FMC CORP
Form 10-K
February 18, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

x Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2013
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 1-2376

FMC CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	94-0479804 (I.R.S. Employer Identification No.)
1735 Market Street Philadelphia, Pennsylvania (Address of principal executive offices)	19103 (Zip Code)

Registrant’s telephone number, including area code: 215-299-6000

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.10 par value	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

INDICATE BY CHECK MARK IF THE REGISTRANT IS A WELL-KNOWN SEASONED ISSUER, AS DEFINED IN RULE 405 OF THE SECURITIES ACT. YES ý NO ¨
INDICATE BY CHECK MARK IF THE REGISTRANT IS NOT REQUIRED TO FILE REPORTS PURSUANT TO SECTION 13 AND SECTION 15(d) OF THE ACT. YES ¨ NO ý
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 ¨
INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS SUBMITTED ELECTRONICALLY AND POSTED ON ITS CORPORATE WEBSITE, IF ANY, EVERY INTERACTIVE DATA FILE REQUIRED TO BE SUBMITTED AND POSTED PURSUANT TO RULE 405 OF REGULATION S-T DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO SUBMIT AND

POST SUCH FILES) YES ý NO ¨
INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K ý

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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 DEFINITIONS OF “LARGE ACCELERATED FILER,” “ACCELERATED FILER,” AND “SMALLER REPORTING COMPANY” IN RULE 12B-2 OF THE EXCHANGE ACT. (CHECK ONE):

LARGE ACCELERATED FILER	x	ACCELERATED FILER	o
NON-ACCELERATED FILER	o	SMALLER REPORTING COMPANY	o

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A SHELL COMPANY (AS DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT) YES o NO x

THE AGGREGATE MARKET VALUE OF VOTING STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT AS OF JUNE 30, 2013, THE LAST DAY OF THE REGISTRANT’S SECOND FISCAL QUARTER WAS $8,250,312,236. THE MARKET VALUE OF VOTING STOCK HELD BY NON-AFFILIATES EXCLUDES THE VALUE OF THOSE SHARES HELD BY EXECUTIVE OFFICERS AND DIRECTORS OF THE REGISTRANT.

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER’S CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE

Class	December 31, 2013
Common Stock, par value $0.10 per share	132,885,689

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT	FORM 10-K REFERENCE
Portions of Proxy Statement for 2014 Annual Meeting of Stockholders	Part III

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FMC Corporation
2013 Form 10-K Annual Report
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PART I

FMC Corporation (FMC) was incorporated in 1928 under Delaware law and has its principal executive offices at 1735 Market Street, Philadelphia, Pennsylvania 19103. Throughout this Annual Report on Form 10-K, except where otherwise stated or indicated by the context, “FMC”, “We,” “Us,” or “Our” means FMC Corporation and its consolidated subsidiaries and their predecessors. Copies of the annual, quarterly and current reports we file with the Securities and Exchange Commission (“SEC”), and any amendments to those reports, are available on our website at www.FMC.com as soon as practicable after we furnish such materials to the SEC.

ITEM 1. BUSINESS

General

We are a diversified chemical company serving agricultural, consumer and industrial markets globally with innovative solutions, applications and market-leading products. We operate in three distinct business segments: FMC Agricultural Solutions, FMC Health and Nutrition and FMC Minerals. Our FMC Agricultural Solutions segment develops, markets and sells all three major classes of crop protection chemicals – insecticides, herbicides and fungicides. These products are used in agriculture to enhance crop yield and quality by controlling a broad spectrum of insects, weeds and disease, as well as in non-agricultural markets for pest control. The FMC Health and Nutrition segment focuses on food, pharmaceutical ingredients, nutraceuticals, personal care and similar markets. Our food ingredients are used to enhance texture, color, structure and physical stability. The pharmaceutical additives are used for binding, encapsulation and disintegrant applications. Our FMC Minerals segment manufactures a wide range of inorganic materials, including soda ash and lithium. Soda ash is utilized in markets such as glass and detergents and lithium is utilized in energy storage, specialty polymers and pharmaceutical synthesis.

Discontinued Operations

FMC Peroxygens divestiture:

In April 2013, the Board of Directors authorized management to pursue the sale of our FMC Peroxygens segment. This segment was classified as a discontinued operation and an asset held for sale beginning with our September 30, 2013 condensed consolidated financial statements filed on Form 10-Q. In December 2013, we signed a definitive agreement to sell FMC Peroxygens and we expect the sale to be completed in the first quarter of 2014.

Results of operations related to our FMC Peroxygens segment have been reclassified as a discontinued operation on a retrospective basis for all years presented. Unless otherwise indicated, the following discussions in this section (Item 1: Business) pertain only to our continuing operations. For additional information see Note 9 "Discontinued Operations" to our consolidated financial statements included in this Form 10-K.

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The following table shows the principal products produced by our three business segments and their raw materials and uses:

Segment	Product	Raw Materials	Uses
FMC Agricultural Solutions	Insecticides	Synthetic chemical intermediates	Protection of crops, including cotton, sugarcane, rice, corn, soybeans, cereals, fruits and vegetables from insects and for non-agricultural applications including pest control for home, garden and other specialty markets
	Herbicides	Synthetic chemical intermediates	Protection of crops, including cotton, sugarcane, rice, corn, soybeans, cereals, fruits and vegetables from weed growth and for non-agricultural applications including turf and roadsides
	Fungicides	Synthetic and biological chemical intermediates	Protection of crops, including fruits and vegetables from fungal disease
FMC Health and Nutrition	Microcrystalline Cellulose	Specialty pulp	Drug dry tablet binder and disintegrant, food ingredient
	Carrageenan	Refined seaweed	Food ingredient for thickening and stabilizing, pharmaceutical and nutraceutical encapsulates
	Alginates	Refined seaweed	Food ingredient, pharmaceutical excipient, healthcare and industrial uses
	Natural Colorants	Plant sources, select insect species	Food, pharmaceutical and cosmetics
	Pectin	Citrus fruit peels	Food ingredients for texture and stabilizing
	Omega-3 EPA/DHA	Fish oils	Nutraceutical and pharmaceutical uses.
FMC Minerals	Lithium	Extracted lithium	Batteries, polymers, pharmaceuticals, greases and lubricants, glass and ceramics and other industrial uses
	Soda Ash	Mined trona ore	Glass, chemicals, detergents

With a worldwide manufacturing and distribution infrastructure, we are able to respond rapidly to global customer needs, offset downward economic trends in one region with positive trends in another and match local revenues to local costs to mitigate the impact of currency volatility. The charts below detail our sales and long-lived assets by major geographic region.

Our Strategy

Since 2010, we have invested significant resources and managerial time in the development and implementation of a new strategic plan for FMC. This corporate strategy, which we refer to as Vision 2015, is focused on driving sales and earnings growth while sustaining a return on invested capital well above our cost of capital. This strategy's objective is to achieve a total shareholder return in the top quartile of a broad group of industry peers. Vision 2015 has five key elements:

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Growing Leadership Positions. We intend to continue to build and strengthen our market-leading positions by executing a plan that relies primarily on organic growth, complemented by a focused external growth strategy. We benefit from a business portfolio that is exposed to fast-growing end markets and geographic regions. FMC Agricultural Solutions' organic growth plan focuses on market and product innovations while strengthening market access. FMC Health and Nutrition's organic focus is primarily on new products and new applications for existing products. FMC Minerals' focus is on achieving lowest unit cost production of natural commodities. To complement these growth initiatives, our external growth strategy employs a focused, disciplined approach to company, product and technology acquisitions and ventures. We believe this strategy reduces risks inherent in external growth. In FMC Agricultural Solutions, we are focused on acquiring access to new products and technologies, as well as strengthening market access and entering adjacent spaces. FMC Health and Nutrition's external growth efforts are directed toward product and small company acquisitions that fit or complement existing supply chain competencies and have similar end-market characteristics as the markets in which we already participate. FMC Minerals evaluates acquisitions opportunistically. Across FMC our strategy excludes making large-scale, complex, or transformational acquisitions or adding another business platform to our portfolio through acquisition.

Increasing Our Reach. We intend to bias our growth initiatives toward further strengthening our positions in rapidly developing economies (RDEs). Our growth in Latin America will be largely driven by leveraging FMC Agricultural Solutions' leadership positions. In Asia, our growth initiatives will be more broad-based, with targeted investments in human, scientific and technological resources across our businesses in the region. In Central and Eastern Europe, Turkey and Russia, we will focus on establishing strong footholds in key countries.

Capturing the Value of Common Ownership. We are moving from a highly decentralized organizational model to one that has both centralized and decentralized qualities. We believe this shift will enable us to better leverage the size and scope of our company to realize cost savings and increase efficiencies yet maintain strong accountability in our business units. Our efforts are focused on such areas as procurement, strategic planning, mergers and acquisitions, communications, global supply chain, RDE infrastructure, human resources and finance.

Proactively Managing our Portfolio. We continually assess the performance of all of our business units, and will take actions as needed should a unit's performance change. Within our businesses, we continue to evaluate the performance of specific product lines and have taken action where a product line or business has become non-core or economically unsustainable, such as the exit in 2011 of the sodium percarbonate product line, of the zeolites product line in 2012 and the FMC Peroxygens segment divestiture in 2013.

Disciplined Cash Deployment. Under our Vision 2015 plan, we expect to fund our growth strategies and return a significant amount of cash to our shareholders through share repurchases and dividends.

Underlying our ambition to deliver our Vision 2015 plan is a continued commitment to enterprise sustainability, including responsible stewardship. As we grow, we will do so in a responsible way. Safety is and will remain of utmost importance. Meeting and exceeding our customers' expectations will continue to be a primary focus. We will, as always, conduct our business in an ethical manner.

Financial Information About Our Business Segments

See Note 20 "Segment Information" to our consolidated financial statements included in this Form 10-K. Also see below for selected financial information related to our segments.

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FMC Agricultural Solutions
Financial Information (In Millions)

Overview
Our FMC Agricultural Solutions segment, which represents approximately 55 percent of our 2013 consolidated revenues, operates in the agrochemicals industry. This segment develops, manufactures and sells a portfolio of crop protection, professional pest control and lawn and garden products.

Products and Markets

FMC Agricultural Solutions' portfolio is comprised of three major pesticide categories: insecticides, herbicides and fungicides. The majority our product line consists of insecticides and herbicides, and we have a small but fast-growing portfolio of fungicides mainly used in high value crop segments. Our insecticides are used to control a wide spectrum of pests, while our herbicide portfolio primarily targets a large variety of difficult-to-control weeds.
In October 2013, we announced the formation of a new biological platform created by the combination of an alliance with Chr. Hansen and the acquisition of the Center for Agricultural and Environmental Biosolutions (“CAEB”). Through these transactions, we will combine best-in-class capabilities for scouting, screening and fermentation, and scale up from Chr. Hansen and CAEB with our formulation science, product development and registration experience. We will then exclusively market these products via our global market access positions.

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In the Latin American region, which includes the large agricultural market of Brazil, we sell directly to large growers through our own sales and marketing organization, and we access the market through independent distributors. In North America, we access the market through several major national and regional distributors and have our own sales and marketing organization in Canada. We access key Western European markets through a Belgium-based pesticide distribution company, Belchim Crop Protection N.V., in which we have an ownership interest. We also have joint venture arrangements with Nufarm Limited in three countries in Eastern Europe, which allow us to capitalize on growth in this part of Europe. We access key Asian markets either through local independent distributors or our own sales and marketing organizations. Through these and other alliances, along with our own targeted marketing efforts, access to novel technologies and our innovation initiatives, we expect to maintain and enhance our access in key agricultural and non-crop markets and develop new products that will help us continue to compete effectively.

Industry Overview

The three principal categories of agricultural and non-crop chemicals are herbicides, representing approximately half of global industry revenue; insecticides, representing approximately a quarter of global industry revenue; and fungicides, representing most of the remaining portion of global industry revenue.

The agrochemicals industry is relatively consolidated. Leading crop protection companies, Syngenta AG, Bayer AG, Monsanto Company, BASF AG, The Dow Chemical Company and E. I. du Pont de Nemours and Company (DuPont), currently represent approximately 65 percent of the industry’s global sales. The next tier of agrochemical producers include FMC, ADAMA Agricultural Solutions, Ltd., Sumitomo Chemical Company Ltd., Nufarm Ltd., Arysta LifeScience Corp., United Phosphorous Ltd. and Cheminova AS. FMC employs various differentiated strategies and competes through unique technologies focusing on certain crops, markets and geographies, as well as competitive pricing based on low-cost manufacturing positions.

Growth

We plan to grow by obtaining new and approved uses for existing product lines and acquiring, accessing, developing, marketing, distributing and/or selling complementary chemistries and related technologies in order to enhance and expand our product portfolio and our capabilities to effectively service our target markets and customers.

Our growth efforts focus on developing environmentally compatible and sustainable solutions that can effectively increase farmers’ yields and provide cost-effective alternatives to chemistries which may be prone to resistance. We are committed to providing unique, differentiated products to our customers by acquiring and further developing technologies as well as investing in innovation to extend product life cycles. Our external growth efforts include product acquisitions, in-licensing of chemistries and technologies and alliances that strengthen our market access, complement our existing product portfolio or provide entry into adjacent spaces. We have continued to enter into a range of development and distribution agreements with other companies that provide us access to new technologies and products which we can subsequently commercialize.

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FMC Health and Nutrition
Financial Information (In Millions)

Overview
Our FMC Health and Nutrition segment, which represents 20 percent of our 2013 consolidated revenues, is focused on high-performance food ingredients, pharmaceutical excipients and with the acquisition of Epax Nutra Holding III AS and Epax UK Holding III AS, (collectively "Epax"), completed in July 2013, omega-3 oils. The majority of FMC Health and Nutrition sales are to customers in non-cyclical end markets. We believe our future growth in this segment will continue to be based on the value-added performance capabilities of these products and our research and development capabilities, as well as on the alliances and close working relationships we have developed with key global customers. The focus and our intent for external growth is to broaden our product line and expand our participation in RDEs through acquisitions, joint ventures, and alliances.

Products and Markets

Our product offerings into the food markets principally provide texture, structure and physical stability ("TSPS") solutions to thicken and stabilize certain food products. Our formulation ingredients serving the pharmaceutical industry function as binders, disintegrants, suspending agents, and control-release compounds for the production of both solid and liquid pharmaceutical products. The majority of our nutraceutical product offerings are high purity omega-3.
FMC Health and Nutrition is a supplier of microcrystalline cellulose ("MCC"), carrageenan, alginates, natural colorants, pectin and omega-3, all naturally derived ingredients that have high value-added applications in the production of food, pharmaceutical, nutraceutical and other specialty consumer products. MCC, processed from specialty grades of renewable hardwood and softwood

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pulp, provides binding and disintegrant properties for dry tablets and capsules and has unique functionality that improves the texture and stability of many food products. Carrageenan and alginates, both processed from natural seaweed, are used in a wide variety of food, pharmaceutical and oral care applications. Natural colorants are utilized in specialty products used in the food, beverage, personal care, nutrition and pharmaceutical markets. Pectin, derived from natural citrus fruit peels, is utilized as a hydrocolloid texturant and stabilizer. Omega-3 is sourced from fish oils and utilized in other pharmaceutical and nutraceutical applications.

Industry Overview

Food Ingredients

The industry is dispersed geographically, with the majority of our sales in Europe, North America and Asia. The food ingredients market is comprised of a large number of suppliers due to the broad spectrum of chemistries employed. Segment leadership, global position and investment in technology are key factors to sustaining profitability. The top suppliers of TSPS ingredients include FMC, DuPont, J.M. Huber Corporation, Kerry Group plc and Cargill Incorporated.

Pharmaceutical & Nutraceutical Ingredients

Competitors tend to be grouped by chemistry. Our principal MCC competitors include J. Rettenmaier & Sôhne GmbH, Ming Tai Chemical Co., Ltd., Asahi Kasei Corporation and Blanver Farmoquimica Ltda. While pricing pressure from low-cost producers is a common competitive dynamic, companies look to offset that pressure by providing the most reliable and broadest range of products and services. Our customers are pharmaceutical firms who depend upon reliable therapeutic performance of their drug products. DSM, BASF AG and Croda International Plc. also produce a variety of omega-3 fish oils. We have a cost-effective production capability that yields very high concentrates and distinguishes FMC products from others.

FMC Minerals

Financial Information (In millions)

Overview

Our FMC Minerals segment, which represents 25 percent of our 2013 consolidated revenues, participates in the alkali chemicals and lithium products markets.

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Products and Markets

Alkali

Our Alkali Chemicals division produces natural soda ash. Soda ash is used by manufacturers in glass, chemical processing and detergent industries. We also produce smaller volumes of sodium bicarbonate, caustic soda and sodium sesquicarbonate. The majority of our alkali sales are manufactured by and sold through FMC Wyoming Corporation, which we manage as an integral part of our alkali business. We hold a 93.75 percent ownership interest in FMC Wyoming Corporation which increased 6.25 percent from 87.50 percent in March 2013 as a result of our purchase of Nippon Sheet Glass Company's 6.25 percent ownership interest. The remaining shares are held by a third party Japanese company.

Lithium

Lithium is a vertically integrated business, based on both inorganic and organic lithium chemistries. While lithium is sold into a variety of end markets, we have focused our strategy on the energy storage, polymer and pharmaceutical markets and other industrial markets.

The electrochemical properties of lithium make it an ideal material for portable energy storage in high performance applications, including smart phones, tablets, laptop computers, military devices and aerospace and other next-generation energy storage technologies. Lithium is a critical element in advanced batteries for use in hybrid electric, plug-in hybrids and all-electric vehicles.

Organolithium products are highly valued in the polymer market as initiators in the production of synthetic rubbers and elastomers. Organolithiums are also sold to fine chemical and pharmaceutical customers who use lithium's unique chemical properties to synthesize high value-added products.

Industry Overview

FMC Minerals serves a diverse group of markets, from economically sensitive industrial sectors to technology-intensive specialty markets. Our product offerings are primarily inorganic and are generally commodities that, in many cases, have few cost-effective substitutes. Growth is typically a function of industrial production in developed economies and a function of the rate of industrialization in developing economies, though a major growth driver for lithium in the future will be the rate of adoption of electric and hybrid electric batteries in automobiles.

Alkali

Natural soda ash is typically produced from trona ore through mining and chemical processing. Soda ash may also be produced synthetically, but requires significantly more energy and produces large quantities of waste by-products, making it much less cost-effective than natural soda ash production. Due to the processing cost advantages of mining trona and the large natural reserves of trona ore in the U.S., particularly in the Green River Basin of Wyoming, all U.S. soda ash is naturally produced. By contrast, due to a lack of trona ore, the majority of the soda ash that is manufactured in the rest of the world is produced synthetically. Other U.S. producers are OCI Chemical Corporation, Solvay S.A., Tata Chemicals (Soda Ash) Partners and Nirma Limited.

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Lithium

The markets for lithium chemicals are global with significant growth occurring outside the U.S. in Japan, China and South Korea, driven by the development and manufacture of lithium ion batteries. There are three key producers of lithium compounds: FMC, Rockwood Holdings, Inc., and Sociedad Química y Minera de Chile S.A. A fourth producer, Talison, produces spodumene ore that is subsequently converted to lithium compounds by a large number of Chinese producers. We expect a few new producers may add primary inorganics capacity to the global lithium supply in the future. FMC and Rockwood are the primary producers of lithium specialties.

Source and Availability of Raw Materials

Our raw material requirements vary by business segment and primarily include mineral-related natural resources (trona ore and lithium brines), processed chemicals, seaweed, specialty wood pulps and energy sources such as gas, coal, oil and electricity. During 2013 we encountered no significant difficulties in obtaining adequate supplies of our raw materials.

We extract ores used in FMC Minerals' manufacturing processes from mines (e.g., trona ore) in North America and lithium brines in Argentina. Raw materials used by FMC Health and Nutrition include various types of seaweed, specialty pulps, natural colorant raw materials and fish oils that are all sourced on a global basis and purchased from selected global producers/suppliers. Raw materials used by FMC Agricultural Solutions, primarily processed chemicals, are obtained from a variety of suppliers worldwide.

Patents

We own a number of U.S. and foreign patents, trademarks and licenses that are cumulatively important to our business. We do not believe that the loss of any individual or combination of related patents, trademarks or licenses would have a material adverse effect on the overall business of FMC. The duration of our patents depends on their respective jurisdictions.

Seasonality

The seasonal nature of the crop protection market and the geographic spread of the FMC Agricultural Solutions business can result in significant variations in quarterly earnings among geographic locations. FMC Agricultural Solutions sold into the northern hemisphere (North America, Europe and parts of Asia) serve seasonal agricultural markets from March through September, generally resulting in earnings in the first, second and third quarters. Markets in the southern hemisphere (Latin America and parts of the Asia Pacific region, including Australia) are served from July through February, generally resulting in earnings in the third, fourth and first quarters. The remainder of our business is generally not subject to significant seasonal fluctuations.

Competition

We encounter substantial competition in each of our three business segments. We market our products through our own sales organization and through alliance partners, independent distributors and sales representatives. The number of our principal competitors varies from segment to segment. In general, we compete by providing advanced technology, high product quality and reliability, and quality customer and technical service, and by operating in a cost-efficient manner.

Our FMC Agricultural Solutions segment competes primarily in the global chemical crop protection market for insecticides, herbicides and fungicides. Industry products include crop protection chemicals and, for certain major competitors, genetically engineered (crop biotechnology) products. Competition from generic agrochemical producers is significant as a number of key product patents held industry-wide have expired in the last decade. In general, we compete as an innovator by focusing on product development, including novel formulations, proprietary mixes, and advanced delivery systems and by acquiring or licensing (mostly) proprietary chemistries or technologies that complement our product and geographic focus. We also differentiate ourselves by our global cost-competitiveness via our manufacturing strategies, establishing effective product stewardship programs and developing strategic alliances that strengthen market access in key countries and regions.

Our FMC Health and Nutrition segment has significant positions in markets that include alginate, carrageenan, and microcrystalline cellulose. We compete with both direct suppliers of cellulose and seaweed extract as well as suppliers of other hydrocolloids, which may provide similar functionality in specific applications. In microcrystalline cellulose, competitors are typically smaller than us, while in seaweed extracts (carrageenan and alginates) and omega-3 fish oils, we compete with other broad-based chemical companies.

Our FMC Minerals segment sells soda ash and lithium-based products worldwide. In North America, our soda ash business competes with four domestic producers of natural soda ash, three of which operate in the vicinity of our mine and processing facilities near Green River, Wyoming. Outside of the U.S., Canada, Europe and South Africa, we sell soda ash mainly through the American Natural Soda Ash Corporation ("ANSAC"). Internationally, our natural soda ash competes with synthetic soda ash manufactured by numerous producers, ranging from integrated multinational companies to smaller regional companies. The

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primary competitive factor affecting the sales of soda ash to commodity markets is price. FMC as well as the other North American producers of soda ash benefit from the lowest cost of soda ash production globally, especially when compared to the foreign synthetic soda ash manufacturers. We and each of our two most significant competitors in lithium extract the element from naturally occurring lithium-rich brines located in the Andes Mountains of Argentina and Chile, which are believed to be the world's most significant and lowest cost sources of lithium.

Research and Development Expense

We perform research and development in all of our segments with the majority of our efforts focused in the FMC Agricultural Solutions segment. The development efforts in the FMC Agricultural Solutions segment focus on developing environmentally sound solutions and new product formulations that cost-effectively increase farmers' yields and provide alternatives to existing and new chemistries. Our research and development expenses in the last three years are set forth below:

	Year Ended December 31,		
(in Millions)	2013	2012	2011
FMC Agricultural Solutions	$100.5	$95.4	$84.4
FMC Health and Nutrition	10.5	9.9	10.1
FMC Minerals	6.7	6.7	6.6
Total	$117.7	$112.0	$101.1

Environmental Laws and Regulations

A discussion of environmental related factors can be found in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in Note 10 "Environmental Obligations" in the notes to our consolidated financial statements included in this Form 10-K.

Employees

We employ approximately 5,600 people (excluding approximately 600 employees who currently work in our discontinued Peroxygens segment), with about 2,400 people in our domestic continuing operations and 3,200 people in our foreign continuing operations. Approximately 30 percent of our U.S.-based and 40 percent of our foreign-based employees, respectively, are represented by collective bargaining agreements. We have successfully concluded most of our recent contract negotiations without any material work stoppages. In those rare instances where a work stoppage has occurred, there has been no material effect on consolidated sales and earnings. We cannot predict, however, the outcome of future contract negotiations. In 2014, five foreign collective-bargaining agreements will expire. These contracts affect about 30 percent of our foreign-based employees.

Securities and Exchange Commission Filings

Securities and Exchange Commission (SEC) filings are available free of charge on our website, www.fmc.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports are posted as soon as practicable after we furnish such materials to the SEC.

In accordance with New York Stock Exchange (NYSE) rules, on May 20, 2013, we filed a certification signed by our Chief Executive Officer (CEO) that, as of the date of the certification, he was unaware of any violation by FMC of the NYSE's corporate governance listing standards. We also file with each Form 10-Q and our Form 10-K certifications by the CEO and Chief Financial Officer under sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

ITEM 1A. RISK FACTORS

Among the factors that could have an impact on our ability to achieve operating results and meet our other goals are:

Industry Risks:

Pricing and volumes in our markets are sensitive to a number of industry specific and global issues and events including:

- Capacity utilization- Our businesses are sensitive to industry capacity utilization. As a result, pricing tends to fluctuate when capacity utilization changes occur within our industry.
-

Competition- All of our segments face competition, which could affect our ability to maintain or raise prices, successfully enter certain markets or retain our market position. Our FMC Minerals - Alkali division from time to time experiences competitive pricing pressures from our Chinese competition who will price their products at or near their manufacturing costs in an attempt to gain control of or reacquire short-term market position. Additionally, in FMC Agricultural Solutions, competition includes not only generic suppliers of the same pesticidal active ingredient, but also alternative proprietary pesticide chemistries, crop protection technologies that are bred into or applied onto seeds, and intellectual property regarding production or use of pesticides. Increased generic presence in agricultural chemical markets has been driven by the number of significant product patents and product data protections that have expired in the last decade, and this trend is expected to continue.

- Changes in our customer base- Our customer base has the potential to change, especially when long-term supply contracts are renegotiated. Our FMC Minerals and FMC Health and Nutrition businesses are most sensitive to this risk.
- Climatic conditions- Our FMC Agricultural Solutions markets are affected by climatic conditions, which could adversely impact crop pricing and pest infestations. Adverse weather conditions can impact our ability to extract lithium efficiently from our lithium reserves in Argentina. Natural disasters can impact production at our facilities in various parts of the world. The nature of these events makes them difficult to predict.
- Changing regulatory environment- Changes in the regulatory environment, particularly in the United States, Brazil, China and the European Union, could adversely impact our ability to continue producing and/or selling certain products in our domestic and foreign markets or could increase the cost of doing so. Our FMC Agricultural Solutions business is most sensitive to this general regulatory risk given the need to obtain and maintain pesticide registrations in every country in which we sell our products. Compliance with changing laws and regulations may involve significant costs or capital expenditures or require changes in business practice that could result in reduced profitability. In the European Union, the regulatory risk specifically includes chemicals regulation known as REACH (Registration, Evaluation, and Authorization of Chemicals), which affects each of our business segments to varying degrees. The fundamental principle behind the REACH regulation is that manufacturers must verify that their chemicals can be marketed safely through a special registration system.
- Food and pharmaceutical regulation - Some of our manufacturing processes and facilities, as well as some of our customers, are subjected to regulation by the U.S. Food and Drug Administration (FDA) or similar foreign agencies. Regulatory requirements of the FDA are complex, and any failure to comply with them including as a result of contamination due to acts of sabotage could subject us and/or our customers to fines, injunctions, civil penalties, lawsuits, recall or seizure of products, total or partial suspension of production, denial of government approvals, withdrawal of marketing approvals and criminal prosecution. Any of these actions could adversely impact our net sales, undermine goodwill established with our customers, damage commercial prospects for our products and materially adversely affect our results of operations.
- Climate change regulation- Changes in the regulation of greenhouse gases, depending on their nature and scope, could subject our manufacturing operations, particularly certain FMC Minerals' operations in the United States, to significant additional costs or limits on operations.
- Raw materials and energy costs- Our operating results are significantly affected by the cost of raw materials and energy, including natural gas. We may not be able to raise prices or improve productivity sufficiently to offset future increases in the costs of raw materials or energy.
- Supply arrangements- Certain raw materials are critical to our production process. While we have made supply arrangements to meet planned operating requirements, an inability to obtain the critical raw materials or execute under the contract manufacturing arrangements would adversely impact our ability to produce certain products. We increasingly source critical intermediates and finished products from a number of suppliers. An inability to obtain these products or execute under the contract sourcing arrangements would adversely impact our ability to sell products. In FMC Minerals geological conditions can affect production of raw materials.
- Economic and political change- Our business could be adversely affected by economic and political changes in the markets where we compete including: inflation rates, recessions, trade restrictions, foreign ownership restrictions and economic embargoes imposed by the United States or any of the foreign countries in which we do business; changes in laws, taxation, and regulations and the interpretation and application of these laws, taxes, and regulations; restrictions imposed by foreign governments through exchange controls or taxation policy; nationalization or expropriation of property, undeveloped property rights, and legal systems or political instability; other governmental

actions; and other external factors over which we have no control. Economic and political conditions within foreign jurisdictions or strained relations between countries can cause fluctuations in demand, price volatility, supply disruptions, or loss of property. In Argentina, continued inflation and tightening of foreign exchange controls along with deteriorating economic and financial conditions could adversely affect our business.

- Market access risk- Our results may be affected by changes in distribution channels, which could impact our ability to access the market. In certain FMC Agricultural Solutions segments, we access the market through joint ventures in which

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we do not have majority control. Where we do not have a strong product portfolio or market access relationships, we may be vulnerable to changes in the distribution model or influence of competitors with stronger product portfolios.

- Business disruptions- Our business could be adversely affected by information technology systems outages, disruption in our supply chain or manufacturing and distribution operations, or other sudden disruption in business operations beyond our control as a result of events such as acts of sabotage, terrorism or war, civil or political unrest, natural disasters, pandemic situations and large scale power outages.
- Information technology security risks - As with all Enterprise Information systems, our information technology systems could be penetrated by outside parties intent on extracting information, corrupting information, or disrupting business processes. Our systems have in the past been, and likely will in the future be, subject to unauthorized access attempts. Unauthorized access could disrupt our business operations and could result in failures or interruptions in our computer systems and in the loss of assets and could have a material adverse effect on our business, financial condition or results of operations. In addition, breaches of our security measures or the accidental loss, inadvertent disclosure, or unapproved dissemination of proprietary information or sensitive or confidential information about us, our employees, our vendors, or our customers, could result in litigation and potential liability for us, damage our reputation, or otherwise harm our business, financial condition, or results of operations.
- Operational Risks- Our manufacturing operations and those of our key contract manufacturers inherently entail hazards that require continuous oversight and control, such as leaks, ruptures, fire, explosions, toxic releases, mechanical failures, or vehicle accidents. If operational risks materialize, they could result in loss of life, damage to the environment, or loss of production, all of which could negatively impact the Company's ongoing operations, reputation, financial results, and cash flow.
- Litigation and environmental risks- Current reserves relating to our ongoing litigation and environmental liabilities may ultimately prove to be inadequate.
- Hazardous materials- We manufacture and transport certain materials that are inherently hazardous due to their toxic or volatile nature. While we take precautions to handle and transport these materials in a safe manner, if they are mishandled or released into the environment, they could cause property damage or personal injury claims against us.
- Environmental Compliance- We are subject to extensive federal, state, local, and foreign environmental and safety laws and regulations concerning, among other things, emissions in the air, discharges to land and water, and the generation, handling, treatment, and disposal of hazardous waste and other materials. We take our environmental responsibilities very seriously, but there is a risk of environmental impact inherent in its manufacturing operations and transportation of chemicals.
- Inability to attract and retain key employees - The inability to recruit and retain key personnel or the unexpected loss of key personnel may adversely affect our operations. In addition, our future success depends in part on our ability to identify and develop talent to succeed senior management.

Technology Risks:

- Our ability to compete successfully depends in part upon our ability to maintain a superior technological capability and to continue to identify, develop and commercialize new and innovative, high value-added products for existing and future customers.
- Failure to continue to make process improvements to reduce costs could impede our competitive position.

Financial Risks:

- Deterioration in the global economy and worldwide credit and foreign exchange markets could adversely affect our business. A worsening of global or regional economic conditions or financial markets could adversely affect our customers' ability to meet the terms of sale or our suppliers' ability to perform all their commitments to us. A slowdown in either Brazilian or Argentine economic growth or a deterioration of credit or foreign exchange markets could adversely affect customers, suppliers and our overall business there.
- We are an international company and face foreign exchange rate risks in the normal course of our business. We are particularly sensitive to the euro, the Brazilian real and the Chinese yuan. To a lesser extent, we are sensitive to the Mexican peso, the Argentine peso, the British pound sterling and several Asian currencies, including the Japanese yen.
-

Our effective tax rate is favorably impacted by the fact that a portion of our earnings are taxed at more favorable rates in some jurisdictions outside the United States. Changes in tax laws or in their application with respect to matters such as transfer pricing, dividends from subsidiaries or restriction in tax relief allowed on intercompany debt could increase our effective tax rate and adversely affect our financial results.

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- We have significant investments in long-lived assets and continually review the carrying value of these assets for recoverability in light of changing market conditions and alternative product sourcing opportunities.
- Obligations related to our pension and postretirement plans reflect certain assumptions. To the extent our plans' actual experience differs from these assumptions, our costs and funding obligations could increase or decrease significantly.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

FMC leases executive offices in Philadelphia, Pennsylvania and operates 30 manufacturing facilities and mines in 18 countries. Our major research and development facility is in Ewing, New Jersey.

Trona ore, used for soda ash production in Green River, Wyoming, is mined primarily from property held under long-term leases. We have long-term mineral rights to the Salar del Hombre Muerto lithium reserves in Argentina. A number of our chemical plants require the basic raw materials that are provided by these mines, without which other sources of raw materials would have to be obtained.

We believe our facilities are in good operating conditions. The number and location of our owned or leased production properties for continuing operations are:

	United States	Latin America & Canada	Western Europe	Asia-Pacific	Total
FMC Agricultural Solutions	2	1	—	3	6
FMC Health and Nutrition	2	1	8	5	16
FMC Minerals	2	2	1	3	8
Total	6	4	9	11	30

ITEM 3. LEGAL PROCEEDINGS

Like hundreds of other industrial companies, we have been named as one of many defendants in asbestos-related personal injury litigation. Most of these cases allege personal injury or death resulting from exposure to asbestos in premises of FMC or to asbestos-containing components installed in machinery or equipment manufactured or sold by discontinued operations. The machinery and equipment businesses we owned or operated did not fabricate the asbestos-containing component parts at issue in the litigation, and to this day, neither the U.S. Occupational Safety and Health Administration nor the Environmental Protection Agency has banned the use of these components. Further, the asbestos-containing parts for this machinery and equipment were accessible only at the time of infrequent repair and maintenance. A few jurisdictions have permitted claims to proceed against equipment manufacturers relating to insulation installed by other companies on such machinery and equipment. We believe that, overall, the claims against FMC are without merit.

As of December 31, 2013, there were approximately 11,100 premises and product asbestos claims pending against FMC in several jurisdictions. Since the 1980s, approximately 104,000 asbestos claims against FMC have been discharged, the overwhelming majority of which have been dismissed without any payment to the claimant. Settlements by us with claimants have totaled approximately $53 million.

We intend to continue managing these asbestos-related cases in accordance with our historical experience. We have established a reserve for this litigation within our discontinued operations and believe that any exposure of a loss in excess of the established reserve cannot be reasonably estimated. Our experience has been that the overall trends in terms of the rate of filing of asbestos-related claims with respect to all potential defendants has changed over time, and that filing rates as to us in particular have varied significantly over the last several years. We are a peripheral defendant - that is, we have never manufactured asbestos or asbestos-containing components. As a result, claim filing rates against us have yet to form a predictable pattern, and we are unable to project a reasonably accurate future filing rate and thus, we are presently unable to reasonably estimate our asbestos liability with respect to claims that may be filed in the future.

FIFRA advertising dispute. EPA Region 7 has informed us that certain radio advertising regarding one of our pesticide products did not comply with the Federal Insecticide, Fungicide and Rodenticide Act ("FIFRA") and has calculated a proposed penalty in excess of $100,000. We disagree with EPA on whether a violation occurred and, if a violation did occur, the

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appropriate penalty calculation. While we are presently unable to reasonably estimate our potential liability for the matter, we do not expect that any penalty associated with final resolution would be material.

See Note 1 "Principal Accounting Policies and Related Financial Information—Environmental Obligations," Note 10 "Environmental" and Note 19 "Commitments, Guarantees and Contingent Liabilities" in the notes to our consolidated financial statements included in this Form 10-K, the content of which are incorporated by reference to this Item 3.

ITEM 4. MINE SAFETY DISCLOSURES

Information regarding mine safety and other regulatory actions at our mine in Green River, Wyoming is included in Exhibit 95 to this Form 10-K.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDERS MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

FMC common stock of $0.10 par value is traded on the New York Stock Exchange and the Chicago Stock Exchange (Symbol: FMC). There were 3,310 registered common stockholders as of December 31, 2013. Presented below are the 2013 and 2012 quarterly summaries of the high and low prices of the company's common stock.

Common stock prices:	2013 First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2012 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High	$63.15	$64.96	$72.35	$75.68	$53.14	$56.45	$59.41	$59.08
Low	$56.26	$55.18	$60.57	$70.01	$42.93	$48.00	$50.45	$50.76

Our Board of Directors has declared regular quarterly dividends since 2006; however, any future payment of dividends will depend on our financial condition, results of operations, conditions in the financial markets and such other factors as are deemed relevant by our Board of Directors. Total cash dividends of $73.6 million, $47.8 million and $41.2 million were paid in 2013, 2012 and 2011, respectively.

FMC's annual meeting of stockholders will be held at 2:00 p.m. on Tuesday, April 29, 2014, at The Top of the Tower, 1717 Arch Street, 50th Floor, Philadelphia, Pennsylvania. Notice of the meeting, together with proxy materials, will be mailed approximately 30 days prior to the meeting to stockholders of record as of March 4, 2014.

Transfer Agent and Registrar of Stock:
Wells Fargo Bank, N.A.
Shareowner Services

1110 Centre Pointe Curve, Suite 101 Mendota Heights, MN 55120-4100	or	P.O. Box 64874 St. Paul, MN 55164-0856

Phone: 1-800-401-1957
(651-450-4064 local and outside the U.S.)
www.wellsfargo.com/shareownerservices

Stockholder Return Performance Presentation

The graph that follows shall not be deemed to be incorporated by reference into any filing made by FMC under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The following Stockholder Performance Graph compares the five-year cumulative total return on FMC's Common Stock for the period from January 1, 2009 to December 31, 2013 with the S&P 500 Index and the S&P 500 Chemicals Index. The comparison assumes $100 was invested on December 31, 2008, in FMC's Common Stock and in both of the indices, and the reinvestment of all dividends.

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	2008	2009	2010	2011	2012	2013
FMC Corporation	$100.00	$125.78	$181.33	$196.66	$269.36	$349.82
S&P 500 Index	$100.00	$125.92	$144.58	$147.60	$171.04	$225.85
S&P 500 Chemicals Index	$100.00	$144.10	$174.99	$172.86	$213.30	$280.34

The following table summarizes information with respect to the purchase of our common stock during the three months ended December 31, 2013:

ISSUER PURCHASES OF EQUITY SECURITIES

			Publicly Announced Program		
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased	Total Dollar Amount Purchased	Maximum Dollar Value of Shares that May Yet be Purchased
October 1-31, 2013	6,217	$73.25	—	—	$ 300,000,000
November 1-30, 2013	—	$—	—	—	300,000,000
December 1-31, 2013 (1)	428,296	$69.95	428,264	50,000,000	250,000,000
Q4 2013	434,513		428,264	$50,000,000	$ 250,000,000

(1) Shares purchased in December 2013 include the final share delivery amount under the accelerated share repurchase (ASR) agreement, see paragraph below for more information on the ASR. In July 2013, we received 3,145,643 shares as an initial share delivery under the ASR agreement, which represented 80% of the $250 million notional amount of the ASR agreement.

On April 23, 2013 our Board-authorized the repurchase of up to $500 million of our common shares. This repurchase program does not include a specific timetable or price targets and may be suspended or terminated at any time. Shares may be purchased through open market or privately negotiated transactions at the discretion of management based on its evaluation of market conditions and other factors. The authorization of April 23, 2013 replaced the previous authority under which $134.9 million was unused. We also reacquire shares from time to time from employees in connection with the vesting, exercise and forfeiture of awards under our equity compensation plans.

In July 2013 we entered into an accelerated share repurchase agreement (ASR) and paid $250 million to a financial institution for an initial delivery of 3,145,643 shares. The repurchase took place under our previously announced $500 million share repurchase program. The value of the initial shares received on the date of purchase was $200 million, reflecting a $63.58 price per share which was recorded as a treasury share purchase for purposes of calculating earnings per share. We recorded the remaining $50

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million as a forward contract indexed to our common stock in additional paid in capital. Final settlement of the ASR occurred on December 20, 2013 when we purchased the remaining $50 million of common stock under the ASR. The final number of shares that we repurchased under the ASR was 3,573,907 shares at a weighed average price of $69.95 per share. The average price paid per share and total number of shares purchased as part of the ASR share buyback plan was determined using the volume-weighted average price of our common stock over the term of the ASR agreement.

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ITEM 6. SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial and other data presented below for, and as of the end of, each of the years in the five-year period ended December 31, 2013, are derived from our consolidated financial statements. The selected consolidated financial data should be read in conjunction with our consolidated financial statements for the year ended December 31, 2013.

	Year Ended December 31,				
(in Millions, except per share data and ratios)	2013	2012	2011	2010	2009
Income Statement Data:					
Revenue	$3,874.8	$3,409.9	$3,036.3	$2,686.9	$2,377.1
Income from continuing operations before equity in (earnings) loss of affiliates, interest income and expense and income taxes	659.0	639.1	587.4	492.2	409.0
Income from continuing operations before income taxes	615.9	597.7	553.2	457.6	386.2
Income from continuing operations	467.3	463.2	420.3	327.0	318.7
Discontinued operations, net of income taxes [1]	(159.3)	(27.5)	(38.1)	(142.1)	(79.9)
Net income	308.0	435.7	382.2	184.9	238.8
Less: Net income attributable to noncontrolling interest	14.1	19.5	16.3	12.4	10.3
Net income attributable to FMC stockholders	$293.9	$416.2	$365.9	$172.5	$228.5
Amounts attributable to FMC stockholders:					
Continuing operations, net of income taxes	453.2	443.7	404.0	314.6	308.4
Discontinued operations, net of income taxes	(159.3)	(27.5)	(38.1)	(142.1)	(79.9)
Net income	$293.9	$416.2	$365.9	$172.5	$228.5
Basic earnings (loss) per common share attributable to FMC stockholders:					
Continuing operations	$3.34	$3.21	$2.83	$2.17	$2.13
Discontinued operations	(1.18)	(0.20)	(0.26)	(0.98)	(0.55)
Net income	$2.16	$3.01	$2.57	$1.19	$1.58
Diluted earnings (loss) per common share attributable to FMC stockholders:					
Continuing operations	$3.33	$3.20	$2.81	$2.15	$2.11
Discontinued operations	(1.17)	(0.20)	(0.26)	(0.97)	(0.55)
Net income	$2.16	$3.00	$2.55	$1.18	$1.56
Balance Sheet Data:					
Total assets	$5,235.2	$4,373.9	$3,743.5	$3,319.9	$3,136.2
Long-term debt	$1,188.8	$914.5	$798.6	$619.4	$610.5
Other Data:					
Ratio of earnings to fixed charges [2]	12.5x	12.7x	12.7x	10.7x	12.9x
Cash dividends declared per share	$0.540	$0.405	$0.300	$0.250	$0.250

(1) Discontinued operations, net of income taxes includes our discontinued FMC Peroxygens operations as well as other historical discontinued gains and losses related to adjustments to our estimates of our retained liabilities for environmental exposures, general liability, workers’ compensation, postretirement benefit obligations, legal defense, property maintenance and other costs, losses for the settlement of litigation and gains related to property sales.

(2) In calculating this ratio, earnings consist of income (loss) from continuing operations before income taxes plus interest expense, amortization expense related to debt discounts, fees and expenses, amortization of capitalized interest, interest included in rental expenses (assumed to be one-third of rent) and equity in (earnings) loss of affiliates. Fixed charges consist of interest expense, amortization of debt discounts, fees and expenses, interest capitalized as part of fixed assets and interest included in rental expenses.

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FORWARD-LOOKING INFORMATION

Statement under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995: We and our representatives may from time to time make written or oral statements that are “forward-looking” and provide other than historical information, including statements contained in Management’s Discussion and Analysis of Financial Condition and Results of Operations within, in our other filings with the SEC, or in reports to our stockholders.

In some cases, we have identified forward-looking statements by such words or phrases as “will likely result,” “is confident that,” “expect,” “expects,” “should,” “could,” “may,” “will continue to,” “believe,” “believes,” “anticipates,” “predic “estimates,” “projects,” “potential,” “intends” or similar expressions identifying “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including the negative of those words and phrases. Such forward-looking statements are based on our current views and assumptions regarding future events, future business conditions and the outlook for the company based on currently available information. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statement. These factors include, among other things, the risk factors listed in Item 1A of this Form 10-K. We wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a diversified chemical company serving agricultural, consumer and industrial markets globally with innovative solutions, applications and market-leading products. We operate in three distinct business segments: FMC Agricultural Solutions, FMC Health and Nutrition and FMC Minerals. Our FMC Agricultural Solutions segment develops, markets and sells all three major classes of crop protection chemicals – insecticides, herbicides and fungicides. These products are used in agriculture to enhance crop yield and quality by controlling a broad spectrum of insects, weeds and disease, as well as in non-agricultural markets for pest control. The FMC Health and Nutrition segment focuses on food, pharmaceutical ingredients, nutraceuticals, personal care and similar markets. Our food ingredients are used to enhance texture, color, structure and physical stability. The pharmaceutical additives are used for binding, encapsulation and disintegrant applications. Our FMC Minerals segment manufactures a wide range of inorganic materials, including soda ash and lithium. Soda ash is utilized in markets such as glass and detergents and lithium is utilized in energy storage, specialty polymers and pharmaceutical synthesis.

Discontinued operations

FMC Peroxygens divestiture:

In April 2013, the Board of Directors authorized management to pursue the sale of our FMC Peroxygens segment. This segment was classified as a discontinued operation and an asset held for sale beginning with our September 30, 2013 condensed consolidated financial statements filed on Form 10-Q. In December 2013, we signed a definitive agreement to sell FMC Peroxygens and we expect the sale to be completed in the first quarter of 2014.

Results of operations related to our FMC Peroxygens segment have been reclassified as a discontinued operation on a retrospective basis for all years presented. Unless otherwise indicated, the following discussions in this section pertain only to our continuing operations. For additional information see Note 9 "Discontinued Operations" to our consolidated financial statements included in this Form 10-K.

2013 Highlights

The following are the more significant developments in our businesses during the year ended December 31, 2013:

- Revenue of $3,874.8 million in 2013 increased $464.9 million or 14 percent versus last year. Revenue increases are associated with sales growth in all segments. A more detailed review of revenues by segment are included under the section entitled "Results of Operations". On a regional basis, sales in Latin America increased by 19 percent, sales in North America were up 16 percent, sales in Asia were up five percent and sales in Europe, Middle East and Africa (EMEA) increased by seven percent.
- Our gross margin of $1,340.4 million increased $72.1 million or approximately six percent versus last year. Gross margin as a percent of revenues of approximately 35 percent declined two hundred basis points compared to 2012. This decline was primarily due to lower selling prices in our Alkali division.
- Selling, general and administrative expenses increased five percent from $489.7 million to $515.8 million. Selling, general and administrative expenses, excluding non-operating pension and postretirement charges and acquisition related charges, of $472.9 million increased $18.1 million or approximately four percent. This was largely due to increased spending to meet the demands of the growth in our business as well as expenditures related to a transformation of our finance organization. The majority of these increases were experienced in our FMC Agricultural Solutions segment. Non-operating pension and postretirement charges and acquisition related charges are presented in our Adjusted Earnings Non-GAAP financial measurement below under the section titled "Results of Operations".
- Research and Development expenses of $117.7 million increased $5.7 million or five percent, largely due to increased spending in FMC Agricultural Solutions associated with various innovation projects.
- Adjusted earnings after-tax from continuing operations attributable to FMC stockholders of $528.4 million increased approximately $58.3 million or 12 percent primarily due to higher operating results in FMC Agricultural Solutions. See the disclosure of our Adjusted Earnings Non-GAAP financial measurement below under the section titled "Results

of Operations".

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Other 2013 Highlights

In April 2013, we made the decision to simplify our organizational structure to focus on three core business segments. The new segments better reflect the markets where we participate and lead today, and where we expect to grow in the future. For more information on this change see Note 20 within the notes to the consolidated financial statements within this Form 10-K.

In July 2013, we acquired Epax Nutra Holding III AS and Epax UK Holding III AS (together, “Epax”). Epax is a global supplier of fish-based omega-3 EPA/DHA fatty acid concentrates. Epax will be integrated into our newly formed FMC Health and Nutrition segment from the acquisition date. The acquisition of Epax is an important step in fulfilling our strategic intent to broaden our product and customer base within our Health and Nutrition segment.

In August 2013, we concluded a licensing agreement with Belchim Crop Protection for access to valifenalate, a fungicide which will be introduced into our Agricultural Solutions segment. Our rights are exclusive for use in mixtures in the Americas as well as select countries in Asia. The product is already registered and sold in certain countries in Latin America, and we plan to register in many other countries in our territory.

In late September and early October 2013, we entered into two separate transactions that together provide our Agricultural Solutions segment with a strong foundation for developing, manufacturing and marketing biologically-based products to enhance yields and respond to evolving pest pressures and resistance. Namely, we acquired the assets of the Center for Agricultural and Environmental Biosolutions (CAEB), based in Research Triangle Park, NC, including CAEB’s library of microorganisms and a pipeline of biological products in various stages of development. Further, in October 2013, we entered into an exclusive collaboration with Chr. Hansen A/S, a leading global biosciences company with expertise in screening, fermentation, and scale up of microbially-based products. Together with Agricultural Solutions’ existing capabilities, we believe these transactions establish FMC as an industry leader in the growing market for biologically-based agricultural products.

Investments in our existing businesses continued in 2013. We began construction of our new MCC facility in Thailand, which will be completed late in 2014. We completed the restructuring of our Lithium operations and we introduced new improvements to our manufacturing capabilities, which we refer to as Manufacturing Excellence, in Alkali, Lithium and Health and Nutrition.

2014 Outlook

In 2014, we expect another year of record performance. We expect higher revenues and an increase in earnings from all three of our segments. Higher revenues and stronger earnings are expected to be driven by the following:

In FMC Agricultural Solutions, we expect new product introductions and our deep customer relationships to continue to drive volume growth.

In FMC Health and Nutrition, we expect growth in 2014 from food and pharmaceutical ingredients driven by our texturants, binders and natural colors product lines, principally in emerging markets. We are also confident that our recently acquired omega-3 business will add momentum to the segment’s growth, with strong sales into the pharmaceutical sector and with steadily increasing penetration into the nutraceutical market.

In FMC Minerals, we expect Alkali to operate at record production levels in 2014 aided by better geological conditions and supported by Manufacturing Excellence programs already underway. We also remain optimistic that the soda ash pricing environment is improving. In Lithium, we expect stable pricing, consistent plant operations and increased volumes to enhance profitability.

We expect cash flow from our business segments to remain strong.

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Results of Operations—2013, 2012 and 2011

Overview

The following presents a reconciliation of our segment results to net income attributable to FMC stockholders as seen through the eyes of management.

SEGMENT RESULTS RECONCILIATION

(in Millions)	Year Ended December 31,		
	2013	2012	2011
Revenue			
FMC Agricultural Solutions	$2,145.7	$1,763.8	$1,464.5
FMC Health and Nutrition	762.0	680.8	654.3
FMC Minerals	970.0	966.2	917.5
Eliminations	(2.9)	(0.9)	—
Total	$3,874.8	$3,409.9	$3,036.3
Income (loss) from continuing operations before income taxes			
FMC Agricultural Solutions	$539.0	$454.0	$349.8
FMC Health and Nutrition	169.5	161.6	159.4
FMC Minerals	128.3	171.4	175.7
Eliminations	—	(0.4)	—
Segment operating profit	$836.8	$786.6	$684.9
Corporate expense	(82.7)	(78.6)	(75.3)
Operating profit before the items listed below	754.1	708.0	609.6
Interest expense, net	(42.2)	(40.7)	(35.0)
Corporate special (charges) income:			
Restructuring and other (charges) income	(47.9)	(27.5)	(6.3)
Non-operating pension and postretirement charges (1)	(38.1)	(34.9)	(14.5)
Acquisition-related charges (2)	(10.0)	(7.2)	(0.6)
Provision for income taxes	(148.6)	(134.5)	(132.9)
Discontinued operations, net of income taxes	(159.3)	(27.5)	(38.1)
Net income attributable to noncontrolling interests	(14.1)	(19.5)	(16.3)
Net income attributable to FMC stockholders	$293.9	$416.2	$365.9

(1) Our non-operating pension and postretirement costs are defined as those costs related to interest, expected return on plan assets, amortized actuarial gains and losses and the impacts of any plan curtailments or settlements. These costs are primarily related to changes in pension plan assets and liabilities which are tied to financial market performance and we consider these costs to be outside our operational performance. We exclude these non-operating pension and postretirement costs from our segments as we believe that removing them provides a better understanding of the underlying profitability of our businesses, provides increased transparency and clarity in the performance of our retirement plans and enhances period-over-period comparability. We continue to include the service cost and amortization of prior service cost in our operating segments noted above. We believe these elements reflect the current year operating costs to our businesses for the employment benefits provided to active employees.

(2) Charges related to the expensing of the inventory fair value step-up resulting from the application of purchase accounting for acquisitions and certain professional fees associated with the completion of acquisitions. Charges for the year ended December 31, 2013, represented amortization of inventory fair value step-up of $5.2 million and certain professional fees of $4.8 million associated with the completion of our Epax acquisition within our FMC Health and Nutrition segment. The charges for 2012 and 2011 represent amortization of inventory fair value step-up related to a number of acquisitions completed in 2012 and 2011. On the consolidated statements of income, the charges associated with inventory fair value step-up are included in “Costs of sales and services” and fees

associated with concluding the acquisitions are included in "Selling, general and administrative expenses".

The following chart, which is provided to assist the readers of our financial statements, depicts certain after-tax charges (gains). These items are excluded by us in the measures we use to evaluate business performance and determine certain performance-based compensation. These after-tax items are discussed in detail within the “Other results of operations” section that follows. Additionally, the chart below discloses our Non-GAAP financial measure “Adjusted after-tax earnings from continuing operations

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attributable to FMC stockholders” reconciled from the GAAP financial measure “Net income attributable to FMC stockholders”. We believe that this measure provides useful information about our operating results to investors and securities analysts. We also believe that excluding the effect of restructuring and other income and charges, non-operating pension and postretirement charges, certain tax adjustments from operating results and discontinued operations allows management and investors to compare more easily the financial performance of our underlying businesses from period to period. This measure should not be considered as a substitute for net income (loss) or other measures of performance or liquidity reported in accordance with GAAP.

ADJUSTED EARNINGS RECONCILIATION

(in Millions)	Years Ended December 31,		
	2013	2012	2011
Net income attributable to FMC stockholders (GAAP)	$293.9	$416.2	$365.9
Corporate special charges (income), pre-tax	96.0	69.6	21.4
Income tax expense (benefit) on Corporate special charges (income)	(35.3)	(25.1)	(7.6)
Corporate special charges (income), net of income taxes	60.7	44.5	13.8
Discontinued operations, net of income taxes	159.3	27.5	38.1
Tax adjustments	14.5	(18.1)	(2.0)
Adjusted after-tax earnings from continuing operations attributable to FMC stockholders (Non-GAAP)	$528.4	$470.1	$415.8

In the discussion below, please refer to our chart titled "Segment Results Reconciliation" within the Results of Operations section. All comparisons are between the periods unless otherwise noted.

Segment Results

For management purposes, segment operating profit is defined as segment revenue less segment operating expenses (segment operating expenses consist of costs of sales and services, selling, general and administrative expenses and research and development expenses). We have excluded the following items from segment operating profit: corporate staff expense, interest income and expense associated with corporate debt facilities and investments, income taxes, gains (or losses) on divestitures of businesses, restructuring and other charges (income), non-operating pension and postretirement charges, investment gains and losses, loss on extinguishment of debt, asset impairments, Last-in, First-out (“LIFO”) inventory adjustments, acquisition related charges and other income and expense items. Information about how each of these items relates to our businesses at the segment level and results by segment are discussed below and in Note 20 to our consolidated financial statements included in this Form 10-K.

FMC Peroxygens divestiture:

Results of operations related to our FMC Peroxygens segment have been reclassified as a discontinued operation on a retrospective basis for all years presented. Unless otherwise indicated, the following discussions in this section pertain only to our continuing operations. For additional information see Note 9 "Discontinued Operations" to our consolidated financial statements included in this Form 10-K.

FMC Agricultural Solutions

(in Millions)	Year Ended December 31,		
	2013	2012	2011
Revenue	$2,145.7	$1,763.8	$1,464.5
Operating Profit	539.0	454.0	349.8

2013 vs. 2012

Revenue of $2,145.7 million increased approximately 22 percent versus the prior year period due to sales growth in North America, Latin America and Asia, partially offset by declines in EMEA.

Sales in Latin America of $1,184.7 million increased 23 percent driven by Brazil volume growth in herbicide and insecticide sales for soybeans, including growth from new and recently launched products. Sales in North America of $506.1 million increased 37 percent driven by strong demand for pre-emergent herbicides and at-plant insecticides as well as growth from new product introductions. Revenue in Asia of $315.4 million increased 14 percent reflecting sales

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growth in China, Indonesia, Australia and a number of other key countries. EMEA declined 12 percent to $139.5 million primarily due to unfavorable weather conditions and lower insecticide sales.

FMC Agricultural Solutions' operating profit of $539.0 million increased approximately 19 percent compared to the year-ago period, reflecting the sales growth described in the preceding paragraph, a favorable geographic mix and selected price increases. Selling, general and administrative costs were approximately $9 million or three percent higher compared to the prior year due to increased spending on growth initiatives and higher people-related costs to support the higher sales. Research and development costs also increased period over period by approximately $5 million due to increased spending associated with various innovation projects.

In 2014, we expect full-year revenue percentage growth in the mid-teens reflecting increased volumes due to strong market conditions and growth from new and recently introduced products, particularly in Latin America, North America and Asia. We expect full-year segment operating profit to grow in the mid-teens percentage, driven primarily by continued market share gains in Latin America and increased demand for resistance management products in North America.

Certain Regulatory Issues

We intend to defend vigorously all our products in the U.S., EU and other countries as our pesticide products are reviewed in the ordinary course of regulatory programs during 2014 as part of the ongoing cycle of re-registration of our pesticide products around the world.

2012 vs. 2011

Revenue of $1,763.8 million increased approximately 20 percent versus the prior year period due to strong sales across all regions. The increase in revenue for the year ended December 31, 2012 was also attributable to acquisitions that
closed in the second half of 2011 of approximately $60 million.

Sales in North America improved by 30 percent to $368.5 million reflecting favorable market conditions, strong demand for our proprietary herbicides and insecticides and growth from new or recently introduced products. Latin America revenue of $960.5 million increased 23 percent reflecting strong market conditions in Brazil driven by key crops such as sugarcane and soybeans, increased planted acres and sales from our new market access joint venture, Ruralco, in Argentina. Revenue in Asia of $275.7 million increased 12 percent as a result of growth in recently launched and acquired products, coupled with growth in China, Indonesia and the Philippines. EMEA revenues of $159.1 million increased five percent driven by higher herbicide sales in Europe and insecticide volume gains in Africa.

FMC Agricultural Solutions' operating profit of $454.0 million increased approximately 30 percent compared to the prior year, reflecting the broad-based sales growth and targeted price increases. This increase was partially offset by a $51.7 million increase in selling, general and administrative costs mainly for focused growth initiatives and increased people-related costs to support the higher sales. Segment earnings were also impacted by higher research and development costs of $11.1 million due to increased spending associated with various innovation projects.

FMC Health and Nutrition

(in Millions)	Year Ended December 31,		
	2013	2012	2011
Revenue	$762.0	$680.8	$654.3
Operating Profit	169.5	161.6	159.4

2013 vs. 2012

Revenue was $762.0 million, an increase of approximately 12 percent versus the prior-year period. This increase was due to volume increases of three percent in core product lines, revenue from acquisitions which increased sales by six percent, favorable pricing and foreign currency impacts which increased sales by two and one percent, respectively.

Segment operating profit of $169.5 million increased by five percent versus the prior year period as revenue growth was partially offset by acquisition integration costs, higher raw material costs and costs associated with our Manufacturing Excellence program. Selling, general and administrative costs also increased approximately $6 million compared to the prior year due to the addition of the Epax business within the segment.

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In 2014, we expect full-year revenue to be up in the mid to high-teens percent driven by higher volumes in texture and stability solutions, natural colors and binder product lines and contributions from the omega-3 product line. Full-year segment operating profit are expected to grow in the mid-teens percent with benefits from omega-3 sales and strong demand in food ingredients.

2012 vs. 2011

Revenue of $680.8 million increased approximately four percent from the prior year. This increase was due to favorable pricing which impacted sales by six percent and revenue from acquisitions which increased sales by two percent. These increases were partially offset by decreased volumes of two percent and unfavorable currency impacts of two percent.

Segment operating profit of $161.6 million increased one percent versus the prior year. The higher revenues were negatively impacted by higher raw material costs. Additionally, selling, general and administrative expenses also increased by approximately $7 million to support growth initiatives.

FMC Minerals

(in Millions)	Year Ended December 31,		
	2013	2012	2011
Revenue	$970.0	$966.2	$917.5
Operating Profit	128.3	171.4	175.7

2013 vs. 2012

Revenue of $970.0 million, was essentially flat period over period. Volume gains of three percent driven by Alkali sales were offset by unfavorable pricing year over year. Unfavorable pricing was primarily driven by Alkali, slightly offset by favorable pricing in Lithium.

Alkali revenues of $747.0 million increased 2 percent over the prior year due to volume gains of six percent which were partially offset by reduced pricing of four percent.

Lithium revenues of $223.0 million decreased 4 percent compared to the prior year due to unfavorable sales mix. Production and sales volumes on a lithium carbonate equivalent basis were relatively flat year over year, as lower production in Argentina due to operational issues was offset by higher third party product purchases.

Segment operating profit of $128.3 million decreased approximately 25 percent versus the prior year. The decrease was primarily due to lower average export pricing in soda ash. Additionally, production factors, such as poor geological conditions at the alkali mine as well as poor weather at the lithium mine and unfavorable currency in lithium impacted the results.

In 2014, we expect full-year revenue percentage growth up to the mid- to high-single digits percent driven primarily by increased volumes in lithium and soda ash and short- and long-term contract price increases in soda ash. We expect full-year segment operating profit to increase in the high-teens percent, reflecting lithium margin improvements and more favorable contractual soda ash pricing versus 2013.

2012 vs. 2011

Revenue in FMC Minerals was $966.2 million, an increase of approximately five percent versus the prior year. Revenue increased four percent due to higher pricing across the segment and by one percent due to volume increases in Alkali.

Alkali revenues of $733.2 million increased six percent over the prior year due to higher average pricing which impacted sales by four percent in both the domestic and export markets. Additionally higher export volumes favorably impacted sales by two percent. Volume growth was partially related to full production at our Granger facility which came on line in the middle of last year. Export volumes were robust, especially in Asia and Latin America.

Lithium revenue of $233.0 million increased approximately four percent compared to the prior year. This increase was due to higher pricing which impacted sales by six percent, partially offset by decreased volumes which decreased sales by two percent. Lithium sales growth was led by higher selling prices in lithium primaries. Lower volumes also resulted from production downtime in the first quarter of 2012 associated with our capacity expansion in Argentina, as well as the effect of related operational issues which primarily impacted the first half of 2012 and the extended planned outage in Lithium's Argentina facility in third quarter 2012.

Segment operating profit of $171.4 million decreased approximately two percent versus the year ago period. Higher pricing and volumes experienced in Alkali were more than offset by higher royalty and energy costs associated with our

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Wyoming Alkali operations and increased manufacturing costs within our Lithium operations. Selling, general and administrative costs increased seven percent or $2.7 million primarily for targeted growth initiatives.

Other Results of Operations

Corporate expenses

Corporate expenses are included as a component of the line item "Selling, general and administrative expenses" on our consolidated statements of income.

2013 vs. 2012

Corporate and other expenses of $82.7 million increased by $4.1 million from $78.6 million in the same period in 2012. The increase period over period is due to increased costs of approximately $4 million primarily representing costs associated with the transformation of our finance organization. This transformation is similar to past initiatives to improve our organization.

2012 vs. 2011

Corporate and other of $78.6 million in 2012 increased by $3.3 million from $75.3 million in 2011. The year-over-year increase is primarily due to higher LIFO inventory charges of $5.0 million.

Interest expense, net

2013 vs. 2012

Interest expense, net for 2013 of $42.2 million increased approximately four percent compared to 2012 of $40.7 million. The increase was primarily due to higher overall debt levels driven by funding requirements for the acquisition of Epax and our share repurchases during 2013.

2012 vs. 2011

Interest expense, net for 2012 of $40.7 million increased approximately 16 percent compared to the same period in 2011 of $35.0 million. The increase was primarily due to higher debt levels associated with the issuance of our 3.95% senior notes during the 4th quarter of 2011. The interest expense on these notes was approximately $12 million in 2012. The higher interest associated with our senior notes was slightly offset by a decrease in our foreign debt interest expense during 2012 as compared to 2011 of approximately $5.3 million.

Corporate special income (charges)

Restructuring and other (charges) income

Our restructuring and other (charges) income are comprised of restructuring, assets disposals and other charges (income) as described below:

	Year Ended December 31,		
(in Millions)	2013	2012	2011
Restructuring Charges and Asset Disposals	$9.6	$17.7	$2.3
Other Charges (Income), Net	38.3	9.8	4.0
Total Restructuring and Other Charges	$47.9	$27.5	$6.3

Restructuring and asset disposal charges in 2013 of $9.6 million were primarily associated with the announced Lithium restructuring. Other charges (income) net in 2013 of $38.3 million primarily related to charges associated with collaboration and license agreements entered into by our FMC Agricultural Solutions segment for the purpose of obtaining certain technology and intellectual property rights relating to new compounds still under development. The rights and technology obtained is referred to as in-process research and development and in accordance with GAAP, the amounts paid were expensed as incurred since they were acquired outside of a business combination.

Restructuring and asset disposal charges in 2012 primarily included charges of $13.3 million associated with the Lithium restructuring. Other charges (income) net in 2012 were primarily due to charges of $5.8 million for environmental remediation

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at operating sites and a $4.4 million charge related to our FMC Agricultural Solutions segment for the purpose of acquiring certain rights to a fungicide still under development.

Restructuring and asset disposal charges in 2011 were primarily associated with continuing charges related to facility restructurings and shutdowns which were announced in years prior to 2011. Other charges (income) net in 2011 were primarily associated with charges of $3.1 million for environmental remediation at operating sites.

The activity of the restructuring charges listed above are also included within Note 7 to our consolidated financial statements included in this Form 10-K. We believe the restructuring plans implemented are on schedule and the benefits and savings either have been or will be achieved.

Non-operating pension and postretirement (charges) income

Non-operating pension and postretirement (charges) income are included in “Selling, general and administrative expenses” on our consolidated statements of income.

2013 vs. 2012

The charge for 2013 was $38.1 million compared to $34.9 million for 2012. The increase in charges were primarily the result of a settlement charge of $7.4 million, partially offset by lower interest costs of $3.7 million. The settlement charge was associated with the acceleration of previously deferred actuarial losses triggered by the lump-sum payout to former executives in 2013.

2012 vs. 2011

The charge for 2012 was $34.9 million compared to $14.5 million for 2011. The increased charge was primarily the result of higher amortization impacts of actuarial losses of $14.9 million.

Acquisition-related charges

Acquisition-related charges associated with inventory fair value step-up are included in “Costs of sales and services” and fees associated with concluding the acquisitions are included in "Selling, general and administrative expenses".

2013 vs. 2012

Charges related to the expensing of the inventory fair value step-up resulting from the application of purchase accounting for acquisitions and certain professional fees associated with the completion of acquisitions. Charges in 2013 represent amortization of inventory fair value step-up of $5.2 million and certain professional fees of $4.8 million associated with the completion of our Epax acquisition within our FMC Health and Nutrition segment. The charges in 2012, represented amortization of inventory fair value step-up relate to a number of acquisitions completed in 2011 and in the second quarter of 2012.

2012 vs. 2011

The charge in 2012 of $7.2 million, related to the expensing of the inventory fair value step-up resulting from the application of purchase accounting associated with acquisitions completed in 2012 and 2011. The charges for year ended December 31, 2011 relate to a number of acquisitions completed in late 2011. See Note 3 to our consolidated financial statements included in this Form 10-K for more information on our acquisitions.

Provision for income taxes

2013 vs. 2012

Provision for income taxes is $148.6 million for 2013 compared to a provision of $134.5 million for the prior year period resulting in effective tax rates of 24.1 percent and 22.5 percent, respectively. Excluding the impact of tax adjustments in both periods, our effective rate in 2013 was 21.7% and in 2012 was 25.5%. Tax adjustments in 2013 were primarily associated with adjustments to U.S. state deferred tax balances established prior to 2013 driven by a change in enacted tax rates and other state related items. Tax benefit adjustments in 2012 were primarily driven by a reduction in our valuation allowance related to state net operating losses expected to be recoverable in future years. When excluding these impacts, the decrease in the effective tax rates was primarily due to a mix shift in domestic versus foreign income. Foreign profits are generally taxed at lower rates compared to domestic income. See Note 11 to the Consolidated Financial Statements for additional details related to the provisions for income taxes on continuing operations, as well as items that significantly impact our effective tax rate.

2012 vs. 2011

Provision for income taxes was $134.5 million for 2012 compared to a provision of $132.9 million for the prior year period resulting in effective tax rates of 22.5 percent and 24.0 percent, respectively. Excluding the impact of tax

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adjustments in both periods, which in 2012 were primarily driven by a reduction in our valuation allowance related to state net operating losses expected to be recoverable in future years, our effective rate in 2012 was 25.5 percent versus 24.4 percent in 2011. This increase was driven by slightly higher domestic profits in 2012 versus 2011. Domestic profits are taxed at higher rates as compared to foreign profits.

Discontinued operations, net of income taxes

Our discontinued operations represent our discontinued FMC Peroxygens segment results as well as adjustments to retained liabilities from previous discontinued operations. The primary liabilities retained include environmental liabilities, other postretirement benefit liabilities, self-insurance, long-term obligations related to legal proceedings and historical restructuring activities.

2013 vs. 2012

Discontinued operations, net of income taxes totaled a charge of $159.3 million for 2013, compared to a charge of $27.5 million 2012. The increase was a result of a charge of $156.7 million ($122.1 million after-tax) associated with our discontinued FMC Peroxygens segment. The charge was associated with a write down of the FMC Peroxygens segment assets held for sale to fair value. For more information on our discontinued operations, net of income taxes see Note 9 to our consolidated financial statements included in this Form 10-K.

2012 vs. 2011

Discontinued operations, net of income taxes totaled a charge of $27.5 million for 2012, compared to a charge of $38.1 million for 2011. The decrease is primarily attributable to lower restructuring charges of approximately $9 million associated with our discontinued FMC Peroxygens' Spanish operations.

Net income attributable to FMC stockholders

2013 vs. 2012

Net income attributable to FMC stockholders decreased to $293.9 million in 2013, from $416.2 million in 2012. This fluctuation year over year is described in more detail above, however the primary driver is the $122.1 million after-tax charge associated with our discontinued FMC Peroxygens segment.

2012 vs. 2011

Net income attributable to FMC stockholders increased to $416.2 million in 2012, from $365.9 million in 2011. The increase was primarily due to higher operating profits in our FMC Agricultural Solutions segment and a lower effective tax rate. These items were partially offset by higher non-operating pension and postretirement charges and slightly reduced FMC Minerals results.

Liquidity and Capital Resources

Cash and cash equivalents at December 31, 2013 and 2012, were $123.2 million and $77.1 million, respectively. Of the cash and cash equivalents balance at December 31, 2013, $112.6 million were held by our foreign subsidiaries. Our intent is to reinvest permanently the earnings of our foreign subsidiaries, and therefore we have not recorded additional taxes that would be payable if we repatriated these earnings. However, in the third quarter of 2013, we changed our assertion on the portion of our foreign subsidiaries unremitted earnings that we intend to repatriate upon the sale of our discontinued FMC Peroxygens segment and have recorded the taxes that would be payable upon such repatriation. In the event that additional funds from our foreign subsidiaries are repatriated to the U.S., we would be required to accrue and pay U.S. taxes on those amounts.

In June 2013, we commenced a $1.5 billion commercial paper program supported by our credit facility. This program allows us to borrow at rates generally more favorable than those available under our credit facility. We have used proceeds from the commercial paper program for general corporate purposes. At December 31, 2013, the average effective interest rate on these borrowings was 0.34 percent.

On August 5, 2013, we entered into an Amendment and Consent No. 1 (the "Amendment") to our credit agreement, dated as of August 5, 2011. The Amendment, among other things, extended the termination date of the credit facility to August 5, 2017 from August 5, 2016.

On November 15, 2013, we issued $400 million aggregate principal amount of 4.10 percent Senior Notes due 2024. The net proceeds from the offering were used for general corporate purposes including repayment of outstanding commercial paper.

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At December 31, 2013, we had total debt of $1,851.9 million as compared to $964.4 million at December 31, 2012. This included $1,154.1 million and $908.8 million of long-term debt (excluding current portions of $34.7 million and $5.7 million) at December 31, 2013 and 2012, respectively. Other short-term debt, which consists solely of foreign borrowings, decreased from $49.9 million at December 31, 2012 to $7.1 million at December 31, 2013.

Statement of Cash Flows

Cash provided by operating activities was $378.8 million, $422.3 million and $506.0 million for 2013, 2012 and 2011, respectively.

The table below presents the components of net cash provided by operating activities.

(in Millions)	Twelve months ended December 31, 2013	2012	2011
Income from continuing operations before equity in (earnings) loss of affiliates, interest income and expense and income taxes	659.0	639.1	587.4
Significant non-cash expenses [1]	221.6	220.6	264.6
Operating income before non-cash expenses (Non-GAAP)	880.6	859.7	852.0
Change in trade receivables [2]	(394.5)	(191.6)	(107.8)
Change in inventories [3]	5.1	(194.5)	(109.9)
Change in accounts payable [4]	40.4	51.4	65.4
Change in accrued rebates [5]	63.8	27.2	15.5
Change in advance payments from customers [6]	35.9	64.0	44.7
Change in all other operating assets and liabilities [7]	30.4	(3.5)	(80.9)
Restructuring and other spending [8]	(7.3)	(0.9)	(2.4)
Environmental spending, continuing, net of recoveries [9]	(7.8)	(7.1)	(12.0)
Pension and other postretirement benefit contributions [10]	(68.0)	(77.5)	(67.0)
Cash basis operating income (Non-GAAP)	578.6	527.2	597.6
Net interest payments	(39.4)	(36.2)	(36.3)
Tax payments, net of refunds [11]	(153.3)	(59.0)	(47.9)
Excess tax benefits from share-based compensation [12]	(7.1)	(9.7)	(7.4)
Cash provided by operating activities of continuing operations	378.8	422.3	506.0

(1) Represents the sum of depreciation, amortization, non-cash asset write down, share-based compensation and pension charges.

(2) Overall, the increase in trade receivables in each year is primarily due to revenue increases, particularly for FMC Agricultural Solutions sales in Brazil where terms are significantly longer than the rest of our businesses.

(3) Inventory levels remained fairly consistent from 2012 to 2013 as projected demand in early 2014 is expected to be in-line with prior year. The change in inventory from 2011 to 2012 was primarily due to an inventory build to fulfill strong projected 2013 season demand in FMC Agricultural Solutions and to support continued growth in the business.

(4) The increase in accounts payable for all years present is primarily due to inventory build at the end of each year to satisfy projected demand for the following year.

(5) These rebates are associated with our FMC Agricultural Solutions segment and are primarily in North America and Brazil and generally settle in the fourth quarter of each year. The changes year over year are primarily associated with timing of payments and increased sales.

(6) The advance payments from customers represent advances from our FMC Agricultural Solutions segment customers. The change for each year presented are consistent with our sales increases year over each year and our projected demand in early 2014.

(7) Changes in all periods presented primarily represent timing of payments associated with all other operating assets and liabilities.

(8) See Note 7 in our consolidated financial statements included in this Form 10-K for further details.

(9) Included in our income for each of the years presented are environmental charges of $6.2 million, $5.8 million and $3.1 million for environmental and remediation at our operating sites. The amounts in 2013 will be spent in future years. The amounts represent environmental remediation spending at our operating sites which were recorded against pre-existing reserves, net of recoveries.

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(10) Amounts include voluntary contributions to our U.S. defined benefit plan of $40 million, $65 million and $55 million, respectively. In 2013 the amount also includes a lump-sum payout of approximately $15.4 million from our nonqualified pension plan.

(11) We utilized the last of our tax losses and tax credit carryforwards in the United States in 2012, and therefore, saw an increase in total cash taxes paid. Higher tax cash payments in 2013, were reflective of higher profits in the U.S. as well as $35.5 million in advanced tax payments which were classified as prepaid taxes in the consolidated balance sheet at December 31, 2013.

(12) Amounts are presented as a financing activity in the statement of cash flows, from share-based compensation.

Cash required by operating activities of discontinued operations was $50.1 million, $62.6 million and $124.7 million for 2013, 2012 and 2011, respectively.

The decrease from 2012 to 2013 is primarily due to reduced spending associated with our discounted restructuring activities. The spending decrease from 2011 to 2012 was directly associated with the exit of our discontinued Huevla, Spain - FMC Peroxygens' operations. In the fourth quarter of 2010, we exited our Huelva operations, and most of the spending associated with the exit was spent in 2011. Additionally, in 2011 amounts included the $44 million payment associated with the European Union Fine.

Cash required by investing activities was $628.5 million, $363.6 million and $302.0 million for 2013, 2012 and 2011, respectively.

The increase in spending during the year ended December 31, 2013, as compared to the same period in 2012, was primarily due to the Epax acquisition completed in the third quarter of 2013 and higher spending on capital expenditures compared to 2012. Increased spending from 2011 to 2012 is primarily due to higher capital spending associated with capital expansions, primarily in our Health and Nutrition segment and our Alkali and Lithium divisions, and as well as increased expenditures related to our FMC Agricultural Solutions segment contract manufacturers. See Note 3 to the consolidated financial statements included within this Form 10-K for more information on our acquisitions.

Cash provided (required) by financing activities was $371.2 million, $(48.2) million and $(25.3) million in 2013, 2012 and 2011, respectively.

The change in financing activities is primarily due to borrowings under our commercial paper ("CP") program which was implemented during the second quarter of 2013 and the issuance of $400 million in senior notes in the fourth quarter of 2013. These borrowings were partially offset by repayments of borrowings under our committed credit facility, the acquisition of an additional 6.25% ownership interest in our consolidated entity FMC Wyoming and higher dividends paid and share repurchases compared to 2012. The change in 2012 as compared to 2011 was primarily due to lower proceeds from long term debt borrowings, slightly offset by higher borrowings under our credit facility and lower repayments of scheduled long term debt maturities.

Other potential liquidity needs

Our cash needs for 2014 include operating cash requirements, capital expenditures, scheduled mandatory payments of long-term debt, dividend payments, share repurchases, contributions to our pension plans, environmental and asset retirement obligation spending and restructuring. We plan to meet our liquidity needs through available cash, cash generated from operations, commercial paper issuances and borrowings under our committed revolving credit facility. At December 31, 2013 our remaining borrowing capacity under our credit facility was $770.8 million (which includes borrowings under our commercial paper program).

In December 2013, we signed a definitive agreement to sell FMC Peroxygens for $200 million. We expect the sale to be completed in first quarter of 2014. We intend to use the proceeds to pay down our short term debt borrowings.

Projected 2014 capital expenditures as well as expenditures related to contract manufacturers are expected to be approximately 15 percent higher than 2013 levels, primarily to increase capacity in our FMC Health and Nutrition segment and our Alkali division within our FMC Minerals segment.

Projected 2014 spending includes approximately $35 million of net environmental remediation spending. This spending does not include expected spending of approximately $10 million in 2014 on capital projects relating to environmental control facilities. Also, we expect to spend approximately $30 million in 2014 for environmental compliance costs, which we will include as a component of costs of sales and services in our consolidated statements of income since these amounts are not covered by established reserves. Capital spending to expand, maintain or replace equipment at our production facilities may trigger requirements for upgrading our environmental controls, which may increase our spending for environmental controls over the foregoing projections.

Our U.S. Pension Plan assets increased significantly from $984.0 million at December 31, 2012 to $1,192.9 million at December 31, 2013 due to stock market performance. Our U.S. Pension Plan assets comprise approximately 93 percent of our total plan assets with the difference representing plan assets related to foreign pension plans. See Note 13 to the consolidated financial statements included within this Form 10-K for details on how we develop our long-term rate of return assumptions. We made contributions of $40 million and $65 million in 2013 and 2012, respectively, and intend to contribute $50 million in 2014. Our contributions in 2012, 2013 and our intended contribution in 2014 are all in excess of the minimum requirements. Our contributions in excess of the minimum requirement are done with the objective of reducing future funding volatility. We do not believe that this additional

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contribution in 2014 will have a material impact on our current and future liquidity needs. However, volatility of interest rates and equity returns may require greater contributions in the future.
On April 23, 2013, our Board-authorized the repurchase of up to $500 million of our common shares. This repurchase program does not include a specific timetable or price targets and may be suspended or terminated at any time. Shares may be purchased through open market or privately negotiated transactions at the discretion of management based on its evaluation of market conditions and other factors. The authorization on April 23, 2013 replaced the previous authority under which $134.9 million was unused. We also reacquire shares from time to time from employees in connection with the vesting, exercise and forfeiture of awards under our equity compensation plans. During the year ended December 31, 2013, we repurchased 4,998,843 shares under the publicly announced repurchase program for $359.9 million. At December 31, 2013, $250 million remained unused under our Board-authorized repurchase program.

Commitments

We provide guarantees to financial institutions on behalf of certain FMC Agricultural Solutions customers, principally Brazilian customers, for their seasonal borrowing. The total of these guarantees was $27.9 million and $31.4 million at December 31, 2013, and 2012, respectively, and are recorded on the consolidated balance sheets for each date as "Guarantees of vendor financing".
Short-term debt consisted of foreign credit lines at December 31, 2013, and 2012. We provide parent-company guarantees to lending institutions providing credit to our foreign subsidiaries.
We continually evaluate our options for divesting real estate holdings and property, plant and equipment that are no longer integral to our operating businesses. In connection with our property and asset sales and divestitures, we have agreed to indemnify the buyer for certain liabilities, including environmental contamination and taxes that occurred prior to the date of sale. Our indemnification obligations with respect to these liabilities may be indefinite as to duration and may or may not be subject to a deductible, minimum claim amount or cap. As such, it is not possible for us to predict the likelihood that a claim will be made or to make a reasonable estimate of the maximum potential loss or range of loss. If triggered, we may be able to recover certain of the indemnity payments from third parties. We have not recorded any specific liabilities for these guarantees.
Our total significant committed contracts that we believe will affect cash over the next four years and beyond are as follows:

Contractual Commitments	Expected Cash Payments by Year					
(in Millions)	2014	2015	2016	2017	2018 & beyond	Total
Debt maturities (1)	$697.8	$0.9	$1.0	$0.7	$1,154.0	$1,854.4
Contractual interest (2)	55.6	52.6	52.6	52.6	317.3	530.7
Lease obligations (3)	26.3	25.9	17.3	15.4	157.3	242.2
Certain long-term liabilities (4)	4.5	5.1	5.1	5.1	35.3	55.1
Derivative contracts	6.4	—	—	—	—	6.4
Purchase obligations (5)	36.8	8.6	0.6	—	19.5	65.5
Total (6)	$827.4	$93.1	$76.6	$73.8	$1,683.4	$2,754.3

(1) Excluding discounts.
(2) Contractual interest is the interest we are contracted to pay on our long-term debt obligations. We had $18.6 million of long-term debt subject to variable interest rates at December 31, 2013. The rate assumed for the variable interest component of the contractual interest obligation was the rate in effect at December 31, 2013. Variable rates are determined by the market and will fluctuate over time.
(3) Before sub-lease rental income.
(4) Obligations associated with our Ewing research and development facility and our Shanghai innovation center.
(5)

Purchase obligations consist of agreements to purchase goods and services that are enforceable and legally binding on us and specify all significant terms, including fixed or minimum quantities to be purchased, price provisions and timing of the transaction. We have entered into a number of purchase obligations for the sourcing of materials and energy where take-or-pay arrangements apply. Since the majority of the minimum obligations under these contracts are take-or-pay commitments over the life of the contract as opposed to a year by year take-or-pay, the obligations in the table related to these types of contacts are presented in the earliest period in which the minimum obligation could be payable under these types of contracts.

(6) As of December 31, 2013, the liability for uncertain tax positions was $37.3 million and this liability is excluded from the table above. Additionally, accrued pension and other postretirement benefits and our environmental liabilities as recorded on our consolidated balance sheets are excluded from the table above. Due to the high degree of uncertainty regarding the timing of potential future cash flows associated with these liabilities, we are unable to make a reasonably reliable estimate of the amount and periods in which these liabilities might be paid.

Contingencies

See Note 19 to our consolidated financial statements included in this Form 10-K.

Climate Change

We continue to follow legislative and regulatory developments regarding climate change because the regulation of greenhouse gases, depending on their nature and scope, could subject some of our manufacturing operations to additional costs or limits on operations. Our Alkali Chemicals Division mines and refines trona ore into soda ash and related products at our Westvaco and Granger facilities near Green River, Wyoming. This activity constitutes most of FMC's greenhouse gas emissions globally. In 2013, we reported approximately 2.2 million metric tons of direct emissions from the Green River operations for 2012 as part of the EPA Greenhouse gas reporting program.

In the absence of federal climate change legislation in the United States, EPA has moved forward with a finding of “endangerment” and a promulgated “tailoring rule” to apply the Prevention of Significant Deterioration (PSD) provisions of the Clean Air Act to greenhouse gas emissions. Pursuant to the Tailoring rule, FMC has submitted a PSD application for a proposed project for one of our Wyoming facilities, and EPA has issued a draft permit. A significant source of greenhouse gas emissions at the Green River operations are emissions from the beneficiation of trona ore. That is, a significant portion of the greenhouse gases released during the mining and refining of soda ash occurs naturally in the trona ore feedstock. Unlike the situation with energy efficiency, where efficiencies may result in a reduction of greenhouse gases, the amount of greenhouse gases present in the trona ore cannot be reduced. All of the companies producing natural soda ash have such refining emissions. Yet, the lower energy intensity of natural soda ash provides a favorable carbon intensity compared with synthetic soda ash produced throughout the rest of the world. Soda ash is an essential raw material in the production of glass of all kinds. Climate change, energy intensity and alternative forms of energy will drive increased production of new forms of glass (lower emissivity glass, solar panel glass, etc.) and will increase the need for this essential raw material from FMC. The soda ash industry has an interest in assuring that climate change legislation or regulation recognizes the benefits of soda ash (particularly natural soda ash) and the challenges facing this industry in controlling its greenhouse gas emissions.

Because of the many variables, it is premature to make any estimate of the costs of complying with possible future federal climate change legislation in the United States. However, we are aware of the potential impacts that could result from emissions regulations in the U.S. that are more stringent than those experienced by our global competitors. These could make it more difficult for us to competitively produce natural soda ash at Green River. A reduction in natural soda ash production as a result of more stringent regulations in the U.S. would lead to more greenhouse gas emissions globally because the lost supply of natural soda ash would be replaced by the more costly and more greenhouse gas intensive synthetic soda ash.

In 2013, two U.S. plants in our Health & Nutrition business also reported emissions above the EPA's reporting threshold, but each plant's emissions are substantially less than at our Green River operations, in total less than 0.1 million metric tons.

At this point our U.S. facilities are not subject to any state or regional greenhouse gas regulation that limits or imposes fees on current emissions, and while some of our foreign operations may be subject to national or local energy management or climate change regulation, the cost to these facilities has not been and is not expected to be material to FMC.

We have considered the potential physical risks to FMC facilities and operations and the indirect consequences of regulation or business trends as a result of potential future climate change. We routinely assess our facilities for potential natural hazard exposures and do not expect material impacts based on currently available information.

Recently Adopted and Issued Accounting Pronouncements and Regulatory Items

See Note 2 "Recently Issued and Adopted Accounting Pronouncements and Regulatory Items" to our consolidated financial statements included in this Form 10-K.

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Critical Accounting Policies

Our consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) . The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We have described our accounting policies in Note 1 "Principal Accounting Policies and related Financial Information" to our consolidated financial statements included in this Form 10-K. We have reviewed these accounting policies, identifying those that we believe to be critical to the preparation and understanding of our consolidated financial statements. We have reviewed these critical accounting policies with the Audit Committee of the Board of Directors. Critical accounting policies are central to our presentation of results of operations and financial condition in accordance with U.S. GAAP and require management to make estimates and judgments on certain matters. We base our estimates and judgments on historical experience, current conditions and other reasonable factors.

Environmental obligations and related recoveries

We provide for environmental-related obligations when they are probable and amounts can be reasonably estimated. Where the available information is sufficient to estimate the amount of liability, that estimate has been used. Where the information is only sufficient to establish a range of probable liability and no point within the range is more likely than any other, the lower end of the range has been used.

Estimated obligations to remediate sites that involve oversight by the United States Environmental Protection Agency (“EPA”), or similar government agencies, are generally accrued no later than when a Record of Decision (“ROD”), or equivalent, is issued, or upon completion of a Remedial Investigation/Feasibility Study (“RI/FS”), or equivalent, that is submitted by us to the appropriate government agency or agencies. Estimates are reviewed quarterly by our environmental remediation management, as well as by financial and legal management and, if necessary, adjusted as additional information becomes available. The estimates can change substantially as additional information becomes available regarding the nature or extent of site contamination, required remediation methods, and other actions by or against governmental agencies or private parties.

Our environmental liabilities for continuing and discontinued operations are principally for costs associated with the remediation and/or study of sites at which we are alleged to have released hazardous substances into the environment. Such costs principally include, among other items, RI/FS, site remediation, costs of operation and maintenance of the remediation plan, management costs, fees to outside law firms and consultants for work related to the environmental effort, and future monitoring costs. Estimated site liabilities are determined based upon existing remediation laws and technologies, specific site consultants’ engineering studies or by extrapolating experience with environmental issues at comparable sites.

Included in our environmental liabilities are costs for the operation, maintenance and monitoring of site remediation plans (OM&M). Such reserves are based on our best estimates for these OM&M plans. Over time we may incur OM&M costs in excess of these reserves. However, we are unable to reasonably estimate an amount in excess of our recorded reserves because we cannot reasonably estimate the period for which such OM&M plans will need to be in place or the future annual cost of such remediation, as conditions at these environmental sites change over time. Such additional OM&M costs could be significant in total but would be incurred over an extended period of years.

Included in the environmental reserve balance, other assets balance and disclosure of reasonably possible loss contingencies are amounts from third party insurance policies, which we believe are probable of recovery.

Provisions for environmental costs are reflected in income, net of probable and estimable recoveries from named Potentially Responsible Parties (“PRPs”) or other third parties. Such provisions incorporate inflation and are not discounted to their present values.

In calculating and evaluating the adequacy of our environmental reserves, we have taken into account the joint and several liability imposed by Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) and the analogous state laws on all PRPs and have considered the identity and financial condition of the other PRPs at each site to the extent possible. We have also considered the identity and financial condition of other third parties from whom recovery is anticipated, as well as the status of our claims against such parties. Although we are unable to forecast the ultimate contributions of PRPs and other third parties with absolute certainty, the degree of uncertainty with respect to each party is taken into account when determining the environmental reserve by adjusting the reserve to reflect the facts and circumstances on a site-by-site basis. Our liability includes our best estimate of the costs expected to be paid before the consideration of any potential recoveries from third parties. We believe that any recorded recoveries related to PRPs are realizable in all material respects. Recoveries are recorded as either an offset in “Environmental liabilities, continuing and discontinued” or as “Other assets” in our consolidated balance sheets in accordance with U.S. accounting literature.

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See Note 10 to our consolidated financial statements included in this Form 10-K for changes in estimates associated with our environmental obligations.

Impairments and valuation of long-lived assets

Our long-lived assets primarily include property, plant and equipment, goodwill and intangible assets. The assets and liabilities of acquired businesses are measured at their estimated fair values at the dates of acquisition. The excess of the purchase price over the estimated fair value of the net assets acquired, including identified intangibles, is recorded as goodwill. The determination and allocation of fair value to the assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment, including estimates based on historical information, current market data and future expectations. The principal assumptions utilized in our valuation methodologies include revenue growth rates, operating margin estimates and discount rates. Although the estimates were deemed reasonable by management based on information available at the dates of acquisition, those estimates are inherently uncertain.

We test for impairment whenever events or circumstances indicate that the net book value of our property, plant and equipment may not be recoverable from the estimated undiscounted expected future cash flows expected to result from their use and eventual disposition. In cases where the estimated undiscounted expected future cash flows are less than net book value, an impairment loss is recognized equal to the amount by which the net book value exceeds the estimated fair value of assets, which is based on discounted cash flows at the lowest level determinable. The estimated cash flows reflect our assumptions about selling prices, volumes, costs and market conditions over a reasonable period of time.

We perform an annual impairment test of goodwill and indefinite-lived intangible assets in the third quarter of each year, or more frequently whenever an event or change in circumstances occur that would require reassessment of the recoverability of those assets. In performing our evaluation we assess qualitative factors such as overall financial performance of our reporting units, anticipated changes in industry and market structure, competitive environments, planned capacity and cost factors such as raw material prices. Based on our assessment for 2013, we determined that no impairment charge to our continuing operations was required.

See Note 7 to our consolidated financial statements included in this Form 10-K for charges associated with long-lived asset disposal costs and the activity associated with the restructuring reserves.

Pension and other postretirement benefits

We provide qualified and nonqualified defined benefit and defined contribution pension plans, as well as postretirement health care and life insurance benefit plans to our employees and retirees. The costs (benefits) and obligations related to these benefits reflect key assumptions related to general economic conditions, including interest (discount) rates, healthcare cost trend rates, expected rates of return on plan assets and the rates of compensation increase for employees. The costs (benefits) and obligations for these benefit programs are also affected by other assumptions, such as average retirement age, mortality, employee turnover, and plan participation. To the extent our plans’ actual experience, as influenced by changing economic and financial market conditions or by changes to our own plans’ demographics, differs from these assumptions, the costs and obligations for providing these benefits, as well as the plans’ funding requirements, could increase or decrease. When actual results differ from our assumptions, the difference is typically recognized over future periods. In addition, the unrealized gains and losses related to our pension and postretirement benefit obligations may also affect periodic benefit costs (benefits) in future periods.

We use several assumptions and statistical methods to determine the asset values used to calculate both the expected rate of return on assets component of pension cost and to calculate our plans’ funding requirements. The expected rate of return on plan assets is based on a market-related value of assets that recognizes investment gains and losses over a five-year period. We use an actuarial value of assets to determine our plans’ funding requirements. The actuarial value of assets must be within a certain range, high or low, of the actual market value of assets, and is adjusted accordingly.

We select the discount rate used to calculate pension and other postretirement obligations based on a review of available yields on high-quality corporate bonds as of the measurement date. In selecting a discount rate as of December 31, 2013, we placed particular emphasis on a discount rate yield-curve provided by our actuary. This yield-curve when populated with projected cash flows that represented the expected timing and amount of our plans' benefit payments, produced a single effective interest discount rate of 4.95 percent, which was used to measure the plan's liabilities.

The discount rates used at our December 31, 2013 and 2012 measurement dates were 4.95 percent and 4.15 percent, respectively. The effect of the change in the discount rate from 4.15 percent to 4.95 percent at December 31, 2013 resulted in a $121.3 million decrease to our pension and other postretirement benefit obligations. The effect of the change in the discount rate from 4.95 percent at December 31, 2011 to 4.15 percent at December 31, 2012 resulted in a $12.7 million increase to 2013 pension and other postretirement benefit expense.

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The change in discount rate from 4.15 percent at December 31, 2012 to 4.95 percent at December 31, 2013 was attributable to a increase in yields on high quality corporate bonds with cash flows matching the timing and amount of our expected future benefit payments between the 2012 and 2013 measurement dates. Using the December 31, 2012 yield curve, our plan cash flows produced a single weighted-average discount rate of approximately 4.15 percent. Matching our plan cash flows to a similarly constructed curve reflecting high-yielding bonds available as of December 31, 2013, resulted in a single weighted-average discount rate of approximately 4.95 percent.

In developing the assumption for the long-term rate of return on assets for our U.S. Plan, we take into consideration the technical analysis performed by our outside actuaries, including historical market returns, information on the assumption for long-term real returns by asset class, inflation assumptions, and expectations for standard deviation related to these best estimates. We also consider the historical performance of our own plan's trust, which has earned a compound annual rate of return of approximately 9.90 percent over the last 20 years (which is in excess of comparable market indices for the same period) as well as other factors which are discussed in Note 13 to our consolidated financial statements in this Form 10-K. Our long-term rate of return for 2013 and 2012 was 7.75 percent which we adjusted downward from 8.50 percent in 2011. The effect of the change in the long-term rate of return from 8.5 percent during 2011 to 7.75 percent during 2012 resulted in a $6.4 million increase to 2012 pension and other postretirement benefit expense.

For the sensitivity of our pension costs to incremental changes in assumptions see our discussion below.

Sensitivity analysis related to key pension and postretirement benefit assumptions.

A one-half percent increase in the assumed discount rate would have decreased pension and other postretirement benefit obligations by $67.2 million and $77.8 million at December 31, 2013 and 2012, respectively, and decreased pension and other postretirement benefit costs by $5.8 million, $8.2 million and $6.5 million for 2013, 2012 and 2011, respectively. A one-half percent decrease in the assumed discount rate would have increased pension and other postretirement benefit obligations by $73.9 million and $85.7 million at December 31, 2013 and 2012, respectively, and increased pension and other postretirement benefit net periodic benefit cost by $6.2 million, $8.4 million and $6.6 million for 2013, 2012 and 2011, respectively.

A one-half percent increase in the assumed expected long-term rate of return on plan assets would have decreased pension costs by $4.8 million, $4.7 million and $4.6 million for 2013, 2012 and 2011, respectively. A one-half percent decrease in the assumed long-term rate of return on plan assets would have increased pension costs by $4.8 million, $4.7 million and $4.6 million for 2013, 2012 and 2011, respectively.

Further details on our pension and other postretirement benefit obligations and net periodic benefit costs (benefits) are found in Note 13 to our consolidated financial statements in this Form 10-K.

Income taxes

We have recorded a valuation allowance to reduce deferred tax assets to the amount that we believe is more likely than not to be realized. In assessing the need for this allowance, we have considered a number of factors including future taxable income, the jurisdictions in which such income is earned and our ongoing tax planning strategies. In the event that we determine that we would not be able to realize all or part of our net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made. Similarly, should we conclude that we would be able to realize certain deferred tax assets in the future in excess of the net recorded amount, an adjustment to the deferred tax assets would increase income in the period such determination was made.

Additionally, we file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The income tax returns for FMC entities taxable in the U.S. and significant foreign jurisdictions are open for examination and adjustment. We assess our income tax positions and record a liability for all years open to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. We adjust these liabilities, if necessary, upon the completion of tax audits or changes in tax law.

See Note 11 to our consolidated financial statements included in this Form 10-K for additional discussion surrounding income taxes.

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Off-Balance Sheet Arrangements
We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.
Dividends
On January 16, 2014, we paid dividends aggregating $18.0 million to our shareholders of record as of December 31, 2013. This amount is included in "Accrued and other liabilities" on the consolidated balance sheets as of December 31, 2013. For the years ended December 31, 2013, 2012 and 2011, we paid $73.6 million, $47.8 million and $41.2 million in dividends, respectively.
Fair Value Measurements
See Note 18 to our consolidated financial statements included in this Form 10-K for additional discussion surrounding our fair value measurements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
Our earnings, cash flows and financial position are exposed to market risks relating to fluctuations in commodity prices, interest rates and foreign currency exchange rates. Our policy is to minimize exposure to our cash flow over time caused by changes in commodity, interest and currency exchange rates. To accomplish this, we have implemented a controlled program of risk management consisting of appropriate derivative contracts entered into with major financial institutions.
The analysis below presents the sensitivity of the market value of our financial instruments to selected changes in market rates and prices. The range of changes chosen reflects our view of changes that are reasonably possible over a one-year period. Market-value estimates are based on the present value of projected future cash flows considering the market rates and prices chosen.
At December 31, 2013, our net financial instrument position was a net liability of $6.4 million compared to a net liability of $2.2 million at December 31, 2012. The change in the net financial instrument position was primarily due to lower unrealized losses in our commodity and foreign exchange portfolios.
Since our risk management programs are generally highly effective, the potential loss in value for each risk management portfolio described below would be largely offset by changes in the value of the underlying exposure.
Commodity Price Risk
Energy costs are diversified among coal, electricity and natural gas. We attempt to mitigate our exposure to increasing energy costs by hedging the cost of future deliveries of natural gas and by entering into fixed-price contracts for the purchase of coal and fuel oil. To analyze the effect of changing energy prices, we have performed a sensitivity analysis in which we assume an instantaneous 10 percent change in energy market prices from their levels at December 31, 2013 and 2012, with all other variables (including interest rates) held constant.

		Hedged energy exposure vs. Energy market pricing	
(in Millions)	Net Asset / (Liability) Position on Consolidated Balance Sheets	10% Increase	10% Decrease
Net asset/(liability) position at December 31, 2013	$0.1	$3.0	$(2.7)
Net asset/(liability) position at December 31, 2012	(1.3)	$3.3	$(5.4)

Our FMC Agricultural Solutions segment enters into contracts with certain customers in Brazil to exchange our products for future physical delivery of soybeans. To mitigate the price risk associated with these barter contracts, we enter into offsetting derivatives to hedge our exposure. As of December 31, 2013 and 2012 our net financial instrument position was immaterial.
Foreign Currency Exchange Rate Risk

The primary currencies for which we have exchange rate exposure are the U.S. dollar versus the euro, the U.S. dollar versus the Chinese yuan, the U.S. dollar versus the Brazilian real and the U.S. dollar versus the Argentine peso. Foreign currency debt and foreign exchange forward contracts are used in countries where we do business, thereby reducing our net asset exposure. Foreign exchange forward contracts are also used to hedge firm and highly anticipated foreign currency cash flows.

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To analyze the effects of changing foreign currency rates, we have performed a sensitivity analysis in which we assume an instantaneous 10 percent change in the foreign currency exchange rates from their levels at December 31, 2013 and 2012, with all other variables (including interest rates) held constant.

(in Millions)	Net Asset / (Liability) Position on Consolidated Balance Sheets	Hedged Currency vs. Functional Currency	
		10% Strengthening	10% Weakening
Net asset/(liability) position at December 31, 2013	$(6.5)	$9.1	$(21.0)
Net asset/(liability) position at December 31, 2012	$(0.9)	$4.6	$(5.2)

Interest Rate Risk

One of the strategies that we can use to manage interest rate exposure is to enter into interest rate swap agreements. In these agreements, we agree to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated on an agreed-upon notional principal amount. As of December 31, 2013 and 2012, we had no interest rate swap agreements.

Our debt portfolio, at December 31, 2013, is composed of 63 percent fixed-rate debt and 37 percent variable-rate debt. The variable-rate component of our debt portfolio principally consists of borrowings under our commercial paper program, credit facility, variable-rate industrial and pollution control revenue bonds, and amounts outstanding under foreign subsidiary credit lines. Changes in interest rates affect different portions of our variable-rate debt portfolio in different ways.

Based on the variable-rate debt in our debt portfolio at December 31, 2013, a one percentage point increase in interest rates would have increased gross interest expense by $6.8 million and a one percentage point decrease in interest rates would have decreased gross interest expense by $2.3 million for the year ended December 31, 2013.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following are included herein:

(1) Consolidated Statements of Income for the years ended December 31, 2013, 2012 and 2011
(2) Consolidated Statements of Comprehensive Income for the years ended December 31, 2013, 2012 and 2011
(3) Consolidated Balance Sheets as of December 31, 2013 and 2012
(4) Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011
(5) Consolidated Statements of Changes in Equity for the years ended December 31, 2013, 2012 and 2011
(6) Notes to Consolidated Financial Statements
(7) Report of Independent Registered Public Accounting Firm
(8) Management’s Report on Internal Control over Financial Reporting
(9) Report of Independent Registered Public Accounting Firm

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FMC CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(in Millions, Except Per Share Data)	Year Ended December 31, 2013	2012	2011
Revenue	$3,874.8	$3,409.9	$3,036.3
Costs and Expenses			
Costs of sales and services	2,534.4	2,141.6	1,935.7
Gross Margin	1,340.4	1,268.3	1,100.6
Selling, general and administrative expenses	515.8	489.7	405.8
Research and development expenses	117.7	112.0	101.1
Restructuring and other charges (income)	47.9	27.5	6.3
Total costs and expenses	3,215.8	2,770.8	2,448.9
Income from continuing operations before equity in (earnings) loss of affiliates, interest income and expense and income taxes	659.0	639.1	587.4
Equity in (earnings) loss of affiliates	0.9	0.7	(0.8)
Interest income	(0.2)	(0.1)	(0.1)
Interest expense	42.4	40.8	35.1
Income from continuing operations before income taxes	615.9	597.7	553.2
Provision for income taxes	148.6	134.5	132.9
Income from continuing operations	467.3	463.2	420.3
Discontinued operations, net of income taxes	(159.3)	(27.5)	(38.1)
Net income	308.0	435.7	382.2
Less: Net income attributable to noncontrolling interests	14.1	19.5	16.3
Net income attributable to FMC stockholders	$293.9	$416.2	$365.9
Amounts attributable to FMC stockholders:			