

MOSAIC CO
Form 8-K
June 01, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 26, 2005

THE MOSAIC COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction

of incorporation)

001-32327
(Commission File Number)

20-0891589
(IRS Employer

Identification No.)

3033 Campus Drive
Suite E490

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Plymouth, Minnesota 55441
(Address of principal executive offices)

55441
(Zip Code)

Registrant's telephone number, including area code: (800) 918-8270

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On May 26, 2005, the Board of Directors of The Mosaic Company (the *Company*), pursuant to the recommendation of a subcommittee of its Compensation Committee consisting solely of outside directors within the meaning of Section 162(m) of the Internal Revenue Code, approved corporate performance measures for certain key managers, including executive officers, under the *Company's* Management Incentive Plan (*MIP*) for the fiscal year ending May 31, 2006. Pursuant to the *MIP*, key managers of the *Company* and its subsidiaries, including executive officers, are eligible for annual cash incentive compensation based upon the attainment of pre-established business performance goals established by the Board, upon the recommendation of the Compensation Committee or a subcommittee of outside directors. Attainment of the corporate performance measures determines the amount of the incentive payment for executive officers and all or a portion of the amount of the incentive payment for other participants. Threshold, target and maximum payout levels are set based upon the extent to which the specified performance measures are attained. Target annual incentive awards for executive officers range from 40% to 150% of base salary. The corporate performance measures for the fiscal year ending May 31, 2006 are (i) operating earnings plus equity in net earnings of nonconsolidated companies and (ii) net cash flow. Such measures are deemed by the Board of Directors to be important measures of, among other things, the *Company's* ability to generate value for stockholders and reduce its long-term indebtedness. The corporate performance measures for the fiscal year ending May 31, 2005 are (i) operating earnings plus equity in net earnings of nonconsolidated companies and (ii) reduction in operating working capital.

The *Company*, pursuant to authorization of its Compensation Committee and Board of Directors, has also approved the offer of severance agreements (the *Severance Agreements*) to the *Company's* executive officers and other officers or executives designated by the Compensation Committee and the Board of Directors (*Covered Executive(s)*). The *Severance Agreements*, when executed and delivered by the applicable *Covered Executive*, will set forth terms and conditions upon which the applicable *Covered Executive* is entitled to receive certain benefits upon termination of employment by (i) the *Company* without Cause or (ii) the *Covered Executive* for Good Reason (as the terms Cause and Good Reason are defined below). In general, upon termination of employment by the *Company* without Cause or termination of employment by the *Covered Executive* for Good Reason, the *Covered Executive* is entitled to amounts earned but unpaid to the date of termination plus an amount equal to the *Covered Executive's* annual base salary and target bonus (two times annual base salary and target bonus in the case of the Chief Executive Officer), continued coverage of health and dental coverage for up to a year (two years in the case of the Chief Executive Officer), compensation for unused vacation, and outplacement services for up to one year (with a maximum cost of \$25,000). The *Severance Agreements* also incorporate the provisions related to vesting of stock options and restricted stock units referred to in the following paragraph. For these purposes, in general, and subject to the detailed provisions of the *Severance Agreements*, (i) *Cause* means (a) breach of the *Severance Agreement*, (b) gross neglect or willful failure or refusal to perform the *Covered Executive's* duties, (c) personal dishonesty intended to result in substantial personal enrichment at the expense of the *Company*, (d) willful or intentional acts to injure the *Company*, (e) knowing or intentional fraud against the *Company* or its customers, suppliers, clients, agents or employees, or (f) conviction of a felony or any crime involving fraud, dishonesty or moral turpitude; and (ii) *Good Reason* means a material demotion in status or duties, or a relocation requiring the *Covered Executive* to move his or her regular office location by more than fifty miles. The *Severance Agreements* also (i) require *Covered Executives* to furnish at least 30 days advance notice of a termination of employment without Good Reason, and (ii) for a period of twelve months following termination of employment, prohibit the *Covered Executive* from (a) disclosing confidential information, (b) soliciting *Company* customers, dealers, employees and suppliers, or interfering with *Company* business relationships, or (c) competing with the *Company*. Unless renewed by the *Company*, each *Agreement* will expire on its fifth anniversary.

In addition, the *Company*, pursuant to authorization of its Compensation Committee and Board of Directors, has approved the amendment of existing director and employee stock options (*Options*) to purchase common stock of the *Company* and restricted stock units (*RSU's*) providing grants of common stock of the *Company* under The Mosaic Company 2004 Omnibus Stock and Incentive Plan (the *Omnibus Stock Plan*) so that *Options* and *RSU's* vest in the event of a Change in Control. For these purposes, in

general, and subject to the detailed provisions of the amendments to the Options and RSU s, a Change in Control means (a) Cargill, Incorporated and its affiliates (Cargill) transferring to an unaffiliated third party a number of shares of common stock of the Company sufficient to elect a majority of the Board of Directors, (b) Cargill s beneficial ownership falling below 50% of the Company s outstanding common stock and a third party unaffiliated with Cargill acquiring ownership of at least 50% of the Company s outstanding common stock, or (c) Cargill acquiring beneficial ownership of 90% or more of the outstanding shares of the Company s common stock. As of May 26, 2005, under the Omnibus Stock Plan approximately 892,448 shares of the Company s common stock were subject to outstanding employee stock options (including 534,500 shares subject to options held by executive officers) at an exercise price of \$15.04 per share and 330,866 shares of the Company s common stock were subject to outstanding RSU s (including 292,894 and 37,972 shares subject to outstanding RSU s held by directors and executive officers, respectively).

The Company also has an executive physical exam program pursuant to which approximately seventy executives, including Covered Executives, are entitled to reimbursement for the costs of physicals every three years (in the case of participants under age 40), every two years (in the case of participants between the ages of 40 and 49) and annually (in the case of executives age 50 and older).

Total compensation to employees, including base salary, incentives under the MIP, long-term incentives under the Omnibus Stock Plan, and the Severance Agreements, is intended to be consistent with the compensation philosophy adopted by the Compensation Committee that total direct compensation be established around the median of a group of peer companies representing fertilizer, chemical and general industry companies of similar size and scope to the Company, with the ability to earn more for superior performance.

Item 7.01. Regulation FD Disclosure.

Furnished herewith as Exhibit 99.1 and incorporated by reference herein is a copy of a brochure entitled Market Mosaic .

Item 9.01. Financial Statements and Exhibits

(c) Exhibits.

Reference is made to the Exhibit Index hereto with respect to the exhibit furnished herewith. The exhibit listed in the Exhibit Index hereto is being furnished in accordance with General Instruction B.2. of Form 8-K and shall not be deemed filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such filing.

SIGNATURES

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

THE MOSAIC COMPANY

Date: June 1, 2005

By: /s/ Richard L. Mack

Name: Richard L. Mack
Title: Senior Vice President, General
Counsel and Corporate Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Brochure entitled Market Mosaic