CF Industries Holdings, Inc.
Form 10-Q
November 09, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

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

For the quarterly period ended September 30, 2015
OR

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

For the transition period from to
Commission file number 001-32597
CF INDUSTRIES HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	20-2697511 (I.R.S. Employer Identification No.)
4 Parkway North, Suite 400 Deerfield, Illinois (Address of principal executive offices)	60015 (Zip Code)

(847) 405-2400
(Registrant's telephone number, including area code)
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x
233,075,336 shares of the registrant's common stock, $0.01 par value per share, were outstanding at October 30, 2015.

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CF INDUSTRIES HOLDINGS, INC.
PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(in millions, except per share amounts)			
Net sales	$927.4	$921.4	$3,192.5	$3,526.7
Cost of sales	762.4	620.3	1,925.8	2,192.5
Gross margin	165.0	301.1	1,266.7	1,334.2
Selling, general and administrative expenses	41.6	38.2	119.6	119.4
Transaction costs	37.4	—	37.4	—
Other operating—net	33.1	25.7	73.7	41.5
Total other operating costs and expenses	112.1	63.9	230.7	160.9
Gain on sale of phosphate business	—	—	—	747.1
Equity in earnings of operating affiliates	5.6	9.4	20.0	27.3
Operating earnings	58.5	246.6	1,056.0	1,947.7
Interest expense	30.3	46.4	93.2	137.1
Interest income	(0.6)	(0.2)	(1.2)	(0.7)
Other non-operating—net	4.2	(0.1)	4.7	0.5
Earnings before income taxes and equity in earnings of non-operating affiliates	24.6	200.5	959.3	1,810.8
Income tax provision	20.1	70.5	333.5	640.9
Equity in earnings of non-operating affiliates—net of taxes	92.9	10.6	72.3	15.8
Net earnings	97.4	140.6	698.1	1,185.7
Less: Net earnings attributable to noncontrolling interest	6.5	9.7	24.7	33.7
Net earnings attributable to common stockholders	$90.9	$130.9	$673.4	$1,152.0
Net earnings per share attributable to common stockholders[1]:				
Basic	$0.39	$0.53	$2.85	$4.45
Diluted	$0.39	$0.52	$2.84	$4.43
Weighted-average common shares outstanding[1]:				
Basic	233.1	248.4	236.0	259.0
Diluted	234.0	249.3	236.9	259.9
Dividends declared per common share[1]	$0.30	$0.30	$0.90	$0.70

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

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(in millions)			
Net earnings	$97.4	$140.6	$698.1	$1,185.7
Other comprehensive income (loss):				
Foreign currency translation adjustment—net of taxes	(49.8)	(51.7)	(100.1)	(38.3)
Unrealized loss on hedging derivatives—net of taxes	—	(1.8)	—	(1.8)
Unrealized (loss) gain on securities—net of taxes	(0.4)	0.4	(0.4)	0.7
Defined benefit plans—net of taxes	42.4	3.1	46.7	9.6
	(7.8)	(50.0)	(53.8)	(29.8)
Comprehensive income	89.6	90.6	644.3	1,155.9
Less: Comprehensive income attributable to noncontrolling interest	6.5	9.7	24.7	33.7
Comprehensive income attributable to common stockholders	$83.1	$80.9	$619.6	$1,122.2

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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CF INDUSTRIES HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

	(Unaudited) September 30, 2015	December 31, 2014
	(in millions, except share and per share amounts)	
Assets		
Current assets:		
Cash and cash equivalents	$943.2	$1,996.6
Restricted cash	25.9	86.1
Accounts receivable—net	251.9	191.5
Inventories	329.8	202.9
Deferred income taxes	67.8	84.0
Prepaid income taxes	111.0	34.8
Other current assets	34.6	18.6
Total current assets	1,764.2	2,614.5
Property, plant and equipment—net	7,939.6	5,525.8
Investments in and advances to affiliates	359.8	861.5
Goodwill	2,407.2	2,092.8
Other assets	399.0	243.6
Total assets	$12,869.8	$11,338.2
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	$825.4	$589.9
Income taxes payable	4.2	16.0
Customer advances	381.9	325.4
Other current liabilities	62.1	48.4
Total current liabilities	1,273.6	979.7
Long-term debt	5,592.6	4,592.5
Deferred income taxes	909.5	818.6
Other liabilities	626.6	374.9
Equity:		
Stockholders' equity:		
Preferred stock—$0.01 par value, 50,000,000 shares authorized	—	—
Common stock—$0.01 par value, 500,000,000 shares authorized, 2015—235,484,475 shares issued and 2014—245,904,140 shares issued[1]	2.4	2.5
Paid-in capital[1]	1,374.6	1,413.9
Retained earnings	3,101.3	3,175.3
Treasury stock—at cost, 2015—2,411,839 shares and 2014—4,231,090[1] shares	(152.7)	(222.2)
Accumulated other comprehensive loss	(213.6)	(159.8)
Total stockholders' equity	4,112.0	4,209.7
Noncontrolling interest	355.5	362.8
Total equity	4,467.5	4,572.5
Total liabilities and equity	$12,869.8	$11,338.2

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

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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

	Common Stockholders							
	$0.01 Par Value Common Stock[1]	Treasury Stock[1]	Paid-In Capital[1]	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
	(in millions, except per share amounts)							
Balance as of December 31, 2013	$2.8	$(201.8)	$1,592.1	$3,725.6	$(42.6)	$5,076.1	$362.3	$5,438.4
Net earnings	—	—	—	1,152.0	—	1,152.0	33.7	1,185.7
Other comprehensive income:								
Foreign currency translation adjustment—net of taxes	—	—	—	—	(38.3)	(38.3)	—	(38.3)
Unrealized net loss on hedging derivatives—net of taxes	—	—	—	—	(1.8)	(1.8)	—	(1.8)
Unrealized net gain on securities—net of taxes	—	—	—	—	0.7	0.7	—	0.7
Defined benefit plans—net of taxes	—	—	—	—	9.6	9.6	—	9.6
Comprehensive income						1,122.2	33.7	1,155.9
Purchases of treasury stock	—	(1,550.8)	—	—	—	(1,550.8)	—	(1,550.8)
Retirement of treasury stock	(0.2)	1,150.6	(133.3)	(1,017.1)	—	—	—	—
Acquisition of treasury stock under employee stock plans	—	(3.1)	—	—	—	(3.1)	—	(3.1)
Issuance of $0.01 par value common stock under employee stock plans	—	0.8	11.2	—	—	12.0	—	12.0
Stock-based compensation expense	—	—	13.4	—	—	13.4	—	13.4
Excess tax benefit from stock-based compensation	—	—	8.7	—	—	8.7	—	8.7
Cash dividends ($0.70 per share)	—	—	—	(181.4)	—	(181.4)	—	(181.4)
Distributions declared to noncontrolling interest	—	—	—	—	—	—	(37.8)	(37.8)
	$2.6	$(604.3)	$1,492.1	$3,679.1	$(72.4)	$4,497.1	$358.2	$4,855.3

Balance as of September 30, 2014								
Balance as of December 31, 2014	$2.5	$(222.2)	$1,413.9	$3,175.3	$(159.8)	$4,209.7	$362.8	$4,572.5
Net earnings	—	—	—	673.4	—	673.4	24.7	698.1
Other comprehensive income:								
Foreign currency translation adjustment—net of taxes	—	—	—	—	(100.1)	(100.1)	—	(100.1)
Unrealized net loss on securities—net of taxes	—	—	—	—	(0.4)	(0.4)	—	(0.4)
Defined benefit plans—net of taxes	—	—	—	—	46.7	46.7	—	46.7
Comprehensive income						619.6	24.7	644.3
Purchases of treasury stock	—	(527.2)	—	—	—	(527.2)	—	(527.2)
Retirement of treasury stock	(0.1)	597.1	(62.0)	(535.0)	—	—	—	—
Acquisition of treasury stock under employee stock plans	—	(1.3)	—	—	—	(1.3)	—	(1.3)
Issuance of $0.01 par value common stock under employee stock plans	—	0.9	7.4	—	—	8.3	—	8.3
Stock-based compensation expense	—	—	12.9	—	—	12.9	—	12.9
Excess tax benefit from stock-based compensation	—	—	2.4	—	—	2.4	—	2.4
Cash dividends ($0.90 per share)	—	—	—	(212.4)	—	(212.4)	—	(212.4)
Distributions declared to noncontrolling interest	—	—	—	—	—	—	(32.0)	(32.0)
Balance as of September 30, 2015	$2.4	$(152.7)	$1,374.6	$3,101.3	$(213.6)	$4,112.0	$355.5	$4,467.5

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

See Accompanying Notes to Unaudited Consolidated Financial Statements.

CF INDUSTRIES HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine months ended September 30,	
	2015	2014
	(in millions)	
Operating Activities:		

Net earnings	$698.1	$1,185.7
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	348.0	298.5
Deferred income taxes	(6.3)	15.6
Stock-based compensation expense	13.3	13.6
Excess tax benefit from stock-based compensation	(2.4)	(8.7)
Unrealized loss on derivatives	70.5	67.6
Gain on remeasurement of GrowHow investment	(94.4)	—
Loss on sale of equity method investments	42.8	—
Gain on sale of phosphate business	—	(747.1)
Loss on disposal of property, plant and equipment	18.1	2.5
Undistributed earnings of affiliates—net of taxes	(1.7)	(39.2)
Changes in:		
Accounts receivable—net	15.0	97.1
Inventories	(71.8)	13.6
Accrued and prepaid income taxes	(68.6)	(70.0)
Accounts payable and accrued expenses	31.6	(7.2)
Customer advances	56.5	340.2
Other—net	22.8	14.7
Net cash provided by operating activities	1,071.5	1,176.9
Investing Activities:		
Additions to property, plant and equipment	(1,791.3)	(1,272.7)
Proceeds from sale of property, plant and equipment	9.1	10.2
Proceeds from sale of equity method investment	12.8	—
Proceeds from sale of phosphate business	—	1,353.6
Purchase of GrowHow, net of cash acquired	(553.9)	—
Sales and maturities of short-term and auction rate securities	—	5.0
Deposits to restricted cash funds	—	(505.0)
Withdrawals from restricted cash funds	60.2	513.4
Other—net	(35.8)	17.4
Net cash (used in) provided by investing activities	(2,298.9)	121.9
Financing Activities:		
Proceeds from long-term borrowings	1,000.0	1,494.2
Proceeds from short-term borrowings	367.0	—
Payments of short-term borrowings	(367.0)	—
Financing fees	(28.3)	(16.0)
Dividends paid on common stock	(212.4)	(181.4)
Distributions to noncontrolling interest	(32.0)	(37.8)
Purchases of treasury stock	(556.3)	(1,591.2)
Issuances of common stock under employee stock plans	8.3	12.0
Excess tax benefit from stock-based compensation	2.4	8.7
Other—net	—	(43.0)
Net cash provided by (used in) financing activities	181.7	(354.5)
Effect of exchange rate changes on cash and cash equivalents	(7.7)	(3.9)
(Decrease) increase in cash and cash equivalents	(1,053.4)	940.4
Cash and cash equivalents at beginning of period	1,996.6	1,710.8
Cash and cash equivalents at end of period	$943.2	$2,651.2

See Accompanying Notes to Unaudited Consolidated Financial Statements.

CF INDUSTRIES HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Background and Basis of Presentation

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

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

GrowHow Acquisition

On July 31, 2015, we completed the acquisition of the remaining 50% equity interest in GrowHow UK Group Limited (GrowHow Group) not previously owned by us for total consideration of $570.4 million, and GrowHow Group became a wholly-owned subsidiary. GrowHow UK Limited, a wholly-owned subsidiary of GrowHow Group, operates two nitrogen manufacturing complexes in the United Kingdom, in the cities of Ince and Billingham. We refer to GrowHow Group and GrowHow UK Limited collectively as GrowHow. We recorded a $94.4 million gain on the remeasurement to fair value of our initial 50% equity interest in GrowHow that is included in equity in earnings of non-operating affiliates—net of taxes for the three and nine months ended September 30, 2015. The financial results of GrowHow have been consolidated within our financial results since July 31, 2015. Prior to July 31, 2015, our initial 50% equity interest in GrowHow was accounted for as an equity method investment, and the financial results of this investment were included in our consolidated statements of operations in equity in earnings of non-operating affiliates—net of taxes. See Note 3—Acquisitions and Divestitures, for additional information on the preliminary allocation of the total purchase price to the assets acquired and liabilities assumed in the GrowHow acquisition.

New Segments

In the third quarter of 2015, we changed our reportable segment structure to separate AN from our Other segment as our AN products increased in significance as a result of the GrowHow acquisition. Our reportable segment structure reflects how our chief operating decision maker (CODM), as defined under U.S. generally accepted accounting principles (GAAP), assesses the performance of our operating segments and makes decisions about resource allocation. Our reportable segments now consist of ammonia, granular urea, UAN, AN, other, and phosphate. These segments are differentiated by products, which are used differently by agricultural customers based on crop application, weather and other agronomic factors or by industrial customers. Our management uses gross margin to evaluate segment performance and allocate resources. Historical financial results have been restated to reflect the new segment structure on a comparable basis. See Note 17—Segment Disclosures for additional information and a description of our reportable segments.

Five-for-One Common Stock Split

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

common stock has been retroactively restated to reflect the par value of total outstanding shares with a corresponding decrease to paid in capital.

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Phosphate Business Disposition

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

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

The accompanying unaudited interim consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements for the year ended December 31, 2014, in accordance with U.S. GAAP for interim financial reporting. In the opinion of management, these statements reflect all adjustments, consisting only of normal and recurring adjustments that are necessary for the fair representation of the information for the periods presented. The accompanying unaudited interim consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Operating results for any period presented apply to that period only and are not necessarily indicative of results for any future period.

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

2. New Accounting Standards

In September 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments. At the date of an acquisition, fair value of certain assets and liabilities may not be accurately determinable and are therefore recognized at the acquirer's best estimate. Such amounts may be updated as additional information becomes available in periods subsequent to the acquisition for up to one year. Prior to the issuance of this new ASU, subsequent adjustments had to be pushed back to the acquisition date, which required retroactive adjustments to prior period amounts. Under the new guidance,

adjustments to provisional amounts that are identified during the measurement period are to be recorded in the reporting period in which the adjustment amounts are determined. ASU No. 2015-16 is effective for fiscal years beginning after December 15, 2015 and is applied prospectively to adjustments to estimated purchase accounting amounts that occur after the effective date. Early application is permitted. The Company has not recognized any adjustments to estimated purchase accounting amounts for the nine months ended September 30, 2015.

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In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory, effective for annual and interim periods beginning after December 15, 2016. ASU No. 2015-11 changes the inventory measurement principle for entities using the first-in, first out (FIFO) or average cost methods. For entities utilizing one of these methods, the inventory measurement principle will change from lower of cost or market to the lower of cost and net realizable value. We follow the FIFO or average cost methods and are currently evaluating the provisions of ASU No. 2015-11 and assessing the impact, if any, it may have on our financial position and results of operations.

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

In April 2015, the FASB issued ASU No. 2015-03, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This ASU requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. Debt disclosures will include the face amount of the debt liability and the effective interest rate. The ASU requires retrospective application and represents a change in accounting principle. In August 2015, the FASB issued the related ASU No. 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements, which clarifies ASU 2015-03 and states that the SEC staff would not object to an entity deferring and presenting debt issuance costs related to a line-of-credit arrangement as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. These ASUs are effective for fiscal years beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. We expect that the adoption of these ASUs will not have a significant impact on our consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, Consolidations (Topic 810): Amendments to the Consolidation Analysis, which amends current consolidation guidance including changes to both the variable and voting interest models used by companies to evaluate whether an entity should be consolidated. The requirements from ASU No. 2015-02 are effective for interim and annual periods beginning after December 15, 2015, and early adoption is permitted. We are currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which supersedes the revenue recognition requirements in Accounting Standards Codification 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments. Additionally, information concerning the costs to obtain and fulfill a contract, including assets to be recognized, is to be capitalized and disclosed. In July 2015, the FASB voted to defer the effective date of this ASU through the issuance of ASU No. 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, to December 15, 2017 for interim and annual reporting periods beginning after that date. Early adoption of the standard as of December 15, 2016 (for interim and annual reporting periods beginning after that date) is permitted by the FASB. We are currently evaluating the impact of the adoption of this ASU on our consolidated financial statements.

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3. Acquisitions and Divestitures

GrowHow Acquisition

On July 31, 2015, we completed the acquisition of the remaining 50% equity interest in GrowHow not previously owned by us for total consideration of $570.4 million, and GrowHow became wholly owned by us. The purchase price was funded with cash on hand. We recorded a gain of $94.4 million on the remeasurement to fair value of our initial 50% equity interest in GrowHow that is included in equity in earnings of non-operating affiliates—net of taxes. See Note 8—Equity Method Investments for additional information.

During the three and nine months ended September 30, 2015 the Company incurred direct transaction costs of $3.5 million, respectively, for the acquisition of GrowHow which were expensed as incurred and included in transaction costs in our consolidated statements of operations.

The following table summarizes the preliminary allocation of the total fair value to the assets acquired and liabilities assumed in the GrowHow acquisition on July 31, 2015. Where applicable, the estimated fair value of the assets acquired and liabilities assumed is based on the estimated net realizable value for inventory, a replacement cost approach for property, plant and equipment and the income approach for intangible assets. Final determination of the fair values may result in further adjustments to the amounts presented below.

(In millions)	
Fair value of consideration transferred	$570.4
Fair value of 50% of equity interest already held by the Company	570.4
Total fair value	$1,140.8
Assets acquired and liabilities assumed	
Current assets	$165.1
Property, plant and equipment—net	898.1
Goodwill	328.4
Other assets	140.0
Total assets acquired	$1,531.6
Current liabilities	$73.6
Deferred tax liabilities—noncurrent	128.8
Other liabilities	188.4
Total liabilities assumed	$390.8
Total net assets acquired	$1,140.8

Current assets acquired included cash of $18.8 million, accounts receivable of $72.6 million and inventory of $65.8 million. The acquired property, plant and equipment will be depreciated over a period consistent with our existing fixed assets depreciation policy.

The acquisition resulted in the recognition of $328.4 million of goodwill, which is not deductible for income tax purposes. See Note 7—Goodwill and Other Intangible Assets, for additional information related to goodwill and the acquired intangibles.

The amount of sales and net earnings of GrowHow since the acquisition date included in the consolidated statements of operations for the three and nine months ended September 30, 2015 was $83.7 million and $2.1 million, respectively.

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The following unaudited summary information is presented on a pro forma consolidated basis as if the GrowHow acquisition had occurred on January 1, 2014:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(in millions)			
Net sales	$972.7	$1,072.4	$3,561.1	$4,016.5
Net earnings attributable to common stockholders	$3.4	$146.4	$600.7	$1,268.5

The pro forma amounts include transaction costs, amortization and depreciation expense based on the estimated fair value and useful lives of intangible assets and plant assets, elimination of the equity in earnings of the initial 50% equity investment in GrowHow and related tax effects. The pro forma amounts also include the removal of the $94.4 million gain on the remeasurement to fair value of our initial 50% equity interest in GrowHow that is included in the net earnings for the three and nine months ended September 30, 2015, respectively, and recognized this gain for the nine months ended September 30, 2014 as if the acquisition of GrowHow occurred on January 1, 2014. The pro forma results are not necessarily indicative of the combined results had the GrowHow acquisition been completed on January 1, 2014.

Agreement to Combine with Certain of OCI N.V.'s Businesses

On August 6, 2015, we announced that we entered into a definitive agreement (as amended, the Combination Agreement), under which we will combine with the European, North American and global distribution businesses (collectively, the ENA Business) of OCI N.V. (OCI). OCI is a global producer and distributor of natural gas-based fertilizers and industrial chemicals based in the Netherlands. OCI is listed on the Euronext in Amsterdam. The transaction includes OCI's nitrogen production facilities in Geleen, Netherlands, and Wever, Iowa; its interest in an ammonia and methanol complex in Beaumont, Texas; and its global distribution business and the assumption of approximately $2 billion in net debt. CF Holdings or its designee will also purchase a 45% interest plus an option to acquire the remaining interest in OCI's Natgasoline project in Texas, which upon completion in 2017 will be one of the world's largest methanol facilities. Under the terms of the agreement, CF Holdings will become a subsidiary of a new holding company (New CF) domiciled in the United Kingdom, where CF Holdings is the largest fertilizer producer following the GrowHow acquisition. OCI will contribute the ENA Business to New CF in exchange for ordinary shares of New CF (base share consideration), plus additional consideration of $700 million (subject to adjustment) to be paid in cash, ordinary shares of New CF or a mixture of cash and ordinary shares of New CF, as determined by CF Holdings in accordance with the terms of the Combination Agreement. The base share consideration will represent 25.6% of the ordinary shares of New CF that, upon consummation of the combination, subject to downward adjustment to account for the assumption by New CF, as contemplated by the Combination Agreement, of any of OCI's 3.875% convertible bonds due 2018 that remain outstanding as of the closing date of the combination. The consideration for the 45% interest in Natgasoline is $517.5 million in cash. The actual ownership split of New CF upon completion of the combination as between former CF Holdings shareholders, on the one hand, and OCI and its shareholders, on the other hand, will be dependent on our share price at the time of closing, the amount of convertible bonds to be assumed by New CF at closing, the amount of adjustments to the amount of the additional consideration, and the mix of cash and New CF ordinary shares used to pay the additional consideration. The transaction is expected to close in 2016, subject to the approval of shareholders of both CF Holdings and OCI, the receipt of certain regulatory approvals and other customary closing conditions. The consummation of the Natgasoline portion of the transaction is subject to conditions that are in addition to the conditions to which the consummation of the transaction involving the ENA Business of OCI is subject, and the consummation of the Natgasoline portion of the transaction is not a condition to consummation of the transaction involving OCI's ENA Business. New CF will operate under a name to be determined by CF Holdings and be led by our existing management.

In conjunction with entering into the Combination Agreement, on August 6, 2015, CF Industries Holdings, Inc. obtained financing commitments from Morgan Stanley Senior Funding, Inc. and Goldman Sachs Bank USA to

finance the transactions contemplated by the agreement and for general corporate purposes. The proceeds of such committed financing are available under a senior unsecured bridge term loan facility in an aggregate principal amount of up to $3.0 billion, subject to the terms and conditions set forth therein. See Note 12—Financing Agreements—Bridge Credit Agreement for additional information.

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Agreement to Form Strategic Venture with CHS

On August 12, 2015, we announced that we agreed to enter into a strategic venture with CHS Inc. (CHS). CHS will purchase a minority equity interest in CF Industries Nitrogen, LLC (CFN), a wholly-owned subsidiary of ours, for $2.8 billion. Additionally, we entered into a supply agreement with CHS (Supply Agreement), pursuant to which CHS will have the right to purchase annually from us up to 1.1 million tons of granular urea and 580,000 tons of UAN at market prices. Pursuant to the CFN limited liability agreement, CHS will be entitled to semi-annual profit distributions from CFN in respect of its equity interest in CFN based generally on the volume of granular urea and UAN purchased by CHS pursuant to the Supply Agreement. The strategic venture with CHS is expected to take effect in the first quarter of 2016, subject to the satisfaction of certain conditions.

Sale of Equity Method Investments

During the second quarter of 2015, we sold our 50% ownership interest in an ammonia storage joint venture in Houston, Texas and our 50% ownership interest in KEYTRADE AG (Keytrade). See Note 8—Equity Method Investments for additional information.

Phosphate Disposition

In March 2014, we completed the sale of our phosphate mining and manufacturing business to Mosaic pursuant to the terms of an Asset Purchase Agreement dated as of October 28, 2013, among CF Industries Holdings, Inc., CF Industries, Inc. and Mosaic for approximately $1.4 billion in cash. During the first quarter of 2014, we recognized pre-tax and after-tax gains on the transaction of $747.1 million and $461.0 million, respectively. Under the terms of the purchase agreement, the accounts receivable and accounts payable pertaining to the phosphate mining and manufacturing business and certain phosphate fertilizer inventory held in distribution facilities were not sold to Mosaic in the transaction and were settled in the ordinary course. During the fourth quarter of 2014, based on the ordinary course settlement of certain transactions and certain adjustments that were made in accordance with the purchase agreement, we increased the recognized pre-tax and after-tax gains on the transaction to $750.1 million and $462.8 million, respectively.

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

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

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4. Net Earnings Per Share

Net earnings per share were computed as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(in millions, except per share amounts)			
Net earnings attributable to common stockholders	$90.9	$130.9	$673.4	$1,152.0
Basic earnings per common share[1]:				
Weighted-average common shares outstanding	233.1	248.4	236.0	259.0
Net earnings attributable to common stockholders	$0.39	$0.53	$2.85	$4.45
Diluted earnings per common share[1]:				
Weighted-average common shares outstanding	233.1	248.4	236.0	259.0
Dilutive common shares—stock options	0.9	0.9	0.9	0.9
Diluted weighted-average shares outstanding	234.0	249.3	236.9	259.9
Net earnings attributable to common stockholders	$0.39	$0.52	$2.84	$4.43

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

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

5. Inventories

Inventories consist of the following:

	September 30, 2015	December 31, 2014
	(in millions)	
Finished goods	$292.5	$179.5
Raw materials, spare parts and supplies	37.3	23.4
	$329.8	$202.9

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6. Property, Plant and Equipment—Net

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

	September 30, 2015	December 31, 2014
	(in millions)	
Land	$69.0	$48.4
Machinery and equipment	6,348.3	5,268.7
Buildings and improvements	201.7	160.7
Construction in progress[1]	4,011.3	2,559.0
	10,630.3	8,036.8
Less: Accumulated depreciation and amortization	2,690.7	2,511.0
	$7,939.6	$5,525.8

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(1) As of September 30, 2015 and December 31, 2014, we had construction in progress that was accrued but unpaid of $448.3 million and $279.0 million, respectively. These amounts included accruals related to our capacity expansion projects of $407.2 million and $244.3 million as of September 30, 2015 and December 31, 2014, respectively.

As of September 30, 2015 and December 31, 2014, construction in progress includes expenditures of $3.5 billion and $2.0 billion, respectively, related to our capacity expansion projects in Port Neal, Iowa and Donaldsonville, Louisiana.

Plant turnarounds—Scheduled inspections, replacements and overhauls of plant machinery and equipment at our continuous process manufacturing facilities during a full plant shutdown are referred to as plant turnarounds. The expenditures related to turnarounds are capitalized in property, plant and equipment when incurred. The following is a summary of plant turnaround activity:

	Nine months ended September 30,	
	2015	2014
	(in millions)	
Net capitalized turnaround costs:		
Beginning balance	$153.2	$119.8
Additions	99.9	53.6
Depreciation	(46.6)	(39.7)
Effect of exchange rate changes	(2.2)	(0.7)
Ending balance	$204.3	$133.0

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

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7. Goodwill and Other Intangible Assets

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

	Ammonia	Granular Urea	UAN	AN	Other	Total
	(in millions)					
Balance as of December 31, 2014	$578.7	$829.6	$577.0	$68.9	$38.6	$2,092.8
Goodwill related to acquisition of GrowHow	10.0	—	—	276.6	41.8	328.4
Effect of exchange rate changes	(1.4)	(1.5)	(1.0)	(8.9)	(1.2)	(14.0)
Balance as of September 30, 2015	$587.3	$828.1	$576.0	$336.6	$79.2	$2,407.2

The acquisition in July 2015 of the remaining 50% equity interest in GrowHow not previously owned by us resulted in goodwill of $328.4 million, which is not deductible for income tax purposes. See Note 3—Acquisitions and Divestitures and Note 8—Equity Method Investments for additional information.

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

	September 30, 2015			December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
	(in millions)					
Intangible assets:						
Customer relationships	$141.9	$(16.1)	$125.8	$50.0	$(13.2)	$36.8
TerraCair brand	10.0	(10.0)	—	10.0	(5.0)	5.0
Trade names	36.9	(0.3)	36.6	—	—	—
Total intangible assets	$188.8	$(26.4)	$162.4	$60.0	$(18.2)	$41.8

Included in the table above are intangible assets, net of accumulated amortization, identified with the acquisition of the remaining 50% equity interest in GrowHow not previously owned by us that amounted to $133.0 million as a result of the acquisition on July 31, 2015. The intangible assets are being amortized over a remaining period of approximately 20 years. Amortization expense of our identifiable intangible assets was $1.8 million and $8.2 million for the three and nine months ended September 30, 2015, respectively, and $1.0 million and $3.0 million for the three and nine months ended September 30, 2014, respectively. In early 2015, management approved a plan to discontinue the use of the TerraCair brand in the sale of DEF. Based on the discontinuation of the use of this brand, the related intangible assets were fully amortized during the first quarter of 2015.

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

	Estimated Amortization Expense
	(in millions)
Remainder of 2015	$2.3
2016	9.2
2017	9.2
2018	9.2
2019	9.2
2020	9.2

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8. Equity Method Investments

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

Operating Equity Method Investments

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

Non-Operating Equity Method Investments

- We purchased the remaining 50% equity interest in GrowHow not previously owned by us. GrowHow is now wholly owned by us. See Note 3—Acquisitions and Divestitures for additional information.
- We sold our 50% ownership interest in KEYTRADE AG (Keytrade).

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

	September 30, 2015	December 31, 2014
	(in millions)	
Operating equity method investments	$359.8	$377.6
Non-operating equity method investments	—	483.9
Investments in and advances to affiliates	$359.8	$861.5

Operating Equity Method Investments

As of September 30, 2015, our remaining operating equity method investment was a 50% ownership interest in Point Lisas Nitrogen Limited (PLNL), which operates an ammonia production facility in the Republic of Trinidad and Tobago. We include our share of the net earnings from these equity method investments as an element of earnings from operations because these operations provide additional production and storage capacity to our operations and are integrated with our other supply chain and sales activities in the ammonia segment.

Our equity in earnings of operating equity method investments are summarized below:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(in millions)			
Equity in earnings of operating affiliates:				
PLNL	$5.6	$7.9	$18.8	$23.6
Ammonia storage joint venture	—	1.5	1.2	3.7
Total equity in earnings of operating affiliates	$5.6	$9.4	$20.0	$27.3

The total carrying value of our operating equity method investment as of September 30, 2015 was $359.8 million, which was $281.6 million more than our share of the affiliate's book value. The excess is primarily attributable to the purchase accounting impact of our acquisition of the investment in PLNL and reflects primarily the revaluation of property, plant and equipment, the value of an exclusive natural gas contract and goodwill. The increased basis for property, plant and equipment and the gas contract is being depreciated over a remaining period of approximately 18 years and 8 years, respectively. Our equity in earnings of operating affiliates is different from our ownership interest in income reported by the unconsolidated affiliates due to amortization of basis differences.

We have transactions in the normal course of business with PLNL reflecting our obligation to purchase 50% of the ammonia produced by PLNL at current market prices. Our ammonia purchases from PLNL totaled $27.1 million and $84.2 million for the three and nine months ended September 30, 2015, respectively, and $24.1 million and $90.1 million for the three and nine months ended September 30, 2014, respectively.

Non-Operating Equity Method Investments

On July 31, 2015, we completed the acquisition of the remaining 50% equity interest in GrowHow not previously owned by us for total consideration of $570.4 million, and GrowHow became wholly owned by us. We recorded a gain of $94.4 million on the remeasurement to fair value of our initial 50% equity interest in GrowHow. The earnings in GrowHow have been permanently reinvested. Therefore, the recognition of the $94.4 million gain on the remeasurement of the historical equity investment to fair value does not include the recognition of tax expense on the gain. See Note 3—Acquisitions and Divestitures for additional information.

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

Equity in earnings of non-operating affiliates—net of taxes for the three months ended September 30, 2015 includes the after-tax gain on remeasurement of our initial 50% equity interest in GrowHow and our equity in losses of GrowHow through the acquisition date.

Equity in earnings of non-operating affiliates—net of taxes for the nine months ended September 30, 2015 includes our after-tax gain on remeasurement to fair value of our initial 50% equity interest in GrowHow, the after-tax loss on the sale of our interests in Keytrade and our equity in earnings (losses) of Keytrade, through the date of sale, and GrowHow, through the acquisition date.

Our equity in earnings (losses) of GrowHow and Keytrade are summarized below:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(in millions)			
Equity in earnings (losses) of non-operating affiliates—net of taxes:				
GrowHow	$92.9	$9.0	$107.2	$12.1
Keytrade	—	1.6	(34.9)	3.7
Total equity in earnings (losses) of non-operating affiliates—net of taxes	$92.9	$10.6	$72.3	$15.8

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9. Fair Value Measurements

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

	September 30, 2015			
	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
	(in millions)			
Cash	$88.3	$—	$—	$88.3
Cash equivalents:				
U.S. and Canadian government obligations	829.9	—	—	829.9
Other debt securities	25.0	—	—	25.0
Total cash and cash equivalents	$943.2	$—	$—	$943.2
Restricted cash	25.9	—	—	25.9
Nonqualified employee benefit trusts	18.1	1.5	—	19.6

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

	September 30, 2015			
	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Cash equivalents	$854.9	$854.9	$—	$—
Restricted cash	25.9	25.9	—	—
Derivative assets	3.2	—	3.2	—
Nonqualified employee benefit trusts	19.6	19.6	—	—
Derivative liabilities	(121.6)	—	(121.6)	—

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

Cash Equivalents

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

Restricted Cash

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

Derivative Instruments

The derivative instruments that we use are primarily natural gas fixed price swaps, natural gas options and foreign currency forward contracts traded in the over-the-counter (OTC) markets with multi-national commercial banks, other major financial institutions and large energy companies. The contracts represent anticipated natural gas needs for future periods and settlements are scheduled to coincide with anticipated gas purchases during those future periods. The foreign currency derivative contracts held are for the exchange of a specified notional amount of currencies at specified future dates coinciding with anticipated foreign currency cash outflows associated with our Donaldsonville, Louisiana and Port Neal, Iowa capacity expansion projects. The natural gas derivative contracts settle using primarily NYMEX futures prices. To determine the fair value of these instruments, we use quoted market prices from NYMEX and standard pricing models with inputs derived from or corroborated by observable market data such as forward curves supplied by an industry-recognized unrelated third party. The currency derivatives are valued based on quoted market prices supplied by an industry-recognized independent third party. See Note 13—Derivative Financial Instruments for additional information.

Nonqualified Employee Benefit Trusts

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

Financial Instruments

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

	September 30, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in millions)			
Long-term debt	$5,592.6	$5,694.6	$4,592.5	$4,969.3

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

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

10. Income Taxes

Our income tax provision for the three months ended September 30, 2015 was $20.1 million on pre-tax income of $24.6 million, or an effective tax rate of 81.7%, compared to an income tax provision of $70.5 million on pre-tax income of $200.5 million, or an effective tax rate of 35.2%, for the three months ended September 30, 2014. Our effective tax rate for the three months ended September 30, 2015 is impacted by the lower level of earnings in the seasonal slower third quarter, plus the year-to-date impact of certain transactional expenses that are not deductible for tax purposes, which increase the quarterly effective tax rate.

Our effective tax rate based on pre-tax earnings differs from our effective tax rate based on pre-tax earnings exclusive of the noncontrolling interest, as our consolidated income tax provision does not include a tax provision on the earnings attributable to the noncontrolling interest in Terra Nitrogen Company, L.P. (TNCLP), which does not record an income tax provision.

During the third quarter of 2015, we completed the acquisition of the remaining 50% equity interest in GrowHow not previously owned by us and recognized a $94.4 million gain on the remeasurement to fair value of our initial 50% equity interest in GrowHow. The earnings in GrowHow have been permanently reinvested. Therefore, the recognition of the $94.4 million gain on the remeasurement of the historical equity investment does not include the recognition of tax expense on the gain.

We recorded an income tax benefit of $11.9 million during the second quarter of 2015 for the pre-tax losses on the sale of equity method investments. The tax benefit related to the loss on the sale of our interests in Keytrade is included in equity in earnings of non-operating affiliates—net of taxes in our consolidated statements of operations. See Note 8—Equity Method Investments for additional information.

Our unrecognized tax benefits are $134.8 million as of September 30, 2015 of which approximately $96.0 million would impact our effective tax rate if these unrecognized tax benefits were to be recognized in the future.

11. Interest Expense

Details of interest expense are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(in millions)			
Interest on borrowings[1]	$64.8	$63.5	$191.8	$174.9
Fees on financing agreements[1]	8.5	2.3	12.3	8.2
Interest on tax liabilities	0.6	0.6	1.6	2.5
Interest capitalized	(43.6)	(20.0)	(112.5)	(48.5)
	$30.3	$46.4	$93.2	$137.1

[1] See Note 12—Financing Agreements for additional information.

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12. Financing Agreements

Revolving Credit Agreement

CF Holdings, as a guarantor, and CF Industries, as borrower, entered into a senior unsecured revolving credit agreement originally dated May 1, 2012 (the Revolving Credit Agreement), which provides a revolving credit facility for the Company. The Revolving Credit Agreement has been amended and restated several times to, among other things, increase the size of the facility and extend the maturity date. The Revolving Credit Agreement was most recently amended and restated on September 18, 2015 to, among other things, increase the size of the credit facility to $2.0 billion, extend its maturity date to September 18, 2020, permit borrowings in U.S. dollars, Canadian dollars, Euro and Sterling, and permit the transactions contemplated by the Combination Agreement.

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

All obligations under the Revolving Credit Agreement are unsecured. Currently, CF Holdings is the only guarantor of CF Industries' obligations under the Revolving Credit Agreement.

As of September 30, 2015, there was $1,995.1 million of available credit under the Revolving Credit Agreement (net of outstanding letters of credit of $4.9 million), and there were no borrowings outstanding as of September 30, 2015 or December 31, 2014. Maximum borrowings during the three and nine months ended September 30, 2015, were $367.0 million with a weighted-average annual interest rate of 1.47%.

GrowHow Credit Agreement

GrowHow UK Group Limited as borrower and GrowHow UK Limited as guarantor entered into a £40.0 million senior unsecured credit agreement, dated October 1, 2012 (the GrowHow Credit Agreement), which provided for a revolving credit facility of up to £40.0 million with a maturity of five years.

Borrowings under the GrowHow Credit Agreement may be denominated in Sterling, Euro, U.S. dollars or other currencies from time to time permitted under the GrowHow Credit Agreement and bear interest at 1.60% plus LIBOR or EURIBOR, as applicable. Borrowings under the GrowHow Credit Agreement may be used for general corporate purposes. The GrowHow Credit Agreement requires that GrowHow UK Group Limited maintain a minimum interest coverage ratio and not exceed a maximum total leverage ratio, and includes other customary terms and conditions, including customary events of default and covenants.

All obligations under the GrowHow Credit Agreement are unsecured. As of September 30, 2015, there was £40.0 million of available credit under the GrowHow Credit Agreement and there were no borrowings outstanding as of September 30, 2015, or during the period then ended.

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Senior Notes

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

	September 30, 2015	December 31, 2014
	(in millions)	
Public Senior Notes:		
6.875% due 2018	$800.0	$800.0
7.125% due 2020	800.0	800.0
3.450% due 2023	749.4	749.4
5.150% due 2034	746.2	746.2
4.950% due 2043	748.8	748.8
5.375% due 2044	748.2	748.1
Private Senior Notes:		
4.490% due 2022	250.0	—
4.930% due 2025	500.0	—
5.030% due 2027	250.0	—
	5,592.6	4,592.5
Less: Current portion	—	—
Net long-term debt	$5,592.6	$4,592.5

On September 24, 2015, CF Industries issued in a private placement $250 million aggregate principal amount of 4.49% senior notes due October 15, 2022, $500.0 million aggregate principal amount of 4.93% senior notes due October 15, 2025 and $250 million aggregate principal amount of 5.03% senior notes due October 15, 2027 (the Private Senior Notes). The Company received proceeds of $1.0 billion from the issuance and sale of the Private Senior Notes. The Private Senior Notes are governed by the terms of a note purchase agreement (the note purchase agreement) and are guaranteed by the Company. Interest on the Private Senior Notes is payable semiannually. Under the terms of the note purchase agreement, CF Industries may prepay at any time all, or from time to time any part of, any series of the Private Senior Notes, in an amount not less than 5% of the aggregate principal amount of such series of the Private Senior Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid plus a make-whole amount determined as specified in the note purchase agreement. In the event of a Change in Control (as defined in the note purchase agreement), each holder of the Private Senior Notes may require CF Industries to prepay the entire unpaid principal amount of the Private Senior Notes held by such holder at a price equal to 100% of the principal amount of such Private Senior Notes together with accrued and unpaid interest thereon, but without any make-whole amount or other premium. Under the note purchase agreement, in specified circumstances, certain subsidiaries of the Company will be required to become guarantors of the obligations under the note purchase agreement. The note purchase agreement requires that the Company maintain a minimum interest coverage ratio and not exceed a maximum total leverage ratio, and includes other customary terms and conditions, including customary events of default and covenants. Upon the occurrence and during the continuance of an event of default under the note purchase agreement and after any applicable cure period, subject to specified exceptions, the holder or holders of more than 50% in principal amount of the Private Senior Notes outstanding may declare all the Private Senior Notes then outstanding due and payable.

Under the indentures (including the applicable supplemental indentures) governing the senior notes due 2018, 2020, 2023, 2034, 2043 and 2044 identified in the table above (the Public Senior Notes), each series of Public Senior Notes is guaranteed by the Company. Interest on the Public Senior Notes is paid semiannually, and the Public Senior Notes are redeemable at our option, in whole at any time or in part from time to time, at specified make-whole redemption prices. The indentures governing the Public Senior Notes contain customary events of default and covenants that limit, among other things, the ability of the Company and its subsidiaries, including CF Industries, to incur liens on certain properties to secure debt.

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

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2044 following the repayment of the Public Senior Notes due in 2018 and 2020 or the subsidiaries of ours, other than CF Industries, otherwise becoming no longer subject to such a requirement to guarantee the Public Senior Notes due in 2018 and 2020.

Bridge Credit Agreement

On September 18, 2015, CF Holdings, as a guarantor, and CF Industries, as tranche A borrower, entered into a senior unsecured 364-Day bridge credit agreement (the Bridge Credit Agreement) in connection with CF Holdings' proposed combination with the ENA Business of OCI. See Note 3—Acquisitions and Divestitures for additional information. The Bridge Credit Agreement provides for up to $4.0 billion in loans, consisting of a single borrowing of up to $1.0 billion in tranche A loans, and a single borrowing of up to $3.0 billion in tranche B loans. Loans issued under the Bridge Credit Agreement, if any, will mature 364 days after the loans are funded.

Tranche A commitments under the Bridge Credit Agreement were terminated upon issuance of the Private Senior Notes on September 24, 2015. The obligations of the lenders to fund tranche B loans under the Bridge Credit Agreement expire on August 6, 2016 (or no later than November 6, 2016, if extended pursuant to the terms thereof), or earlier as provided in the Bridge Credit Agreement. Borrowings under the Bridge Credit Agreement are voluntarily prepayable from time to time without premium or penalty and are mandatorily prepayable with, and the commitments thereunder will automatically be reduced by, the net cash proceeds from qualifying asset sales or debt or equity issuances. The obligations of the lenders to fund the tranche B loans under the Bridge Credit Agreement is subject to customary limited conditionality.

Loans, if any, made under tranche B of the Bridge Credit Agreement will be denominated in U.S. dollars and will bear interest at an applicable margin over LIBOR or a base rate and may be used to pay the cash portion, if any, of the purchase price for the purchased equity interest, as described in Note 3—Acquisitions and Divestitures, to consummate the refinancing of specified debt in connection with the transactions contemplated by the Combination Agreement, to pay fees and expenses incurred in connection with the transactions contemplated by the Bridge Credit Agreement and the Combination Agreement and, in an amount of up to $1.3 billion, for general corporate purposes.

Loans, if any, made under the tranche B of the Bridge Credit Agreement will be unsecured and will be guaranteed by CF Holdings.

13. Derivative Financial Instruments

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

Commodity Price Risk Management

Natural gas is the largest and most volatile component of the manufacturing cost for nitrogen-based products. We manage the risk of changes in natural gas prices primarily through the use of derivative financial instruments currently covering periods through 2018. The derivatives that we use are primarily natural gas fixed price swaps and natural gas options traded in the OTC markets. These natural gas derivatives settle using primarily a NYMEX futures price index, which represents the basis for fair value at any given time. We enter into natural gas derivative contracts with respect to natural gas to be consumed by us in the future, and settlements of those derivative contracts are scheduled to coincide with our anticipated purchases of natural gas used to manufacture nitrogen products during those future periods. We use natural gas derivatives as an economic hedge of natural gas price risk, but without the application of hedge accounting. As a result, changes in fair value of these contracts are recorded in earnings.

As of September 30, 2015 and December 31, 2014, we had open natural gas derivative contracts for 482.5 million MMBtus and 58.7 million MMBtus, respectively. For the nine months ended September 30, 2015, we used derivatives to cover approximately 62% of our natural gas consumption.

Foreign Currency Exchange Rates

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

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

As of September 30, 2015, accumulated other comprehensive income includes $7.4 million of pre-tax gains related to foreign currency derivatives that were originally designated as cash flow hedges. The hedges were de-designated as of December 31, 2013, and the remaining balance in accumulated other comprehensive income will be reclassified into income over the depreciable lives of the property, plant and equipment associated with the capacity expansion projects. We expect that the amounts to be reclassified within the next twelve months will be insignificant. See Note 15—Stockholders' Equity for additional information.

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The effect of derivatives in our consolidated statements of operations is shown in the table below.

	Unrealized gain (loss) recognized in income		
		Three months ended September 30,	
	Location	2015	2014
		(in millions)	
Natural gas derivatives	Cost of sales	$(125.9)	$12.1
Foreign exchange contracts	Other operating—net	13.2	(27.6)
Unrealized losses recognized in income		$(112.7)	$(15.5)

	Gain (loss) in income	
	Three months ended September 30,	
All Derivatives	2015	2014
	(in millions)	
Unrealized losses	$(112.7)	$(15.5)
Realized losses	(16.2)	(20.1)
Net derivative losses	$(128.9)	$(35.6)

	Unrealized gain (loss) recognized in income		
		Nine months ended September 30,	
	Location	2015	2014
		(in millions)	
Natural gas derivatives	Cost of sales	$(78.8)	$(39.1)
Foreign exchange contracts	Other operating—net	16.0	(40.8)
Unrealized losses recognized in income		$(62.8)	$(79.9)

	Gain (loss) in income	
	Nine months ended September 30,	
All Derivatives	2015	2014
	(in millions)	
Unrealized losses	$(62.8)	$(79.9)
Realized (losses) gains	(75.3)	77.4
Net derivative losses	$(138.1)	$(2.5)

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

	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	September 30, 2015	December 31, 2014	Balance Sheet Location	September 30, 2015	December 31, 2014
		(in millions)			(in millions)	
Foreign exchange contracts	Other current assets	$0.5	$—	Other current liabilities	$(6.8)	$(22.4)
Foreign exchange contracts	Other assets	—	—	Other liabilities	—	—
Natural gas derivatives	Other current assets	0.8	0.5	Other current liabilities	(55.3)	(26.0)
Natural gas derivatives	Other assets	1.9	—	Other liabilities	(59.5)	—
Total derivatives		$3.2	$0.5		$(121.6)	$(48.4)
Current / Noncurrent totals						
	Other current assets	$1.3	$0.5	Other current liabilities	$(62.1)	$(48.4)
	Other assets	1.9	—	Other liabilities	(59.5)	—
Total derivatives		$3.2	$0.5		$(121.6)	$(48.4)

As of September 30, 2015 and December 31, 2014, the aggregate fair value of the derivative instruments with credit-risk-related contingent features in a net liability position was $119.2 million and $47.1 million, respectively, which also approximates the fair value of the maximum amount of additional collateral that would need to be posted or assets needed to settle the obligations if the credit-risk-related contingent features were triggered at the reporting dates. At both September 30, 2015 and December 31, 2014, we had no cash collateral on deposit with counterparties for derivative contracts. The credit support documents executed in connection with certain of our International Swaps and Derivatives Association (ISDA) agreements generally provide us and our counterparties the right to set off collateral against amounts owing under the ISDA agreements upon the occurrence of a default or a specified termination event.

The following table presents amounts relevant to offsetting of our derivative assets and liabilities as of September 30, 2015 and December 31, 2014:

	Amounts presented in consolidated balance sheets[1]	Gross amounts not offset in consolidated balance sheets		
		Financial instruments	Cash collateral received (pledged)	Net amount
	(in millions)			
September 30, 2015				
Total derivative assets	$3.2	$3.2	$—	$—
Total derivative liabilities	121.6	3.2	—	118.4
Net derivative liabilities	$(118.4)	$—	$—	$(118.4)
December 31, 2014				
Total derivative assets	$0.5	$0.5	$—	$—
Total derivative liabilities	48.4	0.5	—	47.9
Net derivative liabilities	$(47.9)	$—	$—	$(47.9)

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

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

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14. Noncontrolling Interest

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

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

In each of the applicable quarters of 2015 and 2014, the minimum quarterly distributions were satisfied, which entitled us, as the general partner, to receive increased distributions on our general partner interests as provided for in the Agreement of Limited Partnership. The earnings attributed to our general partner interest in excess of the threshold levels for the nine months ended September 30, 2015 and 2014, were $83.1 million and $102.7 million, respectively.

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

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

	Nine months ended September 30,	
	2015	2014
	(in millions)	
Noncontrolling interest:		
Beginning balance	$362.8	$362.3
Earnings attributable to noncontrolling interest	24.7	33.7
Declaration of distributions payable	(32.0)	(37.8)
Ending balance	$355.5	$358.2
Distributions payable to noncontrolling interest:		
Beginning balance	$—	$—
Declaration of distributions payable	32.0	37.8
Distributions to noncontrolling interest	(32.0)	(37.8)
Ending balance	$—	$—

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Proposed Internal Revenue Service Regulation Impacting Master Limited Partnerships

Currently, no federal income taxes are paid by TNCLP due to its MLP status. Partnerships are generally not subject to federal income tax, although publicly-traded partnerships (such as TNCLP) are treated as corporations for federal income tax purposes (and therefore are subject to federal income tax), unless at least 90% of the partnership's gross income is "qualifying income" as defined in Section 7704 of the Internal Revenue Code of 1986, as amended (the Code), and the partnership is not required to register as an investment company under the Investment Company Act of 1940. Any change in the tax treatment of income from fertilizer-related activities as qualifying income could cause TNCLP to be treated as a corporation for federal income tax purposes, and could have a material adverse impact on unitholder distributions for unitholders who would not be entitled to a dividends received deduction or other similar offsetting deduction. If TNCLP were taxed as a corporation, under current law, due to its current ownership interest, CF Industries would qualify for a partial dividends received deduction on the dividends received from TNCLP. Therefore, we would not expect a change in the tax treatment of TNCLP to have a material impact on the consolidated financial condition or results of operations of CF Holdings.

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

15. Stockholders' Equity

Accumulated Other Comprehensive Income (Loss)

Changes to accumulated other comprehensive income (AOCI) are as follows:

	Foreign Currency Translation Adjustment	Unrealized Gain (Loss) on Securities	Unrealized Gain (Loss) on Derivatives	Defined Benefit Plans	Accumulated Other Comprehensive Income (Loss)
	(in millions)				
Balance as of December 31, 2013	$31.9	$0.6	$6.5	$(81.6)	$ (42.6)
Unrealized gain	—	1.0	—	—	1.0
Gain arising during the period	—	—	—	6.2	6.2
Reclassification to earnings	—	—	(2.8)	1.3	(1.5)
Effect of exchange rate changes and deferred taxes	(38.3)	(0.3)	1.0	2.1	(35.5)
Balance as of September 30, 2014	$(6.4)	$1.3	$4.7	$(72.0)	$ (72.4)
Balance as of December 31, 2014	$(40.5)	$0.8	$4.7	$(124.8)	$ (159.8)
Unrealized loss	—	(0.5)	—	—	(0.5)
Loss arising during the period	—	—	—	(3.6)	(3.6)
Reclassification to earnings	—	0.1	—	4.5	4.6
Impact of GrowHow acquisition	9.0	—	—	38.2	47.2
Effect of exchange rate changes and deferred taxes	(109.1)	—	—	7.6	(101.5)
Balance as of September 30, 2015	$(140.6)	$0.4	$4.7	$(78.1)	$ (213.6)

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Reclassifications out of AOCI to earnings during the three and nine months ended September 30, 2015 and 2014 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(in millions)			
Foreign Currency Translation Adjustment				
GrowHow equity method investment remeasurement(1)	$9.0	$—	$9.0	$—
Total before tax	9.0	—	9.0	—
Tax effect	—	—	—	—
Net of tax	$9.0	$—	$9.0	$—
Unrealized (Gain) Loss on Securities				
Available-for-sale securities(2)	$0.2	$—	$0.1	$—
Total before tax	0.2	—	0.1	—
Tax effect	—	—	—	—
Net of tax	$0.2	$—	$0.1	$—
Unrealized Gain (Loss) on Derivatives				
Reclassification of de-designated hedges(3)	$—	$(2.8)	$—	$(2.8)
Total before tax	—	(2.8)	—	(2.8)
Tax effect	—	1.0	—	1.0
Net of tax	$—	$(1.8)	$—	$(1.8)
Defined Benefit Plans				
Amortization of prior service (benefit) cost(4)	$(0.3)	$(0.2)	$(0.8)	$(0.5)
GrowHow equity method investment remeasurement(1)	38.2	—	38.2	—
Amortization of net loss(4)	1.7	0.6	5.3	1.8
Total before tax	39.6	0.4	42.7	1.3
Tax effect	(0.8)	(0.1)	(1.9)	(0.4)
Net of tax	$38.8	$0.3	$40.8	$0.9
Total reclassifications for the period	$48.0	$(1.5)	$49.9	$(0.9)

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(1) Represents the amount that was reclassified from AOCI into equity in earnings of non-operating affiliates—net of taxes as a result of the remeasurement to fair value of our initial 50% equity interest in GrowHow.

(2) Represents the amount that was reclassified into interest income.

(3) Represents the portion of de-designated cash flow hedges that were reclassified into income as a result of the discontinuance of certain cash flow hedges.

(4) These components are included in the computation of net periodic pension cost and were reclassified from AOCI into cost of sales and selling, general and administrative expenses.

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Treasury Stock

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

In the third quarter of 2012, our Board of Directors authorized a program to repurchase up to $3.0 billion of the common stock of CF Holdings through December 31, 2016 (the 2012 Program). The repurchases under this program were completed in the second quarter of 2014. On August 6, 2014, our Board of Directors authorized a program to repurchase up to $1.0 billion of the common stock of CF Holdings through December 31, 2016 (the 2014 Program).

The following table summarizes the share repurchases under the 2014 Program and the 2012 Program. The number of shares has been retroactively restated for all prior periods presented to reflect the five-for-one split of the Company's common stock effected in the form of a stock dividend that was distributed on June 17, 2015. See Note 1—Background and Basis of Presentation for further information.

	2014 Program		2012 Program	
	Shares	Amounts	Shares	Amounts
	(in millions)			
Shares repurchased as of December 31, 2013	—	$—	36.7	$1,449.3
Shares repurchased in 2014:				
First quarter	—	$—	16.0	$793.9
Second quarter	—	—	15.4	756.8
Third quarter	—	—	—	—
Fourth quarter	7.0	372.8	—	—
Total shares repurchased in 2014	7.0	372.8	31.4	1,550.7
Shares repurchased as of December 31, 2014	7.0	$372.8	68.1	$3,000.0
Shares repurchased in 2015:				
First quarter	4.1	$236.6		
Second quarter	4.5	268.1		
Third quarter	0.3	22.5		
Total shares repurchased in 2015	8.9	527.2		
Shares repurchased as of September 30, 2015	15.9	$900.0		

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

During the nine months ended September 30, 2015 and 2014, we retired 10.7 million shares and 23.5 million shares of repurchased stock, respectively. As of September 30, 2015 and December 31, 2014, we held in treasury approximately 2.4 million and 4.2 million shares of repurchased stock, respectively.

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16. Contingencies

Litigation

West Fertilizer Co.

On April 17, 2013, there was a fire and explosion at the West Fertilizer Co. fertilizer storage and distribution facility in West, Texas. According to published reports, 15 people were killed and approximately 200 people were injured in the incident, and the fire and explosion damaged or destroyed a number of homes and buildings around the facility. We have been named as defendants along with other companies in lawsuits filed in 2013, 2014 and 2015 in the District Court of McLennan County, Texas by the City of West, individual residents of the County and other parties seeking recovery for damages allegedly sustained as a result of the explosion. The cases have been consolidated for discovery and pretrial proceedings in the District Court of McLennan County under the caption "In re: West Explosion Cases." The two-year statute of limitations expired on April 17, 2015. As of that date, over 400 plaintiffs had filed claims, including at least 9 entities, 325 individuals, and 80 insurance companies. Plaintiffs allege various theories of negligence, strict liability, breach of warranty and assault under Texas law. Although we do not own or operate the facility or directly sell our products to West Fertilizer Co., products we have manufactured and sold to others have been delivered to the facility and may have been stored at the West facility at the time of the incident.

The Court granted in part and denied in part the Company's Motions for Summary Judgment in August 2015. Three cases, scheduled to begin trial on October 12, 2015, were resolved pursuant to a confidential settlement fully funded by insurance. The remaining cases are in various stages of discovery and pre-trial proceedings. We believe we have strong legal and factual defenses and intend to continue defending ourselves vigorously in the pending lawsuits.

Other Litigation

From time to time, we are subject to ordinary, routine legal proceedings related to the usual conduct of our business, including proceedings regarding public utility and transportation rates, environmental matters, taxes and permits relating to the operations of our various plants and facilities. Based on the information available as of the date of this filing, we believe that the ultimate outcome of these routine matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Environmental

Louisiana Environmental Matters

Clean Air Act—Section 185 Fee

Our Donaldsonville nitrogen complex is located in a five-parish region near Baton Rouge, Louisiana that, as of 2005, was designated as being in "severe" nonattainment with respect to the national ambient air quality standard (NAAQS) for ozone (the 1-hour ozone standard) pursuant to the Federal Clean Air Act (the Act). Section 185 of the Act requires states, in their state implementation plans, to levy a fee (Section 185 fee) on major stationary sources (such as the Donaldsonville complex) located in a severe nonattainment area that did not meet the 1-hour ozone standard by November 30, 2005. The fee was to be assessed for each calendar year (beginning in 2006) until the area achieved compliance with the ozone NAAQS.

Prior to the imposition of Section 185 fees, the Environmental Protection Agency (EPA) adopted a new ozone standard (the 8-hour ozone standard) and rescinded the 1-hour ozone standard. The Baton Rouge area was designated as a "moderate" nonattainment area with respect to the 8-hour ozone standard. However, because Section 185 fees had never been assessed prior to the rescission of the 1-hour ozone standard (rescinded prior to the November 30, 2005 ozone attainment deadline), the EPA concluded in a 2004 rulemaking implementing the 8-hour ozone standard that the Act did not require states to assess Section 185 fees. As a result, Section 185 fees were not assessed against us and other companies located in the Baton Rouge area.

In 2006, the federal D.C. Circuit Court of Appeals rejected the EPA's position and held that Section 185 fees were controls that must be maintained and fees should have been assessed under the Act. In January 2008, the U.S. Supreme Court declined to accept the case for review, making the appellate court's decision final.

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In July 2011, the EPA approved a revision to Louisiana's air pollution program that eliminated the requirement for Baton Rouge area companies to pay Section 185 fees, based on Baton Rouge's ultimate attainment of the 1-hour standard through permanent and enforceable emissions reductions. EPA's approval of the Louisiana air program revision became effective on August 8, 2011. However, a recent decision by the federal D.C. Circuit Court of Appeals struck down a similar, but perhaps distinguishable, EPA guidance document regarding alternatives to Section 185 fees. At this time, the viability of EPA's approval of Louisiana's elimination of Section 185 fees is uncertain. Regardless of the approach ultimately adopted by the EPA, we expect that it is likely to be challenged by the environmental community, the states, and/or affected industries. Therefore, the costs associated with compliance with the Act cannot be determined at this time, and we cannot reasonably estimate the impact on our consolidated financial position, results of operations or cash flows.

Furthermore, the area has seen significant reductions in ozone levels, attributable to federal and state regulations and community involvement. Preliminary ozone design values computed for the Baton Rouge nonattainment area suggest the area has achieved attainment with the 2008 8-hour ozone standard. A determination from EPA was issued on April 4, 2014 indicating that the Baton Rouge area is currently attaining the 2008 8-hour ozone standard. The determination is based on a recent review of air quality data from 2011-2013. Additional revisions to the ozone NAAQS, like the proposed rule that would strengthen the ozone standard that was proposed on December 17, 2014, may affect the longevity and long-term consequences of this determination.

Clean Air Act Information Request

On February 26, 2009, we received a letter from the EPA under Section 114 of the Act requesting information and copies of records relating to compliance with New Source Review and New Source Performance Standards at the Donaldsonville facility. We have completed the submittal of all requested information. There has been no further contact from the EPA regarding this matter.

Florida Environmental Matters

On March 17, 2014, we completed the sale of our phosphate mining and manufacturing business, which was located in Florida, to Mosaic. See Note 3—Acquisitions and Divestitures for additional information. Pursuant to the terms of the Purchase Agreement, Mosaic has assumed the following environmental matters and we have agreed to indemnify Mosaic with respect to losses arising out of the matters below, subject to a maximum indemnification cap and the other terms of the Purchase Agreement.

Clean Air Act Notice of Violation

We received a Notice of Violation (NOV) from the EPA by letter dated June 16, 2010, alleging that we violated the Prevention of Significant Deterioration (PSD) Clean Air Act regulations relating to certain projects undertaken at the former Plant City, Florida facility's sulfuric acid plants. This NOV further alleges that the actions that are the basis for the alleged PSD violations also resulted in violations of Title V air operating permit regulations. Finally, the NOV alleges that we failed to comply with certain compliance dates established by hazardous air pollutant regulations for phosphoric acid manufacturing plants and phosphate fertilizer production plants. We had several meetings with the EPA with respect to this matter prior to the sale of the phosphate mining and manufacturing business in March 2014. We do not know at this time if this matter will be settled prior to initiation of formal legal action.

We cannot estimate the potential penalties, fines or other expenditures, if any, that may result from the Clean Air Act NOV and, therefore, we cannot determine if the ultimate outcome of this matter will have a material impact on our consolidated financial position, results of operations or cash flows.

EPCRA/CERCLA Notice of Violation

By letter dated July 6, 2010, the EPA issued a NOV to us alleging violations of Section 313 of the Emergency Planning and Community Right-to-Know Act (EPCRA) in connection with the former Plant City facility. EPCRA requires annual reports to be submitted with respect to the use of certain toxic chemicals. The NOV also included an allegation that we violated Section 304 of EPCRA and Section 103 of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) by failing to file a timely notification relating to the release of hydrogen fluoride above applicable reportable quantities. We do not know at this time if this matter will be settled prior to initiation of formal legal action.

We do not expect that penalties or fines, if any, that may arise out of the EPCRA/CERCLA matter will have a material impact on our consolidated financial position, results of operations or cash flows.

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Other

CERCLA/Remediation Matters

From time to time, we receive notices from governmental agencies or third parties alleging that we are a potentially responsible party at certain cleanup sites under CERCLA or other environmental cleanup laws. In 2011, we received a notice from the Idaho Department of Environmental Quality (IDEQ) that alleged that we were a potentially responsible party for the cleanup of a former phosphate mine site we owned in the late 1950s and early 1960s located in Georgetown Canyon, Idaho. The current owner of the property and a former mining contractor received similar notices for the site. In 2014, we and the current property owner entered into a Consent Order with IDEQ and the U.S. Forest Service to conduct a remedial investigation and feasibility study of the site. In 2015, we and several other parties received a notice that the U.S. Department of the Interior and other trustees intend to undertake a natural resource damage assessment for a group of former phosphate mines in southeast Idaho, including the former Georgetown Canyon mine. We are not able to estimate at this time our potential liability, if any, with respect to the cleanup of or damages regarding the site. However, based on currently available information, we do not expect that any remedial or financial obligations to which we may be subject involving this or other cleanup sites will have a material adverse effect on our business, financial condition, results of operations or cash flows.

17. Segment Disclosures

On July 31, 2015, we acquired the remaining 50% equity interest in GrowHow not previously owned by us. See Note 3—Acquisitions and Divestitures and Note 8—Equity Method Investments for additional information. GrowHow has nitrogen manufacturing complexes located in Ince, United Kingdom, and Billingham, United Kingdom. The Ince complex produces AN, ammonia and fertilizer compounds while the Billingham complex produces AN and ammonia. Our reportable segment structure reflects how our CODM, as defined under U.S. GAAP, assesses the performance of our reportable segments and makes decisions about resource allocation. In the third quarter of 2015, we changed our reportable segment structure to separate AN from our Other segment as our AN products increased in significance as a result of the GrowHow acquisition. Our reportable segments now consist of ammonia, granular urea, UAN, AN, other, and phosphate. These segments are differentiated by products, which are used differently by agricultural customers based on crop application, weather and other agronomic factors or by industrial customers. Historical financial results have been restated to reflect the new reportable segment structure on a comparable basis.

We sold our phosphate mining and manufacturing business during the first quarter of 2014. See Note 3—Acquisitions and Divestitures for additional information. The phosphate segment reflects the reported results of the phosphate business through March 17, 2014, plus the continuing sales of the phosphate inventory in the distribution network after March 17, 2014. The remaining phosphate inventory was sold in the second quarter of 2014; therefore, the phosphate segment does not have operating results subsequent to that quarter. The phosphate segment will continue to be included until the reporting of comparable period phosphate results ceases.

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

Our management uses gross margin to evaluate segment performance and allocate resources. Total other operating costs and expenses (consisting of selling, general and administrative expenses and other operating—net) and non-operating expenses (interest and income taxes) are centrally managed and are not included in the measurement of segment profitability reviewed by management.

Our assets, with the exception of goodwill, are not monitored by or reported to our CODM by segment; therefore, we do not present total assets by segment. Goodwill by segment is presented in Note 7—Goodwill and Other Intangible Assets.

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Segment data for sales, cost of sales and gross margin for the three and nine months ended September 30, 2015 and 2014 are presented in the tables below.

	Ammonia	Granular Urea[1]	UAN[1]	AN[1]	Other[1]	Phosphate	Consolidated
	(in millions)						
Three months ended September 30, 2015							
Net sales	$260.9	$170.7	$349.3	$79.5	$67.0	$—	$ 927.4
Cost of sales	206.7	131.8	276.5	96.7	50.7	—	762.4
Gross margin	$54.2	$38.9	$72.8	$(17.2)	$16.3	$—	165.0
Total other operating costs and expenses							112.1
Equity in earnings of operating affiliates							5.6
Operating earnings							$ 58.5
Three months ended September 30, 2014							
Net sales	$232.1	$199.6	$392.9	$54.9	$41.9	$—	$ 921.4
Cost of sales	168.6	120.7	257.2	46.0	27.8	—	620.3
Gross margin	$63.5	$78.9	$135.7	$8.9	$14.1	$—	301.1
Total other operating costs and expenses							63.9
Equity in earnings of operating affiliates							9.4
Operating earnings							$ 246.6

	Ammonia	Granular Urea[1]	UAN[1]	AN[1]	Other[1]	Phosphate	Consolidated
	(in millions)						
Nine months ended September 30, 2015							
Net sales	$1,147.6	$593.9	$1,112.4	$178.9	$159.7	$—	$ 3,192.5
Cost of sales	634.5	324.3	678.3	179.1	109.6	—	1,925.8
Gross margin	$513.1	$269.6	$434.1	$(0.2)	$50.1	$—	1,266.7
Total other operating costs and expenses							230.7
Equity in earnings of operating affiliates							20.0
Operating earnings							$ 1,056.0
Nine months ended September 30, 2014							
Net sales	$1,109.3	$683.4	$1,249.3	$187.0	$129.3	$ 168.4	$ 3,526.7
Cost of sales	693.1	378.1	730.2	140.3	92.5	158.3	2,192.5
Gross margin	$416.2	$305.3	$519.1	$46.7	$36.8	$ 10.1	1,334.2
Total other operating costs and expenses							160.9
Gain on sale of phosphate business							747.1
Equity in earnings of operating affiliates							27.3
Operating earnings							$ 1,947.7

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[1] The cost of ammonia that is upgraded into other products is transferred at cost into the upgraded product results.

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18. Condensed Consolidating Financial Statements

The following condensed consolidating financial statements are presented in accordance with SEC Regulation S-X Rule 3-10, Financial statements of guarantors and issuers of guaranteed securities registered or being registered, and relates to the Public Senior Notes issued by CF Industries, Inc., a 100% owned subsidiary of CF Industries Holdings, Inc. (Parent), described in Note 12—Financing Agreements, and the full and unconditional guarantee of such Public Senior Notes by Parent and to debt securities of CF Industries, and the full and unconditional guarantee thereof by Parent, that may be offered and sold from time to time under the registration statement on Form S-3 filed by Parent and CF Industries with the SEC on April 22, 2013. In the event that a subsidiary of Parent, other than CF Industries, becomes a borrower or a guarantor under the Revolving Credit Agreement (or any renewal, replacement or refinancing thereof), such subsidiary would be required to become a guarantor of the Public Senior Notes, provided that such requirement will no longer apply with respect to the Public Senior Notes due in 2023, 2034, 2043 and 2044 following the repayment of the Public Senior Notes due in 2018 and 2020 or the subsidiaries of Parent, other than CF Industries, otherwise becoming no longer subject to such a requirement to guarantee the Public Senior Notes due in 2018 and 2020. As of September 30, 2015, none of such subsidiaries of Parent was, or was required to be, a guarantor to the Public Senior Notes. For purposes of the presentation of condensed consolidating financial information, the subsidiaries of Parent other than CF Industries are referred to as the Other Subsidiaries.

Presented below are condensed consolidating statements of operations and statements of cash flows for Parent, CF Industries and the Other Subsidiaries for the three and nine months ended September 30, 2015 and 2014, and condensed consolidating balance sheets for Parent, CF Industries and the Other Subsidiaries as of September 30, 2015 and December 31, 2014. The condensed consolidating financial statements presented below are not necessarily indicative of the financial position, results of operations, comprehensive income or cash flows of Parent, CF Industries or the Other Subsidiaries on a stand-alone basis.

In these condensed consolidating financial statements, investments in subsidiaries are presented under the equity method, in which our investments are recorded at cost and adjusted for our ownership share of a subsidiary's cumulative results of operations, distributions and other equity changes, and the eliminating entries reflect primarily intercompany transactions such as sales, accounts receivable and accounts payable and the elimination of equity investments and earnings of subsidiaries.

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Condensed Consolidating Statement of Operations

	Three months ended September 30, 2015				
	Parent	CF Industries	Other Subsidiaries	Eliminations	Consolidated
	(in millions)				
Net sales	$—	$77.5	$983.2	$(133.3)	$927.4
Cost of sales	—	84.2	811.5	(133.3)	762.4
Gross margin	—	(6.7)	171.7	—	165.0
Selling, general and administrative expenses	—	2.6	39.0	—	41.6
Transaction costs	29.6	—	7.8	—	37.4
Other operating—net	—	(3.0)	36.1	—	33.1
Total other operating costs and expenses	29.6	(0.4)	82.9	—	112.1
Equity in earnings of operating affiliates	—	—	5.6	—	5.6
Operating (losses) earnings	(29.6)	(6.3)	94.4	—	58.5
Interest expense	—	73.8	(20.8)	(22.7)	30.3
Interest income	—	(22.2)	(1.1)	22.7	(0.6)
Net (earnings) of wholly-owned subsidiaries	(109.5)	(142.6)	—	252.1	—
Other non-operating—net	—	—	4.2	—	4.2
Earnings before income taxes and equity in earnings of non-operating affiliates	79.9	84.7	112.1	(252.1)	24.6
Income tax (benefit) provision	(11.0)	(24.8)	55.9	—	20.1
Equity in earnings of non-operating affiliates—net of taxes	—	—	92.9	—	92.9
Net earnings	90.9	109.5	149.1	(252.1)	97.4
Less: Net earnings attributable to noncontrolling interest	—	—	6.5	—	6.5
Net earnings attributable to common stockholders	$90.9	$109.5	$142.6	$(252.1)	$90.9

Condensed Consolidating Statement of Comprehensive Income

	Three months ended September 30, 2015				
	Parent	CF Industries	Other Subsidiaries	Eliminations	Consolidated
	(in millions)				
Net earnings	$90.9	$109.5	$149.1	$(252.1)	$97.4
Other comprehensive income (losses)	(7.8)	(7.8)	(7.8)	15.6	(7.8)
Comprehensive income	83.1	101.7	141.3	(236.5)	89.6
Less: Comprehensive income attributable to noncontrolling interest	—	—	6.5	—	6.5
Comprehensive income attributable to common stockholders	$83.1	$101.7	$134.8	$(236.5)	$83.1

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Condensed Consolidating Statement of Operations

	Nine months ended September 30, 2015				
	Parent	CF Industries	Other Subsidiaries	Eliminations	Consolidated
	(in millions)				
Net sales	$—	$269.4	$3,380.0	$(456.9)	$3,192.5
Cost of sales	—	276.1	2,106.6	(456.9)	1,925.8
Gross margin	—	(6.7)	1,273.4	—	1,266.7
Selling, general and administrative expenses	2.3	3.5	113.8	—	119.6
Transaction costs	29.6	—	7.8	—	37.4
Other operating—net	—	(8.6)	82.3	—	73.7
Total other operating costs and expenses	31.9	(5.1)	203.9	—	230.7
Equity in earnings of operating affiliates	—	—	20.0	—	20.0
Operating (losses) earnings	(31.9)	(1.6)	1,089.5	—	1,056.0
Interest expense	—	204.6	(74.1)	(37.3)	93.2
Interest income	—	(36.8)	(1.7)	37.3	(1.2)
Net (earnings) of wholly-owned subsidiaries	(693.4)	(799.6)	—	1,493.0	—
Other non-operating—net	(0.1)	—	4.8	—	4.7
Earnings before income taxes and equity in earnings of non-operating affiliates	661.6	630.2	1,160.5	(1,493.0)	959.3
Income tax (benefit) provision	(11.8)	(63.2)	408.5	—	333.5
Equity in earnings of non-operating affiliates—net of taxes	—	—	72.3	—	72.3
Net earnings	673.4	693.4	824.3	(1,493.0)	698.1
Less: Net earnings attributable to noncontrolling interest	—	—	24.7	—	24.7
Net earnings attributable to common stockholders	$673.4	$693.4	$799.6	$(1,493.0)	$673.4

Condensed Consolidating Statement of Comprehensive Income

	Nine months ended September 30, 2015				
	Parent	CF Industries	Other Subsidiaries	Eliminations	Consolidated
	(in millions)				
Net earnings	$673.4	$693.4	$824.3	$(1,493.0)	$698.1
Other comprehensive income (losses)	(53.8)	(53.8)	(52.9)	106.7	(53.8)
Comprehensive income	619.6	639.6	771.4	(1,386.3)	644.3
Less: Comprehensive income attributable to noncontrolling interest	—	—	24.7	—	24.7
Comprehensive income attributable to common stockholders	$619.6	$639.6	$746.7	$(1,386.3)	$619.6

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Condensed Consolidating Statement of Operations

	Three months ended September 30, 2014				
	Parent	CF Industries	Other Subsidiaries	Eliminations	Consolidated
	(in millions)				
Net sales	$—	$106.5	$987.7	$(172.8)	$921.4
Cost of sales	—	106.5	686.6	(172.8)	620.3
Gross margin	—	—	301.1	—	301.1
Selling, general and administrative expenses	0.6	8.4	29.2	—	38.2
Other operating—net	(0.1)	(3.2)	29.0	—	25.7
Total other operating costs and expenses	0.5	5.2	58.2	—	63.9
Equity in earnings of operating affiliates	—	—	9.4	—	9.4
Operating (losses) earnings	(0.5)	(5.2)	252.3	—	246.6
Interest expense	—	65.8	(19.4)	—	46.4
Interest income	—	(0.1)	(0.1)	—	(0.2)
Net (earnings) of wholly-owned subsidiaries	(131.2)	(178.1)	—	309.3	—
Other non-operating—net	—	—	(0.1)	—	(0.1)
Earnings before income taxes and equity in earnings of non-operating affiliates	130.7	107.2	271.9	(309.3)	200.5
Income tax (benefit) provision	(0.2)	(24.0)	94.7	—	70.5
Equity in earnings of non-operating affiliates—net of taxes	—	—	10.6	—	10.6
Net earnings	130.9	131.2	187.8	(309.3)	140.6
Less: Net earnings attributable to noncontrolling interest	—	—	9.7	—	9.7
Net earnings attributable to common stockholders	$130.9	$131.2	$178.1	$(309.3)	$130.9

Condensed Consolidating Statement of Comprehensive Income

	Three months ended September 30, 2014				
	Parent	CF Industries	Other Subsidiaries	Eliminations	Consolidated
	(in millions)				
Net earnings	$130.9	$131.2	$187.8	$(309.3)	$140.6
Other comprehensive income (losses)	(50.0)	(50.0)	(50.2)	100.2	(50.0)
Comprehensive income	80.9	81.2	137.6	(209.1)	90.6
Less: Comprehensive income attributable to noncontrolling interest	—	—	9.7	—	9.7
Comprehensive income attributable to common stockholders	$80.9	$81.2	$127.9	$(209.1)	$80.9

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Condensed Consolidating Statement of Operations

	Nine months ended September 30, 2014				
	Parent	CF Industries	Other Subsidiaries	Eliminations	Consolidated
	(in millions)				
Net sales	$—	$574.2	$3,764.5	$(812.0)	$3,526.7
Cost of sales	—	390.5	2,614.0	(812.0)	2,192.5
Gross margin	—	183.7	1,150.5	—	1,334.2
Selling, general and administrative expenses	2.2	10.1	107.1	—	119.4
Other operating—net	(0.1)	(3.5)	45.1	—	41.5
Total other operating costs and expenses	2.1	6.6	152.2	—	160.9
Gain on sale of phosphate business	—	761.5	(14.4)	—	747.1
Equity in earnings of operating affiliates	—	—	27.3	—	27.3
Operating (losses) earnings	(2.1)	938.6	1,011.2	—	1,947.7
Interest expense	—	181.1	(43.8)	(0.2)	137.1
Interest income	—	(0.3)	(0.6)	0.2	(0.7)
Net (earnings) of wholly-owned subsidiaries	(1,153.3)	(686.0)	—	1,839.3	—
Other non-operating—net	(0.1)	—	0.6	—	0.5
Earnings before income taxes and equity in earnings of non-operating affiliates	1,151.3	1,443.8	1,055.0	(1,839.3)	1,810.8
Income tax (benefit) provision	(0.7)	290.4	351.2	—	640.9
Equity in earnings of non-operating affiliates—net of taxes	—	(0.1)	15.9	—	15.8
Net earnings	1,152.0	1,153.3	719.7	(1,839.3)	1,185.7
Less: Net earnings attributable to noncontrolling interest	—	—	33.7	—	33.7
Net earnings attributable to common stockholders	$1,152.0	$1,153.3	$686.0	$(1,839.3)	$1,152.0

Condensed Consolidating Statement of Comprehensive Income

	Nine months ended September 30, 2014				
	Parent	CF Industries	Other Subsidiaries	Eliminations	Consolidated
	(in millions)				
Net earnings	$1,152.0	$1,153.3	$719.7	$(1,839.3)	$1,185.7
Other comprehensive income (losses)	(29.8)	(29.8)	(30.0)	59.8	(29.8)
Comprehensive income	1,122.2	1,123.5	689.7	(1,779.5)	1,155.9
Less: Comprehensive income attributable to noncontrolling interest	—	—	33.7	—	33.7
Comprehensive income attributable to common stockholders	$1,122.2	$1,123.5	$656.0	$(1,779.5)	$1,122.2

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Condensed Consolidating Balance Sheet

	September 30, 2015				
	Parent	CF Industries	Other Subsidiaries	Eliminations and Reclassifications	Consolidated
	(in millions)				
Assets					
Current assets:					
Cash and cash equivalents	$1.0	$4.4	$937.8	$ —	$943.2
Restricted cash	—	—	25.9	—	25.9
Accounts and notes receivable—net	0.4	2,427.2	1,082.2	(3,257.9)	251.9
Inventories	—	—	329.8	—	329.8
Deferred income taxes	—	—	67.8	—	67.8
Prepaid income taxes	—	—	111.0	—	111.0
Other current assets	—	13.1	21.5	—	34.6
Total current assets	1.4	2,444.7	2,576.0	(3,257.9)	1,764.2
Property, plant and equipment—net	—	—	7,939.6	—	7,939.6
Investments in and advances to affiliates	4,371.4	8,253.0	359.8	(12,624.4)	359.8
Due from affiliates	570.7	—	2.2	(572.9)	—
Goodwill	—	—	2,407.2	—	2,407.2
Other assets	—	72.9	326.1	—	399.0
Total assets	$4,943.5	$10,770.6	$13,610.9	$ (16,455.2)	$12,869.8
Liabilities and Equity					
Current liabilities:					
Accounts and notes payable and accrued expenses	$831.5	$134.0	$3,117.8	$ (3,257.9)	$825.4
Income taxes payable	—	0.6	3.6	—	4.2
Customer advances	—	—	381.9	—	381.9
Other current liabilities	—	—	62.1	—	62.1
Total current liabilities	831.5	134.6	3,565.4	(3,257.9)	1,273.6
Long-term debt	—	5,592.6	—	—	5,592.6
Deferred income taxes	—	64.0	845.5	—	909.5
Due to affiliates	—	572.9	—	(572.9)	—
Other liabilities	—	35.2	591.4	—	626.6
Equity:					
Stockholders' equity:					
Preferred stock	—	—	16.4	(16.4)	—
Common stock	2.4	—	1.1	(1.1)	2.4
Paid-in capital	1,374.6	(12.6)	8,365.0	(8,352.4)	1,374.6
Retained earnings	3,101.3	4,597.5	83.7	(4,681.2)	3,101.3
Treasury stock	(152.7)	—	—	—	(152.7)
Accumulated other comprehensive income (loss)	(213.6)	(213.6)	(213.1)	426.7	(213.6)
Total stockholders' equity	4,112.0	4,371.3	8,253.1	(12,624.4)	4,112.0
Noncontrolling interest	—	—	355.5	—	355.5
Total equity	4,112.0	4,371.3	8,608.6	(12,624.4)	4,467.5
Total liabilities and equity	$4,943.5	$10,770.6	$13,610.9	$ (16,455.2)	$12,869.8

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Condensed Consolidating Balance Sheet

	December 31, 2014				
	Parent	CF Industries	Other Subsidiaries	Eliminations and Reclassifications	Consolidated
	(in millions)				
Assets					
Current assets:					
Cash and cash equivalents	$—	$105.7	$1,890.9	$ —	$1,996.6
Restricted cash	—	—	86.1	—	86.1
Accounts and notes receivable—net	—	2,286.5	651.9	(2,746.9)	191.5
Inventories	—	—	202.9	—	202.9
Deferred income taxes	—	—	84.0	—	84.0
Prepaid income taxes	1.9	—	34.8	(1.9)	34.8
Other current assets	—	—	18.6	—	18.6
Total current assets	1.9	2,392.2	2,969.2	(2,748.8)	2,614.5
Property, plant and equipment—net	—	—	5,525.8	—	5,525.8
Investments in and advances to affiliates	6,212.5	9,208.7	861.5	(15,421.2)	861.5
Due from affiliates	570.7	—	1.7	(572.4)	—
Goodwill	—	—	2,092.8	—	2,092.8
Other assets	—	65.1	178.5	—	243.6
Total assets	$6,785.1	$11,666.0	$11,629.5	$ (18,742.4)	$11,338.2
Liabilities and Equity					
Current liabilities:					
Accounts and notes payable and accrued expenses	$2,575.4	$207.7	$553.8	$ (2,747.0)	$589.9
Income taxes payable	—	10.8	7.1	(1.9)	16.0
Customer advances	—	—	325.4	—	325.4
Other current liabilities	—	—	48.4	—	48.4
Total current liabilities	2,575.4	218.5	934.7	(2,748.9)	979.7
Long-term debt	—	4,592.5	—	—	4,592.5
Deferred income taxes	—	34.8	783.8	—	818.6
Due to affiliates	—	572.4	—	(572.4)	—
Other liabilities	—	35.3	339.6	—	374.9
Equity:					
Stockholders' equity:					
Preferred stock	—	—	16.4	(16.4)	—
Common stock[1]	2.5	—	1.1	(1.1)	2.5
Paid-in capital[1]	1,413.9	(12.6)	8,283.5	(8,270.9)	1,413.9
Retained earnings	3,175.3	6,384.9	1,067.8	(7,452.7)	3,175.3
Treasury stock[1]	(222.2)	—	—	—	(222.2)
Accumulated other comprehensive income (loss)	(159.8)	(159.8)	(160.2)	320.0	(159.8)
Total stockholders' equity	4,209.7	6,212.5	9,208.6	(15,421.1)	4,209.7
Noncontrolling interest	—	—	362.8	—	362.8
Total equity	4,209.7	6,212.5	9,571.4	(15,421.1)	4,572.5
Total liabilities and equity	$6,785.1	$11,666.0	$11,629.5	$ (18,742.4)	$11,338.2

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

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Condensed Consolidating Statement of Cash Flows

	Nine months ended September 30, 2015				
	Parent	CF Industries	Other Subsidiaries	Eliminations	Consolidated
	(in millions)				
Operating Activities:					
Net earnings	$673.4	$693.4	$824.3	$(1,493.0)	$698.1
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:					
Depreciation and amortization	—	11.4	336.6	—	348.0
Deferred income taxes	—	29.7	(36.0)	—	(6.3)
Stock-based compensation expense	13.0	—	0.3	—	13.3
Excess tax benefit from stock-based compensation	(2.4)	—	—	—	(2.4)
Unrealized gain on derivatives	—	—	70.5	—	70.5
Gain on remeasurement of GrowHow investment	—	—	(94.4)	—	(94.4)
Loss on sale of equity method investments	—	—	42.8	—	42.8
Loss on disposal of property, plant and equipment	—	—	18.1	—	18.1
Undistributed (earnings) loss of affiliates—net	(693.4)	(799.5)	(1.8)	1,493.0	(1.7)
Due to/from affiliates—net	2.4	0.4	(2.8)	—	—
Changes in:					
Accounts and notes receivable—net	(0.3)	18.0	140.5	(143.2)	15.0
Inventories	—	—	(71.8)	—	(71.8)
Accrued and prepaid income taxes	2.0	(10.2)	(60.4)	—	(68.6)
Accounts and notes payable and accrued expenses	6.6	(79.5)	(38.7)	143.2	31.6
Customer advances	—	—	56.5	—	56.5
Other—net	—	0.4	22.4	—	22.8
Net cash provided by (used in) operating activities	1.3	(135.9)	1,206.1	—	1,071.5
Investing Activities:					
Additions to property, plant and equipment	—	—	(1,791.3)	—	(1,791.3)
Proceeds from sale of property, plant and equipment	—	—	9.1	—	9.1
Proceeds from sale of equity method investment	—	—	12.8	—	12.8
Purchase of GrowHow, net of cash acquired	—	—	(553.9)	—	(553.9)
Withdrawals from restricted cash funds	—	—	60.2	—	60.2
Other—net	—	(81.5)	(35.8)	81.5	(35.8)
Net cash used in investing activities	—	(81.5)	(2,298.9)	81.5	(2,298.9)
Financing Activities:					
Proceeds from long-term borrowings	—	1,000.0	—	—	1,000.0
Proceeds from short-term borrowings	545.3	(488.6)	310.3	—	367.0
Payments of short-term borrowings	—	(367.0)	—		(367.0)
Financing fees	—	(28.3)	—	—	(28.3)
Dividends paid on common stock	(212.4)	(212.4)	(212.4)	424.8	(212.4)
Distributions to noncontrolling interest	—	—	(32.0)	—	(32.0)

Purchases of treasury stock	(556.3)	—	—	—	(556.3)
Issuances of common stock under employee stock plans	8.3	—	—	—	8.3
Excess tax benefit from stock-based compensation	2.4	—	—	—	2.4
Dividends to/from affiliates	212.4	212.4	—	(424.8)	—
Other—net	—	—	81.5	(81.5)	—
Net cash (used in) provided by financing activities	(0.3)	116.1	147.4	(81.5)	181.7
Effect of exchange rate changes on cash and cash equivalents	—	—	(7.7)	—	(7.7)
Increase (Decrease) in cash and cash equivalents	1.0	(101.3)	(953.1)	—	(1,053.4)
Cash and cash equivalents at beginning of period	—	105.7	1,890.9	—	1,996.6
Cash and cash equivalents at end of period	$1.0	$4.4	$937.8	$—	$943.2

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Condensed Consolidating Statement of Cash Flows

	Nine months ended September 30, 2014				
	Parent	CF Industries	Other Subsidiaries	Eliminations	Consolidated
	(in millions)				
Operating Activities:					
Net earnings	$1,152.0	$1,153.3	$719.7	$(1,839.3)	$1,185.7
Adjustments to reconcile net earnings to net cash provided by operating activities:					
Depreciation and amortization	—	5.0	293.5	—	298.5
Deferred income taxes	—	—	15.6	—	15.6
Stock-based compensation expense	13.4	—	0.2	—	13.6
Excess tax benefit from stock-based compensation	(8.7)	—	—	—	(8.7)
Unrealized loss on derivatives	—	—	67.6	—	67.6
Gain on sale of phosphate business	—	(761.5)	14.4	—	(747.1)
Loss on disposal of property, plant and equipment	—	—	2.5	—	2.5
Undistributed loss (earnings) of affiliates—net	(1,153.3)	(686.0)	(39.2)	1,839.3	(39.2)
Due to/from affiliates—net	8.7	1.8	(10.5)	—	—
Changes in:					
Accounts and notes receivable—net	(7.5)	(241.8)	743.9	(397.5)	97.1
Inventories	—	4.4	9.2	—	13.6
Accrued and prepaid income taxes	(0.7)	290.4	(359.7)	—	(70.0)
Accounts and notes payable and accrued expenses	(3.3)	270.2	(671.6)	397.5	(7.2)
Customer advances	—	—	340.2	—	340.2
Other—net	—	5.4	9.3	—	14.7
Net cash provided by operating activities	0.6	41.2	1,135.1	—	1,176.9
Investing Activities:					
Additions to property, plant and equipment	—	(18.3)	(1,254.4)	—	(1,272.7)
Proceeds from sale of property, plant and equipment	—	—	10.2	—	10.2
Proceeds from sale of phosphate business	—	893.1	460.5	—	1,353.6
Sales and maturities of short-term and auction rate securities	—	5.0	—	—	5.0
Deposits to restricted cash funds	—	—	(505.0)	—	(505.0)
Withdrawals from restricted cash funds	—	—	513.4	—	513.4
Other—net	—	—	17.4	—	17.4
Net cash provided by (used in) investing activities	—	879.8	(757.9)	—	121.9
Financing Activities:					
Proceeds from long-term borrowings	—	1,494.2	—	—	1,494.2
Short-term debt—net	1,569.9	(2,176.1)	606.2	—	—
Financing fees	—	(16.0)	—	—	(16.0)
Dividends paid on common stock	(181.3)	(181.3)	(181.3)	362.5	(181.4)
Dividends to/from affiliates	181.3	181.2	—	(362.5)	—
Distributions to noncontrolling interest	—	—	(37.8)	—	(37.8)

Purchases of treasury stock	(1,591.2)	—	—	—	(1,591.2)
Issuances of common stock under employee stock plans	12.0	—	—	—	12.0
Excess tax benefit from stock-based compensation	8.7	—	—	—	8.7
Other—net	—	(1.0)	(42.0)	—	(43.0)
Net cash (used in) provided by financing activities	(0.6)	(699.0)	345.1	—	(354.5)
Effect of exchange rate changes on cash and cash equivalents	—	—	(3.9)	—	(3.9)
Increase in cash and cash equivalents	—	222.0	718.4	—	940.4
Cash and cash equivalents at beginning of period	0.1	20.4	1,690.3	—	1,710.8
Cash and cash equivalents at end of period	$0.1	$242.4	$2,408.7	$—	$2,651.2

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

You should read the following discussion and analysis in conjunction with our annual consolidated financial statements and related notes, which were included in our 2014 Annual Report on Form 10-K filed with the SEC on February 26, 2015, as well as Item 1. Financial Statements, in this Form 10-Q. All references to "CF Holdings," "the Company," "we," "us" and "our" refer to CF Industries Holdings, Inc. and its subsidiaries, except where the context makes clear that the reference is only to CF Industries Holdings, Inc. itself and not its subsidiaries. All references to "CF Industries" refer to CF Industries, Inc., a 100% owned subsidiary of CF Industries Holdings, Inc. References to tons refer to short-tons. Footnotes referenced in this discussion and analysis refer to the notes to unaudited interim consolidated financial statements that are found in the preceding section: Item 1. Financial Statements. The following is an outline of the discussion and analysis included herein:

- Overview of CF Holdings
- Our Company
- Items Affecting Comparability of Results
- Strategic Initiatives
- Financial Executive Summary
- Results of Consolidated Operations
- Third Quarter of 2015 Compared to Third Quarter of 2014
- Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014
- Operating Results by Business Segment
- Liquidity and Capital Resources
- Off-Balance Sheet Arrangements
- Critical Accounting Policies and Estimates
- Recent Accounting Pronouncements
- Forward-Looking Statements

Overview of CF Holdings

Our Company

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

Prior to March 17, 2014, we also manufactured and distributed phosphate fertilizer products. Our principal phosphate products were diammonium phosphate (DAP) and monoammonium phosphate (MAP). On March 17, 2014, we completed the sale of our phosphate mining and manufacturing business to The Mosaic Company (Mosaic) pursuant to the terms of an Asset Purchase Agreement dated as of October 28, 2013, among CF Industries Holdings, Inc., CF Industries and Mosaic for approximately $1.4 billion in cash. See the section titled Items Affecting Comparability of Results for further information on this transaction and its impact.

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Our principal assets include:

- six North American nitrogen fertilizer manufacturing facilities located in: Donaldsonville, Louisiana (the largest nitrogen fertilizer complex in North America); Medicine Hat, Alberta (the largest nitrogen fertilizer complex in Canada); Port Neal, Iowa; Courtright, Ontario; Yazoo City, Mississippi; and Woodward, Oklahoma;
- two United Kingdom nitrogen manufacturing complexes located in Ince and Billingham that produce AN, ammonia and fertilizer compounds and serve primarily the British agricultural and industrial markets;
- a 75.3% interest in Terra Nitrogen Company, L.P. (TNCLP), a publicly-traded limited partnership of which we are the sole general partner and the majority limited partner and which, through its subsidiary Terra Nitrogen, Limited Partnership (TNLP), operates a nitrogen fertilizer manufacturing facility in Verdigris, Oklahoma;
- an extensive system of terminals and associated transportation equipment located primarily in the midwestern United States; and
- a 50% interest in Point Lisas Nitrogen Limited (PLNL), an ammonia production joint venture located in the Republic of Trinidad and Tobago that we account for under the equity method.

In 2015, we have entered into a number of strategic agreements and transactions as follows:

- We agreed to acquire the remaining 50% equity interest in GrowHow UK Group Limited not previously owned by us. On July 31, 2015, we completed the GrowHow acquisition for total consideration of $570.4 million, and GrowHow became wholly owned by us. This transaction added GrowHow's nitrogen manufacturing complexes in Ince, United Kingdom and Billingham, United Kingdom to our consolidated manufacturing capacity. The impact of this acquisition is summarized below in the section titled Items Affecting Comparability of Results.

- We sold our interests in KEYTRADE AG (Keytrade), a global fertilizer trading company headquartered near Zurich, Switzerland, to the other key principals of Keytrade.

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

- We entered into a definitive agreement (as amended, the Combination Agreement) under which we will combine with the European, North American and global distribution businesses (collectively, the ENA Business) of OCI N.V. (OCI). This transaction includes OCI's nitrogen production facilities in Geleen, Netherlands, and Wever, Iowa; its interest in an ammonia and methanol complex in Beaumont, Texas; and its global distribution business. Under the terms of the Combination Agreement, CF Holdings will become a subsidiary of a new holding company domiciled in the United Kingdom. This transaction is expected to close in 2016, subject to the approval of shareholders of both CF Holdings and OCI, the receipt of certain regulatory approvals and other customary closing conditions. See Strategic Initiatives—Agreement to Combine with Certain of OCI N.V.'s Businesses below, for further details on this transaction.

- We agreed to enter into a strategic venture with CHS Inc. (CHS). CHS will purchase a minority equity interest in CF Industries Nitrogen, LLC (CFN), a wholly-owned subsidiary of ours, for $2.8 billion, and will be entitled to semi-annual profit distributions from CFN. We also entered into a supply agreement with CHS (Supply Agreement), pursuant to which CHS will have the right to purchase annually from us up to 1.1 million tons of granular urea and 580,000 tons of UAN at market prices. The strategic venture with CHS is expected to take effect in the first quarter of 2016, subject to the satisfaction of certain conditions. See Strategic Initiatives—Agreement to Form Strategic Venture with CHS below, for further details on this strategic venture.

Items Affecting Comparability of Results

GrowHow Acquisition

On July 31, 2015, we completed the acquisition of the remaining 50% equity interest in GrowHow UK Group Limited (GrowHow Group) not previously owned by us for total consideration of $570.4 million, and GrowHow Group became a wholly-owned subsidiary. GrowHow UK Limited, a wholly-owned subsidiary of GrowHow Group, operates two nitrogen manufacturing complexes in the United Kingdom, in the cities of Ince and Billingham. We refer to GrowHow Group and GrowHow UK Limited collectively as GrowHow. We recorded a $94.4 million gain on the

remeasurement to fair value of our initial 50% equity interest in GrowHow that is included in equity in earnings of non-operating affiliates—net of taxes for the three and nine months ended September 30, 2015. This transaction increased our manufacturing capacity with the acquisition of GrowHow's nitrogen manufacturing complexes in Ince and Billingham, United Kingdom. The Ince complex is located in

northwestern England and consists of an ammonia plant, three nitric acid plants, an AN plant and three NPK fertilizer compound plants. The Billingham complex is located in the Teesside chemical area in northeastern England, and consists of an ammonia plant, three nitric acid plants, a carbon dioxide plant and an AN fertilizer plant. See Note 3—Acquisitions and Divestitures to our unaudited interim consolidated financial statements included in Part I of this report for additional information on the preliminary allocation of the total purchase price to the assets acquired and liabilities assumed in the GrowHow acquisition on July 31, 2015.

The financial results of GrowHow have been consolidated within our financial results since July 31, 2015. Prior to July 31, 2015, our initial 50% equity interest in GrowHow was accounted for as an equity method investment and the financial results of this investment were included in our consolidated statements of operations in equity in earnings of non-operating affiliates—net of taxes. The following table presents GrowHow's results since July 31, 2015, the date it became a consolidated subsidiary, which are included within our third quarter of 2015 financial results.

	CF Holdings Reportable Segments			
GrowHow	Ammonia	AN	Other	Consolidated
	(in millions, except percentages)			
Three months ended September 30, 2015				
Net sales	$18.3	$43.7	$21.7	$83.7
Cost of sales	16.2	45.0	18.3	79.5
Gross margin	$2.1	$(1.3)	$3.4	$4.2
Gross margin percentage	11.5%	(3.0)%	15.7%	5.0%

New Segments

In the third quarter of 2015, we changed our reportable segment structure to separate AN from our Other segment as our AN products increased in significance as a result of the GrowHow acquisition. Our reportable segment structure reflects how our chief operating decision maker (CODM), as defined under U.S. generally accepted accounting principles (GAAP), assesses the performance of our operating segments and makes decisions about resource allocation. Our reportable segments now consist of ammonia, granular urea, UAN, AN, other, and phosphate. These segments are differentiated by products, which are used differently by agricultural customers based on crop application, weather and other agronomic factors or by industrial customers. Our management uses gross margin to evaluate segment performance and allocate resources. Historical financial results have been restated to reflect the new segment structure on a comparable basis.

A description of our reportable segments is included in the discussion of the operating results by business segment later in this discussion and analysis.

Five-for-One Common Stock Split

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

Transaction Costs

In the third quarter of 2015, we incurred $37.4 million for various consulting and legal services associated with executing the strategic agreements pertaining to our proposed combination with the ENA Business of OCI and our agreement to form a strategic venture with CHS.

Phosphate Business Disposition

In March 2014, we sold our phosphate mining and manufacturing business and recognized pre-tax and after-tax gains on the sale of the phosphate business of $747.1 million and $461.0 million, respectively. Under the terms of the purchase agreement, the accounts receivable and accounts payable pertaining to the phosphate mining and manufacturing business and certain phosphate inventory held in distribution facilities were not sold to Mosaic in the

transaction and were settled in the ordinary course. During the fourth quarter of 2014, based on the ordinary course settlement of certain transactions and certain

adjustments that were made in accordance with the purchase agreement, we increased the recognized pre-tax and after-tax gains on the transaction to $750.1 million and $462.8 million, respectively.

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

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

Strategic Initiatives

Agreement to Combine with Certain of OCI N.V.'s Businesses

On August 6, 2015, we announced that we entered into a definitive agreement (as amended, the Combination Agreement), under which we will combine with the European, North American and global distribution businesses (collectively, the ENA Business) of OCI N.V. (OCI). OCI is a global producer and distributor of natural gas-based fertilizers and industrial chemicals based in the Netherlands. OCI is listed on the Euronext in Amsterdam. The transaction includes OCI's nitrogen production facilities in Geleen, Netherlands, and Wever, Iowa; its interest in an ammonia and methanol complex in Beaumont, Texas; and its global distribution business and the assumption of approximately $2 billion in net debt. CF Holdings or its designee will also purchase a 45% interest plus an option to acquire the remaining interest in OCI's Natgasoline project in Texas, which upon completion in 2017 will be one of the world's largest methanol facilities. Under the terms of the agreement, CF Holdings will become a subsidiary of a new holding company (New CF) domiciled in the United Kingdom, where CF Holdings is the largest fertilizer producer following the GrowHow acquisition. OCI will contribute the ENA Business to New CF in exchange for ordinary shares of New CF (base share consideration), plus additional consideration of $700 million (subject to adjustment) to be paid in cash, ordinary shares of New CF or a mixture of cash and ordinary shares of New CF, as determined by CF Holdings in accordance with the terms of the Combination Agreement. The base share consideration will represent 25.6% of the ordinary shares of New CF that, upon consummation of the combination, subject to downward adjustment to account for the assumption by New CF, as contemplated by the Combination Agreement, of any of OCI's 3.875% convertible bonds due 2018 that remain outstanding as of the closing date of the combination. The consideration for the 45% interest in Natgasoline is $517.5 million in cash. The actual ownership split of New CF upon completion of the combination as between former CF Holdings shareholders, on the one hand, and OCI and its shareholders, on the other hand, will be dependent on our share price at the time of closing, the amount of convertible bonds to be assumed by New CF at closing, the amount of adjustments to the amount of the additional consideration, and the mix of cash and New CF ordinary shares used to pay the additional consideration. The transaction is expected to close in 2016, subject to the approval of shareholders of both CF Holdings and OCI, the receipt of certain regulatory approvals and other customary closing conditions. The consummation of the Natgasoline portion of the transaction is subject to conditions that are in addition to the conditions to which the consummation of the transaction involving the ENA Business of OCI is subject, and the consummation of the Natgasoline portion of the transaction is not a condition to consummation of the transaction involving OCI's ENA Business. New CF will operate under a name to be determined by CF Holdings and be led by our existing management.

In conjunction with entering into the Combination Agreement, on August 6, 2015, CF Industries Holdings, Inc. obtained financing commitments from Morgan Stanley Senior Funding, Inc. and Goldman Sachs Bank USA to finance the transactions contemplated by the agreement and for general corporate purposes. The proceeds of such committed financing are available under a senior unsecured bridge term loan facility in an aggregate principal amount of up to $3.0 billion, subject to the terms and conditions set forth therein. See Note 12—Financing Agreements—Bridge Credit Agreement to our unaudited interim consolidated financial statements included in Part I of this report for additional information.

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Agreement to Form Strategic Venture with CHS

On August 12, 2015, we announced that we agreed to enter into a strategic venture with CHS Inc. (CHS). CHS will purchase a minority equity interest in CF Industries Nitrogen, LLC (CFN), a wholly-owned subsidiary of ours, for $2.8 billion. Additionally, we entered into a supply agreement with CHS (Supply Agreement), pursuant to which CHS will have the right to purchase annually from us up to 1.1 million tons of granular urea and 580,000 tons of UAN at market prices. Pursuant to the CFN limited liability agreement, CHS will be entitled to semi-annual profit distributions from CFN in respect of its equity interest in CFN based generally on the volume of granular urea and UAN purchased by CHS pursuant to the Supply Agreement. The strategic venture with CHS is expected to take effect in the first quarter of 2016, subject to the satisfaction of certain conditions.

Financial Executive Summary

- We reported net earnings attributable to common stockholders of $90.9 million in the third quarter of 2015 compared to net earnings of $130.9 million in the same quarter of 2014, a decrease of $40.0 million, or 31%.
- Diluted net earnings per share attributable to common stockholders decreased $0.13, or 25%, to $0.39 per share in the third quarter of 2015 from $0.52 per share in the third quarter of 2014. This decrease is due to lower net earnings partly offset by the lower diluted weighted-average shares outstanding in 2015 as compared to the prior year. Diluted weighted-average shares outstanding decreased 6% between the third quarter of 2014 and the third quarter of 2015 due to our share repurchase activity.
- During the third quarter of 2015, we experienced lower net earnings compared to the third quarter of 2014 due primarily to a combination of a lower gross margin, which includes unrealized losses on natural gas derivatives, lower selling prices and increased transaction related costs. These were partly offset by a gain on the remeasurement to fair value of our initial 50% equity interest in GrowHow related to the closing of the GrowHow acquisition on July 31, 2015.
- Our total gross margin declined by $136.1 million, or 45%, to $165.0 million in the third quarter of 2015 from $301.1 million in the third quarter of 2014. The impact of the GrowHow acquisition increased gross margin in the current year by $4.2 million, or 1%. The remaining decline in gross margin of $140.3 million, or 47%, was impacted by the following factors:

Average selling prices, primarily ammonia, decreased by 8%, which reduced gross margin by $97.9 million, as international nitrogen fertilizer selling prices declined as global supply exceeded demand;

Unrealized net mark-to-market losses on natural gas derivatives decreased gross margin by $138.0 million as the third quarter of 2015 included a $125.9 million loss and the third quarter of 2014 included a $12.1 million gain;

Natural gas costs decreased in the third quarter of 2015 and increased gross margin by $96.1 million as compared to the third quarter of 2014. These costs include the impact of natural gas derivatives that settled in the period; and

Volume decreased by 1%, which increased gross margin by $8.2 million due to a shift in product sales mix.

- Our third quarter 2015 results included a $94.4 million gain as a result of the remeasurement to fair value of our initial 50% equity interest in GrowHow ($94.4 million after tax), $125.9 million of unrealized net mark-to-market losses ($79.2 million after tax) on natural gas derivatives, $37.4 million of transaction costs ($23.5 million after tax), $14.9 million of expenses ($9.4 million after tax) related to our capacity expansion projects in Donaldsonville, Louisiana, and Port Neal, Iowa that did not qualify for capitalization, and $0.2 million of realized and unrealized net losses ($0.1 million after tax) on foreign currency derivatives related to our capacity expansion projects. Net earnings attributable to common stockholders of $130.9 million for the third quarter of 2014 included $12.1 million of unrealized net mark-to-market gains ($7.7 million after tax) on natural gas derivatives, $27.2 million of realized and unrealized net losses ($17.2 million after tax) on foreign currency derivatives related to our capacity expansion projects and $6.8 million of expenses ($4.3 million after tax) related to our capacity expansion projects that did not qualify for capitalization.
- Our total net sales increased $6.0 million, or 1%, in the third quarter of 2015 compared to the third quarter of 2014 including the addition on July 31, 2015 of GrowHow which increased net sales by $83.7 million, or 9%. The remaining decline in our net sales of $77.7 million, or 8%, was due to an 8% decrease in average selling prices and a 1% decrease in sales volume.

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- Net cash provided by operating activities during the first nine months of 2015 was $1,071.5 million as compared to $1,176.9 million in the first nine months of 2014. The $105.4 million decrease in net cash provided by operating activities resulted from unfavorable working capital changes during the first nine months of 2015 as compared to the first nine months of 2014. Unfavorable working capital changes during the first nine months of 2015 included lower customer advances received compared to the year ago period, as we started 2015 with significantly higher advances for spring application compared to the beginning of 2014. Additionally, unfavorable working capital changes occurred in inventory as we entered 2015 with low inventory levels, resulting in an increase in inventory in the first nine months of 2015, as compared to a reduction in inventory during the first nine months of 2014.
- Net cash used in investing activities was $2,298.9 million in the first nine months of 2015 as compared to net cash provided by investing activities of $121.9 million in the first nine months of 2014 when we received proceeds of $1.4 billion from the sale of the phosphate business. During the first nine months of 2015, capital expenditures totaled $1,791.3 million compared to $1,272.7 million in the first nine months of 2014. The increase in capital expenditures is primarily related to the capacity expansion projects in Donaldsonville, Louisiana and Port Neal, Iowa. We also completed the acquisition of the remaining 50% equity interest in GrowHow not previously owned by us for a net cash payment of $553.9 million, which was net of cash acquired of $18.8 million.
- During the third quarter of 2015, we purchased 0.3 million shares of our common stock at an average price of $63 per share, representing 0.1% of the prior year-end outstanding shares, at a cost of $22.5 million.

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Results of Consolidated Operations

The following table presents our consolidated results of operations:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	2015 v. 2014		2015	2014	2015 v. 2014	
	(in millions, except as noted)				(in millions, except as noted)			
Net sales	$927.4	$921.4	$6.0	1 %	$3,192.5	$3,526.7	$(334.2)	(9)%
Cost of sales	762.4	620.3	142.1	23 %	1,925.8	2,192.5	(266.7)	(12)%
Gross margin	165.0	301.1	(136.1)	(45)%	1,266.7	1,334.2	(67.5)	(5)%
Gross margin percentage	17.8 %	32.7 %	(14.9)%		39.7 %	37.8 %	1.9 %	
Selling, general and administrative expenses	41.6	38.2	3.4	9 %	119.6	119.4	0.2	— %
Transaction costs	37.4	—	37.4	N/M	37.4	—	37.4	N/M
Other operating—net	33.1	25.7	7.4	29 %	73.7	41.5	32.2	78 %
Total other operating costs and expenses	112.1	63.9	48.2	75 %	230.7	160.9	69.8	43 %
Gain on sale of phosphate business	—	—	—	— %	—	747.1	(747.1)	(100)%
Equity in earnings of operating affiliates	5.6	9.4	(3.8)	(40)%	20.0	27.3	(7.3)	(27)%
Operating earnings	58.5	246.6	(188.1)	(76)%	1,056.0	1,947.7	(891.7)	(46)%
Interest expense—net	29.7	46.2	(16.5)	(36)%	92.0	136.4	(44.4)	(33)%
Other non-operating—net	4.2	(0.1)	4.3	N/M	4.7	0.5	4.2	N/M
Earnings before income taxes and equity in earnings of non-operating affiliates	24.6	200.5	(175.9)	(88)%	959.3	1,810.8	(851.5)	(47)%
Income tax provision	20.1	70.5	(50.4)	(71)%	333.5	640.9	(307.4)	(48)%
Equity in earnings of non-operating affiliates—net of taxes	92.9	10.6	82.3	N/M	72.3	15.8	56.5	N/M
Net earnings	97.4	140.6	(43.2)	(31)%	698.1	1,185.7	(487.6)	(41)%
Less: Net earnings attributable to noncontrolling interest	6.5	9.7	(3.2)	(33)%	24.7	33.7	(9.0)	(27)%
Net earnings attributable to common stockholders	$90.9	$130.9	$(40.0)	(31)%	$673.4	$1,152.0	$(478.6)	(42)%
Diluted net earnings per share attributable to common stockholders[1]	$0.39	$0.52	$(0.13)	(25)%	$2.84	$4.43	$(1.59)	(36)%
Diluted weighted-average common shares outstanding[1]	234.0	249.3	(15.3)	(6)%	236.9	259.9	(23.0)	(9)%
Dividends declared per common share[1]	$0.30	$0.30	$—	— %	$0.90	$0.70	$0.20	29 %
Supplemental Data:								
Purchased natural gas costs (per MMBtu)[2]	$3.02	$4.05	$(1.03)	(25)%	$2.86	$4.65	$(1.79)	(38)%
Realized derivatives loss (gain) (per MMBtu)[3]	0.05	0.34	(0.29)	85 %	0.21	(0.34)	0.55	162 %
	$3.07	$4.39	$(1.32)	(30)%	$3.07	$4.31	$(1.24)	(29)%

Cost of natural gas (per MMBtu)								
Average daily market price of natural gas (per MMBtu) Henry Hub (Louisiana)	$2.75	$3.94	$(1.19)	(30)%	$2.78	$4.52	$(1.74)	(38)%
Average daily market price of natural gas (per MMBtu) National Balancing Point (UK)	$6.44	—	—	— %	—	—	—	— %
Capital expenditures	$759.4	$587.7	$171.7	29 %	$1,791.3	$1,272.7	$518.6	41 %
Production volume by product tons (000s):								
Ammonia[4]	1,915	1,711	204	12 %	5,575	5,258	317	6 %
Granular urea	544	565	(21)	(4)%	1,762	1,757	5	— %
UAN (32%)	1,372	1,379	(7)	(1)%	4,286	4,313	(27)	(1)%
AN	365	251	114	45 %	796	714	82	11 %

N/M—Not Meaningful

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

(2) Includes the cost of natural gas purchased during the period for use in production.

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(3) Includes realized gains and losses on natural gas derivatives settled during the period. Excludes unrealized mark-to-market gains and losses on natural gas derivatives.

(4) Gross ammonia production, including amounts subsequently upgraded on-site into granular urea and/or UAN.

Third Quarter of 2015 Compared to Third Quarter of 2014

Consolidated Operating Results

Our reportable segments consist of ammonia, granular urea, UAN, AN, other, and phosphate and include the results of GrowHow as a result of our acquisition that closed on July 31, 2015.

Our total gross margin declined by $136.1 million, or 45%, to $165.0 million in the third quarter of 2015 from $301.1 million in the third quarter of 2014. The impact of the GrowHow acquisition increased gross margin in the current year by $4.2 million, or 1%. The remaining decline in gross margin of $140.3 million, or 47%, was impacted by the following factors:

- Average selling prices, primarily ammonia, UAN and granular urea, decreased by 8%, which reduced gross margin by $97.9 million, as international nitrogen fertilizer prices declined as global supply exceeded demand;
- Unrealized net mark-to-market losses on natural gas derivatives decreased gross margin by $138.0 million as the third quarter of 2015 included a $125.9 million loss and the third quarter of 2014 included a $12.1 million gain;
- Natural gas costs decreased in the third quarter of 2015 and increased gross margin by $96.1 million as compared to the third quarter of 2014. These costs include the impact of natural gas derivatives that settled in the period; and
- Volume decreased by 1%, which increased gross margin by $8.2 million due to a shift in product sales mix.

Net earnings attributable to common stockholders of $90.9 million in the third quarter of 2015 included a $94.4 million gain as a result of the remeasurement to fair value of our initial 50% equity interest in GrowHow ($94.4 million after tax), $125.9 million of unrealized net mark-to-market losses ($79.2 million after tax) on natural gas derivatives, $37.4 million of transaction costs ($23.5 million after tax), $14.9 million of expenses ($9.4 million after tax) related to our capacity expansion projects in Donaldsonville, Louisiana, and Port Neal, Iowa that did not qualify for capitalization, and $0.2 million of realized and unrealized net losses ($0.1 million after tax) on foreign currency derivatives related to our capacity expansion projects. Net earnings attributable to common stockholders of $130.9 million for the third quarter of 2014 included $12.1 million of unrealized net mark-to-market gains ($7.7 million after tax) on natural gas derivatives, $27.2 million of realized and unrealized net losses ($17.2 million after tax) on foreign currency derivatives related to our capacity expansion projects and $6.8 million of expenses ($4.3 million after tax) related to our capacity expansion projects that did not qualify for capitalization.

Net Sales

Our total net sales increased $6.0 million, or 1%, to $927.4 million in the third quarter of 2015 compared to $921.4 million in the third quarter of 2014 due primarily to the recent acquisition on July 31, 2015 of GrowHow which increased net sales by $83.7 million, or 9%. The remaining decline in our net sales of $77.7 million, or 8%, was due to an 8% decrease in average selling prices and a 1% decrease in sales volume. Average selling prices were $289 per ton in the third quarter of 2015 compared to $313 per ton in the third quarter of 2014 due primarily to lower ammonia, UAN and granular urea selling prices in 2015. Ammonia selling prices were lower due to higher sales volume of lower-priced export and domestic spot sales combined with excess global supply availability weighing on global nitrogen fertilizer selling prices. UAN and granular urea selling prices were lower primarily due to the excess global supply availability.

Our total sales volume increased 9%. The impact of the GrowHow acquisition increased our sales volume by 10%. The remaining decline in our sales volume of 1% was due primarily to lower UAN and AN volume. Our UAN sales volume was lower due to reduced supply availability as a result of a 75 day plant turnaround and refurbishment at our Woodward, Oklahoma complex during the third quarter of 2015. Our AN volume was lower as a result of weak domestic demand.

Cost of Sales

Our total cost of sales increased $142.1 million, or 23%, from the third quarter of 2014 to the third quarter of 2015 including the impact of the GrowHow acquisition which increased cost of sales by $79.5 million, or 13%. The remaining increase in our cost of sales of $62.6 million, or 10%, was due primarily to higher unrealized net mark-to-market losses on natural gas derivatives partly offset by lower realized natural gas costs. Cost of sales per ton

averaged $234 in the third quarter of 2015, an 11% increase from the $210 per ton in the same quarter of 2014 primarily due to higher unrealized net mark-to-market losses on natural gas derivatives that increased cost by $138.0 million as the third quarter of 2015 included a $125.9 million loss compared to the third quarter of 2014 which included a $12.1 million gain. This was partly offset by lower

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realized natural gas costs in the third quarter of 2015 as the combined impact of lower purchased natural gas costs and natural gas derivatives that settled in the period decreased 30% compared to the third quarter of 2014.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $3.4 million to $41.6 million in the third quarter of 2015 from $38.2 million in the same quarter of 2014 due primarily to the acquisition of GrowHow on July 31, 2015.

Transaction Costs

In the third quarter of 2015, we incurred $37.4 million for various consulting and legal services associated primarily with executing the strategic agreements pertaining to the proposed combination with the ENA Business of OCI and our agreement to form a strategic venture with CHS.

Other Operating—Net

Other operating—net was $33.1 million of expense in the third quarter of 2015 compared to $25.7 million of expense in the same quarter of 2014. The increased expense was due primarily to higher expansion project costs pertaining to our Donaldsonville, Louisiana and Port Neal, Iowa capacity expansion projects.

Equity in Earnings of Operating Affiliates

Equity in earnings of operating affiliates consists of our 50% share of the operating results of PLNL. Equity in earnings of operating affiliates was $5.6 million in the third quarter of 2015 compared to $9.4 million in the third quarter of 2014. The decrease was due primarily to lower operating results from PLNL including lower average selling prices.

Interest Expense—Net

Net interest expense was $29.7 million in the third quarter of 2015 compared to $46.2 million in the third quarter of 2014. The $16.5 million decrease was due primarily to higher amounts of capitalized interest related to our capacity expansion projects as we recorded capitalized interest of $43.6 million and $20.0 million in the third quarter of 2015 and 2014, respectively. This decrease was partly offset by loan arrangement fees for our new bridge credit facility related to the OCI combination agreement.

Income Taxes

Our income tax provision for the third quarter of 2015 was $20.1 million on pre-tax income of $24.6 million, or an effective tax rate of 81.7%, compared to an income tax provision of $70.5 million on pre-tax income of $200.5 million, or an effective tax rate of 35.2% in the prior year third quarter. Our effective tax rate in the third quarter of 2015 is impacted by the lower level of earnings in the seasonal slower third quarter, plus the year-to-date impact of certain transactional expenses that are not deductible for tax purposes, which increase the quarterly effective tax rate.

During the third quarter of 2015, we completed the acquisition of the remaining 50% equity interest in GrowHow that we did not previously own and recognized a $94.4 million gain on the remeasurement to fair value of our initial 50% equity interest in GrowHow. The earnings in GrowHow have been permanently reinvested. Therefore, the recognition of the $94.4 million gain on the remeasurement of the historical equity investment does not include the recognition of tax expense on the gain.

We have not recorded a tax provision on the earnings attributable to the noncontrolling interest in TNCLP (a partnership), which is not a taxable entity. For additional information on income taxes, see Note 10—Income Taxes to our unaudited interim consolidated financial statements included in Part I of this report.

Equity in Earnings of Non-Operating Affiliates—Net of Taxes

Equity in earnings of non-operating affiliates—net of taxes consists of our share of the financial results of unconsolidated joint venture interests in GrowHow. On July 31, 2015, we completed the acquisition of the remaining 50% equity interest in GrowHow not previously owned by us for total consideration of $570.4 million, and GrowHow became wholly owned by us. Beginning July 31, 2015, the operating results of GrowHow became part of our consolidated financial results.

Equity in earnings of non-operating affiliates—net of taxes increased by $82.3 million in the third quarter of 2015 compared to the third quarter of 2014 primarily due to the $94.4 million gain on the remeasurement to fair value of our initial 50% equity interest in GrowHow that was recorded in connection with the closing of the acquisition.

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Net Earnings Attributable to Noncontrolling Interest

Net earnings attributable to noncontrolling interest decreased $3.2 million in the third quarter of 2015 compared to the third quarter of 2014 due primarily to lower net earnings attributable to the 24.7% interest of the publicly-held common units of TNCLP.

Diluted Net Earnings Per Share Attributable to Common Stockholders

Diluted net earnings per share attributable to common stockholders decreased $0.13, or 25%, to $0.39 per share in the third quarter of 2015 from $0.52 per share in the third quarter of 2014. This decrease is due to lower net earnings partly offset by the lower diluted weighted-average shares outstanding in 2015 as compared to the prior year. Diluted weighted-average shares outstanding decreased 6% between the third quarter of 2014 and the third quarter of 2015 due to our share repurchase activity.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Consolidated Operating Results

Our reportable segments consist of ammonia, granular urea, UAN, AN, other, and phosphate and include the results of GrowHow as a result of our acquisition that closed on July 31, 2015. The ammonia, granular urea, UAN, AN and other segments are referred to in this discussion and analysis as the "Nitrogen Product Segments."

Our total gross margin declined by $67.5 million, or 5%, to $1.27 billion in the nine months ended September 30, 2015 from $1.33 billion in the same period of 2014. The impact of the GrowHow acquisition increased gross margin by $4.2 million. The remaining decline in our gross margin of $71.7 million, or 5%, was due to the $61.6 million decrease in gross margin in the Nitrogen Product Segments and the $10.1 million decline in the phosphate segment as the phosphate business was sold in the first quarter of 2014. The decrease in Nitrogen Product Segments gross margin was impacted by the following factors:

- Average selling prices, primarily UAN and granular urea, decreased by 4%, which reduced gross margin by $158.1 million;
- Unrealized net mark-to-market losses on natural gas derivatives decreased gross margin by $39.7 million as the nine months ended September 30, 2015 included a $78.8 million loss and the first nine months of 2014 included a $39.1 million loss;
- Natural gas costs decreased in the nine months ended September 30, 2015 and increased gross margin by $188.4 million as compared to the first nine months of 2014. These costs include the impact of natural gas derivatives that settled in the period; and
- Volume, primarily UAN, decreased by 3%, which reduced gross margin by $55.2 million.

Net earnings attributable to common stockholders of $673.4 million for the first nine months of 2015 included a $94.4 million gain as a result of the remeasurement to fair value of our initial 50% equity interest in GrowHow ($94.4 million after tax), $78.8 million pre-tax unrealized net mark-to-market loss ($49.6 million after tax) on natural gas derivatives, $42.8 million of losses ($30.9 million after tax) as a result of the sale of equity method investments, $37.4 million of transaction costs ($23.5 million after tax), $36.6 million of expenses ($23.0 million after tax) related to our capacity expansion projects in Donaldsonville, Louisiana, and Port Neal, Iowa that did not qualify for capitalization, and $18.9 million of realized and unrealized net losses ($11.9 million after tax) on foreign currency derivatives related to our capacity expansion projects. Net earnings attributable to common stockholders of $1.2 billion for the first nine months of 2014 included a $747.1 million pre-tax gain on the sale of the phosphate business ($461.0 million after tax), $39.1 million of pre-tax unrealized net mark-to-market losses ($24.8 million after tax) on natural gas derivatives, $27.4 million of realized and unrealized net losses ($17.4 million after tax) on foreign currency derivatives related to our capacity expansion projects and $21.9 million of expenses ($13.9 million after tax) related to our capacity expansion projects that did not qualify for capitalization.

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Net Sales

Our total net sales decreased $334.2 million, or 9%, to $3.2 billion in the first nine months of 2015 compared to $3.5 billion in the first nine months of 2014. The impact of the GrowHow acquisition increased our net sales by $83.7 million, or 2%. The remaining decline in our net sales of $417.9 million, or 12%, included a $249.5 million decrease attributable to the Nitrogen Product Segments and a $168.4 million decrease due to the sale of the phosphate business in March 2014. Nitrogen Product Segments net sales decreased due to a 3% decrease in volume and a 4% decline in average selling prices. The decrease in Nitrogen Product Segments volume was due primarily to lower UAN and granular urea sales volume due to the impact of imports into the U.S. marketplace combined with reduced domestic supply availability due to turnaround and maintenance activities.

Nitrogen Product Segments average selling prices were $329 per ton in the first nine months of 2015 compared to $344 per ton in the comparable prior period as lower granular urea and UAN prices were partially offset by higher ammonia selling prices in the first nine months of 2015. Both UAN and granular urea selling prices were lower due to excess global supply exceeding demand during the first nine months of 2015.

Cost of Sales

Cost of sales decreased $266.7 million, or 12%, from the first nine months of 2014 to the first nine months of 2015 including the impact of the GrowHow acquisition which increased cost of sales by $79.5 million, or 4%. The remaining decrease in our cost of sales of $346.2 million, or 16%, was due primarily to lower natural gas costs. The cost of sales per ton in our Nitrogen Product Segments averaged $195 in the first nine months of 2015, a 6% decrease from the $209 per ton in the same period of 2014. The realized natural gas costs, including the impact of lower purchased natural gas costs and realized derivative losses during the first nine months of 2015, decreased 29% compared to the first nine months of 2014. The first nine months of 2015 included $78.8 million of unrealized net mark-to-market losses on natural gas derivatives compared to losses of $39.1 million in the first nine months of 2014.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $0.2 million to $119.6 million in the first nine months of 2015 from $119.4 million in the comparable period of 2014.

Transaction Costs

In the third quarter of 2015, we incurred $37.4 million for various consulting and legal services associated primarily with executing the strategic agreements pertaining to the proposed combination with the ENA Business of OCI and our agreement to form a strategic venture with CHS.

Other Operating—Net

Other operating—net was $73.7 million of expense in the first nine months of 2015 compared to $41.5 million of expense in the comparable period of 2014. The increased expense was due primarily to increased losses on the disposal of fixed assets and higher expansion project costs pertaining to our Donaldsonville, Louisiana and Port Neal, Iowa capacity expansion projects compared to the first nine months of 2014.

Equity in Earnings of Operating Affiliates

Equity in earnings of operating affiliates consists primarily of our 50% share of the operating results of PLNL. Equity in earnings of operating affiliates was $20.0 million in the first nine months of 2015 compared to $27.3 million in the first nine months of 2014. The decrease was due primarily to lower operating results from PLNL including lower average selling prices.

Interest Expense—Net

Net interest expense was $92.0 million in the first nine months of 2015 compared to $136.4 million in the first nine months of 2014. The $44.4 million decrease was due primarily to higher amounts of capitalized interest related to our capacity expansion projects, partially offset by higher interest expense pertaining to the $1.5 billion of senior notes that were issued in March 2014. We recorded capitalized interest of $112.5 million and $48.5 million in the first nine months of 2015 and 2014, respectively.

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Income Taxes

Our income tax provision for the first nine months of 2015 was $333.5 million on pre-tax income of $959.3 million, or an effective tax rate of 34.8%, compared to an income tax provision of $640.9 million on pre-tax income of $1,810.8 million, or an effective tax rate of 35.4% in the prior year period. The decrease in the effective tax rate is due primarily to the impact of the sale of the phosphate business in March 2014, partially offset by non-deductible transaction costs in the first nine months of 2015. The income tax provision in the first nine months of 2014 included $286.1 million of income tax expense relating to the phosphate business sale, which increased the effective tax rate by 2.0%.

We have not recorded a tax provision on the earnings attributable to the noncontrolling interest in TNCLP (a partnership), which is not a taxable entity. For additional information on income taxes, see Note 10—Income Taxes to our unaudited interim consolidated financial statements included in Part I of this report.

Equity in Earnings of Non-Operating Affiliates—Net of Taxes

Equity in earnings of non-operating affiliates—net of taxes consists of our share of the financial results of unconsolidated joint venture interests in GrowHow and Keytrade. On July 31, 2015, we completed the GrowHow acquisition for total consideration of $570.4 million, and GrowHow became wholly owned by us. Beginning July 31, 2015, the operating results of GrowHow became part of our consolidated financial results. During the second quarter of 2015, we sold our interests in Keytrade.

Equity in earnings of non-operating affiliates—net of taxes increased by $56.5 million in the first nine months of 2015 compared to the first nine months of 2014 due primarily to the $94.4 million gain on the remeasurement to fair value of our initial 50% equity interest in GrowHow that was recorded in connection with the closing of the acquisition. This was partly offset by the combination of operating losses experienced at Keytrade and from the sale of our investments in Keytrade during the second quarter of 2015.

Net Earnings Attributable to Noncontrolling Interest

Net earnings attributable to noncontrolling interest decreased $9.0 million in the first nine months of 2015 compared to 2014 due primarily to lower net earnings attributable to the 24.7% interest of the publicly-held common units of TNCLP.

Diluted Net Earnings Per Share Attributable to Common Stockholders

Diluted net earnings per share attributable to common stockholders decreased $1.59, or 36%, to $2.84 per share in the first nine months of 2015 from $4.43 per share in the first nine months of 2014. This decrease is due primarily to the $1.77 per share gain from the sale of the phosphate business in the first nine months of 2014 partially offset by the impact of lower diluted weighted-average shares outstanding in 2015 as compared to the prior year. Diluted weighted-average shares outstanding decreased 9% between the first nine months of 2015 and the first nine months of 2014 due to our share repurchase activity.

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Operating Results by Business Segment
On July 31, 2015, we acquired the remaining 50% equity interest in GrowHow not previously owned by us. GrowHow is now wholly owned by us and its results are included in our results. See Note 8—Equity Method Investments to our unaudited interim consolidated financial statements included in Part I of this report for additional information. GrowHow has nitrogen manufacturing complexes located in Ince, United Kingdom, and Billingham, United Kingdom. The Ince complex produces AN, ammonia and fertilizer compounds while the Billingham complex produces AN and ammonia. Our reportable segment structure reflects how our chief operating decision maker (CODM), as defined under U.S. GAAP, assesses the performance of our reportable segments and makes decision about resource allocation. In the third quarter of 2015, we changed our reportable segment structure to separate AN from our Other segment as our AN products increased in significance as a result of the GrowHow acquisition. Our new reportable segment structure reflects how our CODM assesses the performance of our reportable segments and makes decisions about resource allocation. Our reportable segments now consist of ammonia, granular urea, UAN, AN, other, and phosphate. These segments are differentiated by products, which are used differently by agricultural customers based on crop application, weather and other agronomic factors or by industrial customers. Historical financial results have been restated to reflect the new reportable segment structure on a comparable basis. The ammonia, granular urea, UAN, AN and other segments are referred to in this discussion and analysis as the "Nitrogen Product Segments."
The phosphate segment reflects the reported results of the phosphate business through March 17, 2014, plus the continuing sales of the phosphate inventory in the distribution network after March 17, 2014. The remaining phosphate inventory was sold in the second quarter of 2014; therefore, the phosphate segment does not have operating results subsequent to that quarter. The segment will continue to be included until the reporting of comparable period phosphate results ceases. We use gross margin to evaluate segment performance and allocate resources. Total other operating costs and expenses (consisting of selling, general and administrative expenses and other operating—net) and non-operating expenses (interest and income taxes), are centrally managed and are not included in the measurement of segment profitability reviewed by management.
The following table presents our operating results by business segment, including the impact of the GrowHow acquisition:

	Ammonia	Granular Urea[1]	UAN[1]	AN[1]	Other[1]	Phosphate	Consolidated
	(in millions, except percentages)						
Three months ended September 30, 2015							
Net sales	$260.9	$170.7	$349.3	$79.5	$67.0	$—	$927.4
Cost of sales	206.7	131.8	276.5	96.7	50.7	—	762.4
Gross margin	$54.2	$38.9	$72.8	$(17.2)	$16.3	$—	$165.0
Gross margin percentage	20.8%	22.8%	20.8%	(21.6)%	24.3%	—%	17.8%
Three months ended September 30, 2014							
Net sales	$232.1	$199.6	$392.9	$54.9	$41.9	$—	$921.4
Cost of sales	168.6	120.7	257.2	46.0	27.8	—	620.3
Gross margin	$63.5	$78.9	$135.7	$8.9	$14.1	$—	$301.1
Gross margin percentage	27.4%	39.5%	34.5%	16.2%	33.7%	—%	32.7%
Nine months ended September 30, 2015							
Net sales	$1,147.6	$593.9	$1,112.4	$178.9	$159.7	$—	$3,192.5
Cost of sales	634.5	324.3	678.3	179.1	109.6	—	1,925.8
Gross margin	$513.1	$269.6	$434.1	$(0.2)	$50.1	$—	$1,266.7
Gross margin percentage	44.7%	45.4%	39.0%	(0.1)%	31.4%	—%	39.7%

Nine months ended September 30, 2014							
Net sales	$1,109.3	$683.4	$1,249.3	$187.0	$129.3	$168.4	$3,526.7
Cost of sales	693.1	378.1	730.2	140.3	92.5	158.3	2,192.5
Gross margin	$416.2	$305.3	$519.1	$46.7	$36.8	$10.1	$1,334.2
Gross margin percentage	37.5 %	44.7 %	41.6 %	25.0 %	28.5 %	6.0 %	37.8 %

(1) The cost of products that are upgraded into other products is transferred at cost into the upgraded product results.

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Ammonia Segment

Our ammonia segment produces anhydrous ammonia (ammonia), which is our most concentrated nitrogen fertilizer as it contains 82% nitrogen. The results of our ammonia segment consist of sales of ammonia to external customers. In addition, ammonia is the "basic" nitrogen product that we upgrade into other nitrogen products such as granular urea, UAN and AN. We produce ammonia at all of our nitrogen manufacturing complexes.

The following table presents summary operating data for our ammonia segment including the impact of the GrowHow acquisition:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	2015 v. 2014		2015	2014	2015 v. 2014	
	(in millions, except as noted)				(in millions, except as noted)			
Net sales	$260.9	$232.1	$28.8	12 %	$1,147.6	$1,109.3	$38.3	3 %
Cost of sales	206.7	168.6	38.1	23 %	634.5	693.1	(58.6)	(8)%
Gross margin	$54.2	$63.5	$(9.3)	(15)%	$513.1	$416.2	$96.9	23 %
Gross margin percentage[1]	20.8 %	27.4 %	(6.6)%		44.7 %	37.5 %	7.2 %	
Sales volume by product tons (000s)	585	444	141	32 %	2,176	2,133	43	2 %
Sales volume by nutrient tons (000s)[2]	480	364	116	32 %	1,785	1,749	36	2 %
Average selling price per product ton	$446	$523	$(77)	(15)%	$527	$520	$7	1 %
Average selling price per nutrient ton[2]	$544	$638	$(94)	(15)%	$643	$634	$9	1 %
Gross margin per product ton	$93	$143	$(50)	(35)%	$236	$195	$41	21 %
Gross margin per nutrient ton[2]	$113	$174	$(61)	(35)%	$287	$238	$49	21 %
Depreciation and amortization	$31.4	$16.7	$14.7	88 %	$74.9	$53.5	$21.4	40 %

(1) Includes the impact of tons purchased from PLNL at market-based prices and sold to Mosaic.

(2) Ammonia represents 82% nitrogen content. Nutrient tons represent the equivalent tons of nitrogen within the product tons.

Third Quarter of 2015 Compared to Third Quarter of 2014

Net Sales. Total net sales in the ammonia segment increased by $28.8 million, or 12%, in the third quarter of 2015 from the third quarter of 2014 due primarily to a 32% increase in sales volume offset by a 15% decrease in average selling prices. These results include the impact of the GrowHow acquisition completed on July 31, 2015 which increased net sales by $18.3 million, or 8%. The remaining increase in our ammonia net sales of $10.5 million, or 5%, was due primarily to increased exports and domestic spot sales to balance our system as a result of higher supply availability driven by lower product upgrading due to turnaround and maintenance activity.

Average selling prices decreased to $446 per ton in the third quarter of 2015 from $523 per ton in the third quarter of 2014 primarily due to the higher sales volume of lower priced export and domestic spot sales combined with excess global supply availability weighing on global nitrogen fertilizer selling prices.

Cost of Sales. Cost of sales per ton in our ammonia segment averaged $353 in the third quarter of 2015, a 7% decrease from the $380 per ton in the same quarter of 2014. The decrease was due primarily to lower realized natural gas costs partly offset by unrealized net mark-to-market losses on natural gas derivatives in the third quarter of 2015 compared to gains in the third quarter of 2014.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Net Sales.   Total net sales in the ammonia segment increased by $38.3 million, or 3%, in the nine months ended September 30, 2015 from the nine months ended September 30, 2014 due primarily to a 2% increase in sales volume and a 1% increase in average selling prices. These results include the impact of the GrowHow acquisition completed on July 31, 2015 which increased net sales by $18.3 million, or 2%. The remaining increase in our ammonia net sales of $20.0 million, or 2%, was due to higher average selling prices compared to the nine months ended September 30, 2014.

Cost of Sales.   Cost of sales per ton in our ammonia segment averaged $291 in the first nine months of 2015, a 10% decrease from the $325 per ton in the comparable period of 2014. The decrease was due primarily to lower realized natural gas

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costs during the first nine months of 2015 partly offset by increased unrealized net mark-to-market losses on natural gas derivatives in the first nine months of 2015 compared to the comparable period of 2014.

Granular Urea Segment

Our granular urea segment produces granular urea which contains 46% nitrogen. Produced from ammonia and carbon dioxide, it has the highest nitrogen content of any of our solid nitrogen fertilizers. Granular urea is produced at our Courtright, Ontario; Donaldsonville, Louisiana; and Medicine Hat, Alberta nitrogen complexes.

The following table presents summary operating data for our granular urea segment:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	2015 v. 2014		2015	2014	2015 v. 2014	
	(in millions, except as noted)				(in millions, except as noted)			
Net sales	$170.7	$199.6	$(28.9)	(14)%	$593.9	$683.4	$(89.5)	(13)%
Cost of sales	131.8	120.7	11.1	9%	324.3	378.1	(53.8)	(14)%
Gross margin	$38.9	$78.9	$(40.0)	(51)%	$269.6	$305.3	$(35.7)	(12)%
Gross margin percentage	22.8%	39.5%	(16.7)%		45.4%	44.7%	0.7%	
Sales volume by product tons (000s)	539	558	(19)	(3)%	1,755	1,813	(58)	(3)%
Sales volume by nutrient tons (000s)[1]	248	257	(9)	(4)%	807	834	(27)	(3)%
Average selling price per product ton	$317	$358	$(41)	(11)%	$338	$377	$(39)	(10)%
Average selling price per nutrient ton[1]	$688	$777	$(89)	(11)%	$736	$819	$(83)	(10)%
Gross margin per product ton	$72	$141	$(69)	(49)%	$154	$168	$(14)	(8)%
Gross margin per nutrient ton[1]	$157	$307	$(150)	(49)%	$334	$366	$(32)	(9)%
Depreciation and amortization	$10.4	$9.1	$1.3	14%	$30.7	$27.0	$3.7	14%

(1) Granular urea represents 46% nitrogen content. Nutrient tons represent the equivalent tons of nitrogen within the product tons.

Third Quarter of 2015 Compared to Third Quarter of 2014

Net Sales. Net sales in the granular urea segment decreased $28.9 million, or 14%, in the third quarter of 2015 from the third quarter of 2014 due primarily to an 11% decrease in average selling prices and a 3% decrease in volume. Average selling prices decreased to $317 per ton in the third quarter of 2015 compared to $358 per ton in the third quarter of 2014 primarily due to excess global supply availability weighing on global nitrogen fertilizer selling prices. Sales volume was lower partly due to reduced domestic supply availability as a result of maintenance and turnaround activities at our Donaldsonville, Louisiana complex in preparation for expanded urea production coming on-line.

Cost of Sales. Cost of sales per ton in our granular urea segment averaged $245 in the third quarter of 2015, a 13% increase from $217 per ton in the same quarter of 2014. The increase was due primarily to the impact of increased unrealized net mark-to-market losses on natural gas derivatives in the third quarter of 2015 compared to gains in the third quarter of 2014, partly offset by lower realized natural gas costs.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Net Sales. Net sales in the granular urea segment decreased $89.5 million, or 13%, in the nine months ended September 30, 2015 from the nine months ended September 30, 2014 due primarily to a 10% decrease in average selling prices and a 3% decrease in volume. Average selling prices decreased to $338 per ton in the first nine months of 2015 compared to $377 per ton in the comparable period of 2014. Average selling prices were lower due to the excess global supply availability, primarily as a result of Chinese exports, weighing on global nitrogen fertilizer selling prices. Sales volume was lower due to reduced domestic supply availability due to maintenance and turnaround activities.

Cost of Sales. Cost of sales per ton in our granular urea segment averaged $184 in the first nine months of 2015, a 12% decrease from the $209 per ton in the comparable period of 2014. The decrease was due primarily to lower realized natural gas costs partly offset by the impact of increased unrealized net mark-to-market losses on natural gas derivatives in the first nine months of 2015 compared to the comparable period of 2014.

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UAN Segment

Our UAN segment produces urea ammonium nitrate solution (UAN). UAN, a liquid fertilizer product with a nitrogen content that typically ranges from 28% to 32%, is produced by combining urea and ammonium nitrate. UAN is produced at our nitrogen complexes in Courtright, Ontario; Donaldsonville, Louisiana; Port Neal, Iowa; Verdigris, Oklahoma; Woodward, Oklahoma; and Yazoo City, Mississippi.

The following table presents summary operating data for our UAN segment:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	2015 v. 2014		2015	2014	2015 v. 2014	
	(in millions, except as noted)				(in millions, except as noted)			
Net sales	$349.3	$392.9	$(43.6)	(11)%	$1,112.4	$1,249.3	$(136.9)	(11)%
Cost of sales	276.5	257.2	19.3	8 %	678.3	730.2	(51.9)	(7)%
Gross margin	$72.8	$135.7	$(62.9)	(46)%	$434.1	$519.1	$(85.0)	(16)%
Gross margin percentage	20.8 %	34.5 %	(13.7)%		39.0 %	41.6 %	(2.6)%	
Sales volume by product tons (000s)	1,445	1,518	(73)	(5)%	4,266	4,495	(229)	(5)%
Sales volume by nutrient tons (000s)[1]	458	482	(24)	(5)%	1,347	1,420	(73)	(5)%
Average selling price per product ton	$242	$259	$(17)	(7)%	$261	$278	$(17)	(6)%
Average selling price per nutrient ton[1]	$763	$815	$(52)	(6)%	$826	$880	$(54)	(6)%
Gross margin per product ton	$50	$89	$(39)	(44)%	$102	$115	$(13)	(11)%
Gross margin per nutrient ton[1]	$159	$282	$(123)	(44)%	$322	$366	$(44)	(12)%
Depreciation and amortization	$42.9	$41.6	$1.3	3 %	$139.7	$138.2	$1.5	1 %

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(1) UAN represents between 28% and 32% of nitrogen content, depending on the concentration specified by the customer. Nutrient tons represent the equivalent tons of nitrogen within the product tons.

Third Quarter of 2015 Compared to Third Quarter of 2014

Net Sales. Net sales in the UAN segment decreased $43.6 million, or 11%, in the third quarter of 2015 from the third quarter of 2014 due primarily to a 7% decrease in average selling prices and a 5% decrease in volume. Average selling prices decreased to $242 per ton in the third quarter of 2015 compared to $259 per ton in the third quarter of 2014. UAN selling prices were lower due to excess global supply availability weighing on global nitrogen fertilizer selling prices compared to the third quarter of 2014. Our sales volume was lower due to reduced domestic supply availability, primarily in the southern plains states as a result of a 75 day plant turnaround and refurbishment at our Woodward, Oklahoma complex during the third quarter of 2015.

Cost of Sales. Cost of sales per ton in our UAN segment averaged $192 in the third quarter of 2015, a 13% increase from the $170 per ton in the third quarter of 2014. The increase was due primarily to the impact of increased unrealized net mark-to-market losses on natural gas derivatives in the third quarter of 2015 compared to gains in the third quarter of 2014 and lower fixed cost absorption due to plant turnaround and refurbishment at our Woodward complex. This was partly offset by lower realized natural gas costs.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Net Sales. Net sales in the UAN segment decreased $136.9 million, or 11%, in the nine months ended September 30, 2015 from the nine months ended September 30, 2014 due primarily to a 6% decrease in average selling prices and a 5% decrease in volume. Average selling prices decreased to $261 per ton in the first nine months of 2015 compared to $278 per ton in the comparable period of 2014. The decline in UAN prices was due to excess global supply and

volume was lower due primarily to reduced domestic supply availability, primarily in the southern plains states, as a result of turnaround activity.

Cost of Sales. Cost of sales per ton in our UAN segment averaged $159 in the first nine months of 2015, a 2% decrease from the $163 per ton in the comparable period of 2014. The decrease was due primarily to lower realized natural gas costs partly offset by the impact of unrealized net mark-to-market losses on natural gas derivatives in the first nine months of 2015 compared to the comparable period of 2014.

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AN Segment

Our AN segment produces ammonium nitrate (AN). AN is a nitrogen-based product with a nitrogen content between 29% and 35%. AN is used as nitrogen fertilizer and is also used by industrial customers for commercial explosives and blasting systems. AN is produced at our nitrogen complexes in Yazoo City, Mississippi and Ince and Billingham, United Kingdom.

The following table presents summary operating data for our AN segment including the impact of the GrowHow acquisition:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	2015 v. 2014		2015	2014	2015 v. 2014	
	(in millions, except as noted)				(in millions, except as noted)			
Net sales	$79.5	$54.9	$24.6	45 %	$178.9	$187.0	$(8.1)	(4)%
Cost of sales	96.7	46.0	50.7	110 %	179.1	140.3	38.8	28 %
Gross margin	$(17.2)	$8.9	$(26.1)	N/M	$(0.2)	$46.7	$(46.9)	(100)%
Gross margin percentage	(21.6)%	16.2 %	(37.8)%		(0.1)%	25.0 %	(25.1)%	
Sales volume by product tons (000s)	347	230	117	51 %	795	714	81	11 %
Sales volume by nutrient tons (000s)[1]	117	79	38	48 %	271	245	26	11 %
Average selling price per product ton	$229	$239	$(10)	(4)%	$225	$262	$(37)	(14)%
Average selling price per nutrient ton[1]	$679	$695	$(16)	(2)%	$660	$763	$(103)	(13)%
Gross margin per product ton	$(50)	$39	$(89)	N/M	$—	$65	$(65)	(100)%
Gross margin per nutrient ton[1]	$(147)	$113	$(260)	N/M	$(1)	$191	$(192)	(101)%
Depreciation and amortization	$19.1	$13.3	$5.8	44 %	$43.6	$34.1	$9.5	28 %

N/M—Not Meaningful

[1] Nutrient tons represent the equivalent tons of nitrogen within the product tons.

Third Quarter of 2015 Compared to Third Quarter of 2014

Net Sales. Total net sales in our AN segment increased by $24.6 million, or 45%, in the third quarter of 2015 from the third quarter of 2014 due primarily to a 51% increase in sales volume partially offset by a 4% decrease in average selling prices. These results include the impact of the GrowHow acquisition completed on July 31, 2015 which increased net sales by $43.7 million, or 80%. The remaining decrease in our AN net sales of $19.1 million, or 35%, was due primarily to 18% lower sales volume and 21% lower average selling prices as a result of weak domestic demand.

Cost of Sales. Total cost of sales per ton in our AN segment averaged $279 in the third quarter of 2015, including the impact of the GrowHow acquisition which averaged $285 per ton and includes the revaluation of the GrowHow inventory in acquisition accounting of $6.6 million in the third quarter of 2015. The remaining cost of sales per ton averaged $273 in the third quarter of 2015, a 37% increase from the $200 per ton in the third quarter of 2014 due primarily to the impact of unrealized net mark-to-market losses on natural gas derivatives in the third quarter of 2015 compared to gains in the third quarter of 2014.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Net Sales. Total net sales in our AN segment decreased $8.1 million, or 4%, in the nine months ended September 30, 2015 from the nine months ended September 30, 2014 due primarily to a 14% decrease in average selling prices partially offset by an 11% increase in sales volume. These results include the impact of the GrowHow acquisition

completed on July 31, 2015 which increased net sales by $43.7 million, or 23%. The remaining decrease in our AN net sales of $51.8 million, or 28%, was due primarily to 11% lower sales volume and 19% lower average selling prices as a result of weak domestic demand.

Cost of Sales. Total cost of sales per ton in our AN segment averaged $225 including the impact of the GrowHow acquisition which averaged $285 per ton and includes the revaluation of the GrowHow inventory in acquisition accounting of $6.6 million in the third quarter of 2015. The remaining cost of sales per ton averaged $210 per ton, a 7% increase from the $197 per ton in the comparable period of 2014 due primarily to the impact of higher unrealized net mark-to-market losses on natural gas derivatives in the first nine months of 2015 compared to the comparable period of 2014.

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Other Segment

Our Other segment primarily includes the following products:

- Diesel exhaust fluid (DEF) is an aqueous urea solution typically made with 32.5% high-purity urea and 67.5% deionized water.
- Urea liquor is a liquid product that we sell in concentrations of 40%, 50% and 70% urea as a chemical intermediate.
- Nitric acid is a nitrogen-based product with a nitrogen content of 22.2%.
- Compound Fertilizer Products (NPKs) are solid granular fertilizer products for which the nutrient content is a combination of nitrogen, phosphorus and potassium.

The following table presents summary operating data for our other segment including the impact of the GrowHow acquisition:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	2015 v. 2014		2015	2014	2015 v. 2014	
	(in millions, except as noted)				(in millions, except as noted)			
Net sales	$67.0	$41.9	$25.1	60 %	$159.7	$129.3	$30.4	24 %
Cost of sales	50.7	27.8	22.9	82 %	109.6	92.5	17.1	18 %
Gross margin	$16.3	$14.1	$2.2	16 %	$50.1	$36.8	$13.3	36 %
Gross margin percentage	24.3 %	33.7 %	(9.4)%		31.4 %	28.5 %	2.9 %	
Sales volume by product tons (000s)	297	197	100	51 %	744	600	144	24 %
Sales volume by nutrient tons (000s)[1]	56	38	18	47 %	144	117	27	23 %
Average selling price per product ton	$226	$213	$13	6 %	$215	$216	$	