UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2020

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 001-32327

The Mosaic Company

(Exact name of registrant as specified in its charter)

Delaware	**20-1026454**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

101 East Kennedy Blvd
Suite 2500
Tampa, Florida 33602
(800) 918-8270

(Address and zip code of principal executive offices and registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	MOS	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 379,090,013 shares of Common Stock as of August 1, 2020.

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE MOSAIC COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
(In millions, except per share amounts)
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net sales	$ 2,044.7	$ 2,176.9	$ 3,842.8	$ 4,076.6
Cost of goods sold	1,787.7	1,949.7	3,544.4	3,539.9
Gross margin	257.0	227.2	298.4	536.7
Selling, general and administrative expenses	95.1	78.1	163.0	171.6
Impairment, restructuring and other expenses	—	369.4	—	369.4
Other operating expense	76.1	21.6	115.8	35.5
Operating earnings (loss)	85.8	(241.9)	19.6	(39.8)
Interest expense, net	(49.3)	(46.0)	(90.4)	(93.0)
Foreign currency transaction gain (loss)	34.1	20.8	(180.1)	43.4
Other income (expense)	2.4	(3.7)	6.9	(4.8)
Earnings (loss) from consolidated companies before income taxes	73.0	(270.8)	(244.0)	(94.2)
Benefit from income taxes	(2.7)	(51.7)	(135.7)	(5.1)
Earnings (loss) from consolidated companies	75.7	(219.1)	(108.3)	(89.1)
Equity in net loss of nonconsolidated companies	(29.8)	(11.2)	(49.8)	(11.3)
Net earnings (loss) including noncontrolling interests	45.9	(230.3)	(158.1)	(100.4)
Less: Net (loss) earnings attributable to noncontrolling interests	(1.5)	2.8	(2.5)	1.9
Net earnings (loss) attributable to Mosaic	$ 47.4	$ (233.1)	$ (155.6)	$ (102.3)
Basic net earnings (loss) per share attributable to Mosaic	$ 0.13	$ (0.60)	$ (0.41)	$ (0.27)
Basic weighted average number of shares outstanding	379.1	385.8	378.9	385.7
Diluted net earnings (loss) per share attributable to Mosaic	$ 0.12	$ (0.60)	$ (0.41)	$ (0.27)
Diluted weighted average number of shares outstanding	381.3	385.8	378.9	385.7

See Notes to Condensed Consolidated Financial Statements

THE MOSAIC COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net earnings (loss) including noncontrolling interest	$ 45.9	$ (230.3)	$ (158.1)	$ (100.4)
Other comprehensive income (loss), net of tax				
Foreign currency translation gain (loss)	55.3	107.2	(548.1)	159.0
Net actuarial gain (loss) and prior service cost	6.0	(1.3)	7.8	(2.3)
Realized gain on interest rate swap	0.3	0.5	0.8	1.1
Net gain on marketable securities held in trust fund	7.9	11.7	15.9	21.7
Other comprehensive income (loss)	69.5	118.1	(523.6)	179.5
Comprehensive income (loss)	115.4	(112.2)	(681.7)	79.1
Less: Comprehensive gain (loss) attributable to noncontrolling interest	(2.8)	3.2	(11.1)	2.2
Comprehensive income (loss) attributable to Mosaic	$ 118.2	$ (115.4)	$ (670.6)	$ 76.9

See Notes to Condensed Consolidated Financial Statements

THE MOSAIC COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts)
(Unaudited)

	June 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 1,073.3	$ 519.1
Receivables, net	689.6	803.9
Inventories	1,954.0	2,076.4
Other current assets	338.7	318.8
Total current assets	4,055.6	3,718.2
Property, plant and equipment, net of accumulated depreciation of $7,544.1 and $7,292.0, respectively	11,153.3	11,690.0
Investments in nonconsolidated companies	713.8	763.6
Goodwill	1,107.6	1,156.9
Deferred income taxes	664.5	515.4
Other assets	1,325.8	1,454.4
Total assets	$ 19,020.6	$ 19,298.5
Liabilities and Equity		
Current liabilities:		
Short-term debt	$ 610.0	$ 41.6
Current maturities of long-term debt	59.2	47.2
Structured accounts payable arrangements	410.3	740.6
Accounts payable	811.9	680.4
Accrued liabilities	1,221.5	1,081.9
Total current liabilities	3,112.9	2,591.7
Long-term debt, less current maturities	4,527.9	4,525.5
Deferred income taxes	1,054.7	1,040.7
Other noncurrent liabilities	1,661.4	1,773.0
Equity:		
Preferred Stock, $0.01 par value, 15,000,000 shares authorized, none issued and outstanding as of June 30, 2020 and December 31, 2019	—	—
Common Stock, $0.01 par value, 1,000,000,000 shares authorized, 389,972,510 shares issued and 379,090,013 shares outstanding as of June 30, 2020, 389,646,939 shares issued and 378,764,442 shares outstanding as of December 31, 2019	3.8	3.8
Capital in excess of par value	855.4	858.4
Retained earnings	9,747.0	9,921.5
Accumulated other comprehensive loss	(2,113.2)	(1,598.2)
Total Mosaic stockholders' equity	8,493.0	9,185.5
Noncontrolling interests	170.7	182.1
Total equity	8,663.7	9,367.6
Total liabilities and equity	$ 19,020.6	$ 19,298.5

See Notes to Condensed Consolidated Financial Statements

Table of Contents

THE MOSAIC COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six months ended	
	June 30, 2020	**June 30, 2019**
Cash Flows from Operating Activities:		
Net (loss) earnings including noncontrolling interests	$ (158.1)	$ (100.4)
Adjustments to reconcile net (loss) earnings including noncontrolling interests to net cash provided by operating activities:		
Depreciation, depletion and amortization	433.2	438.8
Deferred and other income taxes	(123.8)	(29.6)
Equity in net loss of nonconsolidated companies, net of dividends	49.8	14.8
Accretion expense for asset retirement obligations	34.0	28.7
Accretion expense for leases	13.6	—
Share-based compensation expense	(1.9)	22.1
Unrealized loss (gain) on derivatives	47.2	(45.3)
Foreign currency adjustments	207.3	25.2
Net proceeds from settlement of interest rate swaps	34.7	—
Impairment, restructuring and other expenses	—	369.4
Other	10.0	6.2
Changes in assets and liabilities:		
Receivables, net	42.8	167.9
Inventories	(70.6)	(413.6)
Other current and noncurrent assets	55.0	(66.7)
Accounts payable and accrued liabilities	391.0	(57.4)
Other noncurrent liabilities	39.4	(28.3)
Net cash provided by operating activities	1,003.6	331.8
Cash Flows from Investing Activities:		
Capital expenditures	(520.7)	(608.8)
Purchases of available-for-sale securities - restricted	(348.5)	(234.2)
Proceeds from sale of available-for-sale securities - restricted	341.0	221.8
Purchase of assets	—	(55.1)
Purchases of held-to-maturity securities	(0.7)	(13.0)
Proceeds from sale of held-to-maturity securities	0.8	2.3
Other	0.5	(0.6)
Net cash used in investing activities	(527.6)	(687.6)
Cash Flows from Financing Activities:		
Payments of short-term debt	(821.5)	(322.7)
Proceeds from issuance of short-term debt	1,395.0	404.5
Payments of structured accounts payable arrangements	(701.6)	(598.1)
Proceeds from structured accounts payable arrangements	365.3	445.4
Payments of long-term debt	(31.4)	(21.4)
Cash dividends paid	(37.9)	(28.9)
Other	(0.3)	(0.3)
Net cash provided by (used in) financing activities	167.6	(121.5)
Effect of exchange rate changes on cash	(84.3)	24.3
Net change in cash, cash equivalents and restricted cash	559.3	(453.0)
Cash, cash equivalents and restricted cash - December 31	532.3	871.0
Cash, cash equivalents and restricted cash - June 30	$ 1,091.6	$ 418.0

See Notes to Condensed Consolidated Financial Statements

THE MOSAIC COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In millions)
(Unaudited)

	Six months ended	
	June 30, 2020	June 30, 2019
Reconciliation of cash, cash equivalents and restricted cash reported within the unaudited condensed consolidated balance sheets to the unaudited condensed consolidated statements of cash flows:		
Cash and cash equivalents	$ 1,073.3	$ 401.9
Restricted cash in other current assets	8.5	9.0
Restricted cash in other assets	9.8	7.1
Total cash, cash equivalents and restricted cash shown in the unaudited condensed consolidated statement of cash flows	$ 1,091.6	$ 418.0

Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest (net of amount capitalized of $15.1 and $13.3 for the six months ended June 30, 2020 and 2019, respectively)	$ 103.3	$ 102.6
Income taxes (net of refunds)	(21.7)	103.4

THE MOSAIC COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(In millions, except per share amounts)
(Unaudited)

	Mosaic Shareholders						
	Shares	Dollars					
	Common Stock	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive (Loss)	Noncontrolling Interests	Total Equity
Balance as of March 31, 2019	385.8	$ 3.8	$ 996.2	$ 11,196.8	$ (1,595.6)	$ 206.3	$ 10,807.5
Total comprehensive income (loss)	—	—	—	(233.1)	117.7	3.2	(112.2)
Vesting of restricted stock units	0.1	—	(0.1)	—	—	—	(0.1)
Stock based compensation	—	—	6.8	—	—	—	6.8
Dividends ($0.05 per share)	—	—	—	(19.5)	—	—	(19.5)
Dividends for noncontrolling interests	—	—	—	—	—	(0.2)	(0.2)
Balance as of June 30, 2019	385.9	$ 3.8	$ 1,002.9	$ 10,944.2	$ (1,477.9)	$ 209.3	$ 10,682.3
Balance as of December 31, 2018	385.5	$ 3.8	$ 985.9	$ 11,064.7	$ (1,657.1)	$ 207.4	$ 10,604.7
Adoption of ASC Topic 842	—	—	—	0.6	—	—	0.6
Total comprehensive income (loss)	—	—	—	(102.3)	179.2	2.2	79.1
Vesting of restricted stock units	0.4	—	(5.1)	—	—	—	(5.1)
Stock based compensation	—	—	22.1	—	—	—	22.1
Dividends ($0.05 per share)	—	—	—	(18.8)	—	—	(18.8)
Dividends for noncontrolling interests	—	—	—	—	—	(0.3)	(0.3)
Balance as of June 30, 2019	385.9	$ 3.8	$ 1,002.9	$ 10,944.2	$ (1,477.9)	$ 209.3	$ 10,682.3
Balance as of March 31, 2020	379.0	$ 3.8	$ 847.7	$ 9,718.7	$ (2,184.0)	$ 173.7	$ 8,559.9
Total comprehensive income (loss)	—	—	—	47.4	70.8	(2.8)	115.4
Vesting of restricted stock units	0.1	—	(0.3)	—	—	—	(0.3)
Stock based compensation	—	—	8.0	—	—	—	8.0
Dividends ($0.05 per share)	—	—	—	(19.1)	—	—	(19.1)
Dividends for noncontrolling interests	—	—	—	—	—	(0.2)	(0.2)
Balance as of June 30, 2020	379.1	$ 3.8	$ 855.4	$ 9,747.0	$ (2,113.2)	$ 170.7	$ 8,663.7
Balance as of December 31, 2019	378.8	3.8	858.4	9,921.5	(1,598.2)	182.1	9,367.6
Total comprehensive income (loss)	—	—	—	(155.6)	(515.0)	(11.1)	(681.7)
Vesting of restricted stock units	0.3	—	(2.7)	—	—	—	(2.7)
Stock based compensation	—	—	(0.3)	—	—	—	(0.3)
Dividends ($0.05 per share)	—	—	—	(18.9)	—	—	(18.9)
Dividends for noncontrolling interests	—	—	—	—	—	(0.3)	(0.3)
Balance as of June 30, 2020	379.1	$ 3.8	$ 855.4	$ 9,747.0	$ (2,113.2)	$ 170.7	$ 8,663.7

See Notes to Condensed Consolidated Financial Statements

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions, except per share amounts and as otherwise designated)
(Unaudited)

1. Organization and Nature of Business

The Mosaic Company ("***Mosaic,***" and, with its consolidated subsidiaries, "***we,***" "***us,***" "***our,***" or the "***Company***") produces and markets concentrated phosphate and potash crop nutrients. We conduct our business through wholly and majority owned subsidiaries and businesses in which we own less than a majority or a noncontrolling interest, including consolidated variable interest entities and investments accounted for by the equity method.

On January 8, 2018, we completed our acquisition (the "***Acquisition***") of Vale Fertilizantes S.A. (now known as Mosaic Fertilizantes P&K S.A. or the "***Acquired Business***"). Upon completion of the Acquisition, we became the leading fertilizer producer and distributor in Brazil.

We are organized into the following business segments:

- Our **Phosphates** business segment owns and operates mines and production facilities in Florida which produce concentrated phosphate crop nutrients and phosphate-based animal feed ingredients, and processing plants in Louisiana which produce concentrated phosphate crop nutrients. As part of the Acquisition, we acquired an additional 40% economic interest in the Miski Mayo Phosphate Mine in Peru, which increased our aggregate interest to 75%. These results are consolidated in the Phosphates segment. The Phosphates segment also includes our 25% interest in the Ma'aden Wa'ad Al Shamal Phosphate Company (the "***MWSPC***"), a joint venture to develop, own and operate integrated phosphate production facilities in the Kingdom of Saudi Arabia. We market approximately 25% of the MWSPC phosphate production. We recognize our equity in the net earnings or losses relating to MWSPC on a one-quarter lag in our Condensed Consolidated Statements of Earnings (Loss).
- 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 outside the U.S. and Canada.
- Our **Mosaic Fertilizantes** business segment includes the assets in Brazil that we acquired in the Acquisition, which consist of five phosphate rock mines, four phosphate chemical plants and a potash mine. The segment also includes our legacy distribution business in South America, which consists of sales offices, crop nutrient blending and bagging facilities, port terminals and warehouses in Brazil and Paraguay. We also have a majority interest in Fospar S.A., which owns and operates a single superphosphate granulation plant and a deep-water crop nutrition port and throughput warehouse terminal facility in Brazil.

Intersegment eliminations, unrealized mark-to-market gains/losses on derivatives, debt expenses, Streamsong Resort® results of operations, and the results of the China and India distribution businesses are included within Corporate, Eliminations and Other.

2. Summary of Significant Accounting Policies

Statement Presentation and Basis of Consolidation

The accompanying unaudited Condensed Consolidated Financial Statements of Mosaic have been prepared on the accrual basis of accounting and in accordance with the requirements of the Securities and Exchange Commission ("***SEC***") for interim financial reporting. As permitted under these rules, certain footnotes and other financial information that are normally required by accounting principles generally accepted in the United States ("***GAAP***") can be condensed or omitted. The Condensed Consolidated Financial Statements included in this document reflect, in the opinion of our management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the results for the interim periods presented. The following notes should be read in conjunction with the accounting policies and other disclosures in the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2019 (the "***10-K Report***"). Sales, expenses, cash flows, assets and liabilities can and do vary during the year as a result of seasonality and other factors. Therefore, interim results are not necessarily indicative of the results to be expected for the full fiscal year.

The accompanying Condensed Consolidated Financial Statements include the accounts of Mosaic, its majority owned subsidiaries, and certain variable interest entities in which Mosaic is the primary beneficiary. 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.

Accounting Estimates

Preparation of the Condensed Consolidated Financial Statements in conformity with 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 net sales and expenses during the reporting periods. The most significant estimates made by management relate to the estimates of fair value of acquired assets and liabilities, the recoverability of non-current assets including goodwill, the useful lives and net realizable values of long-lived assets, environmental and reclamation liabilities including asset retirement obligations ("***ARO***"), and income tax-related accounts, including the valuation allowance against deferred income tax assets. Actual results could differ from these estimates.

3. Recently Issued Accounting Guidance

In June 2016, the Financial Accounting Standards Board ("***FASB***") issued guidance which revises the accounting for credit losses on financial instruments within its scope. The standard introduces an approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade and other receivables, and modifies the impairment model for available-for-sale ("***AFS***") debt securities. The guidance amends the current other-than-temporary impairment model for AFS debt securities and provides that any impairment related to credit losses be recognized as an allowance (which could be reversed) rather than as a permanent reduction in the amortized cost basis of that security. We adopted this standard prospectively on January 1, 2020 and revised our accounting policies and procedures to reflect the requirements of this standard related to our trade receivables and AFS debt securities. Based on the composition of our trade receivables, current market conditions, and historical and expected credit loss activity, adoption of this standard did not significantly impact our consolidated results of operations or financial condition.

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

4. Other Financial Statement Data

The following provides additional information concerning selected balance sheet accounts:

	June 30, 2020	December 31, 2019
Other current assets		
Income and other taxes receivable	$ 157.6	$ 179.5
Prepaid expenses	141.3	110.7
Other	39.8	28.6
	$ 338.7	$ 318.8
Other assets		
Restricted cash	$ 9.8	$ 5.4
MRO inventory	130.0	126.8
Marketable securities held in trust	725.1	691.7
Operating lease right-of-use assets	192.2	192.1
Indemnification asset	21.3	40.6
Long-term receivable	52.7	81.6
Other	194.7	316.2
	$ 1,325.8	$ 1,454.4
Accrued liabilities		
Accrued dividends	$ 0.7	$ 20.0
Payroll and employee benefits	146.7	173.8
Asset retirement obligations	155.9	154.4
Customer prepayments [a]	456.2	266.9
Accrued income tax	6.6	33.9
Operating lease obligation	67.3	67.1
Other	388.1	365.8
	$ 1,221.5	$ 1,081.9
Other noncurrent liabilities		
Asset retirement obligations	$ 1,140.5	$ 1,160.8
Operating lease obligation	126.6	127.0
Accrued pension and postretirement benefits	138.3	173.6
Unrecognized tax benefits	42.1	42.1
Other	213.9	269.5
	$ 1,661.4	$ 1,773.0

[a] The timing of recognition of revenue related to our performance obligations may be different than the timing of collection of cash related to those performance obligations. Specifically, we collect prepayments from certain customers in Brazil. In addition, cash collection from Canpotex may occur prior to delivery of product to the end customer. We generally satisfy our contractual liabilities within one quarter of incurring the liability.

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

5. Earnings Per Share

The numerator for basic and diluted earnings per share ("***EPS***") is net earnings attributable to Mosaic. 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net earnings (loss) attributable to Mosaic	$ 47.4	$ (233.1)	$ (155.6)	$ (102.3)
Basic weighted average number of shares outstanding	379.1	385.8	378.9	385.7
Dilutive impact of share-based awards	2.2	—	—	—
Diluted weighted average number of shares outstanding	381.3	385.8	378.9	385.7
Basic net earnings (loss) per share attributable to Mosaic	$ 0.13	$ (0.60)	$ (0.41)	$ (0.27)
Diluted net earnings (loss) per share attributable to Mosaic	$ 0.12	$ (0.60)	$ (0.41)	$ (0.27)

A total of 3.4 million and 3.0 million shares of common stock subject to issuance related to share-based awards for the three and six months ended June 30, 2020 and 2.9 million and 2.4 million for the three and six months ended June 30, 2019, respectively, have been excluded from the calculation of diluted EPS because the effect would have been anti-dilutive.

6. Inventories

Inventories consist of the following:

	June 30, 2020	December 31, 2019
Raw materials	$ 71.2	$ 68.3
Work in process	585.3	618.4
Finished goods	1,157.2	1,219.3
Final price deferred[a]	29.5	47.9
Operating materials and supplies	110.8	122.5
	$ 1,954.0	$ 2,076.4

[a] Final price deferred is product that has shipped to customers, but the price has not yet been agreed upon.

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

7. Goodwill

Mosaic had goodwill of $1.1 billion as of June 30, 2020 and $1.2 billion as of December 31, 2019. We review goodwill for impairment annually in October or at any time events or circumstances indicate that the carrying value may not be fully recoverable, which is based on our accounting policy and GAAP. The changes in the carrying amount of goodwill, by reporting unit, are as follows:

	Potash	Mosaic Fertilizantes	Corporate, Eliminations and Other	Total
Balance as of December 31, 2019	$ 1,039.8	$ 105.0	$ 12.1	$ 1,156.9
Foreign currency translation	(40.7)	(8.6)	—	(49.3)
Balance as of June 30, 2020	$ 999.1	$ 96.4	$ 12.1	$ 1,107.6

Due to a significant decline in the market price of our stock, we performed a review of goodwill as of June 30, 2020. We determined that our Potash reporting unit had an estimated fair value that was not significantly in excess of its carrying value, at 1.6%, and could be at risk of future impairment. We continue to believe that our long-term financial goals will be achieved. Our Mosaic Fertilizantes reporting unit has substantial fair value in excess of its carrying value. Foreign currency rates can impact the carrying value of our Potash and Mosaic Fertilizantes reporting units. We continue to monitor the rates of these reporting units as they could put them at risk of future impairment.

We are required to perform our next annual goodwill impairment analysis as of October 31, 2020. It is possible that, during the remainder of 2020 or beyond, business conditions could deteriorate from the current state, raw material or product price projections could decline significantly from current estimates, we could experience fluctuations in foreign currency exchange rates or our common stock price could decline significantly. If our net sales and cash flow projections are not achieved, or our common stock price continues to decline from the current level, book values of certain operations could exceed their fair values, which may result in goodwill impairment charges in future periods. It is not possible at this time to determine if any such future impairment charge would result or, if it does, whether such charge would be material.

8. Marketable Securities Held in Trusts

In August 2016, Mosaic deposited $630 million into two trust funds (together, the "***RCRA Trusts***") created to provide additional financial assurance in the form of cash for the estimated costs ("***Gypstack Closure Costs***") of closure and long term care of our Florida and Louisiana phosphogypsum management systems ("***Gypstacks***"), as described further in Note 10 of our Notes to Condensed Consolidated Financial Statements. Our actual Gypstack Closure Costs are generally expected to be paid by us in the normal course of our Phosphate business; however, funds held in each of the RCRA Trusts can be drawn by the applicable governmental authority in the event we cannot perform our closure and long term care obligations. When our estimated Gypstack Closure Costs with respect to the facilities associated with a RCRA Trust are sufficiently lower than the amount on deposit in that RCRA Trust, we have the right to request that the excess funds be released to us. The same is true for the RCRA Trust balance remaining after the completion of our obligations, which will be performed over a period that may not end until three decades or more after a Gypstack has been closed. The investments held by the RCRA Trusts are managed by independent investment managers with discretion to buy, sell, and invest pursuant to the objectives and standards set forth in the related trust agreements. Amounts reserved to be held or held in the RCRA Trusts (including losses or reinvested earnings) are included in other assets on our Condensed Consolidated Balance Sheets.

The RCRA Trusts hold investments, which are restricted from our general use, in marketable debt securities classified as available-for-sale and are carried at fair value. As a result, unrealized gains and losses are included in other comprehensive income until realized, unless it is determined that the carrying value of an investment is impaired on an other-than-temporary basis.

We review the fair value hierarchy classification on a quarterly basis. Changes in the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. We determine the fair market values of our available-for-sale securities and certain other assets based on the fair value hierarchy described below:

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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.

There were no other-than-temporary impairment write-downs on available-for-sale securities during the six months ended June 30, 2020.

The estimated fair value of the investments in the RCRA Trusts as of June 30, 2020 and December 31, 2019 are as follows:

	June 30, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Level 1				
Cash and cash equivalents	$ 5.5	$ —	$ —	$ 5.5
Level 2				
Corporate debt securities	194.8	12.6	(0.2)	207.2
Municipal bonds	194.2	6.9	(0.7)	200.4
U.S. government bonds	287.3	12.3	—	299.6
Total	$ 681.8	$ 31.8	$ (0.9)	$ 712.7

	December 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Level 1				
Cash and cash equivalents	$ 3.4	$ —	$ —	$ 3.4
Level 2				
Corporate debt securities	194.2	5.8	(0.1)	199.9
Municipal bonds	188.3	4.4	(0.4)	192.3
U.S. government bonds	280.6	3.2	(2.5)	281.3
Total	$ 666.5	$ 13.4	$ (3.0)	$ 676.9

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following tables show gross unrealized losses and fair values of the RCRA Trusts' available-for-sale securities that have been in a continuous unrealized loss position deemed to be temporary as of June 30, 2020 and December 31, 2019:

	June 30, 2020		December 31, 2019	
(in millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Securities that have been in a continuous loss position for less than 12 months:				
Corporate debt securities	$ 8.3	$ (0.2)	$ 17.9	$ —
Municipal bonds	27.6	(0.5)	11.7	(0.1)
U.S. government bonds	—	—	195.4	(2.5)
	35.9	(0.7)	225.0	(2.6)
Securities that have been in a continuous loss position for more than 12 months:				
Corporate debt securities	$ —	$ —	$ 20.7	$ (0.1)
Municipal bonds	—	—	14.7	(0.3)
U.S. government bonds	5.2	(0.2)	—	—
	5.2	(0.2)	35.4	(0.4)

The following table summarizes the balance by contractual maturity of the available-for-sale debt securities invested by the RCRA Trusts as of June 30, 2020. Actual maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations before the underlying contracts mature.

	June 30, 2020
Due in one year or less	$ 26.9
Due after one year through five years	239.7
Due after five years through ten years	401.9
Due after ten years	38.7
Total debt securities	$ 707.2

For the three and six months ended June 30, 2020, realized gains were $5.7 million and $9.4 million, respectively, and realized losses were $0.7 million and $0.9 million, respectively. For the three and six months ended June 30, 2019, realized gains were immaterial and $3.1 million and realized losses were $0.4 million and $1.2 million, respectively.

9. Financing Arrangements

Structured Accounts Payable Arrangements

In Brazil, we finance some of our potash-based fertilizer, sulfur, ammonia and other raw material product purchases through third-party financing arrangements. These arrangements provide that the third-party intermediary advance the amount of the scheduled payment to the vendor, less an appropriate discount, at a scheduled payment date and Mosaic makes payment to the third-party intermediary at a later date, stipulated in accordance with the commercial terms negotiated. As of June 30, 2020 and December 31, 2019, the total structured accounts payable arrangements were $410.3 million and $740.6 million, respectively.

Inventory Financing Arrangement

On January 7, 2020, we entered into an inventory financing arrangement with a bank to sell up to $400 million of certain commodities inventory for cash and subsequently repurchase the inventory at an agreed upon price and time in the future, not to exceed 180 days. Under the terms of the agreement, we may borrow up to 90% of the value of the inventory. It is later repurchased by Mosaic at the original sale price plus interest and any transaction costs. As of June 30, 2020, $250.0 million of inventory was financed under this arrangement, which is included in short-term debt on the Condensed Consolidated Balance Sheet. The inventory remains on our Condensed Consolidated Balance Sheet as it serves as collateral for the debt. Interest accrues on the debt through the repurchase date, and is included in accrued liabilities. The weighted average interest rate of the repurchase obligation as of June 30, 2020 was 1.91%.

Receivable Purchasing Arrangement

On March 4, 2020, we entered into a Receivable Purchasing Agreement ("***RPA***"), with a bank whereby, from time-to-time, we sell certain receivables. The net face value of the purchased receivables may not exceed $150 million at any point in time. The purchase price of the receivable sold under the RPA is the face value of the receivable less an agreed upon discount. We record the purchase price as short-term debt, and recognize interest expense by accreting the liability through the due date of the underlying receivables. As of June 30, 2020, we had non-recourse short-term debt of $99.9 million related to the RPA. Following the sale to the bank, we continue to service the collection of the receivables on behalf of the bank without further consideration. The weighted average interest rate of the RPA related debt as of June 30, 2020 was 1.27%.

Mosaic Credit Facility

Subsequent to quarter end, we entered into a First Amendment to Second Amended and Restated Credit Agreement, Extension Agreement, and Increase Agreement (the "***First Amendment***") to our unsecured revolving credit facility, dated as of November 18, 2016 (the "***Mosaic Credit Facility***"). The First Amendment extends the maturity date of the Mosaic Credit Facility by one year, to November 18, 2022, and increases the revolving credit facility from $2.0 billion to $2.2 billion. The First Amendment also makes certain adjustments to the interest rate margins and pricing grid in a manner congruent with the investment ratings of the Company. No changes were made to the covenants in the Mosaic Credit Facility with respect to interest coverage and leverage ratio requirements pursuant to the First Amendment.

There are no borrowings outstanding under the Mosaic Credit Facility, and the net amount available for borrowing is approximately $2.2 billion, reflecting letters of credit outstanding under the Mosaic Credit Facility of approximately $13.1 million. Unused commitment fees under the Mosaic Credit Facility currently accrue at an annual rate of 0.40%.

10. Asset Retirement Obligations

We recognize our estimated AROs in the period in which we have an existing legal obligation associated with the retirement of a tangible long-lived asset, and the amount of the liability can be reasonably estimated. The ARO is recognized at fair value when the liability is incurred with a corresponding increase in the carrying amount of the related long-lived asset. We depreciate the tangible asset over its estimated useful life. The liability is adjusted in subsequent periods through accretion expense, which 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.

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 Gypstacks to neutralize acidity; (iii) close and monitor Gypstacks at our Florida and Louisiana facilities at the end of their useful lives; (iv) remediate certain other conditional obligations; (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; (vi) decommission facilities, manage tailings and execute site reclamation at our Saskatchewan potash mines at the end of their useful lives; (vii) de-commission mines in Brazil and Peru acquired as part of the Acquisition and (viii) decommission plant sites and close Gypstacks in Brazil also as part of the Acquisition. 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.

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

A reconciliation of our AROs is as follows:

(in millions)	June 30, 2020	December 31, 2019
AROs, beginning of period	$ 1,315.2	$ 1,160.1
Liabilities incurred	6.4	15.8
Liabilities settled	(52.6)	(112.8)
Accretion expense	34.0	62.4
Revisions in estimated cash flows	51.3	191.0
Foreign currency translation	(57.9)	(1.3)
AROs, end of period	1,296.4	1,315.2
Less current portion	(155.9)	(154.4)
Non-current portion of AROs	$ 1,140.5	$ 1,160.8

North America Gypstack Closure Costs

A majority of our ARO relates to Gypstack Closure Costs in Florida and Louisiana. For financial reporting purposes, we recognize our estimated Gypstack Closure Costs at their present value. This present value determined for financial reporting purposes is reflected on our Consolidated Balance Sheets in accrued liabilities and other noncurrent liabilities.

As discussed below, we have arrangements to provide financial assurance for the estimated Gypstack Closure Costs associated with our facilities in Florida and Louisiana.

EPA RCRA Initiative. On September 30, 2015, we and our subsidiary, Mosaic Fertilizer, LLC ("***Mosaic Fertilizer***"), reached agreements with the U.S. Environmental Protection Agency ("***EPA***"), the U.S. Department of Justice ("***DOJ***"), the Florida Department of Environmental Protection ("***FDEP***") and the Louisiana Department of Environmental Quality on the terms of two consent decrees (collectively, the "***2015 Consent Decrees***") to resolve claims relating to our management of certain waste materials onsite at our Riverview, New Wales, Mulberry, Green Bay, South Pierce and Bartow fertilizer manufacturing facilities in Florida and our Faustina and Uncle Sam facilities in Louisiana. This followed a 2003 announcement by the EPA Office of Enforcement and Compliance Assurance that it would be targeting 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. As discussed below, a separate consent decree was previously entered into with EPA and the FDEP with respect to RCRA compliance at the Plant City, Florida phosphate concentrates facility (the "***Plant City Facility***") that we acquired as part of our acquisition (the "***CF Phosphate Assets Acquisition***") of the Florida phosphate assets and assumption of certain related liabilities of CF Industries, Inc. ("***CF***").

The remaining monetary obligations under the 2015 Consent Decrees include:

- Modification of certain operating practices and undertaking certain capital improvement projects over a period of several years that are expected to result in remaining capital expenditures likely to exceed $50 million in the aggregate.
- Provision of additional financial assurance for the estimated Gypstack Closure Costs for Gypstacks at the covered facilities. The RCRA Trusts are discussed in Note 8 to our Condensed Consolidated Financial Statements. In addition, we have agreed to guarantee the difference between the amounts held in each RCRA Trust (including any earnings) and the estimated closure and long-term care costs.

As of December 31, 2019, the undiscounted amount of our Gypstack Closure Costs ARO associated with the facilities covered by the 2015 Consent Decrees, determined using the assumptions used for financial reporting purposes, was approximately $1.6 billion, and the present value of our Gypstack Closure Costs ARO reflected in our Consolidated Balance Sheet for those facilities was approximately $429.3 million.

Plant City and Bonnie Facilities. As part of the CF Phosphate Assets Acquisition, we assumed certain AROs related to Gypstack Closure Costs at both the Plant City Facility and a closed Florida phosphate concentrates facility in Bartow, Florida (the "***Bonnie Facility***") that we acquired. Associated with these assets are two related financial assurance arrangements for which we became responsible and that provided sources of funds for the estimated Gypstack Closure Costs for these facilities. Pursuant to federal or state laws, the applicable government entities are permitted to draw against such amounts in the event we cannot perform such closure activities. One of the financial assurance arrangements was initially a trust (the "***Plant City Trust***") established to meet the requirements under a consent decree with the EPA and the FDEP with respect to RCRA compliance at Plant City. The Plant City Trust also satisfied Florida financial assurance requirements at that site. Beginning in September 2016, as a substitute for the financial assurance provided through the Plant City Trust, we have provided financial assurance for the Plant City Facility in the form of a surety bond (the "***Plant City Bond***"). The amount of the Plant City Bond is $244.9 million, which reflects our closure cost estimates as of December 31, 2019. The other financial assurance arrangement was also a trust fund (the "***Bonnie Facility Trust***") established to meet the requirements under Florida financial assurance regulations that apply to the Bonnie Facility. In July 2018, we received $21.0 million from the Bonnie Facility Trust by substituting for the trust fund a financial test mechanism ("***Bonnie Financial Test***") supported by a corporate guarantee as allowed by state regulations. Both financial assurance funding obligations require estimates of future expenditures that could be impacted by refinements in scope, technological developments, new information, cost inflation, changes in regulations, discount rates and the timing of activities. Under our current approach to satisfying applicable requirements, additional financial assurance would be required in the future if increases in cost estimates exceed the face amount of the Plant City Bond or the amount supported by the Bonnie Financial Test.

As of June 30, 2020 and December 31, 2019, the aggregate amounts of AROs associated with the combined Plant City Facility and Bonnie Facility gypstack closure costs included in our Condensed Consolidated Balance Sheets were $205.4 million and $211.2 million, respectively. The aggregate amount represented by the Plant City Bond exceeds the present value of the aggregate amount of ARO associated with that facility. This is because the amount of financial assurance we are required to provide represents the aggregate undiscounted estimated amount to be paid by us in the normal course of our Phosphates business over a period that may not end until three decades or more after the Gypstack has been closed, whereas the ARO included in our Condensed Consolidated Balance Sheet reflects the discounted present value of those estimated amounts.

11. Income Taxes

During the six months ended June 30, 2020, gross unrecognized tax benefits decreased by $5.2 million to $34.3 million. The decrease is primarily related to releasing a reserve in the U.S. for AMT sequestration. If recognized, approximately $18.1 million of the $34.3 million in unrecognized tax benefits would affect our effective tax rate and net earnings in future periods.

We recognize interest and penalties related to unrecognized tax benefits as a component of our income tax provision. We had accrued interest and penalties totaling $7.8 million and $7.4 million as of June 30, 2020 and December 31, 2019, respectively, that were included in other noncurrent liabilities in the Condensed Consolidated Balance Sheets.

Accounting for uncertain tax positions is determined by prescribing the minimum probability threshold that a tax position is more likely than not to be sustained based on the technical merits of the position. Mosaic is continually under audit by various tax authorities in the normal course of business. Such tax authorities may raise issues contrary to positions taken by the Company. If such positions are ultimately not sustained by the Company, this could result in material assessments to the Company. The costs related to defending, if needed, such positions on appeal or in court may be material. The Company believes that any issues raised are properly accounted for.

For the three months ended June 30, 2020, tax expense specific to the period was a benefit of approximately $2.5 million. This consisted primarily of tax benefit of $3.0 million recorded for interest income on AMT tax refunds. In addition to items specific to the period, our income tax rate is impacted by the mix of earnings across the jurisdictions in which we operate, by a benefit associated with depletion, and by the impact of certain entities being taxed in both foreign jurisdictions and the U.S., including foreign tax credits for various taxes incurred.

Generally, for interim periods, income tax is equal to the total of (1) year-to-date pretax income multiplied by our forecasted effective tax rate plus (2) tax expense items specific to the period. In situations where we expect to report losses for which we do not expect to receive tax benefits, we are required to apply separate forecasted effective tax rates to those jurisdictions rather than including them in the consolidated effective tax rate. For the three months ended June 30, 2020, income tax expense was impacted by this set of rules, resulting in an additional cost of $18.8 million compared to what would have been recorded under the general rule on a consolidated basis.

For the six months ended June 30, 2020, tax expense specific to the period was a benefit of approximately $30.8 million. This consisted primarily of tax benefit of $25.1 million recorded related to the impacts of the Coronavirus Aid, Relief, and Economic Security Act ("***CARES Act***") to prior years. The CARES Act provides various tax relief measures to taxpayers impacted by the coronavirus. Tax expense specific to the period also included a benefit of $5.7 million of which $5.5 million related to release of the sequestration on AMT. In addition to items specific to the period, our income tax rate is impacted by the mix of earnings across the jurisdictions in which we operate, by a benefit associated with depletion, and by the impact of certain entities being taxed in both foreign jurisdictions and the U.S., including foreign tax credits for various taxes incurred.

12. Derivative Instruments and Hedging Activities

We periodically enter into derivatives to mitigate our exposure to foreign currency risks, interest rate movements and the effects of changing commodity prices. We record all derivatives on the Condensed Consolidated Balance Sheets at fair value. The fair value of these instruments is determined by using quoted market prices, third party comparables, or internal estimates. We net our derivative asset and liability positions when we have a master netting arrangement in place. Changes in the fair value of the foreign currency, commodity and freight derivatives are immediately recognized in earnings.

We do not apply hedge accounting treatments to our foreign currency exchange contracts, commodities contracts, or freight contracts. Unrealized gains and (losses) on foreign currency exchange contracts used to hedge cash flows related to the production of our products are included in cost of goods sold in the Condensed Consolidated Statements of Earnings. Unrealized gains and (losses) on commodities contracts and certain forward freight agreements are also recorded in cost of goods sold in the Condensed Consolidated Statements of Earnings. Unrealized gains or (losses) on foreign currency exchange contracts used to hedge cash flows that are not related to the production of our products are included in the foreign currency transaction gain/(loss) caption in the Condensed Consolidated Statements of Earnings.

From time to time, we enter into fixed-to-floating interest rate contracts. We apply fair value hedge accounting treatment to these contracts. Under these arrangements, we agree to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. The mark-to-market of these fair value hedges is recorded as gains or losses in interest expense. We had nine fixed-to-floating interest rate swap agreements with a total notional amount of $585.0 million as of December 31, 2019 related to our Senior Notes due 2023. All nine fixed-to-floating interest rate swap agreements were terminated in April of 2020, for which we received net proceeds of approximately $35 million. The termination resulted in an immaterial impact to our Condensed Consolidated Statement of Earnings (Loss). As a result, Mosaic no longer has fixed-to-floating interest rate swap agreements in effect as of June 30, 2020.

As of June 30, 2020 and December 31, 2019, the gross asset position of our derivative instruments was $32.7 million and $29.9 million, respectively, and the gross liability position of our liability instruments was $93.1 million and $29.1 million, respectively.

As of June 30, 2020 and December 31, 2019, the following is the total absolute notional volume associated with our outstanding derivative instruments:

(in millions of Units)

Derivative Instrument	Derivative Category	Unit of Measure	June 30, 2020	December 31, 2019
Foreign currency derivatives	Foreign currency	US Dollars	2,538.8	1,923.3
Interest rate derivatives	Interest rate	US Dollars	—	585.0
Natural gas derivatives	Commodity	MMbtu	33.1	44.1

Credit-Risk-Related Contingent Features

Certain of our derivative instruments contain provisions that are governed by International Swap and Derivatives Association agreements with the counterparties. These agreements contain provisions that allow us to settle for the net amount between payments and receipts, and also state that if our debt were to be rated below investment grade, certain counterparties 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 as of June 30, 2020 and December 31, 2019, was $52.0 million and $11.6 million, respectively. We have no cash collateral posted in association with these contracts. If the credit-risk-related contingent features underlying these agreements were triggered on June 30, 2020, we would have been required to post an additional $46.1 million of collateral assets, which are either cash or U.S. Treasury instruments, to the counterparties.

Counterparty Credit Risk

We enter into foreign exchange, certain commodity and interest rate 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, material losses are not anticipated. We closely monitor the credit risk associated with our counterparties and customers and to date have not experienced material losses.

13. Fair Value Measurements

Following is a summary of the valuation techniques for assets and liabilities recorded in our Condensed 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 and zero-cost collars, which typically expire within eighteen months. Most of the valuations are adjusted by a forward yield curve or interest rates. In such cases, these derivative contracts are classified within Level 2. Some valuations are based on exchange-quoted prices, which are classified as Level 1. Changes in the fair market values of these contracts are recognized in the Condensed Consolidated Financial Statements as a component of cost of goods sold in our Corporate, Eliminations and Other segment, or foreign currency transaction (gain) loss. As of June 30, 2020 and December 31, 2019, the gross asset position of our foreign currency derivative instruments was $26.6 million and $15.6 million, respectively, and the gross liability position of our foreign currency derivative instruments was $90.6 million and $22.9 million, respectively.

Commodity Derivatives - The commodity contracts primarily relate to natural gas. 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 and settlements are scheduled 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. Changes in the fair market values of these contracts are recognized in the Condensed Consolidated Financial Statements as a component of cost of goods sold in our Corporate, Eliminations and Other segment. As of June 30, 2020 and December 31, 2019, the gross asset position of our commodity derivative instruments was $6.1 million and $2.9 million, respectively, and the gross liability position of our commodity instruments was $2.5 million and $6.2 million, respectively.

Interest Rate Derivatives - We manage interest expense through interest rate contracts to convert a portion of our fixed-rate debt into floating-rate debt. From time to time, we also enter into interest rate swap agreements to hedge our exposure to changes in future interest rates related to anticipated debt issuances. Valuations are based on external pricing sources and are classified as Level 2. Changes in the fair market values of these contracts are recognized in the Condensed Consolidated Financial Statements as a component of interest expense. In April 2020, we terminated our outstanding interest rate swap contracts which resulted in an immaterial impact to our Condensed Consolidated Statement of Earnings (Loss). As of June 30, 2020 and December 31, 2019, the gross asset position of our interest rate swap instruments was zero and $11.4 million, respectively, and the gross liability position of our interest rate swap instruments was zero as of June 30, 2020 and December 31, 2019.

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Financial Instruments

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

	June 30, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 1,073.3	$ 1,073.3	$ 519.1	$ 519.1
Accounts receivable	689.6	689.6	803.9	803.9
Accounts payable	811.9	811.9	680.4	680.4
Structured accounts payable arrangements	410.3	410.3	740.6	740.6
Short-term debt	610.0	610.0	41.6	41.6
Long-term debt, including current portion	4,587.1	4,803.4	4,572.7	4,920.9

For cash and cash equivalents, accounts receivables, accounts payable, structured accounts payable arrangements, and short-term debt, the carrying amount approximates fair value because of the short-term maturity of those instruments. The fair value of long-term debt, including the current portion, is estimated using quoted market prices for the publicly registered notes and debentures, classified as Level 1 and Level 2, respectively, within the fair value hierarchy, depending on the market liquidity of the debt.

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

14. Accumulated Other Comprehensive Income (Loss)

The following table sets forth the changes in AOCI, net of tax, by component during the three and six months ended June 30, 2020 and June 30, 2019:

	Foreign Currency Translation Gain (Loss)	Net Actuarial Gain and Prior Service Cost	Amortization of Gain on Interest Rate Swap	Net Gain (Loss) on Marketable Securities Held in Trust	Total
Three Months Ended June 30, 2020					
Balance as of March 31, 2020	$ (2,072.9)	$ (127.8)	$ 2.6	$ 14.1	$ (2,184.0)
Other comprehensive income (loss)	56.5	2.6	0.5	12.5	72.1
Tax expense	(1.2)	3.4	(0.2)	(4.6)	(2.6)
Other comprehensive income (loss), net of tax	55.3	6.0	0.3	7.9	69.5
Other comprehensive income attributable to noncontrolling interest	1.3	—	—	—	1.3
Balance as of June 30, 2020	$ (2,016.3)	$ (121.8)	$ 2.9	$ 22.0	$ (2,113.2)
Three Months Ended June 30, 2019					
Balance as of March 31, 2019	$ (1,495.5)	$ (106.3)	$ 1.0	$ 5.2	$ (1,595.6)
Other comprehensive income (loss)	99.9	2.6	0.5	12.2	115.2
Tax expense	7.3	(3.9)	—	(0.5)	2.9
Other comprehensive income (loss), net of tax	107.2	(1.3)	0.5	11.7	118.1
Other comprehensive loss attributable to noncontrolling interest	(0.4)	—	—	—	(0.4)
Balance as of June 30, 2019	$ (1,388.7)	$ (107.6)	$ 1.5	$ 16.9	$ (1,477.9)
Six Months Ended June 30, 2020					
Balance at December 31, 2019	$ (1,476.8)	$ (129.6)	$ 2.1	$ 6.1	$ (1,598.2)
Other comprehensive income (loss)	(539.4)	12.3	1	20.5	(505.6)
Tax expense	(8.7)	(4.5)	(0.2)	(4.6)	(18.0)
Other comprehensive income (loss), net of tax	(548.1)	7.8	0.8	15.9	(523.6)
Addback: other comprehensive loss attributable to noncontrolling interest	8.6	—	—	—	8.6
Balance as of June 30, 2020	$ (2,016.3)	$ (121.8)	$ 2.9	$ 22.0	$ (2,113.2)
Six Months Ended June 30, 2019					
Balance at December 31, 2018	$ (1,547.4)	$ (105.3)	$ 0.4	$ (4.8)	$ (1,657.1)
Other comprehensive income (loss)	160.8	5.2	1.1	22.7	189.8
Tax expense	(1.8)	(7.5)	—	(1.0)	(10.3)
Other comprehensive income (loss), net of tax	159.0	(2.3)	1.1	21.7	179.5
Addback: other comprehensive loss attributable to noncontrolling interest	(0.3)	—	—	—	(0.3)
Balance as of June 30, 2019	$ (1,388.7)	$ (107.6)	$ 1.5	$ 16.9	$ (1,477.9)

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

15. Related Party Transactions

We enter into transactions and agreements with certain of our non-consolidated companies and other related parties from time to time. As of June 30, 2020, the net amount due to our non-consolidated companies totaled $175.1 million. As of December 31, 2019, there was a net amount due from our non-consolidated companies totaling $23.2 million. These amounts include a long-term indemnification asset of $21.3 million from Vale S.A. for reimbursement of pension plan obligations.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Transactions with non-consolidated companies included in net sales	$ 222.5	$ 289.3	$ 371.1	$ 551.8
Transactions with non-consolidated companies included in cost of goods sold	218.4	299.8	395.5	550.8

As part of the MWSPC joint venture, we market approximately 25% of the MWSPC production, for which approximately $1.5 million and $3.9 million, and $1.9 million and $4.6 million of marketing fees are included in revenue for the three and six months ended June 30, 2020 and June 30, 2019, respectively.

In 2015, we agreed to provide funds to finance the purchase and construction of two articulated tug and barge units, intended to transport anhydrous ammonia for our operations, through a bridge loan agreement with Gulf Marine Solutions, LLC ("***GMS***"). GMS is a wholly owned subsidiary of Gulf Sulphur Services Ltd., LLLP ("***Gulf Sulphur Services***"), an entity in which we and a joint venture partner, Savage Companies ("***Savage***"), each indirectly own a 50% equity interest and for which a subsidiary of Savage provides operating and management services. GMS provided these funds through draws on the Mosaic bridge loan and through additional loans from Gulf Sulphur Services. We are the primary beneficiary of GMS, a variable interest entity, and consolidate GMS's operations in our Phosphates segment.

On October 24, 2017, a lease financing transaction was completed with respect to the completed tug and barge unit, and, following the application of proceeds from the transaction, all outstanding loans made by Gulf Sulphur Services to GMS, together with accrued interest, were repaid, and the bridge loans related to the first unit's construction were repaid. As of June 30, 2020 and December 31, 2019, there were outstanding bridge loans of $74.7 million and $74.7 million, respectively, relating to the cancelled second barge and the remaining tug, which bridge loans are eliminated in consolidation. Reserves against the bridge loans of approximately $54.2 million were established in 2018 and remain unchanged. The construction of the remaining tug, funded by the bridge loan advances in excess of the reserves, is recorded within construction in-progress within our consolidated balance sheet. Several subsidiaries of Savage operate vessels utilized by Mosaic under time charter arrangements, including the ammonia tug and barge unit.

16. 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 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 $28.6 million and $39.3 million as of June 30, 2020 and December 31, 2019, 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.

New Wales Water Loss Incident. In August 2016, a sinkhole developed under one of the two cells of the active Gypstack at our New Wales facility in Polk County, Florida, resulting in process water from the stack draining into the sinkhole. The incident was reported to the FDEP and EPA. In October 2016, our subsidiary, Mosaic Fertilizer, entered into a consent order (the "***Order***") with the FDEP relating to the incident. Under the Order, Mosaic Fertilizer agreed to, among other things: implement a remediation plan to close the sinkhole; perform additional monitoring of the groundwater quality and act to assess and remediate in the event monitored off-site water does not comply with applicable standards as a result of the incident; evaluate the risk of potential future sinkhole formation at the New Wales facility and at Mosaic Fertilizer's active Gypstack operations at the Bartow, Riverview and Plant City facilities with recommendations to address any identified issues; and provide financial assurance of no less than $40.0 million, which we have done without the need for any expenditure of corporate funds through satisfaction of a financial strength test and Mosaic parent guarantee. The Order did not require payment of civil penalties relating to the incident.

As of June 30, 2020, the sinkhole repairs were substantially complete. Additional expenditures could be required in the future for additional remediation or other measures in connection with the sinkhole including if, for example, FDEP or EPA were to request additional measures to address risks presented by the Gypstack. These expenditures could be material. In addition, we are unable to predict at this time what, if any, impact the New Wales water loss incident will have on future Florida permitting efforts.

EPA RCRA Initiative. We have certain financial assurance and other obligations under consent decrees and a separate financial assurance arrangement relating to our facilities in Florida and Louisiana. These obligations are discussed in Note 10 of our Notes to Condensed Consolidated Financial Statements.

EPA EPCRA Initiative. In July 2008, DOJ sent a letter to major U.S. phosphoric acid manufacturers, including us, stating that 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 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.

Florida Sulfuric Acid Plants. On April 8, 2010, EPA Region 4 submitted an administrative subpoena to us under Section 114 of the Federal Clean Air Act (the "***CAA***") regarding compliance of our Florida sulfuric acid plants with the "New Source Review" requirements of the CAA. The request received by Mosaic appears to be part of a broader EPA national enforcement initiative focusing on sulfuric acid plants. On June 6, 2010, EPA issued a notice of violation to CF (the "***CF NOV***") with respect to "New Source Review" compliance at the Plant City Facility's sulfuric acid plants and the allegations in the CF NOV were not resolved before our 2014 acquisition of the Plant City Facility. CF has agreed to indemnify us with respect to any penalty EPA may assess as a result of the allegations in the CF NOV.

We have been engaged in settlement discussions with U.S. EPA and the Department of Justice, originating with the allegations of violations of Clean Air Act Prevention of Significant Deterioration (PSD) permitting requirements at the Plant City sulfuric acid plants and encompassing injunctive relief regarding sulfur dioxide emissions across Mosaic's Florida sulfuric acid plant fleet. With the closure of Plant City fertilizer operations, there is no longer a need to reach resolution with the government on injunctive relief (i.e., reduction of sulfur dioxide emissions) at that facility. Furthermore, the Department of Justice has determined that there is no basis for proceeding with a settlement, as EPA and the Department have not currently alleged any violations of the Clean Air Act PSD permitting requirements at any other of Mosaic's Florida sulfuric acid plants.

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

We cannot predict at this time whether EPA and DOJ will initiate an enforcement action in the future with respect to "New Source Review" compliance at our Florida sulfuric acid plants or what its scope would be, or what the range of outcomes might be with respect to such a potential enforcement action.

Uncle Sam Gypstack. In January 2019, we observed lateral movement of the north slope of our active phosphogypsum stack at the Uncle Sam facility in Louisiana. The observation was reported to the Louisiana Department of Environmental Quality and the U.S. EPA. We continue to provide updates to the agencies on the movement, which has slowed following actions we have taken, which include reducing process water volume stored atop the stack to reduce the active load causing the movement; constructing a stability berm at the base of the slope to increase resistance; and removing gypsum from the north side to the south side. These steps have improved slope stability, reduced slope movement and reduced our capacity to store process water. There has been no loss of containment resulting from the movement observed, and none is expected. Although continued lateral movement on the north slope could have a material effect on our future operations at that facility, we cannot predict the prospective impact on our results of operations at this time.

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, 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; CF; 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 record potential indemnifications as an offset to the established accruals when they are realizable or realized. The failure of an indemnitor to fulfill its obligations could result in future costs that could be material.

Louisiana Parishes Coastal Zone Cases

Several Louisiana parishes and the City of New Orleans have filed lawsuits against hundreds of oil and gas companies seeking regulatory, restoration and compensatory damages in connection with historical oil, gas and sulfur mining and transportation operations in the coastal zone of Louisiana. Mosaic is the corporate successor to certain companies which performed these types of operations in the coastal zone of Louisiana. Mosaic has been named in two of the lawsuits filed to date. In addition, in several other cases, historical oil, gas and sulfur operations which may have been related to Mosaic's corporate predecessors have been identified in the complaints. Based upon information known to date, Mosaic has contractual indemnification rights against third parties for any loss or liability arising out of these claims pursuant to indemnification agreements entered into by Mosaic's corporate predecessor(s) with third parties. There may also be insurance contracts which may respond to some or all of the claims. However, the financial ability of the third party indemnitors, the extent of potential insurance coverage and the extent of potential liability from these claims is currently unknown.

In September 2019, counsel for several of the parishes announced that an agreement had been reached to settle the claims against Mosaic and its corporate predecessors, subject to approval by the participating parishes and the State of Louisiana. In connection with that settlement agreement, the proposed settlement payment obligations would be paid by third party indemnitors.

Phosphate Mine Permitting in Florida

Denial of the permits sought at any of our mines, issuance of the permits with cost-prohibitive conditions, substantial delays in issuing the permits, legal actions that prevent us from relying on permits or revocation of permits may create challenges for us

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

to mine the phosphate rock required to operate our Florida and Louisiana phosphate plants at desired levels or increase our costs in the future.

The South Pasture Extension Mine Litigation. In November 2016, the Army Corps of Engineers (the "***Corps***") issued a federal wetlands permit under the Clean Water Act for mining an extension of our South Pasture phosphate rock mine in central Florida. On December 20, 2016, the Center for Biological Diversity, ManaSota-88, People for Protecting Peace River and Suncoast Waterkeeper (collectively, "***NGO Plaintiffs***") issued a 60-day notice of intent to sue the Corps and the U.S. Fish and Wildlife Service (the "***Service***") under the federal Endangered Species Act regarding actions taken by the Corps and the Service in connection with the issuance of the permit. On March 15, 2017, the NGO Plaintiffs filed a complaint against the Corps, the Service and the U.S. Department of the Interior (collectively "***Government Defendants***") in the U.S. District Court for the Middle District of Florida, Tampa Division. The complaint alleges that various actions taken by the Corps and the Service in connection with the issuance of the permit, including in connection with the Service's biological opinion and the Corps' reliance on that biological opinion, violated substantive and procedural requirements of the federal Clean Water Act ("***CWA***"), the National Environmental Policy Act ("***NEPA***") and the Endangered Species Act (the "***ESA***"), and were arbitrary, capricious, an abuse of discretion, and otherwise not in accordance with law, in violation of the Administrative Procedure Act (the "***APA***"). In their Complaint, the NGO Plaintiffs sought specific relief including (i) declarations that the Corps' decision to issue the permit violated the CWA, NEPA, the ESA and the APA and that its NEPA review violated the law; (ii) declarations that the Service's biological opinion violated applicable law and that the Corps' reliance on the biological opinion violated the ESA; (iii) orders that the Corps rescind the permit, that the Service withdraw its biological opinion and related analyses and prepare a biological opinion that complies with the ESA; and (iv) that the Corps be preliminarily and permanently enjoined from authorizing any further action under the permit until it complies fully with the requirements of the CWA, NEPA, the ESA and the APA. On March 31, 2017, Mosaic's motion for intervention was granted with no restrictions. Plaintiffs filed an amended complaint on June 2, 2017, without any new substantive allegations, and on June 28, 2017, Mosaic (as intervenor) and separately, the Government Defendants, filed answers to the amended complaint.

In June through July 2017, the parties filed competing Motions for Summary Judgment based on the administrative record developed for the challenged federal permits and approvals, consistent with the Administrative Procedures Act. On December 14, 2017, the U.S. District Court granted Mosaic's motion for summary judgment in favor of Mosaic and the Government Defendants, denied all claims raised by the NGO Plaintiffs, and denied the NGO Plaintiffs' motion to supplement the administrative record.

On February 12, 2018, the NGO Plaintiffs filed an appeal with the U.S. Court of Appeals for the Eleventh Circuit seeking to overturn the U.S. District Court's decision. Notably, the NGO Plaintiffs did not seek reversal of the Court's decision as to the Clean Water Act claims, but focused on the Endangered Species Act and National Environmental Policy Act claims for relief. The appellate case was fully briefed with close coordination between counsel for Mosaic and the Justice Department in developing the Appellants' Briefs and Reply Briefs. A mandatory mediation occurred on March 19, 2018, but no settlement was reached. Oral argument was held before the Eleventh Circuit Court of Appeals on May 22, 2019.

On November 4, 2019, the 11th Circuit U.S. Court of Appeals upheld the federal permits issued for Mosaic's South Pasture Extension Mine and the adequacy of the Area-wide Environmental Impact Statement (AEIS) that served as the NEPA support for three of Mosaic's new Florida phosphate mines. The Court of Appeals held that the Corps of Engineers' decision to issue the Clean Water Act 404 Permit and its reliance on the AEIS to satisfy the federal NEPA requirements were proper exercises of its authority.

On December 18, 2019, the NGO Plaintiffs filed a Petition for Rehearing *En Banc* seeking a rehearing before the entire 15-judge panel of the Court of Appeals. No responses to the Petition for Rehearing are allowed by Mosaic or the Government Defendants, unless requested by the Court.

On February 5, 2020, the 11th Circuit Court of Appeals issued its Order denying the Petition for Rehearing. Under existing rules, the Appellants would be given 90 days from February 5, 2020 to file a Petition for Writ of Certiorari with the U.S. Supreme Court. However, due to the Corona Virus pandemic, on March 4th the U.S. Supreme Court issued an Order extending the deadlines for filing a Petition for Writ of Certiorari (a "Petition") to 150 days. Accordingly, the deadline for the NGO Plaintiffs to file a timely Petition was July 6, 2020. That date has passed, and the NGO Plaintiffs did not file a timely Petition. As a result, the decision by the 11th Circuit Court of Appeals upholding the U.S. District Court's decision (affirming the federal approvals issued for Mosaic's South Pasture Extension Mine and finding the AEIS consistent with federal law), is final and no longer subject to legal challenge.

Brazil Legal Contingencies

Our Brazilian subsidiaries are engaged in a number of judicial and administrative proceedings regarding labor, environmental, mining and civil claims that allege aggregate damages and/or fines of approximately $835 million. We estimate that our probable aggregate loss with respect to these claims is approximately $59.6 million, which is included in our accrued liabilities in our Condensed Consolidated Balance Sheet as of June 30, 2020.

Approximately $582.9 million of the maximum potential loss relates to labor claims, such as in-house and third-party employees' judicial proceedings alleging the right to receive overtime pay, additional payment due to work in hazardous conditions, risk premium, profit sharing, additional payment due to night work, salary parity and wage differences. We estimate that our probable aggregate loss regarding these claims is approximately $52.5 million, which is included in accrued liabilities in our Condensed Consolidated Balance Sheet as of June 30, 2020.

- Approximately $3.5 million of the $59.6 million of reserves relates to a collective lawsuit filed by the labor union in Tapira (no. 114) claiming workers are entitled to overtime pay because the work shift should include transportation time to travel to a facility in which no public transportation was available.
- Approximately $3.8 million of these reserves relates to a collective lawsuit filed by the labor union in Rosário do Catete (no. 6654), Sergipe, claiming payment of overtime due to an irregular work shift in force until 2016. Both matters are currently before the Brazilian Labor Superior Court.
- Approximately $2.1 million of these reserves relates to a class action filed by one of the unions (no. 1051) claiming additional payment for occupational hazard due to the alleged exposure of workers to explosive gases at the Company's potash mine at Rosário do Catete, Sergipe.

Based on Brazil legislation and the current status of similar labor cases involving unrelated companies, we believe we have recorded adequate loss contingency reserves sufficient to cover our estimate of probable losses. If the status of similar cases involving unrelated companies were to adversely change in the future, our maximum exposure could increase and additional accruals could be required.

The environmental judicial and administrative proceedings claims allege aggregate damages and/or fines in excess of $110.0 million; however, we estimate that our probable aggregate loss regarding these claims is approximately $3.9 million, which has been accrued as of June 30, 2020.

The mining judicial and administrative proceedings claims allege aggregate damages and/or fines of approximately $3.4 million. We estimate that our probable aggregate loss regarding these claims will be immaterial as of June 30, 2020.

Our Brazilian subsidiaries also have certain other civil contingent liabilities with respect to judicial, administrative and arbitration proceedings and claims related to contract disputes, pension plan matters, real state disputes and other civil matters arising in the ordinary course of business. These claims allege aggregate damages in excess of $138.7 million. We estimate that the probable aggregate loss with respect to these matters is approximately $3.9 million.

Uberaba Judicial Settlement

In 2013, the Federal Public Prosecutor filed a public civil action requesting that the Company adopt several measures to mitigate soil and water contamination related to the Gypstack at our Uberaba facility, located in the State of Minas Gerais, including compensation for the alleged social and environmental damages. In 2014, our predecessor subsidiary in Brazil entered into a judicial settlement with the Federal Public Prosecutor, the State of Minas Gerais public prosecutor and the federal environmental agency. Under this agreement, we agreed to implement remediation measures such as: constructing a liner under the Gypstack water ponds and lagoons, and monitoring the groundwater and soil quality. We also agreed to create a private reserve of natural heritage and to pay compensation in the amount of approximately $0.3 million, which was paid in July 2018. We are currently acting in compliance with our obligations under the judicial settlement and expect them to be completed by December 31, 2023.

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Uberaba EHS Class Action

In 2013, the State of Minas Gerais public prosecutor filed a class action claiming that our predecessor company in Brazil did not comply with labor safety rules and working hour laws. This claim was based on an inspection conducted by the Labor and Employment Ministry in 2010, following which we were fined for not complying with several labor regulations. We filed our defense, claiming that we complied with these labor regulations and that the assessment carried out by the inspectors in 2010 was abusive. Following the initial hearing, the court ordered an examination to determine whether there has been any non-compliance with labor regulations. The examination is currently pending and the parties are negotiating a settlement. The amount claimed in the proceeding is $27.0 million.

Brazil Tax Contingencies

Our Brazilian subsidiaries are engaged in a number of judicial and administrative proceedings relating to various non-income tax matters. We estimate that our maximum potential liability with respect to these matters is approximately $333.4 million, of which $156.8 million is subject to an indemnification agreement entered into with Vale S.A in connection with the Acquisition.

Approximately $227.0 million of the maximum potential liability relates to a Brazilian federal value added tax, PIS and COFINS, and tax credit cases, while the majority of the remaining amount relates to various other non-income tax cases. The maximum potential liability can increase with new audits. Based on Brazil legislation and the current status of similar tax cases involving unrelated taxpayers, we believe we have recorded adequate loss contingency reserves sufficient to cover our estimate of probable losses, which are immaterial. If the status of similar tax cases involving unrelated taxpayer changes in the future, additional accruals could be required.

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, results of operations, and cash flows.

17. 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.

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, stand-alone businesses. Intersegment eliminations, including profit on intersegment sales, mark-to-market gains/losses on derivatives, debt expenses, Streamsong Resort® results of operations and the results of the China and India distribution businesses are included within Corporate, Eliminations and Other. For a description of our business segments, see Note 1 to the Condensed Consolidated Financial Statements.

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Segment information for the three and six months ended June 30, 2020 and 2019 was as follows:

	Phosphates	Potash	Mosaic Fertilizantes	Corporate, Eliminations and Other (a)	Total
Three months ended June 30, 2020					
Net sales to external customers	$ 550.1	$ 544.8	$ 787.0	$ 162.8	$ 2,044.7
Intersegment net sales	212.3	10.6	—	(222.9)	—
Net sales	762.4	555.4	787.0	(60.1)	2,044.7
Gross margin	17.7	131.6	100.7	7.0	257.0
Canadian resource taxes	—	52.1	—	—	52.1
Gross margin (excluding Canadian resource taxes)	17.7	183.7	100.7	7.0	309.1
Operating earnings (loss)	(59.4)	125.5	76.4	(56.7)	85.8
Capital expenditures	122.2	111.4	19.7	3.9	257.2
Depreciation, depletion and amortization expense	113.9	71.8	27.0	2.7	215.4
Three months ended June 30, 2019					
Net sales to external customers	$ 600.6	$ 591.9	$ 832.7	$ 151.7	$ 2,176.9
Intersegment net sales	316.8	7.2	—	(324.0)	—
Net sales	917.4	599.1	832.7	(172.3)	2,176.9
Gross margin	(11.8)	181.1	35.2	22.7	227.2
Canadian resource taxes	—	56.4	—	—	56.4
Gross margin (excluding Canadian resource taxes)	(11.8)	237.5	35.2	22.7	283.6
Impairment, restructuring and other expenses	369.4	—	—	—	369.4
Operating earnings (loss)	(393.1)	174.0	2.4	(25.2)	(241.9)
Capital expenditures	122.1	130.1	40.8	1.9	294.9
Depreciation, depletion and amortization expense	105.0	78.3	32.1	5.3	220.7
Six months ended June 30, 2020					
Net sales to external customers	$ 1,087.4	$ 983.4	$ 1,518.1	$ 253.9	$ 3,842.8
Intersegment net sales	294.4	13.6	—	(308.0)	—
Net sales	1,381.8	997.0	1,518.1	(54.1)	3,842.8
Gross margin	(65.2)	240.7	167.2	(44.3)	298.4
Canadian resource taxes	—	83.8	—	—	83.8
Gross margin (excluding Canadian resource taxes)	(65.2)	324.5	167.2	(44.3)	382.2
Operating earnings (loss)	(166.2)	219.7	105.4	(139.3)	19.6
Capital expenditures	260.1	209.7	45.0	5.9	520.7
Depreciation, depletion and amortization expense	228.3	141.9	55.2	7.8	433.2
Six months ended June 30, 2019					
Net sales to external customers	$ 1,198.7	$ 1,089.2	$ 1,530.7	$ 258.0	$ 4,076.6
Intersegment net sales	524.7	13.4	—	(538.1)	—
Net sales	1,723.4	1,102.6	1,530.7	(280.1)	4,076.6
Gross margin	43.0	366.5	87.6	39.6	536.7
Canadian resource taxes	—	103.3	—	—	103.3
Gross margin (excluding Canadian resource taxes)	43.0	469.8	87.6	39.6	640.0
Impairment, restructuring and other expenses	369.4	—	—	—	369.4
Operating earnings (loss)	(349.6)	349.8	29.7	(69.7)	(39.8)
Capital expenditures	242.5	270.5	92.6	3.2	608.8
Depreciation, depletion and amortization expense	208.5	156.6	63.6	10.1	438.8
Total Assets					
As of June 30, 2020	$ 7,635.5	$ 6,959.2	$ 3,494.1	$ 931.8	$ 19,020.6
As of December 31, 2019	7,183.5	7,219.2	3,974.9	920.9	19,298.5

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(a) The "Corporate, Eliminations and Other" category includes the results of our ancillary distribution operations in India and China. For the three and six months ended June 30, 2020, distribution operations in India and China had revenue of $161.5 million and $238.3 million, respectively, and gross margin of $20.0 million and $22.0 million, respectively. For the three and six months ended June 30, 2019, distribution operations in India and China had revenue of $133.3 million and $226.5 million, respectively, and gross margin of $10.2 million and $19.2 million, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Net sales[a]:				
Brazil	$ 757.0	$ 805.7	$ 1,469.7	$ 1,483.7
Canpotex[b]	215.8	281.7	362.2	539.3
Canada	137.4	142.2	254.7	278.3
India	100.8	72.3	138.0	100.1
China	74.5	58.8	113.9	123.9
Argentina	55.1	46.6	83.1	72.4
Japan	32.6	8.9	44.5	9.0
Paraguay	26.4	26.1	42.7	47.5
Colombia	25.8	22.1	40.0	38.6
Mexico	22.8	35.8	47.7	80.2
Honduras	10.5	3.6	17.5	8.0
Thailand	4.7	8.1	9.1	13.2
Australia	0.3	0.1	41.3	56.1
Peru	—	26.1	6.0	46.2
Other	19.7	23.4	49.8	54.8
Total international countries	1,483.4	1,561.5	2,720.2	2,951.3
United States	561.3	615.4	1,122.6	1,125.3
Consolidated	$ 2,044.7	$ 2,176.9	$ 3,842.8	$ 4,076.6

(a) Revenues are attributed to countries based on location of customer.
(b) Canpotex is the export association of certain Saskatchewan potash producers.

THE MOSAIC COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Net sales by product type are as follows:

(in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Sales by product type:				
Phosphate Crop Nutrients	$ 559.6	$ 643.3	$ 1,106.8	$ 1,167.9
Potash Crop Nutrients	658.0	711.9	1,129.0	1,284.0
Crop Nutrient Blends	252.0	287.4	539.3	580.8
Specialty Products[(a)]	436.2	417.4	752.1	736.9
Phosphate Rock	7.5	12.4	14.0	19.4
Other[(b)]	131.4	104.5	301.6	287.6
	$ 2,044.7	$ 2,176.9	$ 3,842.8	$ 4,076.6

(a) Includes sales of MicroEssentials®, K-Mag, Aspire and animal feed ingredients.

(b) Includes sales of industrial potash, nitrogen and other products.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the material under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Annual Report on Form 10-K of The Mosaic Company filed with the Securities and Exchange Commission for the year ended December 31, 2019 (the "***10-K Report***") and the material under Item 1 of Part I of this report.

Throughout the discussion below, we measure units of production, sales and raw materials in metric tonnes, which are the equivalent of 2,205 pounds, unless we specifically state we mean long ton(s), which are the equivalent of 2,240 pounds. In the following tables, there are certain percentages that are not considered to be meaningful and are represented by "NM."

Results of Operations

The following table shows the results of operations for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		2020-2019		Six months ended June 30,		2020-2019	
(in millions, except per share data)	**2020**	**2019**	**Change**	**Percent**	**2020**	**2019**	**Change**	**Percent**
Net sales	$2,044.7	$2,176.9	$(132.2)	(6)%	$3,842.8	$4,076.6	$(233.8)	(6)%
Cost of goods sold	1,787.7	1,949.7	(162.0)	(8)%	3,544.4	3,539.9	4.5	— %
Gross margin	257.0	227.2	29.8	13 %	298.4	536.7	(238.3)	(44)%
Gross margin percentage	13 %	10 %			8 %	13 %		
Selling, general and administrative expenses	95.1	78.1	17.0	22 %	163.0	171.6	(8.6)	(5)%
Impairment, restructuring and other expenses	—	369.4	(369.4)	NM	—	369.4	(369.4)	NM
Other operating expense	76.1	21.6	54.5	NM	115.8	35.5	80.3	NM
Operating earnings (loss)	85.8	(241.9)	327.7	NM	19.6	(39.8)	59.4	NM
Interest expense, net	(49.3)	(46.0)	(3.3)	7 %	(90.4)	(93.0)	2.6	(3)%
Foreign currency transaction gain (loss)	34.1	20.8	13.3	64 %	(180.1)	43.4	(223.5)	NM
Other income (expense)	2.4	(3.7)	6.1	NM	6.9	(4.8)	11.7	NM
Earnings (loss) from consolidated companies before income taxes	73.0	(270.8)	343.8	NM	(244.0)	(94.2)	(149.8)	159 %
Benefit from income taxes	(2.7)	(51.7)	49.0	(95)%	(135.7)	(5.1)	(130.6)	NM
Earnings (loss) from consolidated companies	75.7	(219.1)	294.8	NM	(108.3)	(89.1)	(19.2)	22 %
Equity in net loss of nonconsolidated companies	(29.8)	(11.2)	(18.6)	166 %	(49.8)	(11.3)	(38.5)	NM
Net earnings (loss) including noncontrolling interests	45.9	(230.3)	276.2	NM	(158.1)	(100.4)	(57.7)	57 %
Less: Net (loss) earnings attributable to noncontrolling interests	(1.5)	2.8	(4.3)	NM	(2.5)	1.9	(4.4)	NM
Net earnings (loss) attributable to Mosaic	$ 47.4	$(233.1)	$ 280.5	NM	$(155.6)	$(102.3)	$ (53.3)	52 %
Diluted net earnings (loss) per share attributable to Mosaic	$ 0.12	$ (0.60)	$ 0.72	NM	$ (0.41)	$ (0.27)	$ (0.14)	52 %
Diluted weighted average number of shares outstanding	381.3	385.8			378.9	385.7		

Overview of Consolidated Results for the three months ended June 30, 2020 and 2019

For the three months ended June 30, 2020, Mosaic had net earnings of $47.4 million, or $0.12 per diluted share, compared to a net loss of $233.1 million, or $(0.60) per diluted share, for the prior year period. The current period results were impacted by $50 million, or $0.01 per diluted share, related to the following notable items:

- Asset retirement obligation costs of $50 million, or $(0.07) per diluted share, related to new regulations

- Depreciation expense of $22 million, or $(0.03) per diluted share, related to the acceleration of the closure of our K1 and K2 mine shafts at our Esterhazy, Saskatchewan mine as we ramp up K3
- Other operating expenses of $19 million, or $(0.03) per diluted share, related to maintaining closed and indefinitely idled facilities
- Idle plant costs of $8 million, or $(0.01) per diluted share, related to the government-mandated shutdown on March 16, 2020, of our Miski Mayo phosphate rock mine in Peru due to the Covid-19 outbreak
- Write-down of assets of $4 million, or $(0.01) per diluted share
- A change in the effective annual tax rate creating a benefit of $32 million, or $0.08 per diluted share
- Foreign currency transaction gain of $34 million, or $0.05 per diluted share
- Unrealized gain on derivatives of $9 million, or $0.01 per diluted share
- Other operating income of $7 million, or $0.01 per diluted share, related to a legal settlement
- Discrete income tax benefit of $3 million, or $0.01 per diluted share
- Other non-operating income of $3 million, or $0.00 per diluted share, related to a realized gain on RCRA trust securities

During the three months ended June 30, 2019, our results included:

- Closure costs for our Plant City, Florida phosphates manufacturing facility of $369 million, or $(0.73) per diluted share
- Foreign currency transaction gains of $21 million, or $0.04 per diluted share
- Discrete income tax expense of $10 million, or $(0.02) per diluted share
- Other operating income of $8 million, or $0.02 per diluted share, related to insurance proceeds for the 2017 flooding at the Miski Mayo mine
- Unrealized gains on derivatives of $7 million, or $0.01 per diluted share
- Other operating expenses of $6 million, or $(0.02) per diluted share, related to the Acquisition
- Expenses of $5 million, or $(0.01) per diluted share, related to repairing the lateral movement at the Gypstack at our Uncle Sam facility in Louisiana
- Asset retirement obligation costs of $3 million, or $(0.01) per diluted share, related to closed facilities

Significant factors affecting our results of operations and financial condition are listed below. Certain of these factors are discussed in more detail in the following sections of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

In addition to the items noted above, our operating results during the three months ended June 30, 2020, were unfavorably impacted in our Potash segment by lower average selling prices compared to the prior year period. Selling prices began declining in the first half of 2019 due to adverse weather conditions in North America. They have continued to decline in the current year due to lower export prices because of China and India contract prices settling lower than expected, and new suppliers entering the marketplace. Potash sales volumes increased in North America in the current year period due to strong in-season demand driven by an early spring, compared to the same period in the prior year. In the prior year, sales volumes were low as a result of adverse weather conditions in North America, which resulted in a late spring season, and a full product pipeline. Export sales volumes increased in the current year from the same period in the prior year, due to the settlement of the China and India contracts, and strong shipments to Brazil in the current year period.

Operating results for the three months ended June 30, 2020 were favorably impacted by our Phosphates segment. Phosphates recorded increased sales volumes in North America due to a strong spring application season in the current period, compared to the prior year period, which was unfavorably impacted by rain and flooding. In addition, raw material costs, primarily sulfur and ammonia, were favorable in the second quarter of 2020, compared to the same period in the prior year. This was partially offset by a decrease in average selling prices compared to the same period in the prior year. Although selling prices have risen from the low levels seen at the end of 2019, they are still below the same period of the prior year. The prior year was adversely impacted by increased supply, due to new capacity coming online, and reduced demand, due to adverse weather conditions in

North America. Phosphate selling prices have continued to strengthen into the third quarter of 2020, due to improved market sentiment.

For the three months ended June 30, 2020, operating results were favorably impacted by our Mosaic Fertilizantes segment. Sales volumes increased compared to the same period in the prior year, due to better farmer economics, and market sentiment of increasing phosphate prices. Operating results were also favorably impacted by foreign currency impacts and lower raw material costs in the current year compared to the prior year period. Raw material costs were higher in the prior year, as we imported rock to meet production needs because three of our mines were temporarily idled as we worked during the prior year period to meet new legislation regarding tailing dams in Brazil. This resulted in higher idle plant costs in the prior year as well. Operating results were unfavorably impacted by lower average selling prices in the current year compared to the prior year period, driven by international pricing trends and the mix of products sold.

Other Highlights

- Ma'aden Wa'ad Al Shamal Phosphate Company ("***MWSPC***"), a subsidiary of Saudi Arabian Mining Company (Ma'aden), in which Mosaic holds a 25 percent interest, refinanced its project level debt. The refinancing removes recourse to Mosaic by all lenders to MWSPC, and defers principal paydown until June 30, 2022, enhancing expected free cash flow. Mosaic's contractual commitment to make future cash contributions to MWSPC has been eliminated.
- On June 26, 2020, we filed petitions with the U.S. Department of Commerce and the U.S. International Trade Commission that request the initiation of countervailing duty investigations into imports of phosphate fertilizers from Morocco and Russia. The purpose of the petitions is to remedy the distortions that foreign subsidies are causing in the U.S. market for phosphate fertilizers, and thereby restore fair competition.
- We have experienced limited adverse financial and operational Covid-19 related impacts to our operating facilities, employees, supply chain and logistics in the first quarter of 2020 as agriculture, including fertilizer production, has been deemed, by governments in each jurisdiction where we operating mines or facilities, an "essential business" because of the role it plays in the production of food. The Company implemented measures that are intended to provide for the immediate health and safety of our employees, including working remotely and alternating work schedules in order to minimize the number of employees at one location. In an effort to contain the spread of the virus, many government authorities, at locations where we do business, have issued "social distancing or shelter in place" orders. In accordance with such orders, operations at our Miski Mayo mine in Peru were closed on March 16, 2020. Operations resumed on May 13, 2020. Our Patrocino operations in Brazil were also closed for ten days, restarting operations on April 7, 2020. These closures resulted in minimal disruptions to our operations.
- In July, 2020, we extended the term and increased the limit of our revolving credit facility. As of the date of the agreement, we held a liquidity position, including cash and available committed lines of credit, in excess of $3 billion.

Overview of Consolidated Results for the six months ended June 30, 2020 and 2019

Net loss attributable to Mosaic for the six months ended June 30, 2020 was $(155.6) million, or $(0.41) per diluted share, compared to a net loss of $(102.3) million, or $(0.27) per diluted share, for the same period a year ago. The net loss for the six months ended June 30, 2020 was impacted by $362 million, or $(0.47) per diluted share, due to the following notable items:

- Foreign currency transaction loss of $180 million, or ($0.33) per diluted share
- Asset retirement obligation costs of $50 million, or $(0.07) per diluted share, related to new regulations
- Depreciation expense of $44 million, or $(0.06) per diluted share, related to the acceleration of the closure of our K1 and K2 mine shafts at our Esterhazy, Saskatchewan mine as we ramp up K3
- Unrealized loss on derivatives of $42 million, or ($0.08) per diluted share
- Other operating expenses of $35 million, or $(0.07) per diluted share, related to maintaining closed and indefinitely idled facilities
- Idle plant costs of $13 million, or $(0.02) per diluted share, related to the government-mandated shutdown on March 16, 2020, of our Miski Mayo phosphate rock mine in Peru due to the Covid-19 outbreak

- Other operating expenses of $9 million, or $(0.02) per diluted share, related to an increase in reserves for legal contingencies of the Acquired Business (as defined below)
- Write-down of assets of $4 million, or $(0.01) per diluted share
- A change in the effective annual tax rate, creating a benefit of $32 million, or $0.08 per diluted share
- Discrete income tax benefit of $31 million, or $0.09 per diluted share
- Other non-operating income of $8 million, or $0.01 per diluted share, related to a realized gain on RCRA trust securities
- Other operating income of $7 million, or $0.01 per diluted share, related to a legal settlement

During the six months ended June 30, 2019, our results included:

- Plant City closing costs of $369 million, or $(0.73) per diluted share
- Foreign currency transaction gains of $44 million, or $0.09 per diluted share
- Unrealized gains on derivatives of $32 million, or $0.06 per diluted share
- Other operating income of $8 million, or $0.02 per diluted share, related to insurance proceeds for the 2017 flooding at the Miski Mayo mine
- Other operating expenses of $15 million, or $(0.04) per diluted share, related to the Acquisition, partially offset by income of $12 million, or $0.03 per diluted share, related to the reversal of our previously estimated and accrued earn-out obligation to Vale
- Expenses of $14 million, or $(0.03) per diluted share, related to repairing the lateral movement at the Gypstack at our Uncle Sam facility in Louisiana
- Discrete income tax expense of $10 million, or $(0.02) per diluted share

Results for the six months ended June 30, 2020 and 2019 reflected the factors discussed above in the discussion for the three months ended June 30, 2020 and 2019, in addition to those noted below. Certain of these factors are discussed in more detail in the following sections of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Operating results in our Potash segment for the six months ended June 30, 2020 were unfavorably impacted by a decrease in the average selling price of potash compared to the prior year period partially offset by higher sales volumes. These results were driven by the factors mentioned above in the three-month discussion, as well as a strong winter fill program in North America, which resulted in higher sales volumes in the first quarter of 2020.

Operating results in our Phosphates segment for the six months ended June 30, 2020 were unfavorably impacted by lower phosphate average selling prices compared to the prior year period. These results were driven by the factors mentioned above in the three-month discussion. Operating results in the current year period were favorably impacted by higher finished product sales volumes. In addition to the factors mentioned above in the three month discussion, North America experienced a late fall application season which drove increased sales volumes in the first quarter of 2020. Current year operating results were also favorably impacted by lower idle plant and turnaround costs that occurred in the prior year.

For the six months ended June 30, 2020, operating results in our Mosaic Fertilizantes segment were favorably impacted by an increase in sales volumes in the current year compared to the prior year period, driven by the factors mentioned above in the three-month discussion. Operating results were also favorably impacted by foreign currency impacts, lower raw material costs and lower idle plant costs, as discussed above in the three-month discussion. These results were offset by the unfavorable impact of lower average sales prices, as discussed above in the three-month discussion.

Other Highlights

- Cash on hand was $1.1 billion at June 30, 2020, an increase of over $500 million from December 31, 2019. We are diligently managing working capital requirements and capital expenditures, which are approximately $90 million lower than the prior year period. We also retired approximately $500 million of short-term debt and structured accounts payables in the second quarter of 2020.

- We continue to execute well and drive toward our 2021 operational targets. Mosaic Fertilizantes is on track to achieve the previously announced $50 million in transformational savings targeted for 2020. The Esterhazy K3 mine development project continues to progress, with the third automated miner placed into service in the first quarter of 2020.

Phosphates Net Sales and Gross Margin

The following table summarizes the Phosphates segment's net sales, gross margin, sales volume, selling prices and raw material prices:

	Three months ended June 30,		2020-2019		Six months ended June 30,		2020-2019	
(in millions, except price per tonne or unit)	**2020**	**2019**	**Change**	**Percent**	**2020**	**2019**	**Change**	**Percent**
Net sales:								
North America	$ 383.0	$ 444.3	$ (61.3)	(14)%	$ 764.7	$ 842.5	$ (77.8)	(9)%
International	379.4	473.1	(93.7)	(20)%	617.1	880.9	(263.8)	(30)%
Total	762.4	917.4	(155.0)	(17)%	1,381.8	1,723.4	(341.6)	(20)%
Cost of goods sold	744.7	929.2	(184.5)	(20)%	1,447.0	1,680.4	(233.4)	(14)%
Gross margin	$ 17.7	$ (11.8)	$ 29.5	NM	$ (65.2)	$ 43.0	$ (108.2)	NM
Gross margin as a percentage of net sales	2 %	(1)%			(5)%	2 %		
Sales volumes[a] (in thousands of metric tonnes)								
DAP/MAP	1,166	1,275	(109)	(9)%	2,498	2,416	82	3 %
Performance and Other[b]	1,069	909	160	18 %	1,656	1,558	98	6 %
Total finished product tonnes	2,235	2,184	51	2 %	4,154	3,974	180	5 %
Rock	119	673	(554)	(82)	288	865	(577)	(67)%
Total Phosphates Segment Tonnes[a]	2,354	2,857	(503)	(18)%	4,442	4,839	(397)	(8)%
Realized prices ($/tonne)								
Average finished product selling price (destination)[a]	$ 338	$ 398	$ (60)	(15)%	$ 328	$ 418	$ (90)	(22)%
DAP selling price (fob mine)	$ 287	$ 345	$ (58)	(17)%	$ 281	$ 359	$ (78)	(22)%
Average rock selling price (destination)[a]	$ 61	$ 71	$ (10)	(14)%	$ 60	$ 72	$ (12)	(17)%
Average cost per unit consumed in cost of goods sold:								
Ammonia (metric tonne)	$ 289	$ 337	$ (48)	(14)%	$ 298	$ 344	$ (46)	(13)%
Sulfur (long ton)	$ 76	$ 138	$ (62)	(45)%	$ 77	$ 145	$ (68)	(47)%
Blended rock (metric tonne)	$ 61	$ 63	$ (2)	(3)%	$ 61	$ 62	$ (1)	(2)%
Production volume (in thousands of metric tonnes) - North America	2,117	2,050	67	3 %	3,978	4,042	(64)	(2)%

(a) Includes intersegment sales volumes.
(b) Includes sales volumes of MicroEssentials® and animal feed ingredients.

Three months ended June 30, 2020 and June 30, 2019

The Phosphates segment’s net sales were $762.4 million for the three months ended June 30, 2020, compared to $917.4 million for the three months ended June 30, 2019. The decrease in net sales was primarily due to lower selling prices in the current year period, which impacted net sales by approximately $120 million. We also experienced lower sales volumes from Miski Mayo, which was under a government-mandated shut down for part of the current period due to Covid-19, impacting net sales by approximately $30 million.

Our average finished product selling price was $338 per tonne for the three months ended June 30, 2020, a decrease of 15% from the same period a year ago, due to the factors discussed in the Overview.

The Phosphates segment’s sales volumes of finished products increased by 2% for the three months ended June 30, 2020, compared to the same period in the prior year, due to the factors discussed in the Overview.

Gross margin for the Phosphates segment increased to $17.7 million for the three months ended June 30, 2020, from $(11.8) million for the three months ended June 30, 2019. The increase in gross margin in the current year period was primarily due to significantly lower raw materials costs, as discussed below, which impacted gross margin by approximately $105 million, and lower idle plant and turnaround costs of approximately $40 million. These benefits were partially offset by the impact of lower finished product prices of approximately $120 million.

The average consumed price for ammonia for our North American operations decreased to $289 per tonne for the three months ended June 30, 2020, from $337 in the same period a year ago. We typically purchase approximately one-third of our ammonia from various suppliers in the spot market, with the remaining two-thirds either purchased through an ammonia supply agreement or produced internally at our Faustina, Louisiana location. The average consumed sulfur price for our North American operations decreased to $76 per long ton for the three months ended June 30, 2020, from $138 in the same period a year ago. The purchase prices of these raw materials are driven by global supply and demand. The consumed ammonia and sulfur prices also include transportation, transformation, and storage costs.

The average consumed cost of purchased and produced phosphate rock decreased to $61 per tonne for the three months ended June 30, 2020, compared to $63 per tonne for the three months ended June 30, 2019. For the three months ended June 30, 2020, our North American phosphate rock production increased to 3.3 million tonnes from 3.1 million tonnes for the same period of the prior year due to favorable performance at all of our North American mines. In the prior year period, production suffered due to operational challenges as we transitioned into new mining areas.

The Phosphates segment's production of crop nutrient dry concentrates and animal feed ingredients remained steady at 2.1 million tonnes for the three months ended June 30, 2020, compared to the same period in the prior year. Our operating rate for processed phosphate production increased slightly to 85% for the three months ended June 30, 2020, from 84% for the same period in 2019.

Six months ended June 30, 2020 and June 30, 2019

The Phosphates segment’s net sales were $1.4 billion for the six months ended June 30, 2020, compared to $1.7 billion for the six months ended June 30, 2019. The decrease in net sales was due to lower selling prices in the current year period, which unfavorably impacted net sales by approximately $330 million, and lower sales volumes from Miski Mayo, which unfavorably impacted net sales by approximately $30 million. That facility was subject to a government mandated shutdown for a portion of the current year period. This was partially offset by higher sales volumes of approximately $20 million.

Our average finished product selling price was $328 per tonne for the six months ended June 30, 2020, a decrease of 22% per tonne from the same period a year ago, due to the factors discussed in the Overview.

The Phosphates segment’s sales volumes of finished products increased by 5% for the six months ended June 30, 2020, compared to the same period in the prior year ago, due to the factors discussed in the Overview.

Gross margin for the Phosphates segment decreased to $(65.2) million for the six months ended June 30, 2020, from $43.0 million for the six months ended June 30, 2019. The decrease in gross margin in the current year period was due to the impact of lower finished product prices of approximately $330 million. This was partially offset by lower raw material costs, primarily sulfur, as discussed below, impacting gross margin by approximately $170 million, and lower costs of approximately $50 million related to the timing of idle plant and turnaround costs in the current year period.

The average consumed price for ammonia for our North American operations was $298 per tonne for the six months ended June 30, 2020, compared to $344 in the same period a year ago. The average consumed price for sulfur for our North American operations decreased to $77 per long ton for the six months ended June 30, 2020, from $145 in the same period a year ago. The purchase prices of these raw materials are driven by global supply and demand.

The average consumed cost of purchased and produced phosphate rock was $61 per tonne for the six months ended June 30, 2020, compared to $62 per tonne for the prior year period. Our North American phosphate rock production increased to 6.7 million tonnes for the six months ended June 30, 2020, compared to 5.9 million for the six months ended June 30, 2019. The increase from the prior year is due to favorable performance across our North American mines. In the prior year period, production suffered due to operational challenges as we transitioned into new mining areas.

The Phosphate segment's production of crop nutrient dry concentrates and animal feed ingredients was 3.98 million tonnes for the six months ended June 30, 2020, compared to 4.04 million tonnes in the prior year period. For the six months ended June 30, 2020, our operating rate for processed phosphate production decreased to 80%, compared to 83% in the same period of the prior year.

Potash Net Sales and Gross Margin

The following table summarizes the Potash segment's net sales, gross margin, sales volume and selling price:

	Three months ended June 30,		2020-2019		Six months ended June 30,		2020-2019	
(in millions, except price per tonne or unit)	2020	2019	Change	Percent	2020	2019	Change	Percent
Net sales:								
North America	$ 315.2	$ 296.4	$ 18.8	6 %	$ 597.7	$ 531.6	$ 66.1	12 %
International	240.2	302.7	(62.5)	(21)%	399.3	571.0	(171.7)	(30)%
Total	555.4	599.1	(43.7)	(7)%	997.0	1,102.6	(105.6)	(10)%
Cost of goods sold	423.8	418.0	5.8	1 %	756.3	736.1	20.2	3 %
Gross margin	$ 131.6	$ 181.1	$ (49.5)	(27)%	$ 240.7	$ 366.5	$(125.8)	(34)%
Gross margin as a percentage of net sales	24 %	30 %			24	33 %		
Sales volume[a] (in thousands of metric tonnes)								
MOP	2,282	1,919	363	19 %	3,991	3,648	343	9 %
Performance and Other[b]	277	244	33	14 %	467	376	91	24 %
Total Potash Segment Tonnes	2,559	2,163	396	18 %	4,458	4,024	434	11 %
Realized prices ($/tonne)								
Average finished product selling price (destination)	$ 217	$ 277	$ (60)	(22)%	$ 224	$ 274	$ (50)	(18)%
MOP selling price (fob mine)	$ 180	$ 246	$ (66)	(27)%	$ 188	$ 244	$ (56)	(23)%
Production volume (in thousands of metric tonnes)	2,198	2,180	18	1 %	4,266	4,434	(168)	(4)%

(a) Includes intersegment sales volumes.
(b) Includes sales volumes of K-mag, Aspire and animal feed ingredients.

Three months ended June 30, 2020 and June 30, 2019

The Potash segment's net sales decreased to $555.4 million for the three months ended June 30, 2020, compared to $599.1 million in the same period a year ago. The decrease was due to lower selling prices, which had an unfavorable impact on net sales of approximately $155 million, partially offset by higher sales volumes, which had a favorable impact on net sales of approximately $110 million.

Our average finished product selling price was $217 per tonne for the three months ended June 30, 2020, compared to $277 per tonne for the same period a year ago, as a result of the factors described in the Overview.

The Potash segment's sales volumes of finished products increased to 2.56 million tonnes for the three months ended June 30, 2020, compared to 2.16 million tonnes in the same period a year ago, due to early spring demand in North America, and an increase in the sales through Canpotex in the current period.

Gross margin for the Potash segment decreased to $131.6 million for the three months ended June 30, 2020, from $181.1 million in the same period of the prior year. The decrease in gross margin in the current year period is primarily due to approximately $155 million of lower selling prices, partially offset by a favorable sales volume impact of approximately $40 million. In addition, gross margin was positively impacted by approximately $25 million of lower turnaround costs due to timing of when the turnarounds occurred, lower plant spending of approximately $30 million, and lower Canadian resource taxes of approximately $4 million as discussed below.

We had expense of $52.1 million from Canadian resource taxes for the three months ended June 30, 2020, compared to $56.4 million in the same period a year ago. Canadian royalty expense decreased to $7.8 million for the three months ended June 30, 2020, compared to $11.0 million for the three months ended June 30, 2019. The fluctuations in Canadian resource taxes are a result of a decrease in average selling prices and margins, due to the factors discussed in the Overview. The decrease in royalties is due to the reduction in sales revenue.

We incurred $26 million in brine inflow management expenses, including depreciation on brine assets, at our Esterhazy mine during the three months ended June 30, 2020, compared to $36 million for the three months ended June 30, 2019. We have been effectively managing the brine inflows at Esterhazy since 1985, and from time to time we experience changes to the amounts and patterns of brine inflows. Inflows continue to be within the range of our historical experience. Brine inflow expenditures continue to reflect the cost of addressing changing inflow patterns, including inflows from below our mine workings, which can be more complex and costly to manage. Our past investments in remote injection and increased pumping capacities facilitate our management of the brine inflows and the amount of brine stored in the mine. We are continuing the expansion of capacity in our Potash segment with the K3 shaft at our Esterhazy mine. Once completed, this will provide us the opportunity to eliminate future brine inflow management costs by closing our K1 and K2 shafts in the future.

Our operating rate for potash production was 91% for the current year period, compared to 83% in the prior year period. The change in our operating rate from the prior year period is primarily due to a change in our capacities as we indefinitely idled our Colonsay, Saskatchewan mine in the fourth quarter of 2019.

Six months ended June 30, 2020 and June 30, 2019

The Potash segment's net sales decreased to $1.0 billion for the six months ended June 30, 2020, compared to $1.1 billion in the same period a year ago. The decrease was due to lower selling prices, which had an unfavorable impact on net sales of approximately $240 million, partially offset by higher sales volumes, which had a favorable impact on net sales of approximately $140 million.

Our average selling price was $224 per tonne for the six months ended June 30, 2020, compared to $274 per tonne for the same period a year ago, due to the factors discussed above in the Overview.

The Potash segment's sales volumes increased to 4.5 million tonnes for the six months ended June 30, 2020, compared to 4.0 million tonnes in the same period a year ago, due to the factors discussed in the Overview.

Gross margin for the Potash segment decreased to $240.7 million for the six months ended June 30, 2020, from $366.5 million for the same period in the prior year. Gross margin was unfavorably impacted by approximately $240 million, due to the decrease in average selling prices, partially offset by approximately $50 million, due to the impact of higher sales volumes. Gross margin was also unfavorably impacted by $20 million of fixed cost absorption due to lower production volumes and inventory unit values in the current year period. We saw a favorable impact from lower turnaround costs of approximately $30 million due to the timing of when turnarounds occurred, and approximately $30 million of lower plant spending for the six months ended June 30, 2020 compared to the prior year period. Gross margin was also favorably impacted in the current period by approximately $20 million due to lower Canadian resource taxes and royalties, as discussed below.

We incurred $83.8 million in Canadian resource taxes for the six months ended June 30, 2020, compared to $103.3 million in the same period a year ago. Canadian royalty expense decreased to $16.0 million for the six months ended June 30, 2020, compared to $22.2 million for the six months ended June 30, 2019. The fluctuations in Canadian resource taxes are due to the items discussed in the three-month discussion above. The decrease in Canadian resource taxes and royalties is due to lower average selling prices in the current year.

We incurred expense of $59 million, including depreciation on brine assets, related to managing the brine inflows at our Esterhazy mine during the six months ended June 30, 2020, compared to $72 million in the prior year period.

Our operating rate was 88% for the current year period, compared to 84% in the prior year period.

Mosaic Fertilizantes Net Sales and Gross Margin

The following table summarizes the Mosaic Fertilizantes segment's net sales, gross margin, sales volume and selling price.

	Three months ended June 30,		**2020-2019**		**Six months ended June 30,**		**2020-2019**	
(in millions, except price per tonne or unit)	**2020**	**2019**	**Change**	**Percent**	**2020**	**2019**	**Change**	**Percent**
Net Sales	$ 787.0	$ 832.7	$ (45.7)	(5)%	$ 1,518.1	$1,530.7	$ (12.6)	(1)%
Cost of goods sold	686.3	797.5	(111.2)	(14)%	1,350.9	1,443.1	(92.2)	(6)%
Gross margin	$ 100.7	$ 35.2	$ 65.5	186 %	$ 167.2	$ 87.6	$ 79.6	91 %
Gross margin as a percent of net sales	13 %	4 %			11	6 %		
Sales volume (in thousands of metric tonnes)								
Phosphate produced in Brazil	1,161	763	398	52 %	1,860	1,175	685	58 %
Potash produced in Brazil	71	81	(10)	(12)%	146	153	(7)	(5)%
Purchased nutrients for distribution	1,326	1,257	69	5 %	2,629	2,301	328	14 %
Total Mosaic Fertilizantes Segment Tonnes	2,558	2,101	457	22 %	4,635	3,629	1,006	28 %
Realized prices ($/tonne)								
Average finished product selling price (destination)	$ 308	$ 396	$ (88)	(22)%	$ 328	$ 422	$ (94)	(22)%
Brazil MAP price (delivered price to third party)	$ 314	$ 446	$ (132)	(30)%	$ 322	$ 464	$ (142)	(31)%
Purchases ('000 tonnes)								
DAP/MAP from Mosaic	193	301	(108)	(36)%	347	463	(116)	(25)%
MicroEssentials® from Mosaic	407	356	51	14 %	524	558	(34)	(6)%
Potash from Mosaic/Canpotex	708	558	150	27 %	1,001	1,010	(9)	(1)%
Average cost per unit consumed in cost of goods sold:								
Ammonia (metric tonne)	$ 327	$ 378	$ (51)	(13)%	$ 340	$ 394	$ (54)	(14)%
Sulfur (long ton)	$ 100	$ 196	$ (96)	(49)%	$ 106	$ 203	$ (97)	(48)%
Blended rock (metric tonne)	$ 67	$ 106	$ (39)	(37)%	$ 71	$ 104	$ (33)	(32)%
Production volume (in thousands of metric tonnes)	1,078	687	391	57 %	2,032	1,576	456	29 %

Three months ended June 30, 2020 and June 30, 2019

The Mosaic Fertilizantes segment's net sales decreased to $787.0 million for the three months ended June 30, 2020, from $832.7 million in the same period a year ago. The decrease in net sales was due to lower sales prices, which unfavorably impacted net sales by approximately $200 million, partially offset by higher sales volumes in the current year period, which favorably impacted net sales by approximately $170 million. Net sales were also unfavorably impacted by foreign currency impacts of approximately $20 million.

Our average finished product selling price was $308 per tonne for the three months ended June 30, 2020, compared to $396 per tonne for the same period a year ago, due to the decline in global prices described in the Overview.

The Mosaic Fertilizantes segment's sales volumes of finished products increased to 2.6 million tonnes for the three months ended June 30, 2020, compared to 2.1 million tonnes in the same period a year ago, as a result of the factors described in the Overview.

Gross margin for the Mosaic Fertilizantes segment increased to $100.7 million for the three months ended June 30, 2020, from $35.2 million in the same period of the prior year. Gross margin increased approximately $65 million in the current year period compared to the current year primarily due to the favorable impact of lower turnaround and idle costs of approximately $50 million due to timing of when these occurred, a favorable impact from foreign currency changes of approximately $40 million, lower raw materials costs of approximately $30 million, and high sales volumes which resulted in a favorable change of approximately $20 million. These were partially offset by the negative impact of approximately $70 million from lower sales prices compared to the prior year period.

The Mosaic Fertilizantes segment's production of crop nutrient dry concentrates and animal feed ingredients increased 57%, to 1.1 million tonnes, for the three months ended June 30, 2020, from 0.7 million tonnes in the prior year period. For the three months ended June 30, 2020, our operating rate increased to 86%, compared to 56% in the same period of the prior year. In the prior year period, three of our mines were temporarily idled to address legislation which introduced new rules regarding tailing dam safety, construction, environmental licenses and operations.

For the three months ended June 30, 2020, our Brazilian phosphate rock production increased to 1.1 million tonnes from 0.2 million tonnes for the prior year period. The lower production in the prior year was due to the idling of three of our mines.

Six months ended June 30, 2020 and 2019

The Mosaic Fertilizantes segment's net sales were $1.52 billion for the six months ended June 30, 2020, compared to $1.53 billion in the prior year period. Net sales were unfavorably impacted by lower sales prices of approximately $340 million, and foreign currency changes of approximately $50 million partially offset by the favorable impact of higher sales volumes of approximately $380 million.

The average finished product selling price decreased $94 per tonne to $328 per tonne for the six months ended June 30, 2020, compared to $422 per tonne in the prior year period, primarily due to factors mentioned above in the Overview.

The Mosaic Fertilizantes segment's sales volume increased to 4.6 million tonnes for the six months ended June 30, 2020, from 3.6 million tonnes in the same period a year ago, due to factors mentioned above in the Overview.

Total gross margin for the six months ended June 30, 2020, increased to $167.2 million from $87.6 million in the same period in the prior year. In the current year period, gross margin was favorably impacted by foreign currency impacts of approximately $60 million, lower raw materials costs of approximately $50 million, favorable sales volumes of approximately $40 million, and lower turnaround and idle costs of approximately $40 million due to the timing of when these occurred and having returned to normal levels of production. These increases were partially offset by lower sales prices of approximately $110 million in the current year period as compared to the prior year.

The Mosaic Fertilizantes segment's production of crop nutrient dry concentrates and animal feed ingredients increased 29% to 2.0 million tonnes for the six months ended June 30, 2020, from 1.6 million tonnes in the prior year period. For the six months ended June 30, 2020, our operating rate was 63%, the same rate as the prior year period.

For the six months ended June 30, 2020, our Brazilian phosphate rock production increased to 2.1 million tonnes from 1.0 million tonnes for the same period of the prior year, due to the temporary idling of our mines in the prior year period as discussed in the three month discussion.

Corporate, Eliminations and Other

In addition to our three operating segments, we assign certain costs to Corporate, Eliminations and Other, which is presented separately in Note 17 to our Notes to Condensed Consolidated Financial Statements. Corporate, Eliminations and Other includes the results of the China and India distribution businesses, intersegment eliminations, including profit on intersegment sales, unrealized mark-to-market gains and losses on derivatives, debt expenses and Streamsong Resort® results of operations.

For the three months ended June 30, 2020, gross margin for Corporate, Eliminations and Other was $7.0 million, compared to $22.7 million for the same period in the prior year. The change was driven by a net unrealized gain of $9.2 million in the current year period, primarily on foreign currency derivatives, compared to a net unrealized gain of $7.1 million in the prior year period. Results were also impacted by a higher elimination of profit on intersegment sales in the current year period, which contributed to the change from the prior year by approximately $24.8 million. Distribution operations in India and China had revenue of $161.5 million and gross margin of $20.0 million in the current year period, compared to revenue of $133.3 million and gross margin of $10.2 million in the prior year period. The increase in revenue during the current year period compared to the prior year was due to the timing of settlement of certain supply agreements.

For the six months ended June 30, 2020, gross margin for Corporate, Eliminations and Other was $(44.3) million, compared to $39.6 million for the same period in the prior year. The change was driven by a net unrealized loss of $41.6 million in the current year period, primarily on foreign currency derivatives, compared to a net unrealized gain of $32.0 million in the prior year period. Results were also impacted by a lower elimination of profit on intersegment sales in the current year period, which contributed to the change from the prior year by approximately ($11.4) million. Distribution operations in India and China had revenue of $238.3 million and gross margin of $22.0 million in the current year period, compared to revenue of $226.5 million and gross margin of $19.2 million in the prior year period.

Other Income Statement Items

	Three months ended June 30,		2020-2019		Six months ended June 30,		2020-2019	
(in millions)	**2020**	**2019**	**Change**	**Percent**	**2020**	**2019**	**Change**	**Percent**
Selling, general and administrative expenses	$ 95.1	$ 78.1	$ 17.0	22 %	$ 163.0	$ 171.6	$ (8.6)	(5)%
Impairment, restructuring and other expenses	—	369.4	(369.4)	(100)%	—	369.4	(369.4)	NM
Other operating expense	76.1	21.6	54.5	NM	115.8	35.5	80.3	NM
Interest expense	(57.0)	(53.1)	(3.9)	7 %	(107.8)	(108.0)	0.2	0 %
Interest income	7.7	7.1	0.6	8 %	17.4	15.0	2.4	16 %
Interest expense, net	(49.3)	(46.0)	(3.3)	7 %	(90.4)	(93.0)	2.6	(3)%
Foreign currency transaction gain (loss)	34.1	20.8	13.3	64 %	(180.1)	43.4	(223.5)	NM
Other income (expense)	2.4	(3.7)	6.1	NM	6.9	(4.8)	11.7	NM
Benefit from income taxes	(2.7)	(51.7)	49.0	(95)%	(135.7)	(5.1)	(130.6)	NM
Equity in net loss of nonconsolidated companies	(29.8)	(11.2)	(18.6)	166 %	(49.8)	(11.3)	(38.5)	NM

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $95.1 million for the three months ended June 30, 2020, compared to $78.1 million in the same period of the prior year. The increase was due to approximately $17 million of higher incentive compensation related expense compared to the prior year period.

Selling, general and administrative expenses were $163.0 million for the six months ended June 30, 2020, compared to $171.6 million in the same period of the prior year. The decrease from the prior year period was due to the reversal of compensation expense of approximately $14 million related to lower total shareholder return-based long-term incentive awards, as the Company did not meet the performance hurdles for vesting in 2019. Other compensation related expense was also approximately $13 million lower for the six months ended June 30, 2020, compared to the prior year period. These decreases were partially offset by an increase of approximately $10 million in professional services and higher incentive compensation of approximately $10 million compared to the prior year period.

Other Operating Expense

For the three months ended June 30, 2020, we had other operating expenses of $76.1 million, compared to $21.6 million for the same period in the prior year. The three months ended June 30, 2020 include approximately $50 million related to asset retirement obligation expense for our closed Plant City, Florida, facility compared to $3 million in the same period of the prior year due to new regulations. The current year period also includes approximately $19 million related to costs for closed and indefinitely idled facilities, partially offset by approximately $7 million received for a legal settlement.

For the six months ended June 30, 2020, we had other operating expenses of $115.8 million, compared to $35.5 million for the same period in the prior year. In addition to the asset retirement obligation expense and legal settlement received mentioned above, the six months ended June 30, 2020 include approximately $30 million related to costs for closed and indefinitely idled facilities and an increase of approximately $10 million related to reserves for legal matters.

Foreign Currency Transaction Gain (Loss)

We recorded a foreign currency transaction gain of $34.1 million and a loss of $180.1 million for the three and six months ended June 30, 2020, compared to gains of $20.8 million and $43.4 million for the three and six months ended June 30, 2019, respectively. For the three months ended June 30, 2020, the gain was primarily the result of the effect of the weakening of the U.S. dollar relative to the Canadian dollar on significant U.S. dollar-denominated intercompany loans, partially offset by the strengthening of the U.S. dollar relative to the Brazilian real on significant U.S. dollar-denominated payables held by our Brazilian subsidiaries.

For the six months ended June 30, 2020, the loss is primarily the result of the effect of the strengthening of the U.S. dollar relative to the Canadian dollar on significant U.S. dollar-denominated intercompany loans and the strengthening of the U.S. dollar relative to the Brazilian real on significant U.S. dollar-denominated payables held by our Brazilian subsidiaries. A portion of these foreign currency gains and losses recorded in the Condensed Consolidated Statement of (Loss) Earnings are offset in Accumulated Other Comprehensive Income (Loss) in equity.

Equity in Net (Loss) Earnings of Nonconsolidated Companies

For the three and six months ended June 30, 2020, we had equity in net loss of nonconsolidated companies of $29.8 million and $49.8 million, respectively, compared to equity in net loss of nonconsolidated companies of $11.2 million and $11.3 million for the same periods in the prior year. This loss is primarily related to operations at MWSPC, which had lower production caused by a temporary shutdown at the beneficiation plant during the current year quarter.

Provision for (Benefit from) Income Taxes

Three months ended	Effective Tax Rate	Provision for (Benefit from) Income Taxes
June 30, 2020	(3.7)%	$ (2.7)
June 30, 2019	19.1 %	$ (51.7)

Six months ended	Effective Tax Rate	Provision for (Benefit from) Income Taxes
June 30, 2020	55.6 %	$ (135.7)
June 30, 2019	5.4 %	$ (5.1)

Income tax expense was a benefit of $2.7 million and the effective tax rate was (3.7)% for the three months ended June 30, 2020.

For the three months ended June 30, 2020, tax expense specific to the period was a benefit of approximately $2.5 million. This consisted primarily of tax benefit of $3.0 million recorded for interest income on AMT tax refunds. In addition to items specific to the period, our income tax rate is impacted by the mix of earnings across the jurisdictions in which we operate, by a benefit associated with depletion, and by the impact of certain entities being taxed in both foreign jurisdictions and the U.S., including foreign tax credits for various taxes incurred.

Generally, for interim periods, income tax is equal to the total of (1) year-to-date pretax income multiplied by our forecasted effective tax rate plus (2) tax expense items specific to the period. In situations where we expect to report losses for which we do not expect to receive tax benefits, we are required to apply separate forecasted effective tax rates to those jurisdictions rather than including them in the consolidated effective tax rate. For the three months ended June 30, 2020, income tax expense was impacted by this set of rules, resulting in an additional cost of $18.8 million compared to what would have been recorded under the general rule on a consolidated basis.

For the six months ended June 30, 2020, tax expense specific to the period was a benefit of approximately $30.8 million. This consisted primarily of a tax benefit of $25.1 million recorded related to the impacts of the Coronavirus Aid, Relief, and Economic Security Act ("***CARES Act***") to prior years. The CARES Act provides various tax relief measures to taxpayers impacted by the coronavirus. Tax expense specific to the period also included a benefit of $5.7 million, of which $5.5 million related to release of the sequestration on AMT. In addition to items specific to the period, our income tax rate is impacted by the mix of earnings across the jurisdictions in which we operate, by a benefit associated with depletion, and by the impact of certain entities being taxed in both foreign jurisdictions and the U.S., including foreign tax credits for various taxes incurred.

Critical Accounting Estimates

The Condensed Consolidated Financial Statements are prepared in conformity with GAAP. In preparing the Condensed Consolidated Financial Statements, we are required to make various judgments, estimates and assumptions that could have a significant impact on the results reported in the Condensed Consolidated Financial Statements. We base these estimates on historical experience and other assumptions believed to be reasonable by management under the circumstances. Changes in these estimates could have a material effect on our Condensed Consolidated Financial Statements.

The basis for our financial statement presentation, including our significant accounting estimates, is summarized in Note 2 to the Condensed Consolidated Financial Statements in this report. A summary description of our significant accounting policies is included in Note 2 to the Consolidated Financial Statements in our 10-K Report. Further detailed information regarding our critical accounting estimates is included in Management's Discussion and Analysis of Results of Operations and Financial Condition in our 10-K Report.

Liquidity and Capital Resources

As of June 30, 2020, we had cash and cash equivalents of $1.1 billion, short-term debt of $0.6 billion, long-term debt, including current maturities, of approximately $4.6 billion, and stockholders' equity of approximately $8.7 billion. We have a target liquidity buffer of up to $3.0 billion, including cash and available committed credit lines. We expect our liquidity to fluctuate from time to time, especially in the first quarter of each year, to manage through the seasonality of our business. We also target debt leverage ratios that are consistent with investment grade credit ratings. Our capital allocation priorities include maintaining our investment grade ratings and financial strength, sustaining our assets, including ensuring the safety and reliability of our assets, investing to grow our business, either through organic growth or taking advantage of strategic opportunities, and returning excess cash to shareholders, including paying our dividend. During the six months ended June 30, 2020, we invested $520.7 million in capital expenditures.

Funds generated by operating activities, available cash and cash equivalents, and our credit facilities continue to be our most significant sources of liquidity. We believe funds generated from the expected results of operations and available cash, cash equivalents and borrowings under our credit facilities, as needed, will be sufficient to finance our operations, including our capital expenditures, existing strategic initiatives and expected dividend payments, for the next 12 months. There can be no assurance, however, that we will continue to generate cash flows at or above current levels. As of June 30, 2020, we had $1.99 billion available under our $2.0 billion revolving credit facility. Our credit facilities, including the revolving credit facility and our term loans, require us to maintain certain financial ratios, as discussed in Note 10 of our Notes to Consolidated Financial Statements in our 10-K Report. We were in compliance with these ratios as of June 30, 2020.

All of our cash and cash equivalents are diversified in highly rated investment vehicles. Our cash and cash equivalents are held either in the U.S. or held by non-U.S. subsidiaries and are not subject to significant foreign currency exposures, as the majority are held in investments denominated in U.S. dollars as of June 30, 2020. These funds may create foreign currency transaction gains or losses, however, depending on the functional currency of the entity holding the cash. In addition, there are no significant restrictions that would preclude us from bringing these funds back to the U.S., aside from withholding taxes.

The following table represents a comparison of the net cash provided by operating activities, net cash provided by or used in investing activities, and net cash used in or provided by financing activities for the six months ended June 30, 2020 and June 30, 2019:

(in millions)	Six months ended June 30, 2020		2020-2019	
Cash Flow	**2020**	**2019**	**Change**	**Percent**
Net cash provided by operating activities	$ 1,003.6	$ 331.8	$ 671.8	NM
Net cash used in investing activities	(527.6)	(687.6)	160.0	(23)
Net cash provided by (used in) financing activities	167.6	(121.5)	289.1	NM

Operating Activities

During the six months ended June 30, 2020, net cash provided by operating activities was $1,003.6 million, compared to $331.8 million for the six months ended June 30, 2019. Our results of operations, after non-cash adjustments to net earnings, contributed $546 million to cash flows from operating activities during the six months ended June 30, 2020, compared to a contribution of $729.9 million as computed on the same basis for the prior year period. During the six months ended June 30, 2020, we had a favorable working capital change of $457.6 million, compared to an unfavorable change of $398.1 million during the six months ended June 30, 2019.

The change in working capital for the six months ended June 30, 2020, was primarily driven by an increase in accounts payable and accrued expenses of $391.0 million, a decrease in accounts receivables of $42.8 million and a decrease in other current and noncurrent assets of $55.0 million, partially offset by an increase in inventories of $70.6 million. The increase in accounts payable was primarily due to an increase in product purchases by our international locations, as they build for their high seasons. Accrued expenses increased due to liabilities associated with customer prepayments in Brazil, as they prepare for their high season. The decrease in accounts receivables was driven primarily by lower selling prices and timing of receipts, as we had fewer days outstanding at June 30, 2020. The decrease in other current and noncurrent assets is due to the receipt of tax refunds in the current period. The increase in inventories was primarily due to building inventory volumes in our international locations.

Investing Activities

Net cash used in investing activities was $527.6 million for the six months ended June 30, 2020, compared to $687.6 million for the same period a year ago. We had capital expenditures of $520.7 million for the six months ended June 30, 2020, compared to $608.8 million in the prior year period. The decrease was due to deferring certain capital projects until later in the year and the timing of payments.

Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2020, was $167.6 million, compared to $121.5 million for the same period in the prior year. For the six months ended June 30, 2020, we had net proceeds from borrowings on short-term debt of $573.5 million, compared to $81.8 million in the prior year. During the current year, to increase available cash on hand, we entered into short-term inventory and accounts receivable financing agreements under which we borrowed $101.5 million and $350.3 million, respectively, and had other short-term net borrowings of $121 million. In response to the economic uncertainty created by the Covid-19 outbreak, we drew $400 million on our revolving credit facility in the first quarter of 2020, which was repaid in the current quarter. We had net payments on structured accounts payable of $336.3 million, compared to $152.7 million in the prior year period. We also paid dividends of $37.9 million in the current year period. We have not made any repurchases of our Common Stock during the six months of 2020.

Debt Instruments, Guarantees and Related Covenants

See Notes 12 and 18 to the Consolidated Financial Statements in our 10-K Report.

Financial Assurance Requirements

In addition to various operational and environmental regulations related to our Phosphates segment, we are subject to financial assurance requirements. In various jurisdictions in which we operate, particularly Florida and Louisiana, we are required to pass a financial strength test or provide credit support, typically in the form of surety bonds, letters of credit, certificates of deposit or trust funds. Further information regarding financial assurance requirements is included in Management's Discussion and Analysis of Results of Operations and Financial Condition in our 10-K Report, under "EPA RCRA Initiative," and in Note 8 to our Condensed Consolidated Financial Statements in this report.

Off-Balance Sheet Arrangements and Obligations

Information regarding off-balance sheet arrangements and obligations is included in Management's Discussion and Analysis of Results of Operations and Financial Condition in our 10-K Report and Note 15 to our Condensed Consolidated Financial Statements in this report.

Contingencies

Information regarding contingencies is hereby incorporated by reference to Note 16 to our Condensed Consolidated Financial Statements in this report.

Forward-Looking Statements

Cautionary Statement Regarding Forward Looking Information

All statements, other than statements of historical fact, appearing in this report constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward looking statements include, among other things, statements about our expectations, beliefs, intentions or strategies for the future, including statements about proposed or pending future transactions or strategic plans, statements concerning our future operations, financial condition and prospects, statements regarding our expectations for capital expenditures, statements concerning our level of indebtedness and other information, and any statements of assumptions regarding any of the foregoing. In particular, forward-looking statements may include words such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "potential", "predict", "project" or "should". These statements involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this filing.

Factors that could cause reported results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following:

- business and economic conditions and governmental policies affecting the agricultural industry where we or our customers operate, including price and demand volatility resulting from periodic imbalances of supply and demand;
- the impact of the recent outbreak of the novel coronavirus Covid-19 on the global economy and our business, suppliers, customers, employee and the communities in which we operate, as further described in Part II, Item 1A of this 10-Q Report;
- the sudden and severe drop in oil demand, which could lead to a significant decline in production, and its impact on the availability and price of sulfur, a key raw material input for our Phosphate, segment operations;
- because of political and economic instability in Brazil or changes in government policy in Brazil, our operations could be disrupted as higher costs of doing business could result, including those associated with implementation of new freight tables and new mining legislation;
- changes in farmers’ application rates for crop nutrients;
- changes in the operation of world phosphate or potash markets, including continuing consolidation in the crop nutrient industry, particularly if we do not participate in the consolidation;
- the expansion or contraction of production capacity or selling efforts by competitors or new entrants in the industries in which we operate, including the effects of actions by members of Canpotex to prove the production capacity of potash expansion projects, through proving runs or otherwise;
- political and economic instability in the Kingdom of Saudi Arabia, and in general the future success of current plans for the MWSPC joint venture and any future changes in those plans;
- build-up of inventories in the distribution channels for our products that can adversely affect our sales volumes and selling prices;
- the effect of future product innovations or development of new technologies on demand for our products;
- seasonality in our business that results in the need to carry significant amounts of inventory and seasonal peaks in working capital requirements, and may result in excess inventory or product shortages;
- changes in the costs, or constraints on supplies, of raw materials or energy used in manufacturing our products, or in the costs or availability of transportation for our products;
- declines in our selling prices or significant increases in costs that can require us to write down our inventories to the lower of cost or market, or require us to impair goodwill or other long-lived assets, or establish a valuation allowance against deferred tax assets;
- the effects on our customers of holding high cost inventories of crop nutrients in periods of rapidly declining market prices for crop nutrients;

- the lag in realizing the benefit of falling market prices for the raw materials we use to produce our products that can occur while we consume raw materials that we purchased or committed to purchase in the past at higher prices;
- customer expectations about future trends in the selling prices and availability of our products and in farmer economics;
- disruptions to existing transportation or terminaling facilities, including those of Canpotex or any joint venture in which we participate;
- shortages or other unavailability of railcars, tugs, barges and ships for carrying our products and raw materials;
- the effects of and change in trade, monetary, environmental, tax and fiscal policies, laws and regulations;
- foreign exchange rates and fluctuations in those rates;
- tax regulations, currency exchange controls and other restrictions that may affect our ability to optimize the use of our liquidity;
- other risks associated with our international operations, including any potential and actual adverse effects related to the Miski Mayo mine;
- adverse weather conditions affecting our operations, including the impact of potential hurricanes, excessive heat, cold, snow, rainfall or drought;
- difficulties or delays in receiving, challenges to, increased costs of obtaining or satisfying conditions of, or revocation or withdrawal of required governmental and regulatory approvals, including permitting activities;
- changes in the environmental and other governmental regulation that applies to our operations, including federal legislation or regulatory action expanding the types and extent of water resources regulated under federal law and the possibility of further federal or state legislation or regulatory action affecting or related to greenhouse gas emissions, including carbon taxes or other measures that may be implemented in Canada or other jurisdictions in which we operate, or of restrictions or liabilities related to elevated levels of naturally-occurring radiation that arise from disturbing the ground in the course of mining activities or possible efforts to reduce the flow of nutrients into the Gulf of Mexico, the Mississippi River basin or elsewhere;
- the potential costs and effects of implementation of federal or state water quality standards for the discharge of nitrogen and/or phosphorus into Florida waterways;
- the financial resources of our competitors, including state-owned and government-subsidized entities in other countries;
- the possibility of defaults by our customers on trade credit that we extend to them or on indebtedness that they incur to purchase our products and that we guarantee, particularly when we are exiting our business operations or locations that produced or sold the products to that customer;
- any significant reduction in customers' liquidity or access to credit that they need to purchase our products;
- the effectiveness of the processes we put in place to manage our significant strategic priorities, including the expansion of our Potash business and our investment in MWSPC, and to successfully integrate and grow acquired businesses;
- actual costs of various items differing from management's current estimates, including, among others, asset retirement, environmental remediation, reclamation or other environmental obligations and Canadian resource taxes and royalties, or the costs of MWSPC, its existing or future funding and our commitments in support of such funding;
- the costs and effects of legal and administrative proceedings and regulatory matters affecting us, including environmental, tax or administrative proceedings, complaints that our operations are adversely impacting nearby farms, businesses, other property uses or properties, settlements thereof and actions taken by courts with respect to approvals of settlements, costs related to defending and resolving global audit, appeal or court activity, and other, and other further developments in legal proceedings and regulatory matters;
- the success of our efforts to attract and retain highly qualified and motivated employees;

- strikes, labor stoppages or slowdowns by our work force or increased costs resulting from unsuccessful labor contract negotiations, and the potential costs and effects of compliance with new regulations affecting our workforce, which increasingly focus on wages and hours, healthcare, retirement and other employee benefits;
- brine inflows at our Esterhazy, Saskatchewan potash mine, as well as potential inflows at our other shaft mines;
- accidents or other incidents involving our properties or operations, including potential fires, explosions, seismic events, sinkholes, unsuccessful tailings management, ineffective mine safety procedures, or releases of hazardous or volatile chemicals;
- terrorism or other malicious intentional acts, including cybersecurity risks such as attempts to gain unauthorized access to, or disable, our information technology systems, or our costs of addressing malicious intentional acts;
- other disruptions of operations at any of our key production and distribution facilities, particularly when they are operating at high operating rates;
- changes in antitrust and competition laws or their enforcement;
- actions by the holders of controlling equity interests in businesses in which we hold a noncontrolling interest;
- changes in our relationships with other members of Canpotex or any joint venture in which we participate or their or our exit from participation in Canpotex or any such export association or joint venture, and other changes in our commercial arrangements with unrelated third parties;
- the adequacy of our property, business interruption and casualty insurance policies to cover potential hazards and risks incident to our business, and our willingness and ability to maintain current levels of insurance coverage as a result of market conditions, our loss experience and other factors;
- difficulties in realizing benefits under our long-term natural gas based pricing ammonia supply agreement with CF Industries, Inc., including the risks that the cost savings initially anticipated from the agreement may not be fully realized over the term of the agreement or that the price of natural gas or the market price for ammonia during the agreement's term are at levels at which the agreement’s natural gas based pricing is disadvantageous to us, compared with purchases in the spot market; and
- other risk factors reported from time to time in our Securities and Exchange Commission reports.

Material uncertainties and other factors known to us are discussed in Item 1A, "Risk Factors," of our 10-K Report for the year ended December 31, 2019 and incorporated by reference herein as if fully stated herein.

We base our forward-looking statements on information currently available to us, and we undertake no obligation to update or revise any of these statements, whether as a result of changes in underlying factors, new information, future events or other developments.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to the impact of fluctuations in the relative value of currencies, the impact of interest rates, fluctuations in the purchase price of natural gas, ammonia and sulfur consumed in operations, and 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, interest rate risks and the effects of changing commodity prices, but not for speculative purposes. See Note 16 to the Consolidated Financial Statements in our 10-K Report and Note 12 to the Condensed Consolidated Financial Statements in this report.

Foreign Currency Exchange Contracts

Due to the global nature of our operations, we are exposed to currency exchange rate changes which may cause fluctuations in our earnings and cash flows. Our primary foreign currency exposures are the Canadian dollar and Brazilian real. To reduce economic risk and volatility on expected cash flows that are denominated in the Canadian dollar and Brazilian real, we use financial instruments that may include forward contracts, zero-cost collars and/or futures. Mosaic hedges cash flows on a declining basis, up to 18 months for the Canadian dollar and up to 12 months for the Brazilian real. We may enter into hedges of up to 36 months for expected Canadian dollar capital expenditures related to our Esterhazy K3 expansion program. Due to the Acquisition, Mosaic's exposure to the Brazilian real has increased and, as a result, the amount of foreign derivatives that we have entered into related to the Brazilian real has increased.

As of June 30, 2020, and December 31, 2019, the fair value of our major foreign currency exchange contracts was ($63.8) million and $(7.2) million, respectively. The table below provides information about Mosaic's significant foreign exchange derivatives.

	As of June 30, 2020					As of December 31, 2019			
	Expected Maturity Date					Expected Maturity Date			
	Years ending December 31,					Years ending December 31,			
(in millions US$)	2020	2021	2022	2023	Fair Value	2020	2021	2022	Fair Value
Foreign Currency Exchange Forwards									
Canadian Dollar					$(15.2)				$ 7.6
Notional (million US$) - short Canadian dollars	$ 94.0	$ 14.4	$ —	$ —		$ 72.3	$ —	$ —	
Weighted Average Rate - Canadian dollar to U.S. dollar	1.3516	1.3852	—	—		1.3137	—	—	
Notional (million US$) - long Canadian dollars	$ 289.5	$ 376.4	$ 113.2	$ 21.8		$ 585.2	$ 200.1	$ 90.6	
Weighted Average Rate - Canadian dollar to U.S. dollar	1.3262	1.3362	1.3255	1.3741		1.3117	1.3093	1.3245	
Foreign Currency Exchange Collars									
Canadian Dollar					$ (0.4)				$ 0.2
Notional (million US$) - long Canadian dollars	$ —	$ —	$ 15.2	$ —		$ —	$ —	$ 22.8	
Weighted Average Participation Rate - Canadian dollar to U.S. dollar	—	—	1.3483	—		—	—	1.3483	
Weighted Average Protection Rate - Canadian dollar to U.S. dollar	—	—	1.2800	—		—	—	1.2800	
Foreign Currency Exchange Non-Deliverable Forwards									
Brazilian Real					$(47.4)				$(14.4)
Notional (million US$) - short Brazilian real	$ 589.0	$ 30.0	$ —	$ —		$ 464.4	$ —	$ —	
Weighted Average Rate - Brazilian real to U.S. dollar	5.4199	5.3296	—	—		4.1616	—	—	
Notional (million US$) - long Brazilian real	$ 574.5	$ 194.4	$ —	$ —		$ 366.5	$ —	$ —	
Weighted Average Rate - Brazilian real to U.S. dollar	5.1232	5.1211	—	—		4.0628	—	—	
Indian Rupee					$ (0.8)				$ (0.6)
Notional (million US$) - short Indian rupee	$ 163.0	$ —	$ —	$ —		$ 115.4	$ —	$ —	
Weighted Average Rate - Indian rupee to U.S. dollar	76.3294	—	—	—		71.9895	—	—	
Total Fair Value					$(63.8)				$ (7.2)

Further information regarding foreign currency exchange rates and derivatives is included in Management's Discussion and Analysis of Financial Condition and Results of Operations in our 10-K Report and Note 12 to the Condensed Consolidated Financial Statements in this report.

Commodities

As of June 30, 2020, and December 31, 2019, the fair value of our natural gas commodities contracts was $2.7 million and $(4.0) million, respectively.

The table below provides information about our natural gas derivatives which are used to manage the risk related to significant price changes in natural gas.

	As of June 30, 2020					As of December 31, 2019				
	Expected Maturity Date					Expected Maturity Date				
	Years ending December 31,					Years ending December 31,				
(in millions)	2020	2021	2022	2023	Fair Value	2020	2021	2022	2023	Fair Value
Natural Gas Swaps					$ 2.7					$ (4.0)
Notional (million MMBtu) - long	9.8	18.5	4.9	—		20.6	18.5	4.9	—	
Weighted Average Rate (US$/ MMBtu)	$ 1.78	$ 1.95	$ 1.78	$ —		$ 1.92	$ 1.98	$ 1.83	$ —	
Total Fair Value					$ 2.7					$ (4.0)

Further information regarding commodities and derivatives is included in Management's Discussion and Analysis of Financial Condition and Results of Operations in our 10-K Report and Note 12 to the Condensed Consolidated Financial Statements in this report.

Interest Rates

We manage interest expense through interest rate contracts to convert a portion of our fixed-rate debt into floating-rate debt. We also enter into interest rate swap agreements to hedge our exposure to changes in future interest rates related to anticipated debt issuances. As of June 30, 2020, and December 31, 2019, the fair value of our interest rate contracts was $0.0 million and $11.4 million, respectively. In April 2020, the interest swap contracts were terminated which resulted in net proceeds of approximately $35 million and an immaterial impact to our Condensed Consolidated Statement of Earnings (Loss). Further information regarding our interest rate contracts is included in Note 12 to the Condensed Consolidated Financial Statements in this report.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including our principal executive officer and our principal financial officer, to allow timely decisions regarding required disclosures. Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this quarterly report on Form 10-Q. Our principal executive officer and our principal financial officer have concluded, based on such evaluations, that our disclosure controls and procedures were effective for the purpose for which they were designed as of the end of such period.

(b) Changes in Internal Control Over Financial Reporting

Our management, with the participation of our principal executive officer and our principal financial officer, have evaluated any changes in our internal control over financial reporting that occurred during the three months ended June 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Our management, with the participation of our principal executive officer and principal financial officer, did not identify any such changes during the three months ended June 30, 2020.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We have included information about legal and environmental proceedings in Note 13 to our Condensed Consolidated Financial Statements in this report. This information is incorporated herein by reference.

We are also subject to the following legal and environmental proceedings in addition to those described in Note 16 of our Condensed Consolidated Financial Statements in this report:

Waters of the United States. In June 2015, EPA and the U.S. Army Corps of Engineers (the "Corps") jointly issued a final rule that proposed to clarify, but may actually expand, the scope of waters regulated under the federal Clean Water Act. The final rule (the "2015 Clean Water Rule") became effective in August 2015, but has been challenged through numerous lawsuits. In October 2015, the U.S. Court of Appeals for the Sixth Circuit issued an order staying the effectiveness of the final rule nationwide pending adjudication of substantive challenges to the rule. In early 2017, the U.S. President issued an Executive Order directing EPA and the Corps to publish a proposed rule rescinding or revising the new rule. In June 2017, EPA and the Corps issued a proposed rule that would rescind the 2015 Clean Water Rule and re-codify regulatory text that existed prior to enactment of the 2015 Clean Water Rule. In November 2017, EPA issued a rule notice proposing to extend the applicability date of the 2015 Clean Water Rule for two years from the date of final action on the proposed rule, to provide continuity and regulatory certainty while agencies proceed to consider potential changes to the 2015 Clean Water Rule.

In January 2018, the U.S. Supreme Court unanimously held all challenges to the 2015 Clean Water Rule must be heard in federal district courts rather than in the federal courts of appeal, overruling a decision by the Sixth Circuit's Court of Appeals. With the Sixth Circuit Court of Appeals no longer having jurisdiction, that court lifted its 2015 nationwide stay in February 2018. After the nationwide stay was lifted, a number of U.S. District Courts revived dormant litigation that challenged the 2015 Clean Water Rule. In June 2018, the U.S. District Court for the Southern District of Georgia entered an injunction against implementation of the 2015 Clean Water Rule covering 11 states, including Florida. As of September 2018, federal district courts have put the 2015 Clean Water Rule on hold in 28 states, the District of Columbia and the U.S. territories.

On December 11, 2018, EPA and the Corps issued a proposed rule to replace the 2015 Clean Water Rule, referred to as the "Navigable Waters Protection Rule". The agencies' stated interpretation for the proposed rule is to provide clarity, predictability and consistency so that the regulated community can better understand where the Clean Water Act applies and where it does not. EPA and the Corps received over 600,000 public comments on the proposed rule.

On September 12, 2019, EPA and the Corps jointly issued a final regulation that repeals the 2015 Clean Water Rule and restores the previous regulatory regime. This regulation reestablishes national consistency by returning all jurisdictions to the longstanding regulatory framework that existed prior to the 2015 Clean Water Rule. The final regulation took effect sixty (60) days after publication in the Federal Register. A challenge to this rule making is possible.

The rule replacement for the 2015 Clean Water Rule, called the "Navigable Waters Protection Rule," was finalized and issued jointly by EPA and the Corps on January 23, 2020. On June 22, 2020, the EPA and Corps new Navigable Waters Protection Rule went into effect in every state except for Colorado. The new Navigable Waters Protection Rule represents the second and final phase of the Trump administration's rollback of the 2015 Obama-era "Clean Water Rule," and both clarifies and limits the scope of waters subject to federal regulation under the federal Clean Water Act.

Two courts have already ruled on the validity of the Navigable Waters Protection Rule and its new definition of "waters of the United States." The U.S. District of Colorado blocked the implementation of the Navigable Waters Protection Rule in Colorado, holding that a prior U.S. Supreme Court decision - *Rapanos v. United States* - foreclosed the interpretation the EPA and Corps are now advancing. On the same day, the Northern District of California reached the opposite conclusion, instead denying a motion by a group of states and cities to block the rule's nationwide implementation. Similar requests for relief have been made in other federal district courts, including Arizona, Washington and New Mexico, with more appeals expected in the coming months.

We believe that the 2015 Clean Water Rule, if it had not been rescinded, would have expanded the types and extent of water resources regulated under federal law, thereby increasing the stringency of applicable permitting and reporting requirements, increasing our costs of compliance, including costs associated with wetlands and stream mitigation, lengthening the time necessary to obtain permits, and potentially restricting our ability to mine certain of our phosphate rock reserves.

The South Pasture Extension Mine Litigation. On January 8, 2020, the Hardee County Mining Coordinator issued a Notice of Violation ("NOV") for the failure by Mosaic to proceed with reclamation of two designated Reclamation Units within the South Pasture Mine footprint. These two Reclamation Units comprise 166 acres of mined lands. The NOV cites noncompliance with the County Land Development Regulations and with the conditions of Development of Regional Impact ("DRI") Development Order 12-21 that was issued in 2012 to authorize continued mining at the South Pasture Mine, continued operation of the South Pasture beneficiation plant, and mining at the South Pasture Mine Extension. Through the NOV, the County requested that Mosaic submit a revised reclamation plan and schedule to demonstrate when initial reclamation activities would be completed for the two Reclamation Units identified in the NOV.

The delay in meeting the required reclamation schedule at the two Reclamation Units is tied to the idling and eventual shutdown of the Plant City fertilizer plant and the idling of the South Pasture Mine beneficiation plant. The Plant City facility was first idled in late 2017 and in June 2019, Mosaic announced that the Plant City facility would be closed permanently.

Given the dependent relationship between the Plant City fertilizer plant and the South Pasture beneficiation plant, and facing adverse market conditions, Mosaic idled the South Pasture beneficiation plant in September 2018. Idling of the South Pasture Mine beneficiation plant in September 2018 resulted in no tailings sand being produced by the processing of phosphate matrix. As a result, there was no tailings sand available for use in sand backfilling reclamation at the South Pasture Mine, and specifically, the two Reclamation Units identified in the County's January 8th NOV.

On March 10, 2020, Mosaic filed an "Application for Waiver and Reclamation Schedule Extension" to secure Board of County Commissioners ("BOCC") approval of extended reclamation deadlines for the South Pasture Mine. To obtain waiver relief from the BOCC, a quasi-judicial hearing will be required.

Extensive negotiations between Mosaic and County legal and technical staff resulted in an agreement that involved two separate but related actions: (1) secure a Waiver and Reclamation Schedule Extension through formal action by the BOCC at a quasi-judicial public hearing; and (2) enter into a Settlement Agreement that would require payment of a civil penalty by Mosaic for the non-compliance in meeting the required reclamation deadlines of the South Pasture Mine Development Order and the County Mining Ordinance. The Settlement Agreement would also be presented and acted upon at a formal public hearing before the BOCC.

On May 7, 2020, a quasi-public judicial hearing was held before the Hardee County BOCC. At that hearing, the BOCC voted unanimously to issue a Waiver of the applicable reclamation deadlines of the South Pasture Development Order and the County Ordinance for three specific reclamation areas of the South Pasture Mine. The Waiver also included a negotiated Alternative Reclamation Schedule that extends the deadline for completion of reclamation until the end of 2023. At that same hearing, the BOCC approved a Settlement Agreement that resolved all outstanding non-compliance associated with reclamation obligations at the South Pasture Mine and requires Mosaic to pay an agreed settlement amount of $249,000.

Cruz Litigation. On May 5, 2020, a class action complaint was filed in the U.S. District Court for the Middle District of Florida against The Mosaic Company and two co-defendants. The complaint alleges claims related to elevated levels of radiation at two manufactured housing communities located on reclaimed mining land in Mulberry, Polk County, Florida, due to phosphate mining and reclamation activities occurring decades ago. Plaintiffs seek monetary damages, including punitive damages, injunctive relief requiring remediation of their properties, and a medical monitoring program funded by the defendants.

On July 6, 2020, Plaintiffs' counsel advised of their intent to (i) voluntarily dismiss their suit due to lack of subject matter jurisdiction in the federal court and (ii) file the action in Florida state court. We understand any newly filed action would name as a defendant our wholly owned subsidiary, Mosaic Global Operations Inc. (the correct entity based on corporate successorship), not The Mosaic Company. We intend to vigorously defend this matter now and later, if dismissed and filed in state court.

ITEM 1A. RISK FACTORS

Important risk factors that apply to us are outlined in Item 1A in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the ***"10-K Report"***). In addition to these risk factors, we include the following updated related to Covid-19:

The Covid-19 pandemic may materially adversely affect our business operations and financial condition

The recent outbreak of the novel coronavirus Covid-19 has spread across the globe and has been declared a pandemic by the World Health Organization. In an effort to contain the spread of the virus, many government authorities, at locations where we do business, have issued "social distancing or shelter in place" orders which generally direct individuals to remain at their places of residence. The outbreak of the Covid-19 pandemic could significantly disrupt our operations, key suppliers or third-party logistics providers due to the spread of the virus, shelter in place orders, quarantines or other measures implemented to prevent the spread of the virus. In some instances, the pandemic has impacted our business. As part of a government mandates, our Patrocinio operations in Brazil and Miski Mayo operations in Peru were temporarily suspended at the onset of the pandemic. Patrocinio has since restarted operations on April 7, 2020 and Miski Mayo resumed operations on May 13, 2020.

At this time, the Company has only experienced limited adverse financial and operational Covid-19 related conditions as fertilizer has been deemed an essential business because of the role it plays in the production of food. In the back half of 2020 there is a risk to global shipment volumes if the negative impact of Covid-19 on biofuel and related crop prices continues. Farmers are receiving substantial governmental support globally, which could mitigate the potential negative impact on fertilizer demand. We continue to see Covid-19 related risks to logistics, and isolated demand pockets impacted in part by the significant decline in oil prices.

The Company implemented measures that are intended to provide for the immediate health and safety of our employees, including working remotely and alternating work schedules in order to minimize the number of employees at one location which has resulted in minimal impact to our financial reporting systems, internal controls over financial reporting and disclosure controls and procedures.

The occurrence of any of these events or an increase in the security of the outbreak on our employees or customers, or renewed or strong "shelter in place" orders, could have a material adverse effect on our business, financial condition and results of operations. The extent to which the Covid-19 outbreak impacts our operations and financial results will depend on future developments that are highly uncertain, including new information concerning the severity of the virus and the cost, time expected actions taken to contain its impact.

Other cascading effects of the Covid-19 pandemic that are not currently foreseeable could materially increase our costs, negatively impact our revenue and adversely impact our results of operations and liquidity, possibly to a significant degree. We cannot predict the severity or duration of any such impacts. The Covid-19 pandemic could have the effect of heightening many of the other risks described in Item 1A of our 2019 10-K Report.

Reduced oil refinery operating rates in the United States could have a material adverse impact on our business, financial condition or operating results

Worldwide demand for oil is collapsing amid the Covid-19 pandemic and global economic slowdown. As a result of the low demand and excess supply, oil producers are also finding it increasingly difficult to store all the oil being pumped. Reduced oil refinery operating rates in the U.S. could result in decreased availability of molten sulfur, which could increase costs of sulfur procurement or decrease availability of sulfur needed in our phosphate production operations. While we have not yet become subject to such results in the sulfur procurement markets, procurement of sulfur at higher costs, if we are unable to pass those costs on in our product prices, or the reduction in the availability of sulfur for our use, could have a material adverse effect on our phosphate business, and/or ourfinancial condition or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Pursuant to our employee stock plans relating to the grant of employee stock options, stock appreciation rights, restricted stock unit awards, and other equity-based awards, we have granted and may in the future grant employee stock options to purchase shares of our Common Stock for which the purchase price may be paid by means of delivery to us by the optionee of shares of our Common Stock that are already owned by the optionee (at a value equal to market value on the date of the option exercise). During the periods covered by this report, no options to purchase shares of our Common Stock were exercised for which the purchase price was so paid.

On May 14, 2015, we announced our 2015 Repurchase Program, which allows us to repurchase up to $1.5 billion of our Common Stock through open market purchases, accelerated share repurchase arrangements, privately negotiated transactions or otherwise. No repurchases were made in the six months ended June 30, 2020.

ITEM 4. MINE SAFETY DISCLOSURES

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this report.

ITEM 6. EXHIBITS

The following Exhibits are being filed herewith.

Exhibit Index

Exhibit No	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
31.1	Certification Required by Rule 13a-14(a).		X
31.2	Certification Required by Rule 13a-14(a).		X
32.1	Certification Required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.		X
32.2	Certification Required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.		X
95	Mine Safety Disclosures		X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)		X
101.SCH	Inline XBRL Taxonomy Extension Schema Document		X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document		X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document		X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document		X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document		X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)		X

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE MOSAIC COMPANY

by: /S/ CLINT C. FREELAND

Clint C. Freeland

Senior Vice President and Chief Financial Officer

(on behalf of the registrant and as principal accounting officer)

August 4, 2020