



Mosaic

BOLD MOVES FOR A WINNING FUTURE

2016 STATE OF THE BUSINESS REPORT

Mosaic®



We manage Mosaic for the long term and for all our constituents—and that is why we have combined our annual outlook and sustainability reports into this, our first State of the Business Report. We think about sustainability broadly, in the true meaning of the word—the ability to sustain our business: Our social license to operate; our costs; our financial, safety and environmental performance; and our commitment to our communities all contribute to our sustainability and our ability to generate returns for shareholders.

Joc O'Rourke - President and CEO

Dear Mosaic Stakeholders

The economic and market challenges that faced the agriculture industry in 2015 persisted in 2016. Grain and oilseed prices remained low as farmers around the world harvested a huge crop for the fourth consecutive year, while fertilizer prices were impacted by weaker farm economics and the widespread perception that supply would outpace demand over the coming years. Potash and phosphate prices fell 33 and 23 percent, respectively, from already-diminished levels.

At Mosaic, we faced these challenges head-on and recognized the opportunities they created. We made moves both necessary and bold to position Mosaic to win across the business cycle, and today we are poised to do just that. We have built a responsible and resilient company with a solid financial foundation and tremendous potential to deliver value as markets continue to improve.

Our results for 2016 demonstrate our resilience. Mosaic earned \$298 million for the year on \$7.2 billion of revenue, compared with \$1.0 billion of earnings on \$8.9 billion of revenue in 2015. These results were respectable considering the steep declines in market prices for our products.

Bold Moves

Mosaic made major progress in 2016. I would like to provide some highlights.

We exceeded our milestones and are on track to meet our goal, established in 2013, to eliminate \$500 million in expenses by the end of 2018. Our selling, general and administrative expenses were the lowest in 10 years, and in the fourth quarter our potash business achieved its lowest cash costs per tonne in a decade.

Our new potash mine, Esterhazy K3, neared completion; in fact, the shafts reached the potash area in February 2017. We expect K3 to be the lowest-cost potash mine in Canada, and it will give us the opportunity to eliminate our brine management costs.

Our Belle Plaine, Saskatchewan, potash mine conducted a very successful run, ending in February 2017, to demonstrate its production capacity. The new, increased nameplate capacity influences Mosaic's allocation in Canpotex, the Canadian potash producers' joint marketing and export organization.

In the phosphates business, our project with the Saudi Arabian producer Ma'aden approached completion, with first tonnes of fertilizer expected in the latter half of 2017. We expect the megaproject to be the lowest-cost operation in the world, and it will provide Mosaic with logistical advantages to key markets, including India.

We also made good progress in our work to permit new phosphate mining areas in Florida. In early 2016, we received a final permit that will allow us to extend our South Pasture mining operations, and in February 2017 we received approval from the Manatee County Commission to extend our Wingate mining operations.

Near the end of 2016, Mosaic announced that it had reached an agreement to acquire the Vale Fertilizantes business from Vale S.A., primarily in Brazil, for a price valued at \$2.5 billion in cash and stock. Upon closing, we expect the acquisition to increase our phosphate production capacity by 5 million tonnes, to 16 million tonnes, and that Mosaic will be the largest producer in the world by a factor of two. The acquisition will amplify our growth in Brazil—one of the world's most promising agricultural markets—and will bring Mosaic well-positioned, high-quality assets at a very attractive valuation.

Our international distribution business delivered strong results for the year, highlighted by good volumes and margins in Brazil, where we continue to expand the market for our premium MicroEssentials® product. Results in our other major markets—China and India—were also strong, with persisting high levels of demand and solid margins.

Perhaps most important, we ended 2016 with our fourth consecutive year of record safety performance. I firmly believe that employee safety is a leading indicator of a company's overall execution and that companies with poor safety records are poorly run companies. Mosaic is delivering excellent safety performance, and we will continue to push for further improvements; nothing is more important to me as Mosaic's CEO than to return all of our employees safely to their homes after each shift.

The difficult business conditions and our reduced capital spending did not diminish our commitments to the communities in which we operate. In 2016, Mosaic, The Mosaic Company Foundation and the Mosaic Institute in Brazil invested more than \$17 million in our communities. From funding and overseeing the renovation of a community school in Catalao, Brazil, to establishing a Social Impact Bond to help the Mother Teresa School in Regina, Saskatchewan, to our many investments in Central Florida, Mosaic continued to actively seek meaningful ways to contribute to our neighbors' prosperity and well-being.

We also invest to help the users of our products—the world's farmers—understand appropriate fertilizer application techniques. Mosaic recognizes that poor application practices are in no one's best interest, and can contribute to reduced water quality. We participate widely as a devoted advocate of the 4Rs—the industry's commitment to educating about the Right source, Right rate, Right time and Right place of fertilizer application—and we partner with organizations, including The Nature Conservancy, that are dedicated to preserving and improving our environment.

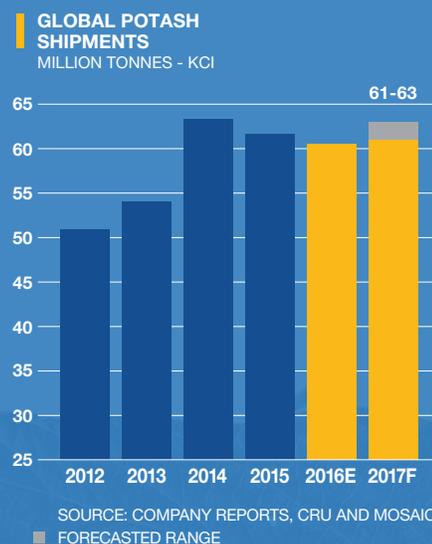
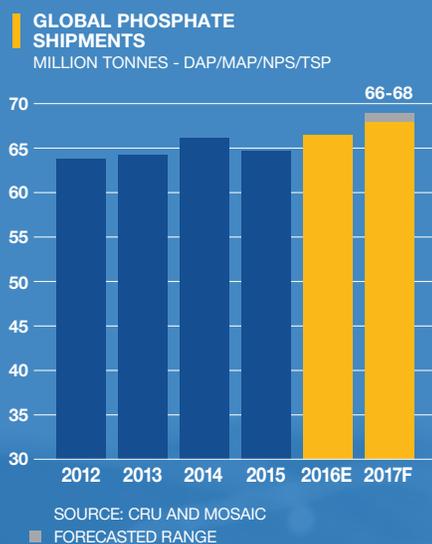
We continue to work toward achieving the environmental targets—reducing our energy and water use and greenhouse gas emissions by 10 percent per unit of production—that we announced in 2015. The business

environment weighed on our progress in 2016, with reduced production and increased cost pressure contributing to results that were minimally changed compared with 2015. We remain committed to the targets, and I believe we will achieve significant progress in 2017.

We experienced an unfortunate setback in 2016. A sinkhole developed under a phosphogypsum stack (phosphogypsum is a byproduct of phosphate manufacturing) at our New Wales, Florida, facility, resulting in the loss of process water from the stack. The event led to extensive media coverage and regrettable anxiety for our neighbors. Mosaic responded by providing drinking water and water testing to concerned residents, and with a comprehensive plan to repair the sinkhole. As of this writing, I am pleased to report that repair is well underway—and that we have seen no impacts to water outside of Mosaic's property, as we expected.

Mosaic has been widely recognized for our corporate responsibility. For the seventh consecutive year, Mosaic was ranked by *Corporate Responsibility Magazine* as one of the nation's 100 Best Corporate Citizens, and we once again achieved ranking on CDP's 'A' List for our efforts to reduce our energy use and greenhouse gas emissions. We remain committed to the United Nations Global Compact and its Food and Agriculture Business Principles.

Our financial and competitive resilience, as well as our remarkable depth of talent, enabled Mosaic to overcome challenges and pursue opportunities. Through our many bold moves and consistently strong execution, we believe we have built Mosaic to succeed in tough times and to outperform the competition in better markets.

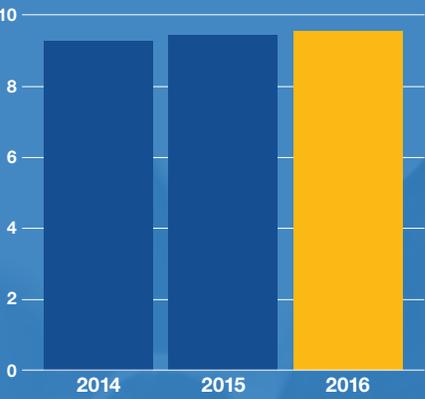




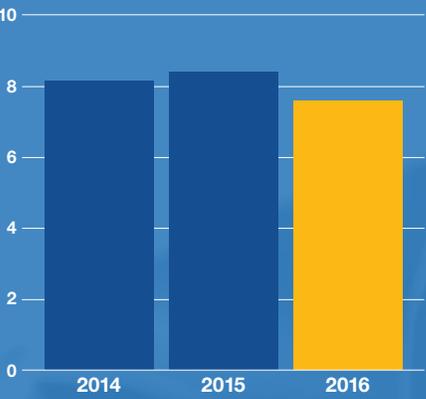
ON TRACK
TO ELIMINATE
\$500M
IN EXPENSES
BY 2018

4TH
CONSECUTIVE YEAR
OF RECORD SAFETY
PERFORMANCE

MOSAIC PHOSPHATE PRODUCTION
METRIC TONNES - MILLIONS

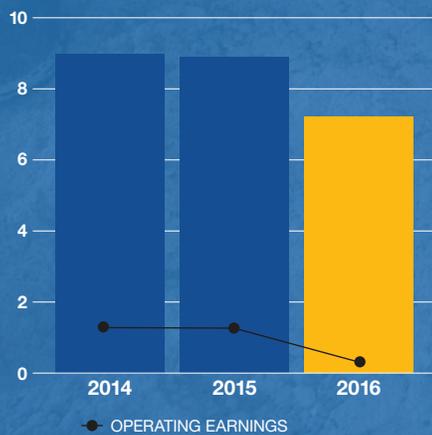


MOSAIC POTASH PRODUCTION
METRIC TONNES - MILLIONS





NET SALES AND OPERATING EARNINGS
DOLLARS IN BILLIONS



CAPITAL EXPENDITURES
DOLLARS IN BILLIONS

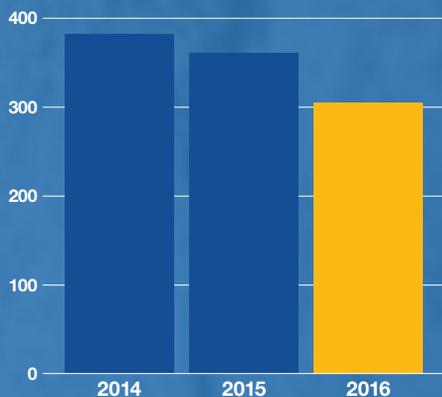




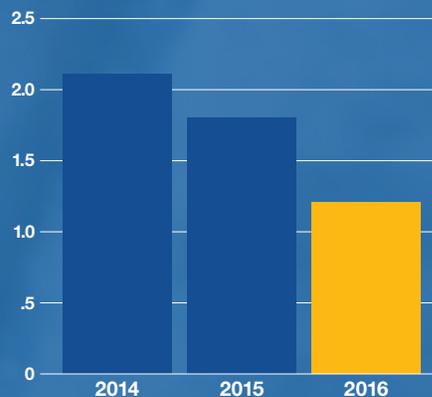
At Mosaic, we faced these challenges head-on and recognized the opportunities they created. We made moves both necessary and bold to position Mosaic to win across the business cycle, and today we are poised to do just that.

Joc O'Rourke - President and CEO

SG&A EXPENSES
DOLLARS IN MILLIONS



NET CASH PROVIDED BY OPERATING ACTIVITIES
DOLLARS IN BILLIONS



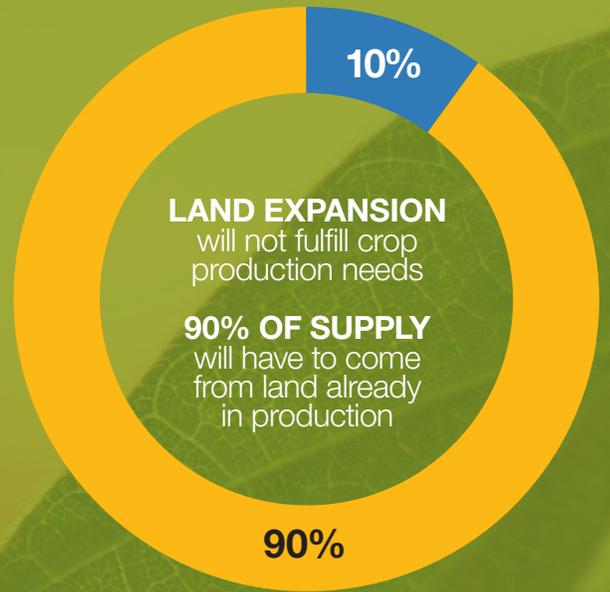


OUR WINNING FUTURE

Mosaic has made bold moves over the last several years to position us for a winning future. We have reduced our costs substantially, and our financial strength has allowed us to make significant growth investments. We've led the industry in developing innovative premium products that help our customers and their growers achieve high yields. And we continue to operate responsibly, working to keep our people and our natural environment safe.

OUR GREAT POTENTIAL

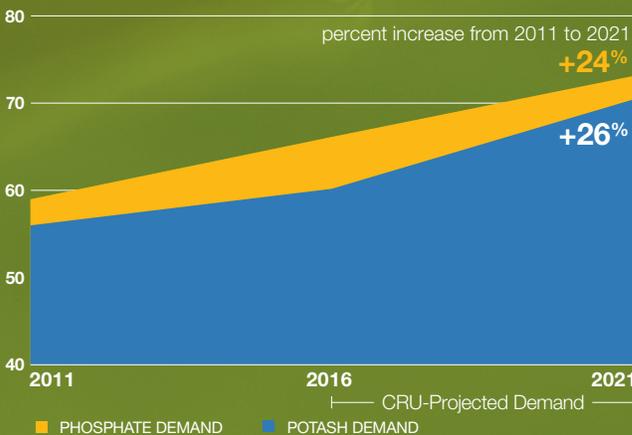
Demand for crop nutrients remains strong, and we expect it to rise as the global population grows. Mosaic is committed to delivering innovative fertilizer products farmers need to help maximize yields and feed a growing population. Increasing global prosperity means more demand for meat—and for the grain to feed cattle, pigs and chickens raised for food.



GLOBAL POPULATION GROWTH¹



PHOSPHATE AND POTASH GLOBAL DEMAND GROWTH AND CRU-PROJECTED GROWTH MILLION TONNES



¹ United Nations Department of Economic and Social Affairs
² FAO Expert Meeting on How to Feed the World in 2050; 2009
³ www.cropnutrition.com

WITHOUT FERTILIZERS, THE WORLD'S CROP YIELDS WOULD BE CUT IN HALF

For food production to keep pace with the growing population, the world's farmers must produce more food, fuel and fiber. And they will need fertilizers to do it. When it comes to producing enough food for a growing global population, healthy soils are paramount. Every time a crop is grown and harvested, nutrients are removed from the soil—and those nutrients must be replaced in order to continue producing food, feed, fuel and fiber crops. Potash and phosphate fertilizers make a vital contribution to healthy, productive soils by providing the nutrients plants need for growth. At Mosaic, we have the opportunity to help the world's farmers meet the growing demands and ensure their soils are healthy with our innovative products and services.



FARMERS WILL NEED FERTILIZER TO MEET GROWING FOOD DEMAND

NUTRIENT REMOVAL CYCLE

To maintain soil fertility and potential for higher yields, farmers must replace crop nutrients every year

FACT 200 bushels per acre corn yield removes 270 pounds per acre of crop nutrients³

4Rs

**RIGHT SOURCE
RIGHT RATE
RATE TIME
RIGHT PLACE**

WE SUPPORT AND PROMOTE 4R NUTRIENT STEWARDSHIP

Beyond providing the farmers with crop nutrition products, we help them sustainably and efficiently use them through 4R engagement. 4R Nutrient Stewardship encompasses fertilizer best management practices to achieve cropping system goals, including environmental protection. To achieve those goals, the 4Rs framework incorporates the Right nutrient source, at the Right rate, at the Right time, and in the Right place.

THE PROMISE OF BRAZIL

Brazil's agricultural market is one of the biggest in the world. Brazil's farm economy has grown at remarkable rates over the past two decades, and that growth continues today. Mosaic has extensive relationships and experience in Brazil. Upon completion of the Vale Fertilizantes acquisition, Mosaic expects to be the leading fertilizer producer and distributor in Brazil.

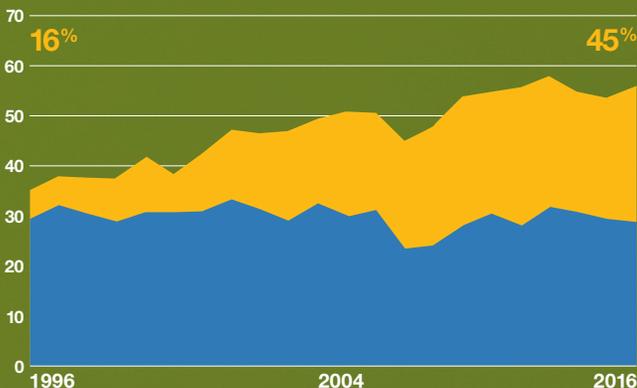


BRAZIL'S PRODUCTION RANKING VS. THE WORLD IN 2016



5% Fertilizer consumption has grown at a 5% compounded rate this decade, outpacing growth in every other major agricultural region.

BRAZIL SUGAR EXPORTS MILLION TONNES

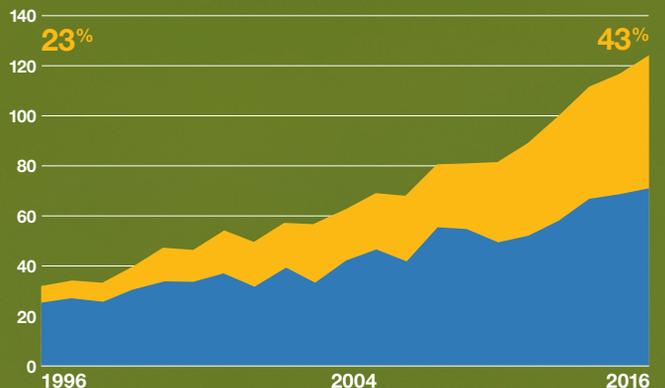


SOURCE: USDA

IF COMPLETED, THE VALE FERTILIZANTES ACQUISITION IS EXPECTED TO ADD:

- 5 phosphate rock mines and 4 chemical and fertilizer production facilities in Brazil
- Access to the Tiplam port in Santos—one of the busiest ports in all of Brazil
- Dedicated rail and storage facilities that complement our existing distribution network
- 75% ownership in Miski Mayo in Peru
- 1 potash mine in Brazil and a potential potash mining area in Saskatchewan

BRAZIL OILSEED, SOYBEAN EXPORTS MILLION TONNES



SOURCE: USDA

2017 and Beyond

Better markets are emerging in early 2017, and Mosaic is beginning to realize the leverage we have created. Think of it this way: With \$10 of price appreciation in both phosphate and potash market prices, and with all other things equal, our earnings would increase by about 50 percent per share over 2016 earnings—we believe significantly larger increases than our competitors can realize.

We have already seen good price appreciation, with phosphate and potash prices above their lows as of the end of 2016. The increases are being driven by several factors:

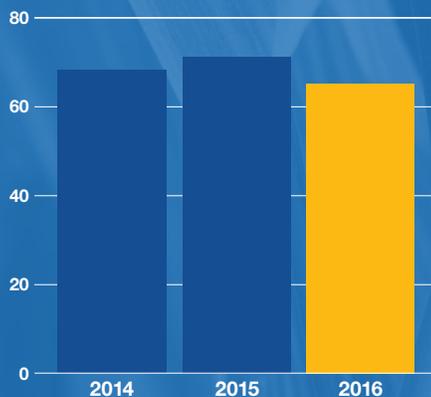
- Global fertilizer demand remains extremely strong, as it has throughout the cycle. The world's farmers are under pressure to meet the nutritional demands of a quickly growing global population, and they must do so without bringing much new land into agricultural production. It is in farmers' best interest to maximize production from each acre and hectare, especially when commodity prices are low; with fertilizers accounting for more than half of yields, clearly farmers will fertilize their crops. In addition, large crops take with them major amounts of nutrients, which require replacement for the next crop. As a result of these dynamics, as well as generally low channel inventories, we expect record global shipments of both phosphate and potash in 2017.
- Farm economics are under pressure in much of the world, but we are seeing growers in key regions—most notably Brazil—thriving, as the strong U.S. dollar against the Brazilian real and other key currencies helps their bottom line.

- The perception that supply would outpace demand for years to come is not coming to fruition. Low potash prices over a multi-year period have caused producers to shutter substantial capacity, including approximately 3 million tonnes of capacity in North America alone. In addition, environmental pressures in China have led to a reduction in Chinese phosphate exports, while other phosphate producers have faced recurrent operating and logistics challenges. Significant new supply of both potash and phosphate will come to market—from Mosaic and others—in the years ahead, but, as we expected, demand is rising and should absorb the additional supply.

Markets can move quickly in our business, and Mosaic is well situated to benefit when they do. We believe our cost and capital controls, strong operating execution, access to global markets, high-quality assets and talented workforce provide significant competitive advantages. We intend to amplify these benefits; for example, as markets improve, we will maintain our focus on costs and ensuring that Mosaic remains among the lowest-cost producers in the world.

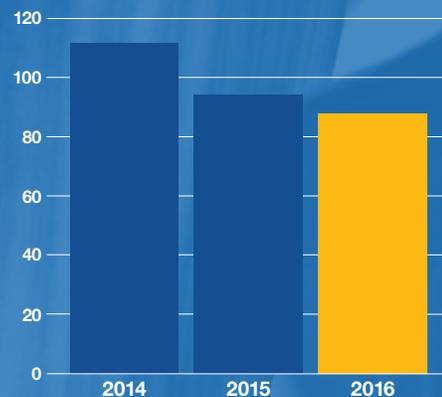
Fertilizer demand will not diminish. People will continue to eat, and as prosperity increases around the world, they will demand more and better-quality food. Mosaic sits at the nexus of this remarkable growth opportunity, and we are managing the company to ensure Mosaic can realize its full potential.

PHOSPHATE CASH CONVERSION COSTS*
DOLLARS PER TONNE



*Phosphate cash conversion costs are reflective of actual costs, excluding realized mark-to-market gains and losses. These costs are captured in inventory and are not necessarily reflective of costs included in costs of goods sold for the period.

MURIATE OF POTASH (MOP) CASH COSTS*
DOLLARS PER TONNE



*MOP cash costs including brine management costs and royalties, excluding taxes and realized derivative gains/(losses). These costs are captured in inventory and are not necessarily reflective of costs included in costs of goods sold for the period.

Thank You

The past few years have challenged many of our stakeholders: Tough markets can test patience, while cost cutting requires employees across the organization to make difficult choices. I would like to express my sincere gratitude to all of you, for your patience, vision, hard work and dedication.

I would also like to thank our many external partners—in our communities, at non-government organizations and our vendors—for your commitment to Mosaic. Corporate success increasingly requires wide social collaboration, and I am pleased that Mosaic has forged so many productive relationships.

Finally, to our customers around the world: We exist to meet your needs, and we work hard every day to build close and enduring partnerships with you. We will continue this approach, and we greatly appreciate your loyalty to Mosaic.

I believe the business cycle has begun its inevitable turn upward. Mosaic is poised to win and grow, and to benefit all its stakeholders. I look forward to a successful journey ahead and to more bold moves that will allow us to accelerate Mosaic's momentum.

Sincerely,



James "Joc" C. O'Rourke
President and Chief Executive Officer
April 2017



Global fertilizer demand remains extremely strong. We expect record global shipments of both phosphate and potash in 2017.

View online.

mosaicco.com/2016StateOfTheBusinessReport

Learn more.

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Right Source, Right Rate, Right Time, Right Place.

