

CF Industries Holdings, Inc.  
Form DEF 14A  
April 04, 2008

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
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- Definitive Proxy Statement
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CF Industries Holdings, Inc.

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(Name of Registrant as Specified In Its Charter)

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April 4, 2008

Dear Stockholder:

We cordially invite you to attend the 2008 annual meeting of stockholders of CF Industries Holdings, Inc. The meeting will be held on Tuesday, May 13, 2008, commencing at 10:00 a.m., local time, at The Westin Chicago North Shore, 601 North Milwaukee Avenue, Wheeling, Illinois 60090.

At the annual meeting, stockholders will vote on the matters set forth in the accompanying Notice of Annual Meeting and Proxy Statement and any other business matters properly brought before the meeting. Please take the time to read the Notice of Annual Meeting and Proxy Statement carefully.

We look forward to seeing you at the annual meeting.

Sincerely,

Stephen R. Wilson  
*Chairman of the Board*  
*President and Chief Executive Officer*

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## Notice of Annual Meeting

CF Industries Holdings, Inc.  
Four Parkway North, Suite 400  
Deerfield, Illinois 60015-2590

Dear Stockholder:

The 2008 annual meeting of stockholders of CF Industries Holdings, Inc. will be held on Tuesday, May 13, 2008, commencing at 10:00 a.m., local time, at The Westin Chicago North Shore, 601 North Milwaukee Avenue, Wheeling, Illinois 60090.

At the meeting, stockholders will be asked to:

elect three members of the board of directors to serve until the 2011 annual meeting of stockholders,

ratify the selection of KPMG LLP as our independent registered public accounting firm for 2008, and

consider any other business properly brought before the meeting.

The close of business on March 11, 2008 is the record date for determining stockholders entitled to vote at the annual meeting. A list of these stockholders will be available in our corporate headquarters at the above address before the annual meeting.

**Please sign, date, and promptly return the enclosed proxy card in the enclosed envelope, so that your shares will be represented whether or not you attend the annual meeting.**

By order of the board of directors,

Douglas C. Barnard  
*Vice President, General Counsel,  
and Secretary*

April 4, 2008

### **Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on May 13, 2008.**

This proxy statement and the accompanying annual report are available at <http://ir.cfindustries.com/2008Proxy>.

Among other things, the proxy statement contains information regarding:

the date, time, and location of the meeting;

a list of the matters being submitted to the stockholders; and

information concerning voting in person.

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**Contents**

|  |    |
|--|----|
| About the Annual Meeting                                     | 1  |
| Proposal 1: Election of Directors                            | 3  |
| Directors and Director Nominees                              | 3  |
| Executive Officers   | 5  |
| Corporate Governance   | 7  |
| Common Stock Ownership                                       | 10 |
| Compensation Discussion and Analysis                         | 13 |
| Compensation Committee Report                                | 28 |
| Executive Compensation                                       | 29 |
| Director Compensation  | 39 |
| Certain Relationships and Related Transactions               | 40 |
| Proposal 2: Ratification of Selection of Independent Auditor | 43 |
| Audit and Non-audit Fees                                     | 44 |
| Pre-approval of Audit and Non-audit Services                 | 44 |
| Auditor Independence   | 45 |
| Audit Committee Report                                       | 45 |
| Additional Information                                       | 46 |

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**Proxy Statement**

CF Industries Holdings, Inc.  
Four Parkway North, Suite 400  
Deerfield, Illinois 60015-2590

**ABOUT THE ANNUAL MEETING**

***Why did I receive these proxy materials?***

We are providing these proxy materials in connection with the solicitation by the board of directors of CF Industries Holdings, Inc., a Delaware corporation ("CF Industries," and variously the "company," "we," "us," or "our"), of proxies to be voted at our 2008 annual meeting of stockholders and at any adjournment or postponement of such meeting.

You are invited to attend the 2008 annual meeting of stockholders on Tuesday, May 13, 2008, commencing at 10:00 a.m., local time. The meeting will be held at The Westin Chicago North Shore, 601 North Milwaukee Avenue, Wheeling, Illinois 60090.

This proxy statement and form of proxy are being mailed beginning on or about April 4, 2008.

***What will be voted on at the annual meeting?***

At the meeting, stockholders will be asked to:

elect three directors to serve until the 2011 annual meeting,

ratify the selection of KPMG LLP as our independent registered public accounting firm for 2008, and

consider any other business properly brought before the meeting.

***How many votes do I have?***

You will have one vote for every share of CF Industries common stock you owned on March 11, 2008 (the record date).

***How many votes can be cast by all stockholders?***

The total number of votes that can be cast by all stockholders is 56,359,467, consisting of one vote for each share of common stock that was outstanding on the record date. There is no cumulative voting.

***How many votes must be present to hold the meeting?***

A majority of the votes that can be cast, or 28,179,734 votes, must be present for us to hold the meeting. We urge you to vote by proxy even if you plan to attend the annual meeting, so that we will know as soon as possible that enough votes will be present.

***How do I vote?***

You can vote either in person at the annual meeting or by proxy, whether or not you attend the annual meeting.

To vote by proxy, you must fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope.

To ensure that your vote is counted, please remember to submit your vote so that we receive it by May 12, 2008.

If you want to vote in person at the annual meeting and you hold your stock through a securities broker (that is, in street name), you must obtain a proxy from your broker and bring that proxy to the meeting.

***Can I change my vote?***

Yes. Just send in a new proxy card with a later date or send a written notice of revocation to our corporate secretary at the address on the notice of annual meeting accompanying this proxy statement. If you attend the annual meeting and want to vote in person, you can request that your previously submitted proxy not be used.

***What if I don't vote for some of the matters listed on my proxy card?***

If you return a signed proxy card without indicating your vote, in accordance with the board's recommendation, your shares will be voted for the nominees listed on the card and for ratification of the selection of KPMG as our independent registered public accounting firm for 2008.

***How are my votes counted?***

You may either vote for or withhold authority to vote for each nominee for the board. You may vote for or against or you may abstain on the ratification of the selection of KPMG as our independent registered public accounting firm. If you withhold authority to vote with respect to any nominee, your shares will be counted for purposes of establishing a quorum, but will have no effect on the election of that nominee. If you abstain from voting on the ratification of the selection of KPMG, your shares will be counted as present for purposes of establishing a quorum and the abstention will have the same effect as a vote against that proposal.

***How many votes are required to elect directors and to adopt the other proposals?***

Directors are elected by a plurality of the votes cast. The ratification of the selection of KPMG and the approval of any other matter properly brought before the meeting require the affirmative vote of a majority of the shares of common stock represented at the annual meeting and entitled to vote thereon in order to be approved.

***Can my shares be voted if I don't return my proxy card and don't attend the annual meeting?***

If you don't vote your shares held in street name, your broker can vote your shares on any of the matters scheduled to come before the meeting. If your broker does not have discretion to vote your shares held in street name on a particular proposal and you don't give your broker instructions on how to vote your shares, the votes will be broker nonvotes, which will have no effect on the vote for any matter scheduled to be considered at the annual meeting. If you hold your shares in your own name, you must vote such shares in person or by proxy or they will not be voted.

***Could other matters be decided at the annual meeting?***

We don't know of any other matters that will be considered at the annual meeting. If any other matters arise at the annual meeting, the proxies will be voted at the discretion of the proxy holders.

***What happens if the meeting is postponed or adjourned?***

Your proxy will still be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

***Do I need any documentation to attend the annual meeting?***

Yes, you will need proof of ownership of our stock to enter the meeting. When you arrive at the annual meeting, you may be asked to present photo identification, such as a driver's license. This will suffice if you hold your shares in your own name. If you hold your stock through a securities broker (that is, in street name), a recent brokerage statement or letter from your broker is an example of proof that you are the beneficial owner of such shares.

***How can I access CF Industries' proxy materials and annual report electronically?***

This proxy statement and the 2007 annual report are available at <http://ir.cfindustries.com/2008Proxy>.

***Will I be able to access the annual meeting via the Internet?***

The audio portion of the meeting will be available live on our Internet site at www.cfindustries.com. However, listeners accessing the annual meeting via the Internet will not be able to register, vote, or ask questions during the question and answer period.

**PROPOSAL 1: ELECTION OF DIRECTORS**

Our board currently consists of eight directors and is divided into three classes. There are three directors in class I, two directors in class II, and three directors in class III. The current terms of the class I, class II, and class III directors will expire at our annual meetings of stockholders in 2009, 2010, and 2008, respectively.

The board of directors has unanimously proposed Stephen R. Wilson, Wallace W. Creek, and William Davisson as nominees for election as class III directors at the 2008 annual meeting. If elected, each of Messrs. Wilson, Creek, and Davisson will hold office until the 2011 annual meeting or until his successor is duly elected and qualified, subject to earlier retirement, resignation, or removal.

If any nominee becomes unavailable to serve, an event that the board of directors does not presently expect, we will vote the shares represented by proxies for the election of directors for the election of such other person as the board of directors may recommend. Unless otherwise instructed, we will vote all proxies we receive FOR Messrs. Wilson, Creek, and Davisson.

**The board of directors recommends that you vote FOR the election of each of Messrs. Wilson, Creek, and Davisson to serve as a director until our 2011 annual meeting or until his successor is duly elected and qualified.**

**DIRECTORS AND DIRECTOR NOMINEES**

Set forth below is certain biographical information for the nominees to become class III directors and for those members of our board of directors whose terms expire after the 2008 annual meeting.

| <b>Name</b>          | <b>Age</b> | <b>Position</b>                                       | <b>Class</b> |
|----------------------|------------|---|--------------|
| Stephen R. Wilson    | 59         | Chairman of the Board, President and CEO, and Nominee | III          |
| Robert C. Arzbaecher | 48         | Director  | II           |
| Wallace W. Creek     | 69         | Director and Nominee                                  | III          |
| William Davisson     | 60         | Director and Nominee                                  | III          |
| Stephen A. Furbacher | 60         | Director  | I            |
| David R. Harvey      | 68         | Director  | I            |
| John D. Johnson      | 59         | Director  | I            |
| Edward A. Schmitt    | 61         | Director  | II           |

Stephen R. Wilson has been a member of our board since April 2005 and chairman of the board since July 2005. Mr. Wilson has served as our president and chief executive officer since October 2003 and served as interim president and chief executive officer from July 2003 through October 2003. Mr. Wilson joined us in 1991 as senior vice president and chief financial officer, following a lengthy career with Inland Steel Industries, Inc.

Robert C. Arzbaecher has been a member of our board since August 2005 and serves as the chairman of our compensation committee and as a member of our audit committee. Mr. Arzbaecher has served as chairman of the board of Actuant Corporation, a manufacturer and marketer of industrial products and systems, since 2001 and president and chief executive officer of Actuant since 2000. From 1992 until 2000, he held various financial positions with Applied Power, Inc., Actuant's predecessor, the most recent of which was chief financial officer. Prior to 1992, Mr. Arzbaecher held various financial positions with Grabill Aerospace, Farley Industries, and Grant Thornton, a public accounting firm.



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Mr. Arzbaeher is a certified public accountant, and he is also a director of FMI Common Stock Fund, Inc., FMI Funds, Inc., and FMI Mutual Funds, Inc.

Wallace W. Creek has been a member of our board since August 2005 and serves as the chairman of our audit committee. Mr. Creek served as controller of General Motors Corporation from 1992 to 2002 and held several executive positions in finance at GM over a 43-year career. Mr. Creek was senior vice president of finance of Collins & Aikman Corporation, a leading manufacturer of automotive interior components, from December 2002 to June 2004. On May 17, 2005, Collins & Aikman filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Michigan seeking reorganization relief under the provisions of Chapter 11 of the United States Bankruptcy Code. Mr. Creek is also a director of Columbus McKinnon Corporation.

William Davisson has been a member of our board since August 2005. Mr. Davisson has served as the chief executive officer of GROWMARK, Inc. since 1998. GROWMARK was an owner of our predecessor company, CF Industries, Inc., before our initial public offering ("IPO") in August 2005. From 1998 to 2005, Mr. Davisson served as a member of the board of directors of CF Industries, Inc., and he was chairman of the board of directors of CF Industries, Inc. from 2002 to 2004. Mr. Davisson has worked in the GROWMARK system his entire career, since 1970, and he is a certified public accountant.

Stephen A. Furbacher has been a member of our board since July 2007 and serves as a member of our compensation and corporate governance and nominating committees. Mr. Furbacher served as president and chief operating officer of Dynegy Inc. from August 2005 until December 2007 and as executive vice president of Dynegy's previously owned natural gas liquids business segment from September 1996 to August 2005. He joined Dynegy in May 1996, just prior to Dynegy's acquisition of Chevron's midstream business. Before joining Dynegy, Mr. Furbacher served as President of Warren Petroleum Company, the natural gas liquids division of Chevron U.S.A. He began his career with Chevron in August 1973 and served in positions of increasing responsibility before being named President of Warren Petroleum Company in July 1994.

David R. Harvey has been a member of our board since August 2005 and serves as the chairman of our corporate governance and nominating committee and as a member of our audit committee. Mr. Harvey is also our lead independent director. Mr. Harvey has served as chairman of the board of Sigma-Aldrich Corporation, a manufacturer and distributor of biochemical and organic chemicals, since January 2001. From 1999 through 2005, Mr. Harvey served as chief executive officer of Sigma-Aldrich and, from 1986 until 1999, as its chief operating officer. Prior to 1986, Mr. Harvey served in various executive positions at Aldrich Chemical Company, including president and vice president Europe, and in various sales and marketing positions at Shell International Chemical Company. Mr. Harvey has served as a director of Sigma-Aldrich since 1981.

John D. Johnson has been a member of our board since August 2005. Mr. Johnson has served as the president and chief executive officer of CHS Inc. (formerly Cenex Harvest States) since 2000. CHS was an owner of our predecessor company, CF Industries, Inc., before our initial public offering in August 2005. From 2000 to 2005, Mr. Johnson served as a member of the board of directors of CF Industries, Inc., and he was chairman of the board of directors of CF Industries, Inc. from 2004 to 2005. Mr. Johnson joined Harvest States, a predecessor to CHS, in 1976, and served as president and chief executive officer of Harvest States from 1995 to 1998. From 1998 to 2000, Mr. Johnson served as general manager and president of CHS.

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Edward A. Schmitt has been a member of our board since August 2005 and is a member of our compensation and corporate governance and nominating committees. Mr. Schmitt served as chairman of the board, chief executive officer, and president of Georgia Gulf Corporation, a major manufacturer of chemical products, from 2001 until 2008. From 1985 until 2001, he held various manufacturing and executive positions with Georgia Gulf, including executive vice president, president, and chief executive officer. Prior to 1985, Mr. Schmitt held manufacturing and engineering positions with Georgia-Pacific Corporation (Georgia Gulf was created in 1985 from Georgia-Pacific's commodity chemicals division), Allied Chemical Corporation, and the Aluminum Company of America.

### EXECUTIVE OFFICERS

Set forth below is certain biographical information for our executive officers other than Mr. Wilson (whose biographical information as a director appears above).

Anthony J. Nocchiero (age 57) joined us in April 2007 as senior vice president and chief financial officer. Before joining us, Mr. Nocchiero was chief financial officer and vice president, finance, of Merisant Worldwide, Inc., a position he held from July 2005 to March 2007. From January 2002 to July 2005, Mr. Nocchiero was self-employed as an advisor and private consultant. From January 1999 to December 2001, Mr. Nocchiero served as vice president and chief financial officer of BP Chemicals, the global petrochemical business of BP p.l.c. Prior to that, he spent twenty-four years with Amoco Corporation, including service as Amoco's vice president and controller from April 1998 to January 1999. Mr. Nocchiero holds a B.S. degree in chemical engineering from Washington University and an M.B.A. degree from the Kellogg School of Management at Northwestern University.

David J. Pruett (age 54) joined us in July 2005 as senior vice president, operations. Prior to joining us, Mr. Pruett worked for Dyno Nobel, Inc., a global, Norwegian-owned explosives company. From January 2003 to August 2004, he held the position of vice president, merger implementation, managing the merger of Dyno Nobel with the Ensign Bickford Company, and from May 1996 to January 2003, he served as vice president, manufacturing, sourcing and logistics, for Dyno Nobel North America. Mr. Pruett was not employed from August 2004 through July 2005. Mr. Pruett has a B.S. degree in Chemistry and an M.S. degree in Pulp and Paper Chemistry from Michigan Technological University. He earned his Ph.D. degree in Analytical Chemistry from Michigan State University.

Douglas C. Barnard (age 49) has served as our vice president, general counsel, and secretary since January 2004. From January 2001 to July 2003, Mr. Barnard served as an executive vice president and general counsel of Bcom3 Group, Inc., an advertising and marketing communication services group (including service from January 2003 to July 2003 in a successor corporation formed to market and sell securities received in the sale of Bcom3 Group). From July 2003 until January 2004, Mr. Barnard was not employed. Previously, from August 2000 to January 2001, he was a partner in the law firm of Kirkland and Ellis. From August 1996 to July 2000, Mr. Barnard was vice president, general counsel, and secretary of LifeStyle Furnishings International Ltd., a manufacturer and distributor of residential furniture and decorative fabrics. He holds a B.S. degree from the Massachusetts Institute of Technology, a J.D. degree from the University of Minnesota, and an M.B.A. degree from the University of Chicago.

Stephen G. Chase (age 56) has served as our vice president, corporate planning, since March 2001. Mr. Chase joined us in 1975 after earning an M.B.A. degree from the University of Chicago. He also has a B.S. degree in management engineering from Rensselaer Polytechnic Institute. During his career with us, Mr. Chase has served in a number of key positions, including director, operations planning, and director, corporate planning and analysis.

Richard A. Hoker (age 43) has served as our vice president and corporate controller since November 2007. Before joining us, Mr. Hoker spent over 11 years with Sara Lee Corporation, where he served most recently as vice president and controller from January 2007 to November 2007 and principal

accounting officer from July 2007 to November 2007. Prior to being named controller, Mr. Hoker held other financial management positions of increasing responsibility at Sara Lee. Prior to joining Sara Lee, Mr. Hoker was a member of the financial advisory services consulting group at Coopers & Lybrand LLP in Chicago (now PricewaterhouseCoopers) and previously led teams in the firm's audit practice. Mr. Hoker holds a B.S. degree in accounting from DePaul University and an M.B.A. degree in finance and accounting from the University of Chicago. He is also a certified public accountant.

Wendy S. Jablow Spertus (age 45) has served as our vice president, human resources, since August 2007. Prior to joining us, Ms. Jablow Spertus served as the chief human resources officer of Fenwal, Inc., a medical device manufacturer, from December 2006 to July 2007. From April 2006 to July 2006, she served as vice president, human resources, of The Boler Company, a manufacturer of truck and suspension systems. Ms. Jablow Spertus spent the previous eight years with Ideal Industries, Inc., an electrical equipment manufacturer and technology design company, where she served as vice president, human resources and administration, from February 1998 to February 2006 and for six concurrent years as vice president and general manager of Ideal Industries' data comm business unit. During March 2006 and from August 2006 to December 2006, Ms. Jablow Spertus was not employed. Ms. Jablow Spertus holds a B.S. in economics from the Wharton School at the University of Pennsylvania and an M.B.A. degree from the University of Michigan. She is also a certified public accountant.

Philipp P. Koch (age 56) has served as our vice president, supply chain, since January 2008 and was previously our vice president, raw materials procurement, from July 2003 to January 2008. Before joining us, Mr. Koch spent nearly 25 years in the energy industry with Amoco Corporation and BP PLC from January 1980 to July 2003. Mr. Koch has a B.A. degree from Greenville College and an M.B.A. degree from DePaul University.

Fernando A. Mugica (age 57) has served as our vice president, corporate projects, since January 2008 and was previously our vice president, supply and logistics, from March 2004 to January 2008. Mr. Mugica joined us in 1977 and has served in a number of key positions in the supply and logistics function during his career. Mr. Mugica holds a B.S. degree in systems engineering from the University of Illinois and an M.B.A. degree from DePaul University.

Monty R. Summa (age 55) has served as our vice president, sales, since August 2003. Mr. Summa served as president of Sabre Initiatives, LLC, a cooperative buying group owned by independent agricultural retailers, from March 2000 to August 2003. From 1997 to 2000, he was vice president of the Distribution Division for Terra Industries, a manufacturer and distributor of nitrogen fertilizer products. Mr. Summa holds a B.A. degree in marketing from Northwest Missouri State University.

W. Anthony Will (age 42) has served as our vice president, corporate development, since April 2007. Before joining us, Mr. Will was a partner with Accenture Ltd., a position he held from April 2005 to December 2006. From January 2002 to August 2004, he was vice president business development of Sears, Roebuck and Company. From January 2007 to March 2007 and from September 2004 to March 2005, Mr. Will was not employed. From January 2001 to January 2002, Mr. Will was a consultant with Egon Zehnder International, a global consulting firm. Previously, from October 1998 to January 2001, he served as vice president, strategy and corporate development, of Fort James Corporation, a global paper and consumer products company. Prior to joining Fort James, Mr. Will was a manager with the Boston Consulting Group, a global strategy consulting firm. Mr. Will holds a B.S. degree in electrical engineering from Iowa State University and an M.M. degree (M.B.A.) from the Kellogg School of Management at Northwestern University.

## **CORPORATE GOVERNANCE**

Our board of directors has adopted corporate governance guidelines. According to these guidelines, the business and affairs of CF Industries shall be managed by or under the direction of our board. The board's goal is to build long-term value for our stockholders and assure the vitality of the company for our customers and employees and the other individuals and organizations who depend on us. A copy of our corporate governance guidelines is available to stockholders at our corporate website, [www.cfindustries.com](http://www.cfindustries.com), or by writing to our corporate secretary at the address on the notice of annual meeting accompanying this proxy statement.

### **Director Independence**

Our board has made an affirmative determination that the following five directors have no relationship with CF Industries or any of its subsidiaries (other than being a director and stockholder of CF Industries) and, accordingly, meet the applicable requirements for "independence" set forth in the corporate governance standards of the New York Stock Exchange, Inc. (the "NYSE"): Robert C. Arzbacher, Wallace W. Creek, Stephen A. Furbacher, David R. Harvey, and Edward A. Schmitt.

### **Lead Independent Director**

According to our corporate governance guidelines, if the chairman of the board is not an independent director, our independent directors will designate one of their number to serve as a lead independent director. Otherwise, if the chairman of the board is an independent director, he or she will serve as the lead independent director. Because our chairman is not an independent director, the independent directors have designated David R. Harvey to serve as our lead independent director. The lead independent director's duties include coordinating the activities of the independent directors, coordinating the agenda for and moderating sessions of the independent directors and other non-management directors, and facilitating communications among the other members of the board. Unless otherwise provided in a short-term succession plan approved by the board, in the event that our chairman of the board or our chief executive officer should unexpectedly become unable to perform his or her duties, the lead independent director shall assume the duties of the chairman of the board and shall allocate the duties of the chief executive officer among our other senior officers, in each case, until the board has the opportunity to consider the situation and take action.

### **Meetings of Non-management Directors**

At each regularly scheduled meeting, the board conducts executive sessions, which are discussions that involve only the non-management directors. Our corporate governance guidelines state that the executive sessions of the board will be chaired by either the chairman of the board (if he or she is an independent director) or by the lead independent director (if the chairman is not an independent director). Because our chairman is not an independent director, our lead independent director, David R. Harvey, chairs the executive sessions of the board. In addition, since not all of the non-management directors are independent directors within the meaning of the applicable corporate governance standards of the NYSE, the independent directors meet separately in executive session at least once a year.

### **Code of Corporate Conduct**

Our board has adopted a code of corporate conduct that is applicable to all of our directors, officers, and employees. A copy of the code is available to stockholders at our corporate website, [www.cfindustries.com](http://www.cfindustries.com), or by writing to our corporate secretary at the address on the notice of annual meeting accompanying this proxy statement. We will disclose amendments to, or waivers from, the code on our corporate website.

## Committees of the Board

Our board has established three separate standing committees: the audit committee, the compensation committee, and the corporate governance and nominating committee. Our board has adopted written charters for each of these committees and copies of these charters are available to stockholders at our corporate website, [www.cfindustries.com](http://www.cfindustries.com), or by writing to our corporate secretary at the address on the notice of annual meeting accompanying this proxy statement.

**Audit Committee.** Our audit committee is a separately designated standing committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The committee consists of Wallace W. Creek (chairman), Robert C. Arzbaeher, and David R. Harvey, all of whom our board has affirmatively determined to be independent within the meaning of the corporate governance standards of the NYSE applicable to audit committee members. Our board has also determined that Messrs. Arzbaeher, Creek, and Harvey are "audit committee financial experts," as defined by the Securities and Exchange Commission (the "SEC"). The audit committee assists the board in fulfilling its oversight responsibility for (1) the integrity of our financial statements and financial reporting process and our systems of internal accounting and financial controls, (2) the performance of our internal audit function, (3) the annual independent integrated audit of our consolidated financial statements and internal control over financial reporting, and (4) our compliance with legal and regulatory requirements, including our disclosure controls and procedures. The duties and responsibilities of the audit committee include the engagement of our independent registered public accounting firm and the evaluation of our accounting firm's qualifications, independence, and performance. The audit committee's report to stockholders appears elsewhere in this proxy statement.

**Compensation Committee.** Our compensation committee consists of Robert C. Arzbaeher (chairman), Stephen A. Furbacher, and Edward A. Schmitt, all of whom our board has affirmatively determined to be independent under the corporate governance standards of the NYSE. Our board has also determined that all of the members of the committee qualify as "non-employee directors," within the meaning of Rule 16b-3 promulgated under the Exchange Act, and "outside directors," within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). The compensation committee oversees our compensation and employee benefit plans and practices, including our executive compensation plans, director compensation plans, and incentive-compensation and equity-based plans. The compensation committee's report to stockholders appears elsewhere in this proxy statement. Additional information regarding the processes and procedures of the compensation committee in recommending and determining compensation for our directors and executive officers is set forth below under the heading "Compensation Discussion and Analysis Role of the Compensation Committee."

**Corporate Governance and Nominating Committee.** Our corporate governance and nominating committee consists of David R. Harvey (chairman), Stephen A. Furbacher, and Edward A. Schmitt, all of whom our board has affirmatively determined to be independent under the corporate governance standards of the NYSE. The corporate governance and nominating committee's responsibilities include identifying and recommending to the board individuals qualified to serve as directors and on committees of the board; advising the directors with respect to the board's composition, procedures, and committees; developing and recommending to the board a set of corporate governance principles; and overseeing the evaluation of the board of directors and members of senior management.

## Attendance of Directors at Meetings

Directors are expected to attend meetings of our board and the committees on which they serve, as well as our annual meeting of stockholders. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the chairman of the board or the chairman of the appropriate committee in advance of such meeting.

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During 2007, our board held seven meetings, our audit committee held eleven meetings, our compensation committee held nine meetings, and our corporate governance and nominating committee held three meetings. All of our directors attended 75% or more of the meetings of our board and those committees of which they were members. All of our directors attended the 2007 annual meeting of our stockholders, which was held on May 9, 2007. Stephen A. Furbacher became a director on July 17, 2007, and the information with respect to his attendance at meetings is reported from such date forward.

### **Communications with Directors**

The board has established a process to receive communications from stockholders and other interested parties. Stockholders and other interested parties may contact any member (or all members) of the board, any board committee, or any chair of any such committee by mail. To communicate with the board of directors, any individual director, or any group or committee of directors, correspondence should be addressed to the board of directors or any such individual director or group or committee of directors by either name or title. All such correspondence should be sent c/o the corporate secretary at the address on the notice of annual meeting accompanying this proxy statement.

All communications received as set forth in the preceding paragraph will be opened by the office of our general counsel for the sole purpose of determining whether the contents represent a message to one or more of our directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive material will be forwarded promptly to each addressee. In the case of communications to the board or any group or committee of directors, the office of the general counsel will make sufficient copies of the contents for each director who is a member of the board or of the group or committee to which the envelope or correspondence is addressed.

### **Stockholder Recommendations of Director Candidates**

The corporate governance and nominating committee will consider director candidates recommended by stockholders. In considering candidates submitted by stockholders, the committee will take into consideration the needs of the board and the qualifications of the candidate. The committee may also take into consideration the number of shares held by the recommending stockholder and the length of time that such shares have been held. To have a candidate considered by the committee, a stockholder must submit the recommendation in writing and include the following information:

the name of the stockholder and evidence of the person's ownership of our stock, including the number of shares owned and the length of time of ownership; and

the name of the candidate, the candidate's resume or a listing of his or her qualifications to be a director of CF Industries, and the person's consent to be named as a director if selected by the committee and nominated by the board.

The stockholder recommendation and information described above must be sent c/o the corporate secretary at the address on the notice of annual meeting accompanying this proxy statement and must be received by the corporate secretary not less than 120 days prior to the anniversary date of our most recent annual meeting of stockholders.

The corporate governance and nominating committee believes that the minimum qualifications for serving as a director of CF Industries are that a nominee demonstrate, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the board's oversight of our business and affairs and have an impeccable record and reputation for honest and ethical conduct in both his or her professional and personal activities. In addition, the committee will examine a candidate's specific experiences and skills, relevant industry background and knowledge, time availability in light of other commitments, age, potential conflicts of interest, material relationships with CF Industries, and

independence from management and the company. The committee will also seek to have the board represent a diversity of backgrounds, experience, gender, and race.

The corporate governance and nominating committee will identify potential nominees by asking current directors and executive officers to notify the committee if they become aware of persons meeting the criteria described above who have had a change in circumstances that might make them available to serve on the board. The corporate governance and nominating committee may also, from time to time, engage firms that specialize in identifying director candidates. As described above, the committee will also consider candidates recommended by stockholders.

Once a person has been identified by the corporate governance and nominating committee as a potential candidate, the committee may collect and review publicly available information regarding the person to assess whether the person should be considered further. If the corporate governance and nominating committee determines that the candidate warrants further consideration, the chairman or another member of the committee will contact the person. Generally, if the person expresses a willingness to be considered and to serve on the board, the corporate governance and nominating committee will request information from the candidate, review the person's accomplishments and qualifications, including in light of any other candidates that the committee might be considering, and conduct one or more interviews with the candidate. In certain instances, committee members may contact one or more references provided by the candidate or may contact other members of the business community or other persons that may have greater first-hand knowledge of the candidate's accomplishments. The committee's evaluation process will not vary based on whether or not a candidate is recommended by a stockholder, although, as stated above, the board may take into consideration the number of shares held by the recommending stockholder and the length of time that such shares have been held.

In connection with the 2008 annual meeting and in accordance with the above guidelines, the corporate governance and nominating committee recommended that the board nominate Messrs. Wilson, Creek, and Davisson for re-election to the board of directors.

## **COMMON STOCK OWNERSHIP**

### **Common Stock Ownership of Certain Beneficial Owners**

The following table sets forth information, as of March 11, 2008, concerning the beneficial ownership of each person known to us to beneficially own 5% or more of our common stock. The information in

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the table and the related notes is based on statements filed by the respective beneficial owners with the SEC pursuant to Sections 13(d) and 13(g) under the Exchange Act.

| Name and Address of Beneficial Owner   | Amount and Nature of Beneficial Ownership <sup>(1)</sup> | Percent of Class <sup>(2)</sup> |
|--|--|---------------------------------|
| Goldman Sachs Asset Management, L.P.<br>32 Old Slip<br>New York, New York 10005                                    | 5,252,431 <sup>(3)</sup>                                 | 9.3%                            |
| Wellington Management Company, LLP<br>75 State Street<br>Boston, Massachusetts 02109                               | 3,660,822 <sup>(4)</sup>                                 | 6.5%                            |
| D.E. Shaw & Co., L.P. and David E. Shaw<br>120 West 45th Street, Tower 45, 39th Floor<br>New York, New York 10036  | 2,843,800 <sup>(5)</sup>                                 | 5.0%                            |
| Barclays Global Investors, NA and other reporting entities<br>45 Fremont Street<br>San Francisco, California 94105 | 2,811,922 <sup>(6)</sup>                                 | 5.0%                            |

- (1) Unless otherwise indicated, beneficial ownership consists of sole power to vote or direct the vote and sole power to dispose or direct the disposition of the shares listed.
- (2) Unless otherwise indicated, percentages calculated based upon common stock outstanding as of March 11, 2008 and beneficial ownership of common stock as set forth in the statements on Schedule 13G filed by the respective beneficial owners with the SEC.
- (3) Based on a Schedule 13G, dated and filed with the SEC on July 10, 2007, as amended by Amendment No. 1, dated January 29, 2008 and filed with the SEC on February 1, 2008, by Goldman Sachs Asset Management, L.P. ("GSAM LP"). The amended GSAM LP Schedule 13G reported that GSAM LP has sole power to vote or direct the voting of 3,609,079 shares of common stock, shared power to vote or direct the voting of 257,716 shares of common stock, sole power to dispose of or to direct the disposition of 4,942,102 shares of common stock, and shared power to dispose of or to direct the disposition of 310,329 shares of common stock.
- (4) Based on a Schedule 13G, dated and filed with the SEC on February 14, 2008, by Wellington Management Company, LLP ("Wellington"). The Wellington Schedule 13G reported that Wellington has shared power to vote or direct the voting of 2,723,342 shares of common stock and shared power to dispose of or to direct the disposition of 3,631,122 shares of common stock.
- (5) Based on a Schedule 13G, dated and filed with the SEC on March 14, 2008, jointly by D.E. Shaw & Co., L.P. ("D.E. Shaw") and Mr. David E. Shaw. The D.E. Shaw Schedule 13G reported that D.E. Shaw and Mr. Shaw have shared power to vote or direct the voting of 2,751,300 shares of common stock and shared power to dispose of or to direct the disposition of 2,843,800 shares of common stock.
- (6) Based on a Schedule 13G, dated January 10, 2008 and filed with the SEC on February 5, 2008, jointly by Barclays Global Investors, NA, Barclays Global Fund Advisors, Barclays Global Investors, Ltd, Barclays Global Investors Japan Trust and Banking Company Limited, Barclays Global Investors Japan Limited, Barclays Global Investors Canada Limited, Barclays Global Investors Australia Limited, and Barclays Global Investors (Deutschland) AG (together, "Barclays"). The Barclays Schedule 13G reported that Barclays has sole power to vote or direct the voting of 2,584,273 shares of common stock and sole power to dispose of or to direct the disposition of 2,811,922 shares of common stock.



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**Common Stock Ownership of Management**

The following table sets forth information, as of March 11, 2008, concerning the beneficial ownership of our common stock by:

each director and each of the executive officers named in the summary compensation table of this proxy statement, and

all directors and executive officers as a group.

| Name of Beneficial Owner                                     | Amount and Nature of Beneficial Ownership <sup>(1)</sup>           |   |                              | Percent of Class |
|--|--|---|------------------------------|------------------|
|  | Shares of Common Stock Owned Directly or Indirectly <sup>(2)</sup> | Shares of Common Stock that can be Acquired within 60 Days <sup>(3)</sup> | Total Shares of Common Stock |                  |
| Robert C. Arzbaecher   | 14,391   |   | 14,391                       | *                |
| Wallace W. Creek   | 12,391   |   | 12,391                       | *                |
| William Davisson   | 9,980  |   | 9,980                        | *                |
| Stephen A. Furbacher   | 1,119  |   | 1,119                        | *                |
| David R. Harvey  | 11,691   |   | 11,691                       | *                |
| John D. Johnson  | 9,152  |   | 9,152                        | *                |
| Edward A. Schmitt  | 19,391   |   | 19,391                       | *                |
| Stephen R. Wilson  | 110,400  | 814,234   | 924,634                      | 1.6%             |
| Anthony J. Nocchiero   | 4,900  | 4,133   | 9,033                        | *                |
| David J. Pruett  | 17,900   | 50,533  | 68,433                       | *                |
| Ernest Thomas <sup>(4)</sup>                                 |  |   |                              | *                |
| Douglas C. Barnard <sup>(5)</sup>                            | 12,700   | 15,800  | 28,500                       | *                |
| Monty R. Summa   | 6,400  |   | 6,400                        | *                |
| All directors and executive officers as a group (19 persons) | 255,408  | 888,867   | 1,144,275                    | 2.0%             |

\*  
Less than 1%

(1) Unless otherwise indicated, beneficial ownership consists of sole power to vote or direct the vote and sole power to dispose or direct the disposition of the shares listed, either individually or jointly or in common with the individual's spouse, subject to community property laws where applicable.

(2)

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The shares indicated for each of Messrs. Arzbaeher, Creek, Davisson, Harvey, Johnson, and Schmitt include 1,615 shares of restricted stock granted under our 2005 Equity and Incentive Plan that have not yet vested. The shares indicated for Mr. Furbacher include 1,119 shares of restricted stock granted under our 2005 Equity and Incentive Plan that have not yet vested. The shares indicated for Messrs. Wilson, Nocchiero, Pruett, Barnard, and Summa include, respectively, 65,300, 4,900, 7,900, 8,700, and 6,400 shares of restricted stock granted under our 2005 Equity and Incentive Plan that have not yet vested. These shares of restricted stock can be voted during the vesting period.

- (3) The shares indicated for Messrs. Wilson, Nocchiero, Pruett, Barnard, and Summa represent shares underlying stock options granted under our 2005 Equity and Incentive Plan that have already vested or that will vest within 60 days of March 11, 2008. The shares underlying these stock options cannot be voted.
- (4) Mr. Thomas served as our Senior Vice President and Chief Financial Officer through April 27, 2007.
- (5) Mr. Barnard also holds 2,486 additional "phantom" shares as a deemed investment under our Supplemental Benefit and Deferral Plan (a non-qualified benefits restoration and deferred compensation plan). These phantom shares cannot be voted.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors and officers and persons who own more than 10% of our common stock to file reports of ownership and changes in ownership with the SEC and the NYSE, and to furnish us with copies of the reports. Specific due dates for these reports have been established and we are required to report in this proxy statement any failure by directors, officers, and ten percent holders to file such reports on a timely basis. Based on our review of such reports and written representations from our directors and officers, we believe that all such filing requirements were met during 2007, except that Mr. Barnard was late in reporting a deemed dividend reinvestment on certain "phantom" shares that he holds as a deemed investment under our Supplemental Benefit and Deferral Plan (a non-qualified benefits restoration and deferred compensation plan).

#### **COMPENSATION DISCUSSION AND ANALYSIS**

##### **Development of Compensation Approach and Objectives**

The compensation committee oversees our compensation and employee benefit plans and practices. The committee is composed of three independent non-employee directors and operates under a written charter adopted by our board of directors. On an ongoing basis, the committee reviews our compensation policies relative to market competitiveness and the needs of our business and then determines what changes in the compensation program, if any, are appropriate.

##### **Compensation Philosophy**

Our compensation committee has adopted a compensation philosophy that seeks to align the interests of our employees and our stockholders through focusing on the total compensation (base salary, short-term incentives, long-term incentives, and benefits) of our employees, including our executive officers. We seek to benefit from this strategy by attracting key talent, retaining best performers, increasing productivity, and improving business results.

Our goal is to provide direct compensation that is market competitive with other comparable companies. To gauge the competitiveness of our total compensation offering, we benchmark against companies in the chemical fertilizer industry, similarly sized companies in other related industries, as well as the broader general industry where appropriate.

Incentive opportunities are structured in light of our cyclical nature and emphasis on a team-based culture.

##### **Components of Compensation**

The following compensation elements support the needs of the business, our stockholders, and our employees:

We seek to pay *salaries* in line with individual performance and contribution to company goals. In the aggregate, base salaries are positioned around the median market rate. Individual performance, relative criticality of the job, and business affordability are also considered in determining base salaries. To maintain our desired market position, we conduct annual salary reviews.

*Short-term incentives* provide executive officers and other key employees with the opportunity to earn additional annual compensation beyond base salary. The role of short-term incentives is to reward and encourage the achievement of annual financial results. Short-term incentives are targeted around the market median, and achievement of these awards depends on attaining quantifiable corporate performance goals and, in certain cases, individual accomplishments.

*Long-term incentives* focus on enterprise value creation and employee retention. Long-term incentives are provided through annual awards. Our 2005 Equity and Incentive Plan allows the use of stock options, full-value shares, and cash-based awards. Eligibility is extended to executive officers and other key employees. Distribution guidelines with award ranges related to position responsibility levels are updated annually. In consideration of these guidelines, there is individual variation in long-term incentives based on performance level, potential contribution, and value to the business.

*Benefit plans* are offered at market-competitive levels consistent with local market practices. We seek to keep benefit plans simple in scope and range, focusing on key employee needs.

### **Allocation of Compensation Elements**

We provide a mixture of cash compensation and non-cash compensation to our executive officers. The cash portion consists primarily of base salaries and short-term incentive awards. The non-cash portion consists primarily of stock-based long-term incentive awards.

We have not established any target allocation between cash and non-cash compensation or between short-term and long-term incentives for our executive officers in the aggregate. Instead, our allocation is based primarily on competitive market practices and the respective median levels by position for base salaries, annual incentive awards, and long-term incentive awards. We also consider any internal factors that may cause us to adjust particular elements of an individual executive officer's compensation. These factors may include an individual's operating responsibilities, management level, and tenure and performance in the position.

As a general matter, we do not directly consider amounts realized or realizable from prior compensation in setting future compensation levels or in establishing the particular elements of compensation. As discussed below, however, our compensation committee does review the existing base salaries and target annual incentive levels for our executive officers in connection with its approval of their new base salaries and target annual incentive levels for the following year. In addition, as discussed below, when our compensation committee reviews the design of our long-term incentive program and grants awards under the program, the committee considers the fact that our longer-tenured executive officers did not have any ownership interest nor equity incentives in our predecessor company (an agricultural supply cooperative), but did receive sizable stock option grants at the time of our initial public offering in August 2005.

We also generally do not consider accounting and tax issues in setting compensation levels or in establishing the particular elements of compensation. As discussed below, however, when our compensation committee grants awards under our long-term incentive program, the committee does consider the accounting for various stock-based incentives under SFAS 123R and the tax treatment of such incentive awards under Section 162(m) of the Internal Revenue Code. In addition, as discussed below, we will generally seek to comply with Section 162(m) to the extent such compliance is practicable and in the best interests of CF Industries and its stockholders, in order to preserve the deductibility of performance-based compensation.

Our allocation among base salary, short-term incentives, and long-term incentives varies significantly by management level, reflecting individual responsibility levels and competitive market practices. In general, our more senior executive officers receive a greater percentage of their total expected compensation in the form of incentives (particularly long-term incentives) and a correspondingly lower percentage in the form of salary.

### **Role of the Compensation Committee**

Our board has adopted a written charter for our compensation committee, which is available to stockholders at our corporate website, [www.cfindustries.com](http://www.cfindustries.com), or by writing to our corporate secretary at the address on the notice of annual meeting accompanying this proxy statement.

The board makes compensation decisions for our non-management directors, acting on the recommendation of the compensation committee, and the committee makes compensation decisions for our executive officers, giving consideration to the recommendations of our chief executive officer with respect to the executive officers other than himself.

The chairman of the compensation committee sets the agenda for committee meetings, with the assistance of our chief executive officer, our vice president of human resources, and our corporate secretary. These executive officers also attend meetings of the committee. At each meeting that is held in person, the non-management directors also meet alone in executive session.

The compensation committee has authority under its charter to retain, approve fees for, and terminate advisors, consultants, and agents as it deems necessary to assist in the fulfillment of its responsibilities. Pursuant to this authority, the committee has engaged Towers Perrin, an outside global human resources consulting firm, to assist the committee in making recommendations and decisions regarding compensation for our directors and executive officers. The committee also meets regularly with Towers Perrin in executive sessions without management present. Periodically, the committee reviews the total fees paid to Towers Perrin in order to ensure that the consultant maintains its objectivity and independence when rendering advice to the committee. Our vice president of human resources also supports the committee in its duties.

From time to time, the compensation committee may delegate to our chief executive officer, our vice president of human resources, or our corporate secretary the authority to implement certain decisions of the committee or to fulfill certain administrative duties.

### **Compensation Committee Activities**

Our compensation committee was created in connection with our initial public offering in August 2005. Accordingly, certain of the executive compensation matters described in this proxy statement predate the creation of the committee and were instead approved by the board of directors of our predecessor company, CF Industries, Inc. These pre-approved matters included the grants of stock options to our executive officers in connection with our initial public offering, the change in control agreements with our executive officers, and the design of our qualified and nonqualified retirement benefits.

Since the initial public offering, our compensation committee has taken a number of steps designed to enhance its ability to carry out its responsibilities more effectively and also to ensure that we maintain strong links between executive pay and performance. Examples of some actions the committee has taken over this period include:

adopting a statement of our compensation philosophy (see "Compensation Philosophy" above);

instituting a practice of holding executive sessions (without management present) at every committee meeting that is held in person;

retaining an outside compensation consultant (Towers Perrin) to advise the committee on executive compensation issues and meeting regularly with the compensation consultant in executive sessions (without management present);

adopting stock ownership guidelines for our officers and directors (see "Stock Ownership Guidelines" below);

adopting a chemical industry reference group for use in establishing compensation and incentive levels and modifying the composition of the group from time to time as appropriate (see "Chemical Industry Reference Group" below);

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reviewing on an annual basis the existing base salaries and target annual incentives for our executive officers and approving changes in cash compensation levels as appropriate (see "Cash Compensation" below);

reviewing on an annual basis our short-term incentive program, modifying the program as appropriate, and granting short-term incentive awards to our executive officers (see "Short-term Incentives" below);

reviewing on an annual basis our long-term incentive program, modifying the program as appropriate, and granting long-term incentive awards to our executive officers (see "Long-term Incentives" below);

reviewing on an annual basis our change in control, severance, and retirement benefits and modifying these benefits as appropriate (see "Change in Control, Severance, and Retirement Benefits" below);

reviewing on an annual basis "tally sheets" summarizing the total compensation and benefits for our chief executive officer and the other named executive officers under various assumptions and scenarios (see "Compensation of the Chief Executive Officer" below as well as the other above-referenced items); and

reviewing on an annual basis the compensation of our non-management directors and recommending that our board approve changes in such compensation from time to time as appropriate (see "Director Compensation" below).

### **Cash Compensation**

As noted above, the compensation committee recently reviewed the existing base salaries and target annual incentives for our executive officers for 2007 and approved new levels for 2008.

#### *Review of Existing Compensation Levels for 2007*

In connection with its review of our existing base salaries and target annual incentives, which had been in effect for 2007, the committee reviewed a report from Towers Perrin, our outside compensation consultant, regarding competitive market practices.

In performing its market assessment, the compensation consultant used its standard 2007 executive compensation database, adjusting for variations in revenue among the included companies and also for the passage of one year's time from the point of data collection.

In addition, the committee reviewed information provided by the compensation consultant regarding the publicly reported cash compensation of named executive officers at thirteen similar companies in the chemical industry. Additional information regarding this group of companies is set forth below under the heading "Chemical Industry Reference Group."

The committee also reviewed cash compensation recommendations from our chief executive officer for each of the other executive officers. These recommendations took into account the chief executive officer's assessment of each individual's operating responsibilities, management level, and tenure and performance in the position.

In addition, the committee reviewed our board of directors' annual evaluation of our chief executive officer's overall performance. See "Compensation of the Chief Executive Officer" below.

The committee considered all of this information in the context of the goals and objectives of our executive compensation plans. As noted above, we seek to pay salaries in line with individual performance and contribution to company goals. In the aggregate, base salaries are positioned around the median market rate. Individual performance, relative criticality of the job, and business affordability are also considered in determining base salaries. To maintain our desired market position, we conduct

annual salary reviews. Additional information regarding these goals and objectives is set forth above under the headings "Compensation Philosophy" and "Components of Compensation."

*Approval of New Compensation Levels for 2008*

Based on its review and the other factors discussed above, the committee approved new base salaries and target annual incentives for 2008 for our chief executive officer and each of the other executive officers. The following table shows the base salaries and target annual incentives for our chief executive officer, our chief financial officer, and each of our three other most highly compensated executive officers for 2008 as compared to 2007:

| Name and Principal Position  | Base Salary |            |          | Target Annual Incentive Level |      |
|--|-------------|------------|----------|-------------------------------|------|
|  | 2007        | 2008       | Increase | 2007                          | 2008 |
| <b>Stephen R. Wilson</b><br>President and Chief Executive Officer                | \$ 780,000  | \$ 900,000 | 15.4%    | 90%                           | 100% |
| <b>Anthony J. Nocchiero</b><br>Senior Vice President and Chief Financial Officer | \$ 350,000  | \$ 375,000 | 7.1%     | 60%                           | 60%  |
| <b>David J. Pruett</b><br>Senior Vice President, Operations                      | \$ 308,000  | \$ 320,000 | 3.9%     | 50%                           | 55%  |
| <b>Douglas C. Barnard</b><br>Vice President, General Counsel, and Secretary      | \$ 310,000  | \$ 335,000 | 8.1%     | 50%                           | 60%  |
| <b>Monty R. Summa</b><br>Vice President, Sales                                   | \$ 279,000  | \$ 300,000 | 7.5%     | 50%                           | 60%  |

Additional information with respect to the base salaries and annual incentive targets of these five executive officers with respect to calendar years 2006 and 2007 is set forth below under the headings "Executive Compensation Summary Compensation Table" and "Executive Compensation Grants of Plan-based Awards." We refer to these five executive officers (together with our former chief financial officer) as our "named executive officers" in this proxy statement. In setting the base salaries and annual incentive targets for these individuals for 2006 and 2007, the committee followed a procedure similar to that described above for 2008.

**Short-term Incentives**

As noted above, the compensation committee recently reviewed and modified our short-term incentive program and granted annual incentive awards to our executive officers for 2008 in accordance with the modified design.

*General Considerations*

During its review of our short-term incentive program, the committee considered the following general factors:

- the use of properly structured short-term incentives in order to align the interests of senior management and stockholders;
- the choice of an appropriate short-term financial performance metric; and
- the setting of threshold, target, and ceiling performance and award levels.

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The committee also considered the following factors specific to our company:

the difficulty in establishing appropriate short-term performance measures for CF Industries, given the inherent cyclicity in our industry as well as the pronounced effects of highly volatile commodity prices for raw materials and fertilizer products upon our operating results; and

the outlook for our short-term performance and the broad range of possible actual outcomes.

In addition, the committee reviewed a report from Towers Perrin, our outside compensation consultant, regarding competitive market practices with respect to the use of short-term incentives.

The committee considered all of this information in the context of the goals and objectives of our executive compensation plans. As noted above, we use short-term incentives to provide executive officers and other key employees with the opportunity to earn additional annual compensation beyond base salary. The role of short-term incentives is to reward and encourage the achievement of annual financial results. Short-term incentives are targeted around the market median, and achievement of these awards depends on attaining quantifiable corporate performance goals and, in certain cases, individual accomplishments. Additional information regarding these goals and objectives is set forth above under the headings "Compensation Philosophy" and "Components of Compensation."

### *Performance Metric for 2008*

Based on its review of these general, company-specific, and competitive considerations, the committee determined that the short-term incentive awards to our executive officers for 2008 should continue to measure and reward our cash flow return on average gross capital employed, as was the case for 2006 and 2007.

The "cash flow" numerator of this metric is essentially *the sum of* (i) our cash flow from operating activities *less* (ii) additions to property, plant, and equipment (excluding major capital expenditures) *less* (iii) minority interest in earnings *plus* (iv) changes in net working capital *less* (v) changes in customer advances *plus* (vi) interest expense *plus* (vii) our after-tax share of the net income from investments in unconsolidated subsidiaries.

The "average gross capital employed" denominator is essentially the average of our beginning and ending gross debt plus book value of equity.

In selecting cash flow return on average gross capital employed as the applicable metric, the committee noted that it will:

facilitate evaluation of the performance of our executive officers with a focus on the results of their operating decisions; and

facilitate comparisons of our operating results with the results of other companies that have different financing and capital structures and/or tax rates.



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### *Increase in Required Performance Levels for 2008*

Although the compensation committee retained the overall structure of our short-term incentive program and the performance metric of cash flow return on average gross capital employed, the committee substantially increased the performance levels required for various award levels in 2008 as shown in the following table:

| Performance Level | Award Level | Required Cash Flow Return on Average Gross Capital Employed |      |      |
|-------------------|-------------|---|------|------|
|                   |             | 2006  | 2007 | 2008 |
| Threshold         | 50%         | 4%  | 5%   | 5%   |
| Target            | 100%        | 12%   | 13%  | 19%  |
|                   | 150%        |   |      | 33%  |
| Ceiling           | 200%        | 20%   | 21%  | 42%  |

Below the threshold performance level, none of the annual incentive award would be earned, and at and above the ceiling performance level, twice the target annual incentive award would be earned. Linear interpolation is applied between the discrete performance and award levels shown in the above table.

The concept of a discrete performance level equating to a 150% award level is new for 2008. In the absence of this new discrete performance level, we would have applied linear interpolation between the target and ceiling levels (as we did for 2006 and 2007), and a cash flow return on average gross capital employed of only 30.5% (as opposed to the higher 33% discrete performance level shown in the above table) would have been required in order to achieve a 150% award level for 2008.

Measured over an extended period, the objective of the committee is to select performance levels such that we have an estimated (i) 80% probability of exceeding the threshold level, (ii) 50% probability of exceeding the target level, and (iii) 20% probability of exceeding the ceiling level. Although the committee considers management's outlook as one of several factors in selecting the performance levels each year, the committee also recognizes that the outlook for any particular year represents only a single scenario from among a broad range of plausible alternatives, given the pronounced effects of highly volatile commodity prices upon our operating results. In general, the committee aims to achieve a larger payout under the program for years when our performance is superior by long-term industry standards, and a smaller payout (or none at all) for years when our performance is relatively weak, while creating incentives for improved performance under all conditions given the inherent cyclical nature in our industry.

The committee noted in this regard that our historic cash flow return on average gross capital employed over the past twelve years was (i) negative in two years (1999 and 2001); (ii) between 0% and 5% in three years (1998, 2000, and 2003); (iii) between 5% and 10% in one year (2002); (iv) between 10% and 15% in one year (1997); (v) between 15% and 20% in two years (2004 and 2006); and (vi) over 20% in three years (1996, 2005, and 2007); however, the committee also noted that our predecessor company operated as an agricultural supply cooperative under a different business model prior to our initial public offering in August 2005, which makes comparisons with our current company less meaningful.

### *Consideration of Alternative Metrics and Plan Designs*

In reviewing our short-term incentive program, the committee also considered alternative metrics for measuring company performance, such as performance relative to comparable companies or performance relative to a variable budget, as well as alternative plan designs that would have emphasized the personal accomplishment of individual or shared goals. The objective in each case would have been to address the inherent cyclical nature in our industry as well as the pronounced effects of highly volatile commodity prices upon our operating results. Although the committee felt these

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alternative approaches might have merit and warranted further consideration, it also noted that absolute and objective measures of company performance align the interests of our executive officers with the interests of our stockholders, reflect our team-based culture, and are easier to design, administer, and communicate. Therefore, the committee determined not to adopt any of the alternative approaches at this time.

### *Approval of Annual Incentive Awards for 2008*

As noted above, the compensation committee recently granted annual incentive awards to our executive officers for calendar year 2008 pursuant to our 2005 Equity and Incentive Plan.

We assigned each executive officer a target award opportunity for 2008 ranging from 40% to 100% of his or her base salary depending on his or her compensation and responsibility level. Additional information regarding the committee's approval of new target annual incentive levels for our executive officers for 2008 is set forth above under the heading "Cash Compensation Approval of New Compensation Levels for 2008."

For each of the named executive officers, the actual annual incentive payment for 2008 will be based solely on our financial results for the year, as described above under the heading "Increase in Required Performance Levels for 2008."

For each of the other executive officers, the actual payment for 2008 will be based (i) 85% on our financial results for the year (according to the above formula) and (ii) 15% from a discretionary pool (as allocated by our chief executive officer).

Additional information with respect to the compensation committee's grants of annual incentive awards and our subsequent cash payments to the named executive officers for 2006 and 2007 is set forth below under the headings "Executive Compensation Summary Compensation Table" and "Executive Compensation Grants of Plan-based Awards." In reviewing our short-term incentive program, setting required performance levels, and granting annual incentive awards to these individuals for 2006 and 2007, the committee followed a procedure similar to that described above for 2008.

### **Long-term Incentives**

As noted above, the compensation committee reviewed and modified our long-term incentive program during 2007 and granted long-term incentive awards to our executive officers in accordance with the modified design.

#### *General Considerations*

During its review of our long-term incentive program, the committee considered the following general factors:

the use of properly structured long-term incentives in order to align the interests of senior management and stockholders;

the advantages and disadvantages of using stock options, restricted stock, and/or performance shares for such purposes;

the choice of vesting parameters for stock options and restricted stock and the treatment of death, disability, retirement, resignation, and termination, with or without cause;

the possible measures for determining whether performance shares have been earned; and

the accounting for various stock-based incentives under SFAS 123R and the tax treatment of such incentive awards under Section 162(m) of the Internal Revenue Code.

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The committee also considered the following factors specific to our company:

the difficulty in establishing appropriate long-term performance measures for CF Industries, other than stock price appreciation and total stockholder return (including dividends), given the inherent cyclicality in our industry as well as the pronounced effects of highly volatile commodity prices for raw materials and fertilizer products upon our operating results; and

the fact that our longer-tenured executive officers did not have any ownership interest nor equity incentives in our predecessor company (an agricultural supply cooperative), but did receive sizable stock option grants at the time of our initial public offering in August 2005.

In addition, the committee reviewed a report from Towers Perrin, our outside compensation consultant, regarding competitive market practices with respect to the use of long-term incentives.

The committee considered all of this information in the context of the goals and objectives of our executive compensation plans. As noted above, our long-term incentives focus on enterprise value creation and employee retention. Long-term incentives are provided through annual awards. Our 2005 Equity and Incentive Plan allows the use of stock options, full-value shares, and cash-based awards. Eligibility is extended to executive officers and other key employees. Distribution guidelines with award ranges related to position responsibility levels are updated annually. In consideration of these guidelines, there is individual variation in long-term incentives based on performance level, potential contribution, and value to the business. Additional information regarding these goals and objectives is set forth above under the headings "Compensation Philosophy" and "Components of Compensation."

### *Design of Awards for 2007*

Based on its review of these general, company-specific, and competitive considerations, the committee determined that the long-term incentive awards to our executive officers for 2007 should continue to be composed of 60% stock options and 40% restricted stock (each measured by fair value on the date of grant), as was the case for 2006.

In selecting a mixture of stock options and restricted stock for our long-term incentive awards, the committee noted that:

the stock option award would provide potential value for executive officers that is tied solely to stock price appreciation after the date of grant;

the stock option and restricted stock awards would be subject to time vesting provisions and therefore create an additional retention mechanism for executive officers;

the restricted stock award would foster stock ownership by executive officers; and

the restricted stock award would provide value for executive officers that fluctuates with total stockholder return (including dividends).

### *Elimination of Special Retirement Provisions*

Although the compensation committee retained the overall structure of our long-term incentive program, and determined that the long-term incentive awards to our executive officers for 2007 should continue to be composed of 60% stock options and 40% restricted stock (each measured by fair value on the date of grant), the committee decided to eliminate certain special retirement provisions that had applied to the awards previously granted. Specifically, the restricted stock and stock option awards granted in previous years became partially or fully vested and exercisable upon retirement at specified ages ranging from 60 to 65. These special retirement provisions have been eliminated commencing with the restricted stock and stock option awards granted in 2007.

*Consideration of Alternative Plan Designs*

In reviewing our long-term incentive program, the committee also considered the use of performance shares as a component of long-term incentive awards. The objective in using performance shares for this purpose would have been to create incentives for senior management to achieve predetermined long-term performance goals. Although the committee felt that the use of performance shares for this purpose might have merit, and warranted further consideration, the committee also noted the difficulty in establishing appropriate long-term performance measures for CF Industries, other than stock price appreciation and total stockholder return, given the inherent cyclicity in our industry as well as the pronounced effects of highly volatile commodity prices upon our operating results. As a result of these considerations, the committee decided not to use performance shares as a component of long-term incentive awards at this time.

*Approval of Awards for 2007*

As noted above, the compensation committee approved long-term incentive awards during 2007 pursuant to our 2005 Equity and Incentive Plan consisting of 122,000 stock options and 34,900 shares of restricted stock for our executive officers in the aggregate.

Most of these awards were granted on August 10, 2007, when the committee awarded a total of 100,900 stock options and 28,300 shares of restricted stock to our executive officers. The compensation committee chose August 10, 2007 for the grant date because it was the anniversary of our initial public offering. In selecting August 10, 2007 as the grant date, the compensation committee also noted that we had reported our financial results for the second quarter on July 30, 2007. The remainder of the awards were granted by the committee on April 24, May 8, and November 19, 2007 to executive officers who had recently joined the company in each instance.

On each of the grant dates, the committee approved dollar-denominated stock option and restricted stock awards for the individual executive officers. In setting the dollar-denominated values of the individual awards, the committee considered the competitive general industry market median value for the position (adjusted to reflect the individual's current base salary) as determined by Towers Perrin, our outside compensation consultant. The committee also considered the recommendations from our chief executive officer for the long-term incentive awards to each of the executive officers other than himself. These recommendations took into account the chief executive officer's assessment of each individual's operating responsibilities, management level, and tenure and performance in the position.

After the close of business on the grant date, the dollar-denominated awards were translated into an actual number of stock options and an actual number of shares of restricted stock using that day's closing price for our stock on the NYSE as the input to valuation formulas recommended by our outside compensation consultant and approved in advance by the committee. Similarly, the exercise price for the stock options was set to equal that day's closing price. The number of stock options represented 60% of the total value on the grant date, and the number of shares of restricted stock represented the remaining 40%.

The terms and conditions of these long-term incentive awards were as follows:

The shares of restricted stock will vest on the third anniversary of the grant date, subject to earlier forfeiture or accelerated vesting (as described below). Until vested, the shares of restricted stock may not be sold, assigned, transferred, donated, pledged, or otherwise disposed of (except by will or the laws of descent and distribution). We will pay dividends on the restricted stock to our executive officers during the vesting period.

Subject to earlier forfeiture or accelerated vesting (as described below), the options will generally become exercisable in three equal annual installments following the date of grant and will expire ten years from the date of grant.

As discussed below, upon a change in control, the restrictions, limitations, and conditions applicable to the restricted stock and stock option awards will lapse and the awards will become fully vested and exercisable. The awards will also become fully vested and exercisable upon death or disability.

Additional information with respect to the compensation committee's grants of restricted stock and stock options to our named executive officers during 2007 is set forth below under the heading "Executive Compensation Grants of Plan-based Awards."

#### **Change in Control, Severance, and Retirement Benefits**

As noted above, the compensation committee reviewed our change in control, severance, and retirement benefits during 2007 and modified our retirement benefits in certain respects as described below. Based on its review, and after considering the factors noted below, the committee determined that our change in control, severance, and retirement benefits serve the best interests of the company and our stockholders and are consistent with competitive market practices.

##### *Change in Control Benefits*

With respect to our change in control benefits, the committee noted that we have change in control agreements with our executive officers, as well as certain change in control benefits for all of the participants (including the executive officers) under our 2005 Equity and Incentive Plan. Additional information regarding these benefits is set forth below under the heading "Executive Compensation Change in Control Benefits."

In connection with its review, the committee noted that the change in control agreements with our executive officers are:

based on competitive market practices for public companies in consolidating industries;

intended to provide some level of income continuity for an executive officer should his or her employment be terminated by us without cause or by him or her for good reason in connection with a change in control;

designed to avoid unwanted management turnover in the event of a potential change in control; and

designed to ensure that the executive officer's personal interests will remain aligned with the interests of our stockholders in the event of a potential change in control.

The committee also noted that our change in control agreements require both (i) a change in control and (ii) a qualifying termination of the executive officer's employment (sometimes referred to as a "double trigger"), before any benefits will be owing to the executive officer under the agreement.

In addition, the committee noted that our 2005 Equity and Incentive Plan provides that all plan-based awards will be deemed fully achieved, fully vested, and fully exercisable upon a change in control (sometimes referred to as a "single trigger"), unless the committee determines otherwise with respect to a particular award at the time of grant and reflects this determination in the applicable award agreement. In this regard, the committee noted it would be difficult to preserve the original performance and vesting goals in our plan-based awards following a change in control, given the fundamental changes in our organization, capital structure, and operations that would typically result from such a transaction. Accordingly, all of our plan-based awards have included this change in control provision for the benefit of our executive officers and the other participants.

As part of its review, the committee obtained information from Towers Perrin, our outside compensation consultant, regarding competitive market practices with respect to change in control benefits. The committee also reviewed "tally sheets," estimating these benefits for our chief executive officer and the other named executive officers under various assumptions and scenarios.

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Based on its review, and the other factors noted above, the committee determined that our change in control benefits serve the best interests of the company and our stockholders and are consistent with competitive market practices.

### *Severance Benefits*

With respect to our severance benefits, the committee noted that none of our executive officers has any employment or severance agreement, and none of our executive officers is entitled to receive any other severance benefits, except for (i) the change in control agreements and change in control benefits discussed above, (ii) such severance benefits as we may provide under our standard policies applicable to all employees, (iii) such severance benefits as we may be required to pay under applicable law in certain jurisdictions; and (iv) such additional severance benefits as our compensation committee may approve in certain instances. Based on its review, and the other factors noted above, the committee determined that our severance benefits serve the best interests of the company and our stockholders and are consistent with competitive market practices.

### *Retirement Benefits*

With respect to our retirement benefits, the committee noted that we maintain tax-qualified and nonqualified defined benefit, defined contribution, and deferred compensation plans. Additional information regarding these benefits is set forth below under the headings "Executive Compensation Retirement Benefits" and "Executive Compensation Nonqualified Deferred Compensation."

In connection with its review, the committee noted that our Retirement Income Plan (a defined benefit pension plan) was closed to new participants on December 31, 2003. As a result, executive officers who joined the company after that date are ineligible to receive any pension benefits under this plan and are therefore also ineligible to receive any defined benefit pension benefits under our Supplemental Benefit and Deferral Plan (a nonqualified benefits restoration and deferred compensation plan). In this regard, the committee also noted that a number of our longer-tenured executive officers had no ownership interest nor equity incentives in our predecessor company, and therefore our defined benefit pension plan is an important source of their projected retirement income.

As part of its review, the committee obtained information from Towers Perrin, our outside compensation consultant, regarding competitive market practices with respect to retirement benefits. The committee also reviewed "tally sheets," estimating these benefits for our chief executive officer and the other named executive officers under various assumptions and scenarios.

Based on its review, and the other factors noted above, the committee decided to modify our Supplemental Benefit and Deferral Plan so that the combined annual pension benefit payable to any participant under our Retirement Income Plan and our Supplemental Benefit and Deferral Plan will be capped at \$400,000 per year.

With this modification, the committee determined that our retirement benefits serve the best interests of the company and our stockholders and are consistent with competitive market practices.

### **Compensation of the Chief Executive Officer**

As noted above, the compensation committee has taken a number of steps since our initial public offering related to reviewing and establishing the compensation of our chief executive officer. Additional information regarding these activities is set forth above under the heading "Compensation Committee Activities."

### *Cash Compensation for 2008*

As noted above, the compensation committee recently approved a base salary of \$900,000 for Mr. Wilson for 2008 and an annual incentive target equal to 100% of his base salary. In setting Mr. Wilson's base salary and annual incentive target for 2008, the committee considered (i) a

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competitive market assessment performed by Towers Perrin, our outside compensation consultant, (ii) our board of directors' annual evaluation of Mr. Wilson's overall performance, and (iii) the goals and objectives of our executive compensation plans. Additional information regarding the committee's approval of Mr. Wilson's base salary and his annual incentive target for 2008 is set forth above under the heading "Cash Compensation."

### *Short-term Incentive Award for 2008*

As noted above, the compensation committee recently granted Mr. Wilson an annual incentive award for 2008. Mr. Wilson's annual incentive payment for 2008 will depend entirely on our financial results for the year, increasing from 50% to 200% of his base salary as our cash flow return on average gross capital employed increases from a threshold of 5%, through a target of 19%, through an inflection point of 33%, to a ceiling of 42%. Additional information regarding the terms and conditions of Mr. Wilson's annual incentive award for 2008 is set forth above under the heading "Short-term Incentives."

### *Short-term Incentive Payment for 2007*

We recently determined that Mr. Wilson earned \$1,404,000 with respect to his annual incentive award for 2007, calculated as follows:

Mr. Wilson's annual incentive payment for 2007 depended entirely on our financial results for the year, increasing from 45% to 180% of his base salary as our cash flow return on average gross capital employed increased from a threshold of 5%, through a target of 13%, to a ceiling of 21%.

We achieved a cash flow return on average gross capital employed of 34.6% for 2007.

Therefore, Mr. Wilson earned \$1,404,000 (representing 180% of his base salary or 200% of the relevant target) with respect to his annual incentive award for 2007.

Additional information with respect to Mr. Wilson's annual incentive award for 2007 and our subsequent cash payment to him on that award is set forth below under the headings "Executive Compensation Summary Compensation Table" and "Executive Compensation Grants of Plan-based Awards."

### *Long-term Incentive Awards for 2007*

As noted above, the compensation committee also granted Mr. Wilson 15,200 shares of restricted stock and 54,300 stock options for 2007. In making this award, the committee considered a competitive market assessment performed by our outside compensation consultant as well as the other factors discussed above. Additional information regarding the committee's review and modification of our long-term incentive program and the terms and conditions of our stock option and restricted stock awards for 2007 is set forth above under the heading "Long-term Incentives."

### *Change in Control, Severance, and Retirement Benefits*

As noted above, the compensation committee also reviewed our change in control, severance, and retirement benefits during 2007, with a particular focus on the benefits Mr. Wilson would receive upon such an event now or in the future. As part of its review, the committee obtained information from our outside compensation consultant regarding competitive market practices with respect to such benefits. The committee also reviewed "tally sheets," estimating the benefits that Mr. Wilson would receive under various assumptions and scenarios. Based on its review, the committee decided to modify our Supplemental Benefit and Deferral Plan so that the combined annual pension benefit payable to any participant under our tax-qualified Retirement Income Plan and our nonqualified Supplemental Benefit and Deferral Plan will be capped at \$400,000 per year. As so modified, the committee determined that Mr. Wilson's change in control, severance, and retirement benefits serve the best interests of the company and our stockholders and are consistent with competitive market practices. Additional

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information regarding the committee's activities in this regard is set forth above under the heading "Change in Control, Severance, and Retirement Benefits."

Additional information with respect to Mr. Wilson's total compensation and benefits for 2006 and 2007 is set forth below under the heading "Executive Compensation."

### Chemical Industry Reference Group

As noted above, the compensation committee has adopted a chemical industry reference group for use in establishing compensation and incentive levels. The reference group is composed of the following thirteen companies:

| <b>Company Name</b>   | <b>Global Industry Classification<br/>Standard Subindustry Description</b> |
|---|--|
| Agrium Inc.<br>The Mosaic Company<br>Potash Corporation of<br>Saskatchewan Inc.<br>Terra Industries Inc.  | Fertilizers and Agricultural<br>Chemicals                                  |
| NL Industries, Inc.   | Commodity Chemicals  |
| Albemarle Corporation<br>Arch Chemicals, Inc.<br>Chemtura Corporation<br>Cytex Industries Inc.<br>Ferro Corporation<br>H.B. Fuller Company<br>Nalco Holding Company | Specialty Chemicals  |
| Hercules Incorporated   | Diversified Chemicals  |

We use a subset of this chemical industry reference group as our "peer group" for purposes of the stock price performance graph included within our Annual Report on Form 10-K. We have selected Agrium Inc., The Mosaic Company, Potash Corporation of Saskatchewan Inc., and Terra Industries Inc. for this purpose because they comprise the other publicly traded manufacturers of fertilizers with headquarters in North America.

Our chemical industry reference group previously included another specialty chemical company, Hexion Specialty Chemicals, Inc. Although Hexion is privately owned, it has registered debt securities, and therefore it discloses its executive compensation in periodic SEC filings. Based on the recommendation of Towers Perrin, our outside compensation consultant, the compensation committee decided to remove Hexion from our reference group because of fundamental differences in its executive compensation under private ownership.

### Financial Restatements

It is the policy of our board that the compensation committee will, to the extent permitted by governing law, have the sole and absolute authority to make retroactive adjustments to any cash or equity-based incentive compensation paid to executive officers where the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a restatement. Where applicable, we will seek to recover any amount determined to have been inappropriately received by an executive officer.



### **Stock Ownership Guidelines**

The board believes that our directors and officers should be stockholders of CF Industries and, based on the recommendation of the compensation committee, has established guidelines for stock ownership.

Directors will have five years to achieve stock ownership with a market value equal to five times their annual retainer.

Officers will have seven years to achieve stock ownership with a market value equal to (i) five times annual base salary in the case of the chief executive officer, (ii) two times annual base salary in the case of the next four most highly compensated executive officers as named in the proxy statement, and (iii) one times annual base salary in the case of the other officers.

These five and seven-year time periods for achieving stock ownership will generally be measured from February 17, 2006, the date on which our board adopted the guidelines, or, in the case of a new director or officer, the date of hire, appointment, election, or promotion.

For purposes of these guidelines, stock ownership includes (i) any purchased stock, (ii) any "phantom" stock held in our Supplemental Benefit and Deferral Plan (a non-qualified benefits restoration and deferred compensation plan), (iii) any vested stock awards, and (iv) the after-tax portion (assuming a 35% tax rate) of the "spread" on any vested stock option awards (i.e., the amount by which the market value of the underlying stock exceeds the exercise price of the vested stock options).

We may facilitate stock ownership by directors and officers through grants of equity-based compensation under our 2005 Equity and Incentive Plan. We have a Policy on Insider Trading, which prohibits our directors, officers, and employees from trading in derivatives on our stock, selling our stock "short," or holding our stock in margin accounts.

### **Tax Deductibility of Executive Compensation**

Section 162(m) of the Internal Revenue Code limits our federal income tax deduction to \$1,000,000 per year for compensation paid to our chief executive officer or any of the other named executive officers. Compensation that is performance-based or that is paid pursuant to plans that were in existence prior to our initial public offering is not, however, subject to the deduction limit, provided certain requirements of Section 162(m) are satisfied. We believe that our 2005 Equity and Incentive Plan complies with the Section 162(m) regulations adopted by the Internal Revenue Service. Until the annual meeting of our stockholders in 2009, or until the plan is materially amended, if earlier, awards granted under the plan will be eligible for exemption from the deduction limits of Section 162(m). In order for awards granted after the expiration of this grace period to be exempt, the plan must be re-submitted for approval by our stockholders. In order to preserve the deductibility of performance-based compensation, we will generally seek to comply with Section 162(m) to the extent such compliance is practicable and in the best interests of CF Industries and its stockholders.

**COMPENSATION COMMITTEE REPORT**

The compensation committee oversees our compensation and employee benefit plans and practices, including our executive compensation plans, director compensation plans, and other incentive compensation and equity-based plans. The compensation committee is composed of three non-employee directors and operates under a written charter adopted by our board of directors. Each member of the compensation committee is independent within the meaning of the rules of the corporate governance standards of the NYSE applicable to compensation committee members. Our board has also determined that all of the members of the committee qualify as "non-employee directors," within the meaning of Rule 16b-3 promulgated under the Exchange Act, and "outside directors," within the meaning of Section 162(m) of the Internal Revenue Code.

The compensation committee held nine meetings during the year ended December 31, 2007 and met in executive session at each of the five meetings that were held in person. The compensation committee also reviewed and discussed with management the compensation discussion and analysis section of this proxy statement.

Based on its review and the foregoing meetings and discussions, the compensation committee recommended to the board of directors that the compensation discussion and analysis section be included in this proxy statement and in our Annual Report on Form 10-K for filing with the SEC.

Robert C. Arzbaecher (Chairman)  
Stephen A. Furbacher  
Edward A. Schmitt

## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table sets forth the total compensation we provided with respect to the years ended December 31, 2006 and 2007 for (i) our principal executive officer, (ii) our principal financial officer, (iii) our former principal financial officer, and (iv) our three other most highly compensated executive officers (as determined on the basis of their total compensation other than changes in pension value and nonqualified deferred compensation earnings). We refer to these six individuals in this proxy statement as our named executive officers.

| Name and Principal Position  | Year | Salary <sup>(1)</sup><br>(\$) | Stock Awards <sup>(2)</sup><br>(\$) | Option Awards <sup>(2)</sup><br>(\$) | Non-equity Incentive Plan Compensation <sup>(1)(3)</sup><br>(\$) | Change in Pension Value and Nonqualified Deferred Compensation Earnings <sup>(4)(5)</sup><br>(\$) | All Other Compensation <sup>(6)</sup><br>(\$) | Total<br>(\$) |
|--|------|-------------------------------|-------------------------------------|--------------------------------------|--|---|---|---------------|
| <b>Stephen R. Wilson</b><br>President and Chief Executive Officer                                | 2007 | 780,000                       | 381,033                             | 3,290,078                            | 1,404,000  | 829,601   | 77,774  | 6,762,486     |
|  | 2006 | 750,000                       | 109,432                             | 2,983,812                            | 1,093,500  | 611,133   | 75,343  | 5,623,220     |
| <b>Anthony J. Nocchiero<sup>(7)</sup></b><br>Senior Vice President and Chief Financial Officer   | 2007 | 238,767                       | 41,362                              | 53,580                               | 286,521  |   | 16,212  | 636,442       |
| <b>David J. Pruett</b><br>Senior Vice President, Operations                                      | 2007 | 308,000                       | 42,751                              | 480,182                              | 308,000  |   | 30,124  | 1,169,057     |
|  | 2006 | 280,000                       | 11,485                              | 436,798                              | 226,800  |   | 27,103  | 982,186       |
| <b>Ernest Thomas<sup>(8)</sup></b><br>(Former) Senior Vice President and Chief Financial Officer | 2007 | 140,658                       | 19,801                              | 403,239                              |  |   | 516,959                                       | 1,080,657     |
|  | 2006 | 340,000                       | 18,883                              | 624,526                              | 302,940  |   | 33,283  | 1,319,632     |
| <b>Douglas C. Barnard</b><br>Vice President, General Counsel, and Secretary                      | 2007 | 310,000                       | 47,641                              | 467,870                              | 310,000  |   | 30,387  | 1,165,898     |
|  | 2006 | 285,000                       | 12,069                              | 419,009                              | 207,765  |   | 27,739  | 951,582       |
| <b>Monty R. Summa</b><br>Vice President, Sales   | 2007 | 279,000                       | 34,973                              | 299,561                              | 279,000  | 44,652  | 27,232  | 964,418       |
|  | 2006 | 254,000                       | 8,955                               | 263,756                              | 185,166  | 42,716  | 24,549  | 779,142       |

(1) Amounts in these two columns represent base salary and non-equity incentive plan compensation earned in 2006 and 2007 regardless of when such amounts are paid in cash.

(2) Amounts in these two columns represent the annual compensation expense for 2006 and 2007 computed in accordance with SFAS 123R (without taking into account any estimate of forfeitures related to service-based vesting conditions) of the restricted stock awards and the stock option awards that we granted to the named executive officers in 2005, 2006, and 2007 pursuant to our 2005 Equity and Incentive Plan. Our assumptions with respect to the SFAS 123R valuation of these equity awards are described in the footnotes to our audited financial statements as of and for the year ended December 31, 2007. Additional information with respect to the restricted stock and stock option awards for 2005, 2006, and 2007 is set forth below under the headings "Grants of Plan-based Awards" and "Outstanding Equity Awards at Fiscal Year End."

(3) Amounts in this column represent amounts that the named executive officers earned with respect to the years ended December 31, 2006 and December 31, 2007 as the result of annual incentive awards we granted to the named executive officers pursuant to our 2005

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Equity and Incentive Plan. Additional information with respect to these annual incentive awards for 2006 and 2007 is set forth below under the heading "Grants of Plan-based Awards."

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(4) Amounts in this column represent the aggregate changes over 2006 and 2007 in the actuarial present value of the named executive officer's accumulated pension benefits under our Retirement Income Plan (a tax-qualified defined benefit pension plan) and our Supplemental Benefit and Deferral Plan (a nonqualified benefits restoration and deferred compensation plan). Our assumptions with respect to the determination of this value are described in the footnotes to our audited financial statements as of and for the year ended December 31, 2007. For this purpose, we have also assumed retirement at age 65. Additional information with respect to our defined benefit pension plans is set forth below under the heading "Retirement Benefits." Messrs. Nocchiero, Pruett, Thomas, and Barnard are ineligible for defined benefit pension benefits under these plans since their employment commenced after our Retirement Income Plan had been closed to new participants on December 31, 2003.

(5) This column does not include any above-market or preferential earnings with respect to nonqualified deferred compensation, since all earnings were determined by a third-party plan administrator and set to equal the published total return on notional capital market investments selected in advance by the named executive officers. Additional information with respect to the named executive officers' nonqualified deferred compensation earnings is set forth below under the heading "Nonqualified Deferred Compensation."

(6) Amounts in this column represent (i) employer contributions and credits to our Thrift Savings Plan (a tax-qualified defined contribution retirement plan) and to our Supplemental Benefit and Deferral Plan, (ii) employer-paid term life insurance premiums, (iii) dividends on restricted stock, (iv) tax gross-up payments, and (v) severance payments, in each case as set forth in the following table.

| Name                 | Year | Employer Contributions and Credits to Retirement Plans (\$) | Employer-paid Life Insurance Premiums (\$) | Dividends on Restricted Stock (\$) | Tax Gross-up Payments (\$) | Severance Payments (\$) | Total (\$) |
|----------------------|------|---|--|------------------------------------|----------------------------|-------------------------|------------|
| Stephen R. Wilson    | 2007 | 70,840  | 2,318                                      | 4,616                              |                            |                         | 77,774     |
|                      | 2006 | 66,950  | 2,313                                      | 2,004                              | 4,076                      |                         | 75,343     |
| Anthony J. Nocchiero | 2007 | 15,387  | 549  | 276                                |                            |                         | 16,212     |
| David J. Pruett      | 2007 | 27,833  | 1,739                                      | 552                                |                            |                         | 30,124     |
|                      | 2006 | 25,157  | 1,581                                      | 236                                | 129                        |                         | 27,103     |
| Ernest Thomas        | 2007 | 15,771  | 800  | 388                                |                            | 500,000                 | 516,959    |
|                      | 2006 | 30,427  | 1,920                                      | 388                                | 548                        |                         | 33,283     |
| Douglas C. Barnard   | 2007 | 28,041  | 1,750                                      | 596                                |                            |                         | 30,387     |
|                      | 2006 | 25,520  | 1,610                                      | 248                                | 361                        |                         | 27,739     |
| Monty R. Summa       | 2007 | 25,216  | 1,576                                      | 440                                |                            |                         | 27,232     |
|                      | 2006 | 22,824  | 1,434                                      | 184                                | 107                        |                         | 24,549     |

None of the named executive officers received any perquisites or personal benefits during 2006 or 2007 with an aggregate value of \$10,000 or more. Mr. Wilson receives no additional compensation for his service as a director or as the chairman of our board of directors.

(7) Mr. Nocchiero joined us on April 27, 2007 as our new senior vice president and chief financial officer, and his compensation is reported only from such date forward.

(8) Mr. Thomas served as our senior vice president and chief financial officer through April 27, 2007. Thereafter, he remained an employee through May 31, 2007 and then served as a consultant through September 30, 2007. When Mr. Thomas ceased to be an employee, he forfeited his



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outstanding restricted stock awards, and we reversed the compensation expense we had previously accrued with respect to such awards for 2006 and 2007 (as shown in the above table) computed in accordance with SFAS 123R. After Mr. Thomas ceased to be an employee, he held for a period and then exercised certain vested stock options. In accordance with SFAS 123R, we accrued \$1,300,903 in compensation expense for 2007 (in addition to the amount shown in the above table) with respect to the appreciation in the stock underlying the vested but unexercised stock options held by Mr. Thomas after he ceased to be an employee and until he exercised such stock options.

### Grants of Plan-based Awards

The following table shows all plan-based awards that we granted during the year ended December 31, 2007 to each of the named executive officers. Additional information regarding these awards is set forth above under the heading "Summary Compensation Table."

| Name                                | Grant Date                   | Estimated Future Payouts Under Non-equity Incentive Plan Awards <sup>(1)</sup> |             |              | All Other Stock Awards: Number of Shares of Stock or Units <sup>(2)</sup> (#) | All Other Option Awards: Number of Securities Underlying Options <sup>(2)</sup> (#) | Exercise or Base Price of Option Awards <sup>(2)</sup> (\$/Sh) | Grant Date Fair Value of Stock and Option Awards <sup>(3)</sup> (\$) |
|-------------------------------------|------------------------------|--|-------------|--------------|---|---|--|--|
|                                     |                              | Threshold (\$)   | Target (\$) | Maximum (\$) |   |   |  |  |
| Stephen R. Wilson                   | 2/6/07<br>8/10/07            | 351,000  | 702,000     | 1,404,000    | 15,200  | 54,300  | 51.95  | 1,956,280  |
| Anthony J. Nocchiero <sup>(4)</sup> | 4/27/07<br>5/8/07<br>8/10/07 | 71,630   | 143,260     | 286,521      | 4,000<br>900  | 12,400<br>3,200   | 40.59<br>51.95   | 368,630<br>115,507   |
| David J. Pruett                     | 2/6/07<br>8/10/07            | 77,000   | 154,000     | 308,000      | 2,000   | 7,200   | 51.95  | 258,593  |
| Ernest Thomas <sup>(4)</sup>        | 2/6/07                       | 93,500   | 187,000     | 374,000      |   |   |  |  |
| Douglas C. Barnard                  | 2/6/07<br>8/10/07            | 77,500   | 155,000     | 310,000      | 2,500   | 8,800   | 51.95  | 318,944  |
| Monty R. Summa                      | 2/6/07<br>8/10/07            | 69,750   | 139,500     | 279,000      | 1,800   | 6,400   | 51.95  | 231,015  |

(1) Messrs. Wilson, Nocchiero, Pruett, Thomas, Barnard, and Summa were assigned target award opportunities equal to 90%, 60%, 50%, 55%, 50%, and 50% of their respective base salaries. The terms and conditions of these awards are described above under the heading "Compensation Discussion and Analysis Short-term Incentives." We recently determined the amounts that each of the named executive officers had earned with respect to these awards, based on our actual financial results for 2007, as set forth above under the heading "Summary Compensation Table."

(2) The shares of restricted stock will vest on the third anniversary of the grant date, subject to earlier forfeiture or accelerated vesting. Until vested, the shares of restricted stock may not be sold, assigned, transferred, donated, pledged, or otherwise disposed of (except by will or the laws of descent and distribution). We will pay dividends on the restricted stock to the named executive officers during the vesting period. Subject to earlier forfeiture or accelerated vesting, the options will generally become exercisable in three equal annual installments following the date of grant and will expire ten years from the date of grant. The accelerated vesting provisions and the other terms and conditions of these restricted stock and stock option awards are described above under the heading "Compensation Discussion and Analysis Long-term Incentives."

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(3) Amounts in this column represent the grant date fair value computed in accordance with SFAS 123R (without taking into account any estimate of forfeitures related to service-based vesting conditions) of the restricted stock and stock option awards that we granted to the named executive officers pursuant to our 2005 Equity and Incentive Plan. Our assumptions with respect to the SFAS 123R valuation of these equity awards are described in the footnotes to our audited financial statements as of and for the year ended December 31, 2007.

(4) Mr. Thomas served as our senior vice president and chief financial officer through April 27, 2007, with the result that his annual incentive award terminated. Mr. Nocchiero joined us on April 27, 2007 as our new senior vice president and chief financial officer, and his annual incentive award was pro rated (as shown in the above table) for the portion of the year remaining.

**Outstanding Equity Awards at Fiscal Year End**

The following table sets forth certain information concerning the outstanding equity awards held as of December 31, 2007 by each of the named executive officers. Additional information with respect to the equity awards granted during 2007 is set forth above under the heading "Grants of Plan-based Awards."

| Name                                | Option Awards <sup>(1)(3)</sup>                                     |   |                            |                        | Stock Awards <sup>(2)(3)</sup>                              |  |
|-------------------------------------|---|---|----------------------------|------------------------|---|--|
|                                     | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) |
| Stephen R. Wilson                   | 782,267   | 391,133   | 16.00                      | 8/10/15                |   |  |
|                                     | 51,967  | 103,933   | 14.83                      | 8/10/16                | 50,100  | 5,514,006  |
|                                     |   | 54,300  | 51.95                      | 8/10/17                | 15,200  | 1,672,912  |
| Anthony J. Nocchiero <sup>(4)</sup> |   | 12,400  | 40.59                      | 5/8/17                 | 4,000   | 440,240  |
|                                     |   | 3,200   | 51.95                      | 8/10/17                | 900   | 99,054   |
| David J. Pruett                     | 54,400  | 57,200  | 16.00                      | 8/10/15                |   |  |
|                                     | 6,133   | 12,267  | 14.83                      | 8/10/16                | 5,900   | 649,354  |
|                                     |   | 7,200   | 51.95                      | 8/10/17                | 2,000   | 220,120  |
| Ernest Thomas <sup>(4)</sup>        |   |   |                            |                        |   |  |
|                                     | 34,400  | 54,700  | 16.00                      | 8/10/15                |   |  |
|                                     | 6,400   | 12,800  | 14.83                      | 8/10/16                | 6,200   | 682,372  |
|                                     | 8,800   | 51.95   | 8/10/17                    | 2,500                  | 275,150   |  |
| Monty R. Summa                      |   | 34,200  | 16.00                      | 8/10/15                |   |  |
|                                     |   | 9,467   | 14.83                      | 8/10/16                | 4,600   | 506,276  |
|                                     |   | 6,400   | 51.95                      | 8/10/17                | 1,800   | 198,108  |

(1) The stock options were granted on the dates that are ten years prior to the option expiration dates shown in the same row of the table in each instance.

(2) The shares of restricted stock were granted on the same dates as the stock options shown in the same row of the table in each instance.

(3) The shares of restricted stock will vest on the third anniversary of the grant date, subject to earlier forfeiture or accelerated vesting. Until vested, the shares of restricted stock may not be sold, assigned, transferred, donated, pledged, or otherwise disposed of (except by will or the laws of descent and distribution). We will pay dividends on the restricted stock to the named executive





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officers during the vesting period. Subject to earlier forfeiture or accelerated vesting, the options will generally become exercisable in three equal annual installments following the date of grant and will expire ten years from the date of grant. The accelerated vesting provisions and the other terms and conditions of the restricted stock and stock option awards granted in 2007 are described above under the heading "Compensation Discussion and Analysis Long-term Incentives."

- (4) Mr. Thomas served as our senior vice president and chief financial officer through April 27, 2007. Mr. Nocchiero joined us on April 27, 2007 as our new senior vice president and chief financial officer.

### Option Exercises and Stock Vested

The following table sets forth certain information concerning stock option exercises during the year ended December 31, 2007 by each of the named executive officers. None of the named executive officers acquired any shares upon the vesting of restricted stock during 2007.

| Name                                | Number of<br>Shares<br>Acquired on<br>Exercise<br>(#) | Value Realized<br>on Exercise<br>(\$) |
|-------------------------------------|---|---------------------------------------|
| Stephen R. Wilson                   |   |                                       |
| Anthony J. Nocchiero <sup>(1)</sup> |   |                                       |
| David J. Pruett                     | 60,000  | 4,172,561                             |
| Ernest Thomas <sup>(1)</sup>        | 172,766   | 6,071,675                             |
| Douglas C. Barnard                  | 75,000  | 5,251,165                             |
| Monty R. Summa                      | 73,133  | 4,233,148                             |

- (1) Mr. Thomas served as our senior vice president and chief financial officer through April 27, 2007. Mr. Nocchiero joined us on April 27, 2007 as our new senior vice president and chief financial officer.

**Retirement Benefits**

The following table sets forth certain information concerning accumulated retirement benefits as of December 31, 2007 for each of the named executive officers.

| Name                                | Plan Name <sup>(1)</sup>                  | Number<br>of Years<br>Credited<br>Service <sup>(2)</sup><br>(#) | Present<br>Value of<br>Accumulated<br>Benefit <sup>(2)(3)</sup><br>(\$) | Payments<br>During Last<br>Fiscal Year<br>(\$) |
|-------------------------------------|---|---|---|--|
| Stephen R. Wilson                   | Retirement Income Plan                    | 16.0  | 367,609   |  |
|                                     | Supplemental Benefit and<br>Deferral Plan | 16.0  | 2,354,558   |  |
| Anthony J. Nocchiero <sup>(4)</sup> |   |   |   |  |
| David J. Pruet <sup>(4)</sup>       |   |   |   |  |
| Ernest Thomas <sup>(4)(5)</sup>     |   |   |   |  |
| Douglas C. Barnard <sup>(4)</sup>   |   |   |   |  |
| Monty R. Summa                      | Retirement Income Plan                    | 3.4   | 61,481  |  |
|                                     | Supplemental Benefit and<br>Deferral Plan | 3.4   | 68,887  |  |

(1) Our Retirement Income Plan is a tax-qualified defined benefit pension plan. Our Supplemental Benefit and Deferral Plan is a nonqualified benefits restoration and deferred compensation plan.

(2) The combined annual pension benefit under our Retirement Income Plan and our Supplemental Benefit and Deferral Plan assuming retirement at age 65 is equal to *the product of* (i) 1.75% *times* (ii) highest average earnings (base salary plus annual incentive earnings) over any consecutive 60 months *times* (iii) years of eligible service, reduced by a Social Security offset allowance; *provided, however*, that the combined annual pension benefit will be capped at \$400,000 per year. Benefits under our Retirement Income Plan are paid on a straight line annuity basis, but married participants are paid a reduced qualified joint and survivor annuity unless they elect a straight line annuity. Benefits under our Supplemental Benefit and Deferral Plan are paid in a lump sum unless the participant has elected a form of annuity permitted under our Retirement Income Plan. A special spousal benefit is payable as either an annuity or a lump sum in the event of a participant's death while an active employee. Participants who retire early between the ages of 55 and 65 will be entitled to receive a reduced annual pension benefit as set forth in the following table. Messrs. Wilson and Summa are 59 and 55 years old, respectively. Except as discussed below under

the heading "Change in Control Benefits," we have no policy for granting extra years of age or service credit.

| <b>Payments<br/>Begin<br/>at Age</b> | <b>Percent of<br/>Full Benefit</b> |
|--------------------------------------|------------------------------------|
| 65                                   | 100.00%                            |
| 64                                   | 93.33%                             |
| 63                                   | 86.67%                             |
| 62                                   | 80.00%                             |
| 61                                   | 73.33%                             |
| 60                                   | 66.67%                             |
| 59                                   | 63.33%                             |
| 58                                   | 60.00%                             |
| 57                                   | 56.67%                             |
| 56                                   | 53.33%                             |
| 55                                   | 50.00%                             |

- (3) Amounts in this column represent the actuarial present value of the named executive officer's accumulated pension benefits under our Retirement Income Plan and our Supplemental Benefit and Deferral Plan. Our assumptions with respect to the determination of this value are described in the footnotes to our audited financial statements as of and for the year ended December 31, 2007. For this purpose, we have also assumed retirement at age 65. Additional information with respect to the aggregate change over the past year in the actuarial present value of the named executive officer's accumulated pension benefits under these plans is set forth above under the heading "Summary Compensation Table."
- (4) Messrs. Nocchiero, Pruett, Thomas, and Barnard are ineligible to participate in our Retirement Income Plan, and are therefore ineligible to receive any defined benefit pension benefits under our Supplemental Benefit and Deferral Plan, since their employment commenced after our Retirement Income Plan had been closed to new participants on December 31, 2003.
- (5) Mr. Thomas served as our senior vice president and chief financial officer through April 27, 2007.

**Nonqualified Deferred Compensation**

The following table sets forth certain information concerning nonqualified deferred compensation arrangements under our Supplemental Benefit and Deferral Plan for each of the named executive officers.

| Name                                | Executive Contributions in Last FY <sup>(1)</sup><br>(\$) | Registrant Contributions in Last FY <sup>(2)</sup><br>(\$) | Aggregate Earnings in Last FY <sup>(3)</sup><br>(\$) | Aggregate Withdrawals/ Distributions<br>(\$) | Aggregate Balance at Last FYE <sup>(4)</sup><br>(\$) |
|-------------------------------------|---|--|--|--|--|
| Stephen R. Wilson                   | 33,727  | 50,590   | 106,486  |  | 1,381,200  |
| Anthony J. Nocchiero <sup>(5)</sup> |   |  |  |  |  |
| David J. Pruett                     | 5,055   | 7,583  | 804  |  | 19,724   |
| Ernest Thomas <sup>(5)</sup>        | 1,569   | 2,354  | 3,162  |  | 40,679   |
| Douglas C. Barnard                  | 5,194   | 7,791  | 210,795  |  | 304,823  |
| Monty R. Summa                      | 3,310   | 4,966  | 8,697  |  | 182,800  |

- (1) Under our Supplemental Benefit and Deferral Plan, each of the named executive officers may elect to defer (i) up to 6% of his base salary in excess of the annual compensation limit under Section 401(a)(17) of the Internal Revenue Code and (ii) up to 100% of his annual incentive payment. Amounts in this column represent the amounts we credited to the deemed accounts of the named executive officers during 2007. There is typically an administrative delay between the time when a participant defers income under the plan and the time when we subsequently credit the participant's deemed account. As a result of this delay, the amounts that we credited to the named executive officers' deemed accounts during 2007 differ slightly from the amounts that the named executive officers deferred during 2007.
- (2) We credit to the deemed account of each named executive officer an amount equal to 3% of his base salary in excess of the annual compensation limit referred to above. In addition, for each named executive officer who elects to defer any of his base salary in excess of the annual compensation limit, we match (through further such credits to his deemed account) the portion (up to 6%) of his excess base salary that he elects to defer. Amounts in this column represent the amounts we credited to the deemed accounts of the named executive officers during 2007. These credits are also reported above under the heading "Summary Compensation Table."
- (3) Under our Supplemental Benefit and Deferral Plan, each of the named executive officers makes notional investments of his deemed account balance from time to time in shares of (i) our common stock or (ii) the public mutual funds we offer to our employees as investment alternatives under our Thrift Savings Plan.
- In order to make these notional investments, the named executive officer notifies the third-party plan administrator of his selections.
- The plan administrator then tracks the published total return on the actual securities underlying the named executive officer's notional investments, and we credit or debit the named executive officer's deemed account balance accordingly.
- Since all such credits and debits are determined by a third-party plan administrator and set to equal the published total return on notional capital market investments selected in advance by the named executive officers, none of the amounts shown in this column are reported as above-market or preferential earnings on nonqualified deferred compensation in the table set forth above under the heading "Summary Compensation Table."

(4) In general, deferred amounts are paid out in a lump sum upon the termination of the named executive officer's employment.

(5) Mr. Thomas served as our senior vice president and chief financial officer through April 27, 2007. Mr. Nocchiero joined us on April 27, 2007 as our new senior vice president and chief financial officer.

#### **Change in Control Benefits**

We have entered into change in control agreements with each of the named executive officers. Under the terms of these agreements, the named executive officer is entitled to receive certain payments and benefits from us upon a qualifying termination, specifically if we terminate his employment without cause (other than by reason of his death or disability) or if he resigns because of good reason, in either case within the period of 24 months following (or in certain cases prior to) a change in control (as such terms are defined in the agreements).

Under the change in control agreements, a named executive officer will be deemed to have good reason if we:

fail to pay his specified annual salary or provide certain benefits;

assign him duties inconsistent with his current position or substantially and adversely alter his responsibilities;

fail to continue any compensation plan that constitutes a material portion of his compensation; or

change his primary employment location by more than 35 miles.

Following a qualifying termination, the change in control agreements provide for (i) a lump sum payment to the named executive officer equal to two times (or, in the case of Mr. Wilson, three times) the sum of his base salary and target annual incentive payment; (ii) welfare benefit continuation for a period of two years (or, in the case of Mr. Wilson, three years) and outplacement services for a period of up to two years; and (iii) a pro-rata annual incentive payment for the year of termination, assuming target levels of performance or, if higher, actual year-to-date performance.

In addition, if the named executive officer is otherwise eligible to participate in our Retirement Income Plan, he will receive a cash payment equal to the actuarial value of two additional years (or, in the case of Mr. Wilson, three additional years) of age and service credit under the plan and will be credited with two additional years (or, in the case of Mr. Wilson, three additional years) of age and service credit under our Supplemental Benefit and Deferral Plan. If the named executive officer is not fully vested in his benefits under these plans, he will also receive a cash payment equal to his unvested benefits.

The named executive officer will also receive a cash payment equal to the contributions that we would have made on his behalf for a period of two years (or, in the case of Mr. Wilson, three years) under our Thrift Savings Plan and the related amounts that we would have credited to his account balance under our Supplemental Benefit and Deferral Plan. If the named executive officer is not fully vested in his benefits under these plans, he will also receive a cash payment equal to his unvested benefits.

The named executive officer will not be obligated to seek other employment in mitigation of the payments and benefits to be provided, and no such other employment will reduce our obligation to make such payments and to provide such benefits to him under the agreements.

The change in control agreements further provide that, if any of the payments to the named executive officer become subject to the "golden parachute" excise tax imposed by Section 4999 of the Internal Revenue Code, the named executive officer will be entitled to receive an additional gross-up payment such that, after payment by him of all taxes, including any excise tax imposed upon the gross-up payment, he will receive the net after-tax benefit that he would have received had the excise tax not been imposed.

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Each of the named executive officers will be required to sign a release of claims at the time of the qualifying termination as a condition to receiving any such payments or benefits from us under his change in control agreement.

In addition, upon a change in control (as defined in our 2005 Equity and Incentive Plan) the restrictions, limitations, and conditions applicable to outstanding restricted stock, stock options, and other plan-based awards will lapse, any performance goals will be deemed to be fully achieved, and the awards will become fully vested and exercisable.

Assuming a change in control had occurred on December 31, 2007, with a transaction price equal to the closing price for our stock on the NYSE as of such date, each of the named executive officers would have been entitled to receive the following estimated severance benefits upon a qualifying termination of his employment on such date:

| Name                                | Severance Amount <sup>(1)</sup><br>(\$) | Defined Benefit Pension Plan Enhancement <sup>(2)</sup><br>(\$) | Retirement Savings Plan Enhancement <sup>(3)</sup><br>(\$) | Early Vesting of Restricted Stock <sup>(4)</sup><br>(\$) | Early Vesting of Stock Options <sup>(5)</sup><br>(\$) | Other Change in Control Benefits <sup>(6)</sup><br>(\$) | Estimated Excise Tax Gross Up <sup>(7)</sup><br>(\$) | Total<br>(\$) |
|-------------------------------------|---|---|--|--|---|---|--|---------------|
| Stephen R. Wilson                   | 4,446,000                               | 1,606,349   | 210,600  | 7,186,918  | 49,842,883  | 131,236   | 6,692,804  | 70,116,790    |
| Anthony J. Nocchiero <sup>(8)</sup> | 1,120,000                               |   | 63,000   | 539,294  | 1,047,380   | 41,804  | 554,571  | 3,366,049     |
| David J. Pruett                     | 924,000                                 |   | 88,712   | 869,474  | 6,966,810   | 59,666  | 937,975  | 9,846,637     |
| Ernest Thomas <sup>(8)</sup>        |   |   |  |  |   |   |  |               |
| Douglas C. Barnard                  | 930,000                                 |   | 92,386   | 957,522  | 6,875,394   | 67,718  | 912,657  | 9,835,677     |
| Monty R. Summa                      | 837,000                                 | 135,646   | 50,220   | 704,384  | 4,490,298   | 59,340  | 778,883  | 7,055,771     |

(1) This amount represents a cash payment to the named executive officer equal to two times (or, in the case of Mr. Wilson, three times) the sum of his base salary and target annual incentive payment.

(2) This amount represents the present value of two additional years (or, in the case of Mr. Wilson, three additional years) of age and service credit for the named executive officer under our Retirement Income Plan and our Supplemental Benefit and Deferral Plan. Messrs. Nocchiero, Pruett, Thomas, and Barnard are ineligible for these enhanced defined benefit pension benefits since their employment commenced after our Retirement Income Plan had been closed to new participants on December 31, 2003.

(3) This amount represents a cash payment to the named executive officer equal to the contributions that we would have made on his behalf for a period of two years (or, in the case of Mr. Wilson, three years) under our Thrift Savings Plan and the related amounts we would have credited to his account balance under our Supplemental Benefit and Deferral Plan. For Messrs. Pruett and Barnard, who are not fully vested in their benefits under these plans, this amount also includes a cash payment equal to the named executive officer's unvested benefits.

(4) This amount represents the value attributable to the accelerated vesting of outstanding restricted stock awards held by the named executive officer, which is deemed to equal the market value on December 31, 2007 of the restricted stock that would otherwise have been unvested as of such date.

(5) This amount represents the value attributable to the accelerated vesting of outstanding stock option awards held by the named executive officer, which is deemed to equal, for each stock option that would otherwise have been unvested as of such date, the amount by which (x) the aggregate market value on December 31, 2007 of the underlying stock exceeded (y) the aggregate exercise price of the stock option.

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- (6) This amount represents the present value of the continuation of certain welfare benefits for the named executive officer for a period of two years (or, in the case of Mr. Wilson, three years) and the value of outplacement services for the named executive officer for a period of up to two years.
- (7) This amount represents an excise tax gross-up payment for the named executive officer such that, after payment by him of all taxes, including any excise tax imposed upon the gross-up payment, he will receive the net after-tax benefit he would have received had the excise tax not been imposed under Section 4999.
- (8) Mr. Thomas served as our senior vice president and chief financial officer through April 27, 2007. Mr. Nocchiero joined us on April 27, 2007 as our new senior vice president and chief financial officer.

### DIRECTOR COMPENSATION

The following table sets forth cash and non-cash compensation with respect to the year ended December 31, 2007 for our non-employee directors. Mr. Wilson receives no additional compensation for his service as a director or as the chairman of our board of directors.

| Name                                | Fees Earned<br>or Paid<br>in Cash <sup>(1)</sup><br>(\$) | Dividends on<br>Restricted Stock<br>(\$) | Stock<br>Awards <sup>(2)</sup><br>(\$) | Total<br>(\$) |
|-------------------------------------|--|--|--|---------------|
| Robert C. Arzbaecher                | 66,250   | 171                                      | 64,956                                 | 131,377       |
| Wallace W. Creek                    | 72,900   | 171                                      | 64,956                                 | 138,027       |
| William Davisson                    | 49,500   | 171                                      | 64,956                                 | 114,627       |
| Stephen A. Furbacher <sup>(3)</sup> | 33,793   | 45                                       | 35,483                                 | 69,320        |
| David R. Harvey                     | 72,050   | 171                                      | 64,956                                 | 137,177       |
| John D. Johnson                     | 48,000   | 171                                      | 64,956                                 | 113,127       |
| Edward A. Schmitt                   | 61,200   | 171                                      | 64,956                                 | 126,327       |

- (1) Amounts in this column represent fees that our non-employee directors earned during 2007 with respect to their annual cash retainers and meeting fees. Additional information with respect to these fees is set forth below under the headings "Annual Cash Retainer" and "Meeting Fees."
- (2) Amounts in this column represent the annual compensation expense for 2007 computed in accordance with SFAS 123R (without taking into account any estimate of forfeitures related to service-based vesting conditions) of the restricted stock awards we granted to our non-employee directors on May 10, 2006 and May 9, 2007 (in the case of Messrs. Arzbaecher, Creek, Davisson, Harvey, Johnson, and Schmitt) and on July 24, 2007 (in the case of Mr. Furbacher) pursuant to our 2005 Equity and Incentive Plan. Our assumptions with respect to the SFAS 123R valuation of these equity awards are described in the footnotes to our audited financial statements as of and for the year ended December 31, 2007. Additional information with respect to these restricted stock awards is set forth below under the heading "Annual Restricted Stock Grant."
- (3) Mr. Furbacher became a director on July 17, 2007, and his compensation is reported from such date forward.

*Annual Cash Retainer*



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Each non-employee director receives, upon joining the board, a cash retainer of \$40,000, payable in advance. Thereafter, each continuing non-employee director receives an annual cash retainer of \$40,000, payable in advance on the date of each annual meeting of the stockholders. The chairman of

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the audit committee and the lead independent director also receive an additional annual cash retainer of \$10,000 each, which is paid in the same manner.

### *Annual Restricted Stock Grant*

Each non-employee director receives, upon joining the board, a restricted stock grant with a fair market value of \$65,000. Thereafter, each continuing non-employee director will receive an annual restricted stock grant with a fair market value of \$65,000 on the date of each annual meeting of the stockholders. Assuming continuing service as a non-employee director, all shares of restricted stock will vest on the earlier of (x) the date of the first annual meeting of the stockholders following the date of grant or (y) the first anniversary of the date of grant.

### *Meeting Fees*

Each director receives \$1,500 for each board meeting attended in person (or \$500 per meeting for participation via conference call). Each board committee member receives \$1,250 for each committee meeting attended in person (or \$425 per meeting for participation via conference call).

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **Pre-IPO Owners**

CHS Inc. and GROWMARK, Inc. were two of our pre-IPO owners. John D. Johnson, the president and chief executive officer of CHS, and William Davisson, the chief executive officer of GROWMARK, are members of our board of directors. As discussed below under the headings "Product Sales" and "Supply Contracts," CHS and GROWMARK purchase substantial quantities of fertilizers from us.

### **Product Sales**

CHS Inc. and GROWMARK, Inc. purchased substantial quantities of fertilizers from us in 2007, as shown in the following table.

| <b>Customer</b>         | <b>Net Sales<br/>(in millions)</b> | <b>Percent of<br/>Total Net<br/>Sales</b> |
|-------------------------|------------------------------------|---|
| CHS Inc. <sup>(1)</sup> | \$ 654.4                           | 24%                                       |
| GROWMARK, Inc.          | 288.4                              | 10%                                       |
|                         | <b>\$ 942.8</b>                    | <b>34%</b>                                |

(1)

Includes sales to Agrilience, LLC (a 50-50 joint venture between CHS Inc. and Land O'Lakes, Inc.) prior to the September 1, 2007 transaction in which Agrilience distributed its crop nutrients business to CHS.

In addition to purchasing fertilizer from us, CHS and GROWMARK also contracted with us to store fertilizer products at certain of our warehouses. In connection with these storage arrangements, we received approximately \$0.8 million from CHS and \$0.2 million from GROWMARK in 2007.

### **Supply Contracts**

In connection with our initial public offering, we entered into multi-year supply contracts with CHS Inc. (as the successor in interest to the original party, Agrilience, LLC) and GROWMARK, Inc. relating to purchases of fertilizer products.

Each contract specifies a sales target volume and a requirement volume for the first contract year. The requirement volume is a percentage of the sales target volume and represents the volume of fertilizer that we are obligated to sell and the customer is obligated to purchase during the first contract year. Thereafter, the sales target volume is subject to yearly adjustment by mutual agreement or, failing such agreement, to an amount specified by us which is not less than 95% nor more than 100% of the prior



year's sales target volume. The requirement volume is also subject to yearly adjustment to an amount specified by the customer which is not less than 65% nor more than 100% of the then applicable sales target volume. The contracts also contain reciprocal "meet or release" provisions pursuant to which each party must provide the other party with notice and the opportunity to match a transaction with a third party if such a transaction would impact the party's willingness or ability to supply or purchase, as the case may be, the then applicable sales target volume. The "meet or release" provisions may not, however, reduce the requirements volume.

The prices for product sold under the supply contracts will vary depending on the type of sale selected by the customer. The customer may select (i) cash sales at prices that are published in our weekly cash price list, (ii) index sales at a published index price, (iii) forward pricing sales under our forward pricing program, and (iv) sales negotiated between the parties. The supply contracts also provide for performance incentives based on (i) the percentage of the sales target volume actually purchased, (ii) the timing of purchases under our forward pricing program, (iii) the amount of purchases under our forward pricing program, (iv) specifying a requirement volume in excess of the then applicable minimum requirement volume, and (v) quantity discounts for overall volume.

We have agreed with CHS and GROWMARK that the prices they are charged for cash sales, index sales, and forward pricing sales will be the same prices we charge all of our similarly situated customers and that the performance incentives offered to them will be equal to the highest comparable incentives offered to other requirement contract customers. We believe the performance incentives offered under these supply contracts are consistent with the incentives offered to similarly situated customers in our industry in transactions between unaffiliated parties.

Our supply contracts with CHS and GROWMARK also provide them with a right of first offer for the purchase of certain of our storage and terminal facilities. A portion of GROWMARK's requirement volume is also contingent on the purchase from GROWMARK by one of its customers of specified amounts of certain fertilizer products.

The initial terms of the supply contracts last until June 30, 2010 for the contract with CHS and until June 30, 2008 for the contract with GROWMARK. The term will be extended automatically for successive one-year periods unless a termination notice is given by either party. In the case of the supply agreement with GROWMARK, we have given notice that the current agreement will terminate on June 30, 2008, and we are currently negotiating with GROWMARK regarding a possible new supply agreement.

#### **Net Operating Loss Carryforwards**

Upon the completion of our initial public offering and related reorganization, CF Industries, Inc., our predecessor company and now our wholly-owned operating subsidiary, ceased to be a nonexempt cooperative for federal income tax purposes. On the date of our IPO, CF Industries, Inc. had a deferred tax asset related to net operating loss carryforwards ("NOLs") generated from business conducted with CF Industries, Inc.'s pre-IPO owners. These pre-IPO NOLs totaled \$250 million, with expirations ranging from 2021 through 2023. The income tax provision for the year ended December 31, 2005 included a charge of \$99.9 million to establish a 100% valuation allowance for the deferred tax asset related to these pre-IPO NOLs. The valuation allowance was required because there was substantial uncertainty under existing tax law as to whether any tax benefits from this deferred tax asset will be realized since CF Industries, Inc. is no longer a cooperative for federal income tax purposes.

In connection with the IPO and related reorganization, we entered into a net operating loss agreement with CF Industries, Inc.'s pre-IPO owners, including CHS Inc. and GROWMARK, Inc., relating to the future treatment of the pre-IPO NOLs. Under the NOL agreement, if it is finally determined that CF Industries, Inc.'s pre-IPO net operating loss carryforwards can be utilized subsequent to the IPO, we will pay to CF Industries, Inc.'s pre-IPO owners an amount equal to the resulting federal and state

income taxes actually saved. These payments, if any, will be made only after it has been finally determined that utilization of the pre-IPO NOLs has provided us with actual tax savings. The NOL agreement does not require that we operate in a way that maximizes our use of the pre-IPO NOLs. Costs incurred after completion of our IPO in pursuing a determination regarding the usability of these pre-IPO NOLs will be borne by CF Industries, Inc.'s pre-IPO owners.

#### **Canadian Fertilizers Limited**

GROWMARK, Inc. owns 9% of the outstanding common stock of Canadian Fertilizers Limited ("CFL"), our Canadian joint venture, and elects one director to the CFL board.

#### **Policy Regarding Related Person Transactions**

We recognize that transactions with related persons can present potential or actual conflicts of interest and create the appearance that our decisions are based on considerations other than the best interests of the company and its stockholders. Accordingly, as a general matter, it is our preference to avoid such transactions.

Nevertheless, we recognize that there are situations where related person transactions may be in, or not inconsistent with, the best interests of the company and its stockholders, including but not limited to situations where we may obtain products or services of a nature, quantity, or quality, or on other terms, that are not readily available from alternative sources, or when we provide products or services to related persons on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally.

In order to deal with the potential conflicts inherent in such transactions, our audit committee has adopted a policy regarding related person transactions. For the purposes of this policy, a "related person transaction" is a transaction, arrangement, or relationship (or any series of similar transactions, arrangements, or relationships) in which the company was, is, or will be a participant and the amount involved exceeds \$120,000, and in which any related person had, has, or will have a direct or indirect material interest, and a "related person" means:

any person who is, or at any time since the beginning of our last fiscal year was, a director or executive officer of the company or a nominee to become a director of the company;

any person who is known to be the beneficial owner of more than 5% of any class of our voting securities;

any immediate family member of any of the foregoing persons; and

any firm, corporation, or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

Except as described below with respect to certain commercial transactions in the ordinary course of business, any proposed transaction with a related person shall be consummated or amended only if the following steps are taken:

The general counsel will assess whether the proposed transaction is a Related Person Transaction for purposes of this policy.

If the general counsel determines that the proposed transaction is a related person transaction, the proposed transaction shall be submitted to the audit committee for consideration at the next committee meeting or, in those instances in which the general counsel, in consultation with the chief executive officer or the chief financial officer, determines that it is not practicable or desirable for us to wait until the next committee meeting, to the chairman of the audit committee (who has been delegated authority to act between committee meetings).

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The audit committee, or where submitted to the chairman of the committee, the chairman, shall consider all of the relevant facts and circumstances available to the committee or the chairman, including (if applicable) but not limited to: (i) the benefits to the company; (ii) the impact on a director's independence in the event the related person is a director, an immediate family member of a director, or an entity in which a director is a partner, shareholder, or executive officer; (iii) the availability of other suppliers or customers for comparable products or services; (iv) the terms of the transaction; and (v) the terms available to unrelated third parties or to employees generally.

The committee (or the chairman) shall approve only those related person transactions that are in, or are not inconsistent with, the best interests of the company and its stockholders, as the committee (or the chairman) determines in good faith.

The committee or chairman, as applicable, shall convey the decision to the general counsel, who shall convey the decision to the appropriate persons within the company.

At the audit committee's first meeting of each fiscal year, the committee shall review any previously approved related person transactions that remain ongoing and have a remaining term of more than six months or remaining amounts payable to or receivable from the company of more than \$120,000. Based on all relevant facts and circumstances, taking into consideration the company's contractual obligations, the committee shall determine if it is in the best interests of the company and its stockholders to continue, modify, or terminate the related person transaction.

No member of the audit committee shall participate in any review, consideration, or approval of any related person transaction with respect to which such member or any of his or her immediate family members is the related person.

Sales of our products and services to related persons in the ordinary course of business, at prices and on terms consistent with those offered to similarly situated customers in our industry in transactions between unaffiliated parties, including without limitation sales to CHS Inc. and GROWMARK, Inc. pursuant to the Multiple Year Contracts for the Purchase and Sale of Fertilizer dated as of July 1, 2005, will generally not be subject to the approval procedures described above; provided, however, that any (i) modification or amendment of a Multiple Year Contract or (ii) entry into, modification, or amendment of a similar long-term supply contract with any related person (including, without limitation, CHS or GROWMARK) will be subject to the same procedures under this policy as are applicable to any other related person transactions. Additional information regarding our commercial transactions and long-term supply contracts with CHS and GROWMARK is set forth above under the headings "Product Sales" and "Supply Contracts."

### **PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT AUDITOR**

The audit committee has selected KPMG LLP as the independent registered public accounting firm to perform the audit of our financial statements and our internal control over financial reporting for 2008. KPMG was our independent registered public accounting firm for the year ended December 31, 2007.

KPMG representatives are expected to attend the 2008 annual meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate stockholder questions.

We are asking our stockholders to ratify the selection of KPMG as our independent registered public accounting firm for 2008. Although ratification is not required by our bylaws or otherwise, the board is submitting the selection of KPMG to our stockholders for ratification as a matter of good corporate practice. Should the stockholders fail to provide such ratification, the audit committee will reconsider its approval of KPMG as our independent registered public accountants for 2008. Even if the selection is ratified, the audit committee in its discretion may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of CF Industries and its stockholders.

The board of directors recommends that you vote **FOR** the proposal to ratify the selection of KPMG LLP as our independent registered public accountants for 2008.

#### AUDIT AND NON-AUDIT FEES

On behalf of CF Industries and its affiliates, the audit committee retained KPMG LLP to audit our consolidated financial statements for 2007. In addition, the audit committee retained KPMG, as well as other accounting firms, to provide other auditing and advisory services in 2007.

The aggregate fees for professional services by KPMG with respect to these various services for 2007 and 2006 were:

|                                   | 2007         | 2006         |
|-----------------------------------|--------------|--------------|
| Audit fees <sup>(1)</sup>         | \$ 1,249,500 | \$ 1,394,000 |
| Audit-related fees <sup>(2)</sup> | 91,600       | 32,400       |
| Tax fees                          |              |              |
| All other fees <sup>(3)</sup>     |              |              |
|                                   | \$ 1,341,100 | \$ 1,426,400 |

- (1) Audit fees consisted principally of audit work performed on the consolidated financial statements, as well as work generally only the independent registered public accounting firm can reasonably be expected to provide, such as comfort letters, statutory audits, and review of documents filed with the SEC.
- (2) Audit-related fees were principally for audits of employee benefit plans and for certain due diligence services in 2007 related to the Company's investment in Keytrade AG.
- (3) We generally do not engage KPMG for "other" services.

#### PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES

Consistent with SEC policies regarding auditor independence, the audit committee has responsibility for appointing, setting the compensation of, and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the audit committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm.

Prior to engagement of the independent registered public accounting firm for the next year's audit, management will submit a list of services and related fees expected to be rendered during that year within each of four categories of services to the audit committee for approval.

*Audit services* include audit work performed on the financial statements and internal control over financial reporting, as well as work that generally only the independent registered public accounting firm can reasonably be expected to provide, including comfort letters, statutory audits, and review of documents filed with the SEC.

*Audit-related services* are for assurance and related services that are traditionally performed by the independent registered public accounting firm, including due diligence related to mergers and acquisitions, employee benefit plan audits, and consultation regarding financial accounting and reporting standards.

*Tax services* include all services, except those services specifically related to the audit of the financial statements, performed by the independent registered public accounting firm's tax personnel, including tax compliance, tax planning, and other tax advice.





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*All other services* are those services not captured in the audit, audit-related, or tax categories. The company generally doesn't request such services from the independent registered public accounting firm.

Prior to engagement, the audit committee pre-approves independent registered public accounting firm services within each category. The fees are budgeted and the audit committee requires the independent registered public accounting firm and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval categories. In those instances, the audit committee requires specific pre-approval before engaging the independent registered public accounting firm.

The audit committee has delegated specific pre-approval authority to the chairman of the audit committee provided that the estimated fee for any such engagement does not exceed \$75,000. The chairman of the audit committee must report, for informational purposes only, any pre-approval decisions to the audit committee at its next scheduled meeting.

### **AUDITOR INDEPENDENCE**

We understand the need for KPMG LLP to maintain objectivity and independence in its audit of our financial statements and our internal control over financial reporting. To minimize relationships that could appear to impair the objectivity of KPMG, our audit committee has restricted the non-audit services that KPMG may provide to us primarily to audit-related services and tax services. The committee also has determined that we will obtain even these non-audit services from KPMG only when the services offered by KPMG are more effective or economical than services available from other service providers, and, to the extent possible, only after competitive bidding. It is the committee's goal that the fees we pay KPMG for non-audit services should not exceed the audit fees paid to KPMG.

Our audit committee has adopted restrictions on our hiring of any KPMG partner, director, manager, staff, advising member of the department of professional practice, reviewing actuary, reviewing tax professional, and any other persons having responsibility for providing audit assurance on any aspect of their certification of our financial statements. KPMG partners assigned to our audit rotate at least every five years, in accordance with professional standards.

### **AUDIT COMMITTEE REPORT**

The audit committee is responsible for monitoring the integrity of our consolidated financial statements, our system of internal controls, and the independence and performance of our internal and independent auditors. The audit committee is also responsible for the selection, evaluation, and oversight of our independent auditors. The audit committee is composed of three non-employee directors and operates under a written charter adopted by our board of directors. Each member of the audit committee is independent within the meaning of the rules of the corporate governance standards of the NYSE applicable to audit committee members.

Management is responsible for the financial reporting process, including establishing and maintaining adequate internal control over financial reporting, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. KPMG LLP, our independent auditor, is responsible for auditing the financial statements. The audit committee's responsibility is to monitor and review these processes. The audit committee relies on the accuracy and completeness of the information provided to it and on the representations made by management and KPMG.

During 2007, the audit committee held eleven meetings and met in executive session at each of the five meetings that were held in person. The audit committee also reviewed and discussed with management and KPMG the audited consolidated financial statements of CF Industries for the year ended

December 31, 2007. The audit committee also discussed with KPMG the matters required to be discussed by Statement of Auditing Standards No. 61 (Communication with Audit Committees), the standards of the Public Company Accounting Oversight Board and Rule 2-07 of Regulation S-X of the Securities Act of 1933, as amended. In addition, the audit committee received the written disclosures and the letter from KPMG required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed with KPMG its independence. The audit committee also considered whether the provision of non-audit services by KPMG was compatible with maintaining its independence.

Based on its review and the foregoing meetings, discussions, and reports, and subject to the limitations on its role and responsibilities referred to above and in the audit committee charter, the audit committee recommended to the board of directors that the audited consolidated financial statements of CF Industries for the year ended December 31, 2007, as audited by KPMG, be included in our Annual Report on Form 10-K for filing with the SEC. The audit committee selected KPMG as our independent auditor for 2008 and recommended to the board of directors that the board of directors seek stockholder ratification of the selection of KPMG.

Wallace W. Creek (Chairman)

Robert C. Arzbaecher

David R. Harvey

## **ADDITIONAL INFORMATION**

### **Submission of Future Stockholder Proposals**

Under SEC rules, a stockholder who intends to present a proposal at the next annual meeting of stockholders and who wishes the proposal to be included in our proxy statement for that meeting pursuant to Rule 14a-8 under the Exchange Act must submit the proposal in writing to our corporate secretary at the address on the notice of annual meeting accompanying this proxy statement. The proposal must be received no later than December 5, 2008.

Our bylaws require that written notice of (i) proposals intended to be presented by a stockholder at the next annual meeting, but that are not intended for inclusion in our proxy statement for that meeting pursuant to Rule 14a-8, and (ii) nominees for the election of directors intended to be made by a stockholder at the next annual meeting be delivered to our corporate secretary at the address on the notice of annual meeting accompanying this proxy statement no earlier than January 13, 2009 and no later than February 12, 2009. To be in proper written form, such a notice must set forth the information prescribed in our bylaws. You can obtain a copy of our bylaws by writing our corporate secretary at the address on the notice of annual meeting accompanying this proxy statement.

### **Cost of Annual Meeting and Proxy Solicitation**

We pay the cost of the annual meeting and the cost of soliciting proxies. In addition to soliciting proxies by mail, we may solicit proxies by personal interview, telephone, and similar means. None of our directors, officers, and employees will be specially compensated for these activities. We also intend to request that brokers, banks, and other nominees solicit proxies from their principals, and we will reimburse the brokers, banks, and other nominees for certain expenses they incur for such activities.

### **Annual Report on Form 10-K**

**A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, required to be filed with the SEC, without exhibits, will be furnished without charge to any stockholder of record or beneficial owner of common shares upon written request to our corporate secretary at the address on the notice of annual meeting accompanying this proxy statement.**

April 4, 2008

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DETACH PROXY CARD HERE

X

**Votes must be indicated  
(x) in Black or Blue ink.**

**Please Sign, Date and Return the Proxy Card Promptly  
Using the Enclosed Envelope.**

To change your address, please  
mark this box.

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**The Board of Directors recommends a vote FOR proposals (1) and (2):**

1. Election of Directors

2. To ratify the selection of KPMG  
LLP as  
CF Industries Holdings, Inc.'s  
independent  
registered public accounting firm  
for 2008.

**FOR**

**AGAINST**

**ABSTAIN**

**0**

**0**

**0**

|                         | FOR<br>ALL | WITHHOLD<br>FOR ALL | *FOR ALL<br>EXCEPT |
|-------------------------|------------|---------------------|--------------------|
| Nominees:               |            |                     |                    |
| 01 Wallace W. Creek     |            |                     |                    |
| 02 William Davisson and | <b>0</b>   | <b>0</b>            | <b>0</b>           |
| 03 Stephen R. Wilson    |            |                     |                    |

The proxies are authorized to vote in their discretion upon such other matters as  
may properly come before the meeting.

**\*(INSTRUCTIONS: To withhold authority to vote for any  
individual nominee, mark the FOR ALL EXCEPT box and strike a  
line through that nominee's name.)**

SCAN LINE

Signature

Signature

Date

The signature to this proxy should conform exactly to the name as shown. When shares are held by joint tenants, each joint tenant must sign. When signing as an attorney, executor, administrator, trustee, guardian or in other similar capacity, please give your full title as such. If the signature is by a corporation, a duly authorized officer of the corporation should sign in full the corporate name. If the signature is by a partnership or other entity, a partner or a duly authorized person should sign in full the name of the partnership or other entity.



You can view the Annual Report and Proxy Statement  
on the Internet at <http://ir.cfindustries.com/2008Proxy>

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**CF INDUSTRIES HOLDINGS, INC.  
PROXY FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 13, 2008**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby constitutes and appoints Anthony J. Nocchiero and Douglas C. Barnard, and each of them, as proxies, each with full power of substitution, and hereby authorizes each of them to represent and to vote, as designated on the reverse side of this proxy, all of the shares of common stock of CF Industries Holdings, Inc. registered in the name of the undersigned, as of March 11, 2008, at the 2008 Annual Meeting of Stockholders of CF Industries Holdings, Inc. to be held on May 13, 2008, at 10:00 a.m. Central Time, in The Westin Chicago North Shore, 601 North Milwaukee Avenue, Wheeling, Illinois 60090, and at any and all adjournments or postponements of that meeting. Receipt of the Notice of 2008 Annual Meeting and Proxy Statement is hereby acknowledged.

**UNLESS OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF MESSRS. CREEK, DAVISSON, AND WILSON AS DIRECTORS; FOR THE RATIFICATION OF THE SELECTION OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2008; AND, IN THE DISCRETION OF THE PROXIES, UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING.**

(Continued, and to be marked, dated and signed, on other side)

Address Change/Comments (Mark the corresponding box on the reverse side)

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QuickLinks

[ABOUT THE ANNUAL MEETING](#)

[PROPOSAL 1: ELECTION OF DIRECTORS](#)

[DIRECTORS AND DIRECTOR NOMINEES](#)

[EXECUTIVE OFFICERS](#)

[CORPORATE GOVERNANCE](#)

[COMMON STOCK OWNERSHIP](#)

[COMPENSATION DISCUSSION AND ANALYSIS](#)

[COMPENSATION COMMITTEE REPORT](#)

[EXECUTIVE COMPENSATION](#)

[DIRECTOR COMPENSATION](#)

[CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS](#)

[PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT AUDITOR](#)

AUDIT AND NON-AUDIT FEES

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES

AUDITOR INDEPENDENCE

AUDIT COMMITTEE REPORT

ADDITIONAL INFORMATION