UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended June 30, 2011

OR

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

For the transition period from _______ to _______

Commission file number: **001-32597**

CF INDUSTRIES HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

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

(847) 405-2400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

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

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

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

71,753,373 shares of the registrant's common stock, $0.01 par value per share, were outstanding at July 29, 2011.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
	(in millions, except per share amounts)			
Net sales	$ 1,801.7	$ 1,307.9	$ 2,975.7	$ 1,810.3
Cost of sales	934.3	911.1	1,583.3	1,284.5
Gross margin	867.4	396.8	1,392.4	525.8
Selling, general and administrative	31.7	28.3	62.7	44.5
Restructuring and integration costs	1.3	9.3	3.4	9.3
Other operating net	3.9	10.3	(27.1)	149.6
Total other operating costs and expenses	36.9	47.9	39.0	203.4
Equity in earnings of operating affiliates	14.2	1.5	25.7	1.5
Operating earnings	844.7	350.4	1,379.1	323.9
Interest expense	30.8	111.9	82.9	112.3
Interest income	(0.9)	(0.4)	(1.2)	(0.7)
Loss on extinguishment of debt		17.0		17.0
Other non-operating net	(0.2)	0.2	(0.5)	(28.1)
Earnings before income taxes and equity in earnings of non-operating affiliates	815.0	221.7	1,297.9	223.4
Income tax provision	281.0	89.9	439.8	85.5
Equity in earnings of non-operating affiliates net of taxes	9.8	4.8	18.3	4.9
Net earnings	543.8	136.6	876.4	142.8
Less: Net earnings attributable to noncontrolling interest	56.4	31.5	107.0	42.1

Net earnings attributable to common stockholders	$	487.4	$	105.1	$	769.4	$	100.7
Net earnings per share attributable to common stockholders:								
Basic	$	6.81	$	1.56	$	10.77	$	1.73
Diluted	$	6.75	$	1.54	$	10.66	$	1.71
Weighted average common shares outstanding:								
Basic		71.6		67.4		71.4		58.1
Diluted		72.2		68.2		72.2		58.8
Dividends declared per common share	$	0.10	$	0.10	$	0.20	$	0.20

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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CF INDUSTRIES HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
	(in millions)			
Net earnings	$ 543.8	$ 136.6	$ 876.4	$ 142.8
Other comprehensive income (loss):				
Foreign currency translation adjustment net of taxes	1.7	(32.6)	26.9	(30.6)
Unrealized gain (loss) on securities net of taxes	1.6	(0.7)	2.8	(13.2)
Defined benefit plans net of taxes	1.5	1.2	2.3	1.5
	4.8	(32.1)	32.0	(42.3)
Comprehensive income	548.6	104.5	908.4	100.5
Less: Comprehensive income attributable to the noncontrolling interest	56.6	30.5	107.9	41.9
Comprehensive income attributable to common stockholders	$ 492.0	$ 74.0	$ 800.5	$ 58.6

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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CF INDUSTRIES HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

	(Unaudited) June 30, 2011	December 31, 2010
	(in millions, except share and per share amounts)	
Assets		
Current assets:		
Cash and cash equivalents	$ 1,355.6	$ 797.7
Short-term investments	3.2	3.1
Accounts receivable	424.5	238.9
Inventories net	277.0	270.3
Other	20.1	31.4
Total current assets	2,080.4	1,341.4
Property, plant and equipment, net of accumulated depreciation, depletion and amortization of $2,321.3 and $2,152.5	3,869.5	3,942.3
Asset retirement obligation funds	95.0	95.0
Investments in and advances to affiliates	1,003.5	977.1
Investments in auction rate securities	81.8	102.8
Goodwill	2,064.5	2,064.5
Other assets	225.3	230.9
Total assets	$ 9,420.0	$ 8,754.0
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 346.8	$ 323.2
Income taxes payable	136.0	62.2
Customer advances	401.3	431.5
Notes payable	5.1	4.9
Deferred income taxes	105.3	38.6
Distributions payable to noncontrolling interest	80.8	78.0
Other	19.3	10.2
Total current liabilities	1,094.6	948.6
Long-term debt	1,613.0	1,954.1
Deferred income taxes	1,030.5	1,074.7
Other noncurrent liabilities	350.1	343.2
Contingencies (Note 23)		
Equity:		
Stockholders' equity:		
Preferred stock $0.01 par value, 50,000,000 shares authorized		
Common stock $0.01 par value, 500,000,000 shares authorized, 2011 71,699,938 and	0.7	0.7

2010 71,267,185 shares issued and outstanding				
Paid-in capital		2,764.1		2,732.2
Retained earnings		2,125.9		1,370.8
Accumulated other comprehensive loss		(22.2)		(53.3)
Total stockholders' equity		4,868.5		4,050.4
Noncontrolling interest		463.3		383.0
Total equity		5,331.8		4,433.4
Total liabilities and equity	$	9,420.0	$	8,754.0

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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CF INDUSTRIES HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)

	Common Stockholders						
	$0.01 Par Value Common Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
	(in millions)						
Balance at December 31, 2009	$ 0.5	$ 723.5	$ 1,048.1	$ (43.2)	$ 1,728.9	$ 16.0	$ 1,744.9
Net earnings			100.7		100.7	42.1	142.8
Other comprehensive income (loss)							
Foreign currency translation adjustment				(30.4)	(30.4)	(0.2)	(30.6)
Unrealized loss on securities net of taxes				(13.2)	(13.2)		(13.2)
Defined benefit plan net of taxes				1.5	1.5		1.5
Comprehensive income					58.6	41.9	100.5
Acquisition of Terra Industries Inc.						373.0	373.0
Issuance of $0.01 par value common stock in connection with acquisition of Terra Industries Inc.	0.1	881.9			882.0		882.0
Issuance of $0.01 par value common stock in connection with an equity offering, net of costs of $41.3 million	0.1	1,108.5			1,108.6		1,108.6
Issuance of $0.01 par value common stock under employee stock plans		0.5			0.5		0.5
Stock-based compensation expense		3.8			3.8		3.8
Excess tax benefit from stock-based compensation		0.6			0.6		0.6
Cash dividends ($0.20 per share)			(12.0)		(12.0)		(12.0)
Declaration of distribution payable						(5.8)	(5.8)
Effect of exchange rates changes						(1.0)	(1.0)
Balance at June 30, 2010	$ 0.7	$ 2,718.8	$ 1,136.8	$ (85.3)	$ 3,771.0	$ 424.1	$ 4,195.1
Balance at December 31, 2010	$ 0.7	$ 2,732.2	$ 1,370.8	$ (53.3)	$ 4,050.4	$ 383.0	$ 4,433.4
Net earnings			769.4		769.4	107.0	876.4
Other comprehensive income							
Foreign currency translation adjustment				26.0	26.0	0.9	26.9
Unrealized gain on securities net of taxes				2.8	2.8		2.8
				2.3	2.3		2.3

Defined benefit plan net of taxes							
Comprehensive income					800.5	107.9	908.4
Issuance of $0.01 par value common stock under employee stock plans		8.6			8.6		8.6
Stock-based compensation expense		4.7			4.7		4.7
Excess tax benefit from stock-based compensation		18.6			18.6		18.6
Cash dividends ($0.20 per share)			(14.3)		(14.3)		(14.3)
Declaration of distribution payable						(28.6)	(28.6)
Effect of exchange rates changes						1.0	1.0
Balance at June 30, 2011	$ 0.7	$ 2,764.1	$ 2,125.9	$ (22.2)	$ 4,868.5	$ 463.3	$ 5,331.8

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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CF INDUSTRIES HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six months ended June 30, 2011	Six months ended June 30, 2010
	(in millions)	
Operating Activities:		
Net earnings	$ 876.4	$ 142.8
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, depletion and amortization	213.3	178.1
Deferred income taxes (benefit)	25.8	(6.3)
Stock compensation expense	5.1	3.8
Excess tax benefit from stock-based compensation	(18.6)	(0.6)
Unrealized (gain) loss on derivatives	13.5	(7.0)
Loss on extinguishment of debt		17.0
Gain on sale of marketable equity securities		(28.3)
Gain on disposal of property, plant and equipment and non-core assets	(29.4)	(0.1)
Undistributed earnings of affiliates net	(52.6)	(9.5)
Changes in (net of effects of acquisition):		
Accounts receivable	(178.7)	(44.9)
Margin deposits	4.3	(4.6)
Inventories	(3.9)	100.7
Accrued income taxes	76.8	(26.4)
Accounts payable and accrued expenses	22.5	(24.8)
Customer advances net	(30.4)	(255.4)
Other net	(2.0)	11.5
Net cash provided by operating activities	922.1	46.0
Investing Activities:		
Additions to property, plant and equipment	(105.5)	(104.3)
Proceeds from the sale of property, plant and equipment and non-core assets	47.5	9.6
Purchases of short-term securities		(25.5)
Sales and maturities of short-term and auction rate securities	24.6	218.7
Sale of marketable equity securities		167.1
Deposits to asset retirement obligation funds		(3.7)
Purchase of Terra Industries Inc. net of cash acquired		(3,177.8)
Other net	31.3	30.2
Net cash used in investing activities	(2.1)	(2,885.7)
Financing Activities:		
Proceeds from long-term borrowings		5,197.2
Payments of long-term debt	(346.0)	(3,358.7)
Financing fees		(207.8)
Dividends paid on common stock	(14.3)	(32.0)
Distributions to noncontrolling interests	(28.6)	(5.8)
Issuance of common stock		1,150.0

Issuances of common stock under employee stock plans	8.6	0.5
Excess tax benefit from stock-based compensation	18.6	0.6
Net cash provided by (used in) financing activities	(361.7)	2,744.0
Effect of exchange rate changes on cash and cash equivalents	(0.4)	
Increase (decrease) in cash and cash equivalents	557.9	(95.7)
Cash and cash equivalents at beginning of period	797.7	697.1
Cash and cash equivalents at end of period	$ 1,355.6	$ 601.4

See Accompanying Notes to Unaudited Consolidated Financial Statements

CF INDUSTRIES HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Background and Basis of Presentation

We are one of the largest manufacturers and distributors of nitrogen and phosphate fertilizer products in the world. Our operations are organized into two business segments the nitrogen segment and the phosphate segment. Our principal products in the nitrogen segment are ammonia, urea, urea ammonium nitrate solution (UAN), ammonium nitrate (AN), diesel exhaust fluid (DEF) and aqua ammonia. Our principal products in the phosphate segment are diammonium phosphate (DAP) and monoammonium phosphate (MAP).

Our core market and distribution facilities are concentrated in the midwestern United States and other major agricultural areas of the U.S. and Canada. We also export nitrogen fertilizer products from our Donaldsonville, Louisiana manufacturing facilities and phosphate fertilizer products from our Florida phosphate operations. In addition, we hold joint venture investments in production facilities in the Republic of Trinidad and Tobago and the United Kingdom and a fertilizer trading company near Zurich, Switzerland.

The principal customers for both our nitrogen and phosphate fertilizers are cooperatives and independent fertilizer distributors.

In April 2010, we acquired Terra Industries Inc. (Terra), a leading North American producer and marketer of nitrogen fertilizer products (See Note 4 Terra Acquisition). Accordingly, the results of Terra are included in the Company's consolidated financial statements since April 2010.

The accompanying unaudited interim consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements for the year ended December 31, 2010, in accordance with accounting principles generally accepted in the United States for interim financial reporting. In the opinion of management, these statements reflect all adjustments, consisting only of normal and recurring adjustments that are necessary for the fair representation of the information for the periods presented. The unaudited interim consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Operating results for any period presented apply to that period only and are not necessarily indicative of results for any future period.

These statements should be read in conjunction with our audited consolidated financial statements and related disclosures included in our Form 10-K filed with the SEC on February 25, 2011.

The preparation of the unaudited interim financial statements requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and certain financial statement disclosures. Actual results could differ from these estimates. Significant estimates in these consolidated financial statements include net realizable value of inventories, the timing and ultimate settlement costs of asset retirement obligations, environmental remediation liabilities, environmental and litigation contingencies, the cost of sales incentives, useful lives of property and identifiable intangible assets, the evaluation of impairments of property, investments, identifiable intangible assets and goodwill, income tax and valuation reserves, allowances for doubtful accounts receivable, the measurement of the fair values of investments for which markets are not active, assumptions used in the determination of the funded status and annual expense of pension and postretirement employee benefit plans and the volatility and expected lives for stock compensation instruments granted to employees.

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All references to "CF Holdings," "the Company," "we," "us" and "our" refer to CF Industries Holdings, Inc. and its subsidiaries, including CF Industries, Inc. (CF Industries), except where the context makes clear that the reference is only to CF Industries Holdings, Inc. itself and not its subsidiaries.

2. Summary of Significant Accounting Policies

For a complete discussion of the Company's significant accounting policies, refer to our 2010 Annual Report on Form 10-K as of and for the year-ended December 31, 2010, filed with the SEC on February 25, 2011.

3. New Accounting Standards

Following are summaries of accounting pronouncements that either were adopted recently or may become applicable to our consolidated financial statements. It should be noted that the accounting standards references provided below reflect the FASB Accounting Standards Codification (ASC), and related Accounting Standards Updates (ASU).

Recently Adopted Pronouncements

In January 2010, the FASB issued a standard pertaining to fair value disclosures (ASU No. 2010-6) that requires a reporting entity to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements, to describe the reasons for the transfers, and to disclose certain additional information about purchases, sales, issuances, and settlements of Level 3 fair value measurements. This standard also requires an entity to provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for Level 2 and Level 3 items. The standard became effective for interim and annual reporting periods beginning after December 15, 2009, except for the Level 3 disclosure of activity, which is effective for fiscal years beginning after December 15, 2010. We adopted the level 3 disclosure requirements of this standard as of January 1, 2011. The adoption of this standard did not have a material impact on our consolidated financial statements.

In July 2010, the FASB issued a standard to modify the disclosures that an entity provides about the credit quality of its receivables and the related allowance for credit losses (ASU No. 2010-20). The standard requires an entity to provide greater information about the nature of credit risk inherent in the entity's portfolio of financing receivables, how the risk is analyzed and assessed in arriving at the allowance for credit losses and the changes and reasons for those changes in the allowance for credit losses. As a result, both new and previous disclosures must be disaggregated by portfolio segment or class based on how a company develops its allowance for credit losses and how it manages its credit exposure. This standard is effective for interim and annual reporting periods ending on or after December 15, 2010. The adoption of this standard did not impact our consolidated financial statements.

In December 2010, the FASB issued a standard that pertains to business combinations (ASU No. 2010-29) that requires a public entity that presents comparative financial statements to disclose revenue and earnings of the combined entity as though the business combination that occurs during the current year had occurred as of the beginning of the comparable prior annual reporting period. Additionally, the standard expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. We adopted this standard as of December 31, 2010. The adoption of this standard did not impact our consolidated financial statements.

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In April 2010, the FASB issued a standard that pertains to stock compensation (ASU No. 2010-13) which clarifies that an employee share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity shares trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. We adopted this standard as of January 1, 2011. The adoption of this standard did not impact our consolidated financial statements.

Recently Issued Pronouncements

In May 2011, the FASB issued a standard that is intended to improve comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. generally accepted accounting principles and International Financial Reporting Standards (ASU No. 2011-04). This standard clarifies the application of existing fair value measurement requirements including (1) the application of the highest and best use valuation premise, (2) the methodology to measure the fair value of an instrument classified in a reporting entity's shareholders' equity, (3) disclosure requirements for quantitative information on Level 3 fair value measurements and (4) guidance on measuring the fair value of financial instruments managed within a portfolio. In addition, the standard requires additional disclosures of the sensitivity of fair value to changes in unobservable inputs for Level 3 securities. This standard is effective for interim and annual reporting periods ending on or after December 15, 2011. We do not expect the adoption of this standard to have a significant impact on our consolidated financial statements.

In June 2011, the FASB issued a standard that pertains to the presentation of comprehensive income (ASU No. 2011-05). This standard requires that comprehensive income be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The standard also requires entities to disclose on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net earnings. This standard no longer allows companies to present components of other comprehensive income only in the statement of equity. This standard is effective for interim and annual reporting periods ending on or after December 15, 2011. We do not expect the adoption of this standard to have a significant impact on our consolidated financial statements.

4. Terra Acquisition

In April of 2010, we completed the acquisition of Terra through the merger of Composite Merger Corporation, our indirect wholly-owned subsidiary (Composite), with and into Terra pursuant to the Agreement and Plan of Merger dated as of March 12, 2010 among CF Holdings, Composite and Terra (the Merger Agreement). As a result of the merger, Terra became an indirect wholly-owned subsidiary of the Company. The acquisition of Terra has made the Company a global leader in the nitrogen fertilizer industry, diversified our asset base and increased our geographic reach and operational efficiency, and significantly increased our scale and capital market presence.

Pursuant to the terms and conditions of the Merger Agreement, each outstanding share of Terra common stock was converted into the right to receive $37.15 in cash and 0.0953 of a share of CF Holdings common stock pursuant to an exchange offer and second-step merger (the Merger). CF Holdings issued an aggregate of 9.5 million shares of its common stock with a fair value of $882 million and paid an aggregate of $3.2 billion in cash, net of $0.5 billion cash acquired, for 100% of Terra's common stock.

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We funded the cash requirements of the acquisition with cash on hand and with $1.75 billion of borrowings under a senior secured bridge facility and approximately $1.9 billion of borrowings under a senior secured term loan facility that provided for up to $2.0 billion of borrowings. On April 21, 2010, CF Holdings completed a public offering of approximately 12.9 million shares of common stock at $89.00 per share. The proceeds of $1.1 billion, net of underwriting discounts and customary fees, were used to repay a portion of the senior secured bridge facility. On April 23, 2010, CF Industries completed a public offering of senior notes in an aggregate principal amount of $1.6 billion. Approximately $645.2 million of the net proceeds of the offering were used to repay in full the remaining outstanding borrowings under senior secured bridge facility. We used the remaining proceeds from the offering to repay approximately $864.2 million of the senior secured term loan facility. In May 2010, we redeemed Terra's 7.75% senior notes due 2019 for $744.5 million and recognized a $17 million loss on the early extinguishment of that debt. See Note 19 Financing Agreements, for further information regarding these financing arrangements.

The following table summarizes the allocation of the $4.6 billion purchase price to the assets acquired and liabilities assumed from Terra on April 5, 2010. During the measurement period that ended on March 31, 2011, net adjustments of $31.9 million were made to the fair values of the assets acquired and liabilities assumed with a corresponding adjustment to goodwill. The allocation of the purchase price recorded in the second quarter of 2010, and the net adjustments, are shown below. Our Consolidated Balance Sheet at December 31, 2010 has been retrospectively adjusted to reflect these adjustments as required by the accounting guidance for business combinations. No further adjustments have been made to the purchase price allocation since March 31, 2011.

Initial Valuation	2010 Net Adjustments to Fair Value	December 31, 2010	2011 Net Adjustments to Fair Value