total shares repurchased in 2014	7.0	372.8	31.4	1,550.7
Shares repurchased as of December 31, 2014	7.0	\$372.8	68.1	\$3,000.0
Shares repurchased in 2015:				
First quarter	4.1	\$236.6		
Second quarter	4.5	268.1		
Total shares repurchased in 2015	8.6	504.7		
Shares repurchased as of June 30, 2015	15.6	\$877.5		

As of June 30, 2015 and December 31, 2014, the amount of shares repurchased that was accrued but unpaid was \$10.8 million and \$29.1 million, respectively.

During the six months ended June 30, 2015 and 2014, we retired 10.7 million shares and 23.5 million shares of repurchased stock, respectively. As of June 30, 2015 and December 31, 2014, we held in treasury approximately 2.0 million and 4.2 million