CF Industries Holdings, Inc.
Form PRE 14A
March 14, 2018

Use these links to rapidly review the document
Table of Contents

Table of Contents

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

CF INDUSTRIES HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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Proposed maximum aggregate value of transaction:

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(4) Date Filed:

Table of Contents

Preliminary Proxy Statement

Proxy Statement

2018 Annual Meeting of Stockholders

Table of Contents

March 29, 2018

To Our Stockholders:

On behalf of your board of directors, it is our privilege to invite you to attend the 2018 annual meeting of stockholders of CF Industries Holdings, Inc. The annual meeting will be held on Thursday, May 10, 2018, at 10:00 a.m., local time, adjacent to our corporate headquarters at 3 Parkway North, Deerfield, Illinois 60015. At the annual meeting, stockholders will vote on the matters set forth in the accompanying Notice of Annual Meeting and Proxy Statement and any other business matters properly brought before the annual meeting. Whether or not you are able to attend the meeting, we encourage you to read the enclosed materials and submit your proxy.

We will meet to discuss a year of outstanding performance in all parts of our business and strong progress on our strategic objectives. In 2017, your company delivered strong financial results in a challenging market environment. We set company production and sales volumes records while achieving our lowest 12-month total recordable injury rate. We reduced our long-term debt by approximately $1.1 billion and lowered our controllable expenses per product ton as a result of targeted cost reduction initiatives and production cost efficiencies supported by increased volume.

These are exceptional results in one of the weakest global nitrogen pricing environments of the last two decades. This reflects the enduring strengths of our company manufacturing and distribution excellence built on safe and reliable operations; a customer focus that can serve both long-time purchasers and grow new opportunities inside and outside North America; and prudent capital stewardship to optimize our cost structure. We have achieved these results because of our talented, dedicated employees and their commitment to our success.

We continue to adhere to best principles of corporate governance in order to deliver long-term value to you. During 2017, we elected two new members to the board of directors, John W. Eaves and Michael J. Toelle, who have already made significant contributions to the company through their leadership, knowledge of commodity cycles and special expertise the global coal industry for John and agriculture for Mike.

We want to take this opportunity to thank our two retiring directors for their tireless commitment to the company and to you, our stockholders. Edward Schmitt has been on the board since the company's IPO in 2005 and has brought a wealth of operational experience to the board. Robert Kuhbach has been a member of our board since 2011, was the chairman of our audit committee from 2012 through 2017, and brought a rigorous financial focus. Ed and Rob, we thank you for your many years of dedicated service and wish you the best in retirement.

We are proud of the progress we have made as a company and look forward to reviewing what we have achieved and the opportunities ahead at the annual meeting. Thank you for your continued trust in CF Industries and we hope to see you on May 10, 2018.

Sincerely,

Stephen A. Furbacher	W. Anthony Will
Chairman of the Board	*President and Chief Executive Officer*

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Date and Time:	Thursday, May 10, 2018, at 10:00 a.m., local time
Place:	Adjacent to CF Industries Corporate Headquarters 3 Parkway North Deerfield, Illinois 60015
Items of Business:	At the Annual Meeting, stockholders will be asked to: 1. Elect the ten directors named in this Proxy Statement; 2. Consider and approve an advisory resolution regarding the compensation of our named executive officers; 3. Ratify provisions in our certificate of incorporation and bylaws granting stockholders the ability to call special meetings of stockholders; 4. Ratify the selection of KPMG LLP as our independent registered public accounting firm for 2018; and 5. Consider any other business properly brought before the Annual Meeting.
Record Date:	You may vote at the Annual Meeting if you were a stockholder of record of our company as of the close of business on March 19, 2018
Internet Availability of Proxy Materials	**Important Notice Regarding the Availability of Proxy Materials for the 2018 Annual Meeting of Stockholders to be held on Thursday, May 10, 2018**: Our Proxy Statement and 2017 Annual Report are available free of charge at *www.proxyvote.com*.

Your vote is important. Please vote your shares promptly so that your shares will be represented whether or not you attend the Annual Meeting. To vote your shares, you may use the Internet or call the toll-free telephone number as described on your Notice of Internet Availability of Proxy Materials or complete, sign, date, and return your proxy card.

By order of the board of directors,

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

March 29, 2018

Table of Contents

PROXY STATEMENT SUMMARY

This summary provides certain key information about CF Industries' business and strategy and highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. These proxy materials were first sent or made available to stockholders on or about March 29, 2018.

2018 ANNUAL MEETING OF STOCKHOLDERS INFORMATION

Date and Time:	Thursday, May 10, 2018, at 10:00 a.m. (local time)
Place:	Adjacent to CF Industries Corporate Headquarters 3 Parkway North, Deerfield, Illinois 60015
Record Date:	March 19, 2018

VOTING MATTERS

Proposals		**Board Recommendation**	**Page Number for Additional Information**
1.	Election of Directors	FOR	6
2.	Advisory Vote on Executive Compensation ("Say on Pay")	FOR	31
3.	Ratification of Provisions in Our Certificate of Incorporation and Bylaws Granting Stockholders the Ability to Call Special Meetings of Stockholders	FOR	76
4.	Ratification of Selection of Independent Auditor for 2018	FOR	79

OUR BUSINESS

We are one of the largest manufacturers and distributors of nitrogen fertilizer and other nitrogen products in the world. Our principal customers are cooperatives, independent fertilizer distributors, farmers and industrial users. Our principal nitrogen fertilizer products are ammonia, granular urea, urea ammonium nitrate solution and ammonium nitrate. Our other nitrogen products include diesel exhaust fluid, urea liquor, nitric acid and aqua ammonia, which are sold primarily to our industrial customers, and compound fertilizer products, which are solid granular fertilizer products for which the nutrient content is a combination of nitrogen, phosphorus, and potassium. We operate world-class nitrogen manufacturing complexes in Canada, the United Kingdom and the United States, and distribute plant nutrients through a system of terminals, warehouses, and associated transportation equipment located primarily in the Midwestern United States. We also export nitrogen fertilizer products from our Donaldsonville, Louisiana, and Yazoo City, Mississippi, manufacturing facilities and our United Kingdom manufacturing facilities in Billingham and Ince.

For more information on our business, see "Item 1. Business" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2017 Annual Report.

Table of Contents

OUR STRATEGY

Our strategy, reviewed and endorsed annually by our Board, has remained largely unchanged for the past decade. Our execution of initiatives aligned with that strategy helped us achieve our vision delivering superior shareholder returns over the cycle.

Core Organizational Capabilities

We want to highlight a few of our core organizational capabilities as evidenced by several of our more notable accomplishments:

Leader in the safe and responsible production, storage and handling of chemicals, achieving best in class performance

- Achieved industry leading recordable injury rate of 0.67 (industry average: 2.2), our lowest rate, while being the largest nitrogen producer in the world (2017)

- Multi-year winner of the Rail Safety Grand Slam Award for safe rail shipments of hazardous products (2014 and 2016)

- Reduced CO2-equivalent emissions by more than 25% per product ton of manufactured product (2012 - 2016)

Exceptional process engineering and plant operations and maintenance, to drive superior asset utilization

- Ammonia production capacity utilization at 98% across 17 ammonia plants globally (2017)

- New capacity expansion plants started up safely and have achieved up to 15 - 20% higher output than original nameplate capacity (2016 - 2017)

- Decreased capital expenditures per product ton by 63% and ongoing maintenance capital expenditures per product ton by 36%,(1) while maintaining safe and reliable operations (2013 - 2017)

- Decreased cost of sales per product ton by 8% and controllable cost of sales per product ton(2) by 19% (2015 - 2017)

High performance culture, focused on safety, ethics and compliance, creating a world-class, scalable corporate platform:

- SG&A among the lowest in the industry at $10 per product ton or 4.6% of sales (2017)

- Highly scalable corporate platform as product tons increased 45% while SG&A cost per product ton decreased 22% (2015 - 2017)

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(1) "Ongoing maintenance capital expenditures" is defined as capital expenditures adjusted for amounts related to our capacity expansion projects, our divested phosphate business, and improvement projects. See Appendix A for a reconciliation of ongoing maintenance capital expenditures and ongoing maintenance capital expenditures per ton to the most directly comparable GAAP measures.

(2) "Controllable cost of sales" is defined as non-gas cash costs (maintenance, labor, electricity, other raw materials, transportation and distribution, and other plant costs), which excludes the impact of natural gas, derivatives and depreciation and amortization. See Appendix A for a reconciliation of

controllable cost of sales and controllable cost of sales per ton to the most directly comparable GAAP measures.

Table of Contents

Creative, disciplined portfolio management, increasing shareholder value:

- Terra Industries post-merger-integration captured synergies in excess of $120 million annually (2010 - 2012)
- Sold our Phosphate Business for $1.4 billion in a tax-efficient transaction and also entered into a long-term ammonia supply agreement with the buyer, which de-risked the capacity expansion projects (2013 - 2014)
- CF Fertilisers UK (formerly known as GrowHow) post-merger-integration increased asset utilization by nearly 20% and delivered synergies in excess of $35 million annually (2014 - 2017)
- Formed a strategic venture with CHS where CF Industries received $2.8 billion in a tax-efficient structure and also entered into a long-term supply agreement with CHS, which further de-risked the capacity expansion projects (2015 - 2016)
- Deployed approximately $6.7 billion in value-creating growth initiatives while also returning more than $5 billion of cash to shareholders through share repurchases and dividends (2013 - 2017)

Our Corporate Strategy

Our vision, given the cyclical nature of our business, is to deliver superior shareholder returns over the cycle. Our strategy, in support of our vision, is built upon a foundation of distinct core capabilities and core values that we live each and every day. We leverage our capabilities to drive business results that create long-term value for our shareholders.

CF's Strategy

Table of Contents

Strong Shareholder Returns Over the Cycle

We firmly believe that, due to the cyclical nature of the commodity chemical industry in which we operate, it is important to view performance over a longer time horizon than just one year. The execution of our strategy has delivered strong shareholder value creation over the cycle:

STOCKHOLDER ENGAGEMENT

We believe that building positive relationships with our stockholders is critical to CF Industries' success. We value the views of, and regularly communicate with, our stockholders on a variety of topics, such as our financial performance, corporate governance, executive compensation, and related matters. Management shares the feedback received from stockholders with the Board. Our chairman or other members of the Board may also be available to participate in meetings with stockholders as appropriate. Requests for such a meeting are considered on a case-by-case basis. Since our last annual meeting, we met with stockholders representing over [•]% of our outstanding shares. Our engagement activities have resulted in valuable feedback that has contributed to our decision-making with respect to these matters. We welcome your input and feedback and look forward to continued engagement with our stockholders.

Table of Contents

OUR BOARD COMPOSITION

Our corporate governance and nominating committee regularly reviews the overall composition of our Board and its committees to assess whether each reflects the appropriate mix of experience, qualifications, attributes, and skills that are relevant to CF Industries' current and future global strategy, business, and governance.

Our Director Nominees

CORPORATE GOVERNANCE FACTS

ü	All Directors are Independent, except CEO	ü	Policy on Adoption of a Stockholder Rights Plan
ü	Independent Chairman of the Board and Separate Chief Executive Officer	ü	Independent Directors Meet Regularly in Executive Session
ü	Regular Assessment of Board Composition and Attributes, Including Diversity; Women Comprise 20% of Director Nominees	ü	Stock Ownership Requirements for Directors and Executive Officers
ü	Annual Election of Directors	ü	Annual Board and Committee Self-Evaluations, Including Peer Evaluations
ü	Majority Voting for Directors in Uncontested Elections	ü	Stockholder Ability to Call Special Meetings
ü	Proxy Access	ü	No Supermajority Voting Provisions in Charter or Bylaws

PROPOSAL 1: ELECTION OF DIRECTORS

DIRECTOR NOMINEES

Our directors are elected each year for one-year terms expiring at the next annual meeting of stockholders. The Board has nominated ten current directors for re-election at the 2018 Annual Meeting. Robert G. Kuhbach and Edward A. Schmitt will retire from the Board effective as of the date of the Annual Meeting and will not stand for re-election. Each director elected at the 2018 Annual Meeting will serve a one-year term and until his or her successor is duly elected and qualified.

Each nominee has consented to being named in this Proxy Statement and to serve if elected. If any nominee becomes unavailable to serve, an event that the Board does not presently expect, we will vote the shares represented by proxies for the election of directors for the election of such other person as the Board may recommend. Unless otherwise instructed, we will vote all proxies we receive FOR the directors listed below.

Majority Vote Standard for Election of Directors

Our directors are elected by a majority of the votes cast in uncontested elections (the number of shares voted "for" a director nominee must exceed the number of votes cast "against" that director nominee). An "uncontested election of directors" means an election of directors in which, as of the date that is fourteen days in advance of the date we file our definitive proxy statement with the Securities and Exchange Commission ("SEC"), the number of nominees for election does not exceed the number of directors to be elected by the stockholders at that election. In a contested election (a situation where the number of nominees for election exceeds the number of directors to be elected), the standard for election would be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

Director Resignation Policy

In accordance with procedures set forth in the company's corporate governance guidelines, any incumbent director (including the ten nominees standing for election at the Annual Meeting) who fails to receive a majority of votes cast in an uncontested election will be required to tender his or her resignation for consideration by the company's corporate governance and nominating committee. The corporate governance and nominating committee will consider the resignation and, within 45 days following the date of the applicable annual meeting, make a recommendation to the Board concerning the acceptance or rejection of the resignation. The Board will then take formal action on the corporate governance and nominating committee's recommendation no later than 90 days following the date of the annual meeting. Following the Board's decision on the committee's recommendation, we will publicly disclose the Board's decision, together with an explanation of the process by which the decision was made and, if applicable, the Board's reason or reasons for rejecting the tendered resignation.

DIRECTOR SUCCESSION PLANNING AND NOMINATION PROCESS

The Board is responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The corporate governance and nominating committee is responsible for identifying, screening, and recommending candidates to the Board for Board membership.

Regular Assessment of our Board Composition and Succession Planning

The chairman of the board and chair of the corporate governance and nominating committee lead an active process to regularly review the overall composition of the Board and each Board committee and assess whether each reflects the appropriate mix of experience, qualifications, attributes, and skills that are relevant to CF Industries' current and future global strategy, business, and governance. Board composition and succession planning is a standing item on the agenda for each regular corporate governance and nominating committee meeting. The review process incorporates the results of the annual Board and committee self-assessment process in assessing and determining whether any gaps in experience, qualifications, attributes, and skills exist and the characteristics and critical skills required of prospective candidates for election to the Board.

In order to maintain a Board with an appropriate mix of experience and qualifications and to permit time for orientation, the succession planning process generally considers the development of the Board over the next five year time horizon. In the case of an anticipated change in the composition of the Board, whether as a result of a retirement consistent with our general aged-based retirement policy described below or otherwise, the Board generally prefers to recruit and add new directors such that there is time for the new directors to learn in detail our strategy, business, and governance sufficiently in advance of expected departures. The Board has also concluded that the appropriate number of directors is generally no fewer than eight nor more than twelve. The Board believes this range permits diversity of experience without hindering effective discussion or diminishing individual accountability. Therefore, the Board attempts to coordinate director additions and departures to maintain this size while allowing orientation time for new members as discussed above. Consistent with this process, the Board has added four new members over the past four years (Ms. Wagler in 2014, Ms. Noonan in 2015, and Messrs. Eaves and Tolle in 2017), and two directors (Messrs. Kuhbach and Schmitt) are retiring effective as of the date of the Annual Meeting.

Identifying and Evaluating Candidates for Director

The corporate governance and nominating committee generally identifies potential nominees by engaging firms that specialize in identifying director candidates. Current directors and executive officers may also notify the committee if they become aware of persons meeting the criteria for Board membership discussed below. The committee will also consider candidates recommended by stockholders as described below.

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

Recent Director Searches

As a result of our active succession planning and candidate evaluation processes, directors Eaves, Noonan, Toelle, and Wagler were identified as candidates and added to the Board over the last four years. Each of these directors brings important skills and experience to our company that have further strengthened and complemented our Board. Each of these four individuals was recommended for consideration to the corporate governance and nominating committee by a third party search firm, and

Table of Contents

none of these four individuals was known to our chairman of the board or chief executive officer prior to the candidate evaluation process.

Stockholder Recommendations of Director Candidates

The corporate governance and nominating committee will consider director candidates recommended by stockholders. In considering candidates submitted by stockholders, the committee will take into consideration the needs of the Board and the qualifications of the candidate. To have a candidate considered by the committee, a stockholder must submit the recommendation in writing and include the following information:

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

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

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

Proxy Access

Our bylaws allow eligible stockholders to include their own nominees for director in our proxy materials along with the Board-nominated candidates. Subject to applicable procedural and other requirements under our bylaws, the proxy access provisions of our bylaws permit any stockholder or group of up to 20 stockholders who have maintained continuous qualifying ownership of 3% or more of our outstanding common stock for at least the previous three years to nominate and include in our proxy materials director nominees constituting not more than 25% of the number of the directors in office at the time of the nomination.

CRITERIA FOR BOARD MEMBERSHIP

Director Qualifications and Attributes

The corporate governance and nominating committee takes into consideration a number of factors and criteria in reviewing candidates for potential nomination to the Board. The corporate governance and nominating committee believes that the minimum qualifications for serving as a director of CF Industries are that a nominee demonstrate, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board's oversight of our business and affairs and have an impeccable record and reputation for honest and ethical conduct in both his or her professional and personal activities.

In addition, the committee will examine a candidate's specific experiences and skills, relevant industry background and knowledge, time availability in light of other commitments, potential conflicts of interest, material relationships with CF Industries, and independence from management and the company.

Diversity

Our corporate governance guidelines and corporate governance and nominating committee charter reflect the intention of the Board that the board of directors represent a diversity of backgrounds. In accordance with the corporate governance and nominating committee charter and our corporate governance guidelines, the corporate governance and nominating committee considers diversity in identifying nominees for director, including personal characteristics such as race, gender and age, and the experiences and skills relevant to the Board's performance of its responsibilities in the oversight of the company. In furtherance of this objective, the corporate governance and nominating committee has determined that it will incorporate recruitment protocols that seek to identify candidates in any future director search who meet these diversity characteristics.

Retirement Age

As set forth in the company's corporate governance guidelines, it is the general policy of the company that no director having attained the age of 74 years shall be nominated for re-election or reappointment to the Board. However, the Board may determine to waive this policy in individual cases.

Director Tenure

To ensure that the Board maintains an appropriate balance of experience, continuity, and an openness to new ideas and a willingness to critically re-examine the status quo, the corporate governance and nominating committee considers the issue of continuing director tenure in connection with each director nomination recommendation.

Four director nominees, comprising 40% of the nominees, have served more than 10 years and one director nominee, comprising 10% of the nominees, has served between 5 and 10 years. These directors bring a wealth of experience and knowledge concerning CF Industries.

The remaining five director nominees, comprising 50% of the nominees, have joined the Board over the past five years and bring fresh perspective to Board deliberations.

Service on Other Public Company Boards

CF Industries does not have a policy limiting the number of other public company boards of directors upon which a director may sit, in general. However, the corporate governance and nominating committee considers the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member.

Although we do not impose a limit on outside directorships, we do recognize the substantial time commitments attendant to Board membership and expect that the members of our Board be fully committed to devoting all such time as is necessary to fulfill their Board responsibilities, both in terms of preparation for and attendance and participation at meetings.

In addition, in recognition of the enhanced time commitments associated with membership on a public company's audit committee, the Board has adopted a policy that no member of the audit committee may serve simultaneously on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the company's audit committee.

Summary of Director Core Competencies

We consider the depth and diversity of experience on our Board a key strength. Our ten director nominees offer a diverse set of qualifications and perspectives and possess a wealth of leadership and professional experience in areas relevant to CF Industries' business and strategy.

Public Company Governance	A deep understanding of the Board's duties and responsibilities enhances board effectiveness and ensures independent oversight that is aligned with stockholder interests.
Senior Executive Leadership	We believe that directors who have served as CEOs or senior executives are in a position to challenge management and contribute practical insight into business strategy and operations.
Operations	As a global manufacturing and distribution company, we benefit from the experience of our directors who have served in senior executive roles of global manufacturing companies.
Accounting and Finance Expertise	A strong understanding of accounting and finance is important for ensuring the integrity of our financial reporting and critically evaluating our performance. Our directors have significant accounting experience and corporate finance expertise.
Industry Focus	As one of the world's largest manufacturers and distributors of nitrogen fertilizer and other nitrogen products, we seek directors who are knowledgeable about the chemical, energy, and agriculture industries. These directors help guide the company in assessing trends and external forces in these industries.
International Business	Directors with international business experience help us as we develop and grow our international manufacturing operations and global product distribution.
Strategic Initiatives	Experience with major strategic initiatives, including mergers and acquisitions, divestitures, joint ventures and partnerships, substantial capital projects, and integration helps our company identify, pursue and consummate the right major initiatives that achieve our strategic objectives and realize synergies and optimal growth.
Risk Management	Directors with significant risk oversight and management experience provide valuable insight as we make decisions on our strategic plan.
Environmental & Safety	As core values, we put safety first and act as stewards for the environment. We take guidance from our directors who have served in executive or operating positions at industrial manufacturing companies.

Table of Contents

The following chart summarizes the competencies represented by our director nominees; the details of each director's competencies are included in each director's biography.

BOARD RECOMMENDATION

In connection with the Annual Meeting and in accordance with the above guidelines, the corporate governance and nominating committee recommended that the Board nominate the ten directors named in this Proxy Statement for re-election to the Board. The Board believes these nominees provide CF Industries with the combined depth and breadth of skills, experience and qualities required to contribute to an effective and well-functioning Board. Our ten director nominees offer a diverse set of qualifications and perspectives and possess a wealth of leadership and professional experience in areas relevant to current and future global strategy, business, and governance.

The Board unanimously recommends that you vote FOR the election of the nominees presented in Proposal 1.

Table of Contents

DIRECTOR NOMINEE BIOGRAPHIES

The following biographical information about each of our director nominees highlights the particular experiences, qualifications, attributes, and skills possessed by each director nominee that led the Board to determine that he or she is qualified to serve as a public company director and that he or she should serve as member of our Board. All director nominee biographical information is as of March 29, 2018.

Robert C. Arzbaecher served as chief executive officer of Actuant Corporation, a diversified manufacturer and marketer of industrial products and systems with operations in more than 30 countries, from 2000 until January 2014 and as interim president and chief executive officer of Actuant from August 2015 until March 2016. He served as a director of Actuant from 2000 until January 2017 and as chairman of the board of Actuant from 2001 until March 2016. From 1992 until 2000, he held various financial positions with Applied Power, Inc., Actuant's predecessor, the most recent of which was chief financial officer. Prior to 1992, Mr. Arzbaecher held various financial positions with Grabill Aerospace, Farley Industries, and Grant Thornton, a public accounting firm. Mr. Arzbaecher is a certified public accountant and he is also a director of Fiduciary Management, Inc. mutual funds.

Qualifications

As the former chairman and chief executive officer of Actuant, Mr. Arzbaecher brings public company governance, international business, strategic initiative, and risk management expertise to the Board. As a certified public accountant who has served as a financial executive, he is an "audit committee financial expert" within the meaning of SEC rules.

Other Public Company Directorships (within the past 5 years)

Actuant Corporation (2000 Jan. 2017) (Chairman from 2001 Mar. 2016)

William Davisson served as the chief executive officer of GROWMARK, Inc., a large agricultural cooperative system providing agronomy, energy, facility planning, and logistics products and services, as well as grain marketing and risk management services, in the United States and Canada, from 1998 through 2010. He worked in the GROWMARK system his entire career, from 1970 through 2010, and the positions he held prior to becoming to chief executive officer included chief financial officer and vice president, member services. GROWMARK was an owner of our predecessor company before our initial public offering ("IPO") in August 2005, and GROWMARK remains one of our largest customers. From 1998 to 2005, Mr. Davisson served as a director of our predecessor company and as chairman of its board from 2002 to 2004. Mr. Davisson is a certified public accountant.

Qualifications

As the former chief executive officer and chief financial officer of GROWMARK, Mr. Davisson brings accounting and finance, agriculture industry, and strategic initiative expertise to the Board. Mr. Davisson has a deep understanding of our business, as demonstrated by his more than 20 year association with our company. Mr. Davisson is a certified public accountant with substantial executive experience in risk management and he is an "audit committee financial expert" within the meaning of SEC rules.

Other Public Company Directorships (within the past 5 years)

None

Table of Contents

John W. Eaves has served as president and chief executive officer of Arch Coal, Inc., a top coal producer for the global steel and power generation industries, since 2012 and has been a member of its board of directors since 2006. He has more than 30 years of experience in the coal industry. During his tenure with Arch Coal, he has held positions of president and chief operating officer; senior vice president of marketing; and vice president of marketing and president of Arch Coal Sales, the company's marketing subsidiary. Mr. Eaves joined Arch Coal in 1987 after serving in various marketing-related positions at Diamond Shamrock Coal Company and Natomas Coal Company. He serves on the boards of the National Association of Manufacturers and the National Mining Association. On January 11, 2016, Arch Coal filed a voluntary petition for reorganization under the provisions of Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Missouri. On October 5, 2016, Arch Coal's reorganization plan became effective and it emerged from Chapter 11.

Qualifications

As the president and chief executive officer and former chief operating and marketing officer of Arch Coal, Mr. Eaves brings substantial energy industry, operations, strategic initiative, and environmental and safety expertise to the Board. Mr. Eaves has extensive experience in risk management and accounting and finance expertise through his active supervision of those performing financial accounting and reporting at Arch Coal.

Other Public Company Directorships (within the past 5 years)

Arch Coal (2006 present)

Stephen A. Furbacher served as president and chief operating officer of Dynegy Inc., a provider of wholesale power, capacity, and ancillary services to utilities, cooperatives, municipalities, and other energy companies, from August 2005 until December 2007. Prior to that, he served as executive vice president of Dynegy's previously owned natural gas liquids business segment, which was engaged in the gathering and processing of natural gas and the fractionation, storage, transportation, and marketing of natural gas liquids, from September 1996 to August 2005. Mr. Furbacher joined Dynegy in May 1996, just prior to Dynegy's acquisition of Chevron's midstream business. Before joining Dynegy, he served as president of Warren Petroleum Company, the natural gas liquids division of Chevron U.S.A. Mr. Furbacher began his career with Chevron in August 1973 and served in positions of increasing responsibility before being named president of Warren Petroleum Company in July 1994. Mr. Furbacher serves as chief executive officer and president of GTBC, LLC, which operates Grand Teton Brewing Company.

Qualifications

Mr. Furbacher brings substantial senior executive leadership, refinery and petro-chemical operations, energy industry, and strategic initiative expertise to the Board as a result of his leadership positions at Dynegy, Warren Petroleum, and Chevron. Mr. Furbacher has extensive experience with risk management and environmental and safety matters.

Other Public Company Directorships (within the past 5 years)

None

Table of Contents

Stephen J. Hagge served as the president and chief executive officer of AptarGroup, Inc., a leading global supplier of a broad range of innovative dispensing systems for the beauty, personal care, home care, prescription drug, consumer health care, injectables, food and beverage markets with manufacturing facilities in North America, Europe, Asia and Latin America, from 2012 until January 2017 and as special advisor to the chief executive officer from February 2017 to March 2017. He served as chief operating officer of AptarGroup from 2008 to 2011, as chief financial officer of AptarGroup from 1993 to 2011 and as an executive vice president and secretary of AptarGroup from 1993 to 2011. Mr. Hagge has served as a director of AptarGroup since 2001.

Qualifications

Through his experience as a director, chief executive officer, chief financial officer, and chief operating officer of AptarGroup, Mr. Hagge brings substantial public company governance, operations, international business, strategic initiative, and risk management expertise to the Board. Mr. Hagge has served as a financial executive and is an "audit committee financial expert" within the meaning of SEC rules.

Other Public Company Directorships (within the past 5 years)

AptarGroup (2001 Present)

John D. Johnson served as the president and chief executive officer of CHS Inc. ("CHS"), a Fortune 100 company and leading global agribusiness that is diversified in energy, grains, and foods, from 2000 through 2010. CHS was an owner of our predecessor company before our IPO in August 2005 and remains one of our largest customers. From 2000 to 2005, Mr. Johnson served as a director of our predecessor company and as chairman of its board from 2004 to 2005. Mr. Johnson joined Harvest States Cooperative in 1976, and served as president and chief executive officer of Harvest States from 1995 until it merged with Cenex, Inc. to form CHS in 1998. From 1998 to 2000, Mr. Johnson served as general manager and president of CHS. Mr. Johnson served as a director of Gold Kist Holdings Inc., which operated a fully integrated chicken production business, from 2004 until its acquisition by Pilgrim's Pride Corp. in 2007.

Qualifications

As the former president and chief executive officer of CHS and its predecessor company, Mr. Johnson brings substantial operations, agriculture industry, energy industry, international business, strategic initiative, risk management, and environmental and safety expertise to the Board. Mr. Johnson has a deep understanding of CF Industries' business, as demonstrated by his 18 year association with our company.

Other Public Company Directorships (within the past 5 years)

None

Table of Contents

Anne P. Noonan has served as president and chief executive officer and as a director of OMNOVA Solutions, a global provider of emulsion polymers, specialty chemicals, and engineered surfaces for a variety of commercial, industrial, and residential end uses with manufacturing, technical, and other facilities located in North America, Europe, China, and Thailand, since December 2016. She previously served as OMNOVA's president, performance chemicals, from 2014 until December 2016. Ms. Noonan previously held several positions of increasing responsibility with Chemtura Corporation, a global specialty chemicals company, from 1987 through 2014, including most recently as senior vice president and president of Chemtura's Industrial Engineered Products business and Corporate Development function. She serves on the boards of the American Chemistry Council and the Greater Cleveland Partnership.

Qualifications

As the president and chief executive officer of OMNOVA Solutions and previous executive operating positions at both OMNOVA Solutions and Chemtura Corp., Ms. Noonan brings public company governance, operations, chemical industry, international business, strategic initiative, and environmental and safety expertise to the Board. Ms. Noonan has extensive experience in risk management and accounting and finance expertise through her active supervision of those performing financial accounting and reporting at OMNOVA Solutions.

Other Public Company Directorships (within the past 5 years)

OMNOVA Solutions (Dec. 2016 Present)

Michael J. Toelle is the owner of T & T Farms, a diversified farming company. He has been a member of the board of Nationwide Mutual Insurance Company, one of the largest insurance and financial services companies in the world, since 2013. He is a former board chairman and longtime board member of CHS. He also served as a board member for Cenex, Inc., before it merged with Harvest States Cooperatives to create CHS in 1998. Mr. Toelle is past chairman of the CHS Foundation and previously served as a director for the Agricultural Council of America and Country Partners Cooperative. He is a member of the National Association of Corporate Directors.

Qualifications

As the owner and operator of a major diversified farming company, a director of Nationwide Mutual Insurance Co. and former chairman and director of CHS, Mr. Toelle brings agricultural industry, operations, strategic initiative, risk management, and environmental and safety expertise to the Board.

Other Public Company Directorships (within the past 5 years)

None

Table of Contents

Theresa E. Wagler has served as chief financial officer and executive vice president of Steel Dynamics, Inc., one of the largest domestic steel producers and metals recyclers in the United States, since 2007 and 2009, respectively. She also serves as Steel Dynamics' principal accounting officer. She has held various positions of increasing responsibility since joining Steel Dynamics in 1998. Prior to joining Steel Dynamics, she served as assistant corporate controller for Fort Wayne National Bank and as a certified public accountant with Ernst & Young LLP.

Qualifications

As the chief financial officer of Steel Dynamics, Ms. Wagler brings substantial public company governance, accounting and finance, strategic initiative, and risk management expertise to the Board. Ms. Wagler is a certified public accountant and an "audit committee financial expert" within the meaning of SEC rules.

Other Public Company Directorships (within the past 5 years)

None

W. Anthony Will has served as our president and chief executive officer and as a member of the Board since January 2014. He was previously our senior vice president, manufacturing and distribution, from January 2012 to January 2014, our vice president, manufacturing and distribution, from March 2009 to December 2011, and our vice president, corporate development, from April 2007 to March 2009. Mr. Will has also served in the comparable officer positions with Terra Nitrogen GP Inc. ("TNGP") as he has held with CF Industries since April 2010. TNGP is our indirect, wholly-owned subsidiary and the sole general partner of Terra Nitrogen Company, L.P., a publicly-traded producer of nitrogen fertilizer products. Mr. Will served as a director of TNGP from June 2010 until February 2016 and as chairman of the board of TNGP from January 2014 to February 2016. Before joining CF Industries, Mr. Will was a partner at Accenture Ltd., a global management consulting, technology services, and outsourcing company. Earlier in his career, he held positions as vice president, business development at Sears, Roebuck and Company and vice president, strategy and corporate development at Fort James Corporation. Prior to that, Mr. Will was a manager with the Boston Consulting Group, a global management consulting firm.

Qualifications

As the president and chief executive officer of CF Industries and with his previous executive operations and corporate development positions, Mr. Will brings public company governance, operations, fertilizer and chemical industry, international business, strategic initiative, and environmental and safety expertise to the Board. Mr. Will has extensive experience in risk management and accounting and finance expertise through his active supervision of those performing those functions at CF Industries.

Other Public Company Directorships (within the past 5 years)

Terra Nitrogen Company, L.P. (2010 Jan. 2017) (Chairman from 2001 Mar. 2016)

Table of Contents

CORPORATE GOVERNANCE

CF Industries is committed to implementing sound corporate governance practices that enhance the effectiveness of the Board and our management. Our corporate governance and nominating committee periodically reviews corporate governance developments and best practices along with our policies and business strategies. The committee advises the Board and management in an effort to strengthen existing governance practices and develop new policies that make CF Industries a better company. We are proud of the steps we have taken and the progress we have made to further strengthen our corporate governance practices and demonstrate our responsiveness to stockholder concerns. Highlights of our corporate governance include:

- Independent chairman of the Board and separate chief executive officer. Nine of our ten director nominees are considered independent.

- In accordance with our corporate governance and nominating committee charter and our corporate governance guidelines, the corporate governance and nominating committee considers diversity in identifying nominees for director. Women comprise 20% of our director nominees.

- All of our directors are elected annually.

- We have a majority vote standard for the election of directors in uncontested elections.

- Eligible stockholders can utilize the proxy access provisions of our bylaws to include their own nominees for director in our proxy materials along with Board-nominated candidates. For further information, see the discussion in Proposal 1 under the heading "Proxy Access."

- The Board has adopted a policy whereby, if the Board adopts a stockholder rights plan without prior stockholder approval, the Board will submit the stockholder rights plan to the company's stockholders for ratification, or the stockholder rights plan must expire, within one year of such adoption.

- Stockholders representing not less than 25% of our outstanding common stock can call a special meeting of stockholders. At the Annual Meeting, we are asking stockholders to ratify the provisions in our certificate of incorporation and bylaws granting stockholders the ability to call special meetings of stockholders. See Proposal 3 for additional information.

- All supermajority voting provisions have been eliminated from our certificate of incorporation and our bylaws.

CORPORATE GOVERNANCE GUIDELINES

The Board has adopted corporate governance guidelines to document its overall management governance philosophy. According to these guidelines, the business and affairs of CF Industries shall be managed by or under the direction of the Board. The Board's goal is to build long-term value for our stockholders and assure the vitality of the company for our customers and employees and the other individuals and organizations who depend on us. A copy of our corporate governance guidelines is available to stockholders at our corporate website, www.cfindustries.com, or by writing to our corporate secretary at the address on the Notice of Annual Meeting accompanying this Proxy Statement.

DIRECTOR INDEPENDENCE

The experience and diversity of our directors has been, and continues to be, critical to our success. Our corporate governance guidelines require that the Board be composed of at least a majority of directors who qualify as independent directors under the listing standards of the New York Stock Exchange (the "NYSE"). Additionally, in accordance with NYSE listing standards, the members of our audit, compensation, and corporate governance and nominating committees must be independent. The Board has made an affirmative determination that all eleven of our non-employee directors have no material relationship with CF Industries or any of its subsidiaries (other than being a director and stockholder of CF Industries) and, accordingly, meet the applicable requirements for "independence" set forth in the NYSE's listing standards.

LEADERSHIP OF THE BOARD

Separate Independent Board Chairman and Chief Executive Officer

The Board has determined that the most effective leadership structure is to maintain an independent Board chair role separate from the chief executive officer. In making this determination, the Board takes into account a number of factors, including (1) that separating these positions allows our Board chairman to focus on the Board's role of providing advice to, and independent oversight of, management and (2) the time and effort our chief executive officer needs to devote to the management and operation of CF Industries and the development and implementation of our business strategies. Although our governance documents provide the Board with the flexibility to select the leadership structure in the way that it deems best for CF Industries at any given point in time, it is the Board's intention to continue to maintain an independent Board chair separate from the chief executive officer. In addition, according to our corporate governance guidelines, if the chairman of the Board is not an independent director, our independent directors will designate one of their number to serve as a lead independent director. Otherwise, if the chairman of the Board is an independent director, he or she will serve as the lead independent director.

Stephen A. Furbacher has served as our lead independent director since 2010 and as Board chairman since May 2014. Mr. Furbacher was selected to serve as chairman because of his contributions to the leadership of the Board through his position as our lead independent director prior to becoming chairman. Because Mr. Furbacher is an independent director, he continues to serve as our lead independent director. The lead independent director's duties include coordinating the activities of the independent directors, coordinating the agenda for and moderating sessions of the independent directors, and facilitating communications between the other members of the Board. Unless otherwise provided in a short-term succession plan approved by the Board:

- in the event that our chief executive officer should unexpectedly become unable to perform his or her duties, the chairman of the Board (if the chairman is an independent director or else the lead independent director) shall allocate the duties of the chief executive officer among our other senior officers; and

- in the event that the chairman of the Board should unexpectedly become unable to perform his or her duties, the chief executive officer (if the chairman of the Board is an independent director or else the lead independent director) shall temporarily assume the duties of the chairman of the Board,

in each case, until the Board has the opportunity to consider the situation and take action.

Executive Sessions

At each regularly scheduled meeting, the Board conducts executive sessions, which are discussions that involve only the non-employee directors. Our corporate governance guidelines state that the lead independent director or, in such director's absence, another independent director designated by the lead independent director will preside at the executive sessions of the Board.

Annual Board and Committee Self-Evaluations and Director Peer Evaluations

Our corporate governance and nominating committee sponsors an annual self-assessment of the Board's performance and the performance of each committee of the Board as well as director peer evaluations. The assessment includes a review of any areas in which the Board or management believes the Board can make a better contribution to CF Industries. The results of the assessments are discussed with the full Board and each committee. The corporate governance and nominating committee considers the results of this self-evaluation process as applicable in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

Management Development and Succession Planning

Our Board plays an integral oversight role in talent development by recognizing the importance of succession planning for the CEO and other key executives at CF Industries. To assist the Board, the chief executive officer prepares and distributes to the Board an annual report on succession planning for all senior officers of the company with an assessment of senior managers and their potential to succeed the chief executive officer and other senior management positions. In addition, the chief executive officer prepares, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the company, if all or a portion of the senior officers should unexpectedly become unable to perform their duties.

COMMITTEES OF THE BOARD

The Board has established three separate standing committees: the audit committee, the compensation committee, and the corporate governance and nominating committee. The Board has adopted written charters for each of these committees and copies of these charters are available to stockholders at our corporate website, www.cfindustries.com, or by writing to our corporate secretary at the address on the Notice of Annual Meeting accompanying this Proxy Statement.

Audit Committee. Our audit committee is a separately designated standing committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The committee currently consists of Theresa E. Wagler (chair), Robert C. Arzbaecher, William Davisson, John W. Eaves, Stephen J. Hagge, and Robert G. Kuhbach. During 2017, the audit committee members were Theresa E. Wagler (chair from May 2017 through present), Robert C. Arzbaecher, William Davisson, John W. Eaves (effective July 2017), Stephen J. Hagge, and Robert G. Kuhbach (chair from January through May 2017). The Board has affirmatively determined that all of the directors who served on the audit committee during 2017 and who presently serve on the committee are independent within the meaning of the corporate governance standards of the NYSE applicable to audit committee members. The Board has also determined all of these directors are "audit committee financial experts," as defined by the SEC. The audit committee assists the Board in fulfilling its oversight responsibility for (1) the integrity of our financial statements and financial reporting process and our systems of internal accounting and financial controls, (2) the performance of our internal audit function, (3) the annual independent integrated audit of our consolidated financial statements and internal control over financial reporting, and (4) our compliance with legal and regulatory requirements, including our disclosure controls and procedures. The duties and responsibilities of the audit committee include the engagement of our independent registered public accounting firm and the evaluation of our accounting firm's qualifications, independence, and performance. The audit committee's report to stockholders appears elsewhere in this Proxy Statement.

Compensation Committee. Our compensation committee currently consists of Stephen J. Hagge (chair), Stephen A. Furbacher, John D. Johnson, Anne P. Noonan, Edward A. Schmitt, Michael J. Toelle, and Theresa E. Wagler. During 2017, the compensation committee members were Stephen J. Hagge (chair from May 2017 through present), Robert C. Arzbaecher (from January through May 2017), Stephen A. Furbacher, John D. Johnson (chair from January through May 2017), Anne P. Noonan, Edward A. Schmitt, Michael J. Toelle (effective July 2017), and Theresa E. Wagler. The Board has affirmatively determined that all of the directors who served on the compensation committee during 2017 and who presently serve on the committee are independent under the corporate governance standards of the NYSE. The Board has also determined that all of the members of the committee qualify as "non-employee directors," within the meaning of Rule 16b-3 promulgated under the Exchange Act, and "outside directors," within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). The compensation committee oversees our compensation and employee benefit plans and practices, including our executive compensation plans, director compensation plans, and incentive-compensation and equity-based plans. The compensation committee's report to stockholders appears elsewhere in this Proxy Statement. Additional information regarding the processes and procedures of the compensation committee in recommending and determining compensation for our directors and executive officers is set forth below under the heading "Compensation Discussion and Analysis Role of the Compensation Committee."

Corporate Governance and Nominating Committee. Our corporate governance and nominating committee currently consists of Robert C. Arzbaecher (chair), William Davisson, John W. Eaves, Stephen A. Furbacher, John D. Johnson, Robert G. Kuhbach, Anne P. Noonan, Edward A. Schmitt, and Michael J. Toelle. During 2017, the corporate governance and nominating committee members were Robert C. Arzbaecher (effective May 2017 and chair from May 2017 through present), William Davisson, John W. Eaves (effective July 2017), Stephen A. Furbacher, John D. Johnson, Robert G. Kuhbach, Anne P. Noonan, Edward A. Schmitt (chair from January through May 2017), and Michael J. Toelle (effective July 2017). The Board has affirmatively determined that all of the directors who served on the corporate governance and nominating committee during 2017 and who presently serve on the committee are independent under the corporate governance standards of the NYSE. The corporate governance and nominating committee's responsibilities include identifying and recommending to the Board individuals qualified to serve as directors and on committees of the Board; advising the directors with respect to the Board's composition, procedures, and committees; developing and recommending to the Board a set of corporate governance principles; and overseeing the evaluation of the Board and the president and chief executive officer.

ATTENDANCE OF DIRECTORS AT MEETINGS

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

During 2017, the Board held six meetings, our audit committee held nine meetings, our compensation committee held seven meetings, and our corporate governance and nominating committee held five meetings. All of our directors attended 100% of the meetings of the Board and those committees of which they were members, except (i) one director was unable to attend one in-person Board meeting due to jury duty service but did participate by teleconference for a portion of the meeting, (ii) one director was unable to attend one in-person meeting of the board and of each of the two committees on which the director served, and (iii) one compensation committee member was unable to attend one telephonic compensation committee meeting. All of our directors attended the 2017 Annual Meeting, which was held on May 12, 2017.

ROLE OF THE BOARD IN RISK OVERSIGHT

In fulfilling its risk oversight role, the Board focuses on the adequacy of our risk management process and the effectiveness of our overall risk management system. The goal of this oversight by the Board is to ensure that our employees who are responsible for risk management (i) adequately identify the material risks that the company faces in a timely manner; (ii) implement appropriate risk management strategies that are responsive to the company's risk profile, business strategies, and specific material risk exposures; (iii) integrate consideration of risk and risk management into business decision-making throughout the company; and (iv) include policies and procedures that adequately transmit necessary information with respect to material risks to senior executives and, as appropriate, to the Board or relevant committees. During 2017, the Board reviewed with key members of management responsible for management of risk the process by which management had identified the material risks to the company's strategic, operating, financial reporting, and compliance objectives, as well as the likelihood of occurrence, the potential impact, and the mitigating measures in each instance.

CODE OF CORPORATE CONDUCT

The Board has adopted a code of corporate conduct that is applicable to all of our directors, officers, and employees. A copy of the code is available to stockholders at our corporate website, www.cfindustries.com, or by writing to our corporate secretary at the address on the Notice of Annual Meeting accompanying this Proxy Statement. We intend to disclose on our corporate website any amendment to any provision of the code that relates to any element of the definition of "code of ethics" enumerated in Item 406(b) of Regulation S-K under the Exchange Act, and any waiver from any such provision granted to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions.

STOCKHOLDER ENGAGEMENT

We believe that building positive relationships with our stockholders is critical to CF Industries' success. We value the views of, and regularly communicate with, our stockholders on a variety of topics, such as our financial performance, corporate governance, executive compensation, and related matters. Management shares the feedback received from stockholders with the Board. Our chairman or other members of the Board may also be available to participate in meetings with stockholders as appropriate. Requests for such a meeting are considered on a case-by-case basis. Our engagement activities have resulted in valuable feedback that has contributed to our decision-making with respect to these matters. We welcome your input and feedback and look forward to continued engagement with our stockholders.

COMMUNICATIONS WITH DIRECTORS

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

All communications received as set forth in the preceding paragraph will be opened by the office of our general counsel for the sole purpose of determining whether the contents represent a message to one or more of our directors and then forwarded promptly to each addressee. In the case of communications to the Board or any group or committee of directors, the office of the general counsel will distribute copies of the contents to each director who is a member of the Board or of the group or committee to which the envelope or correspondence is addressed.

Table of Contents

POLITICAL CONTRIBUTIONS REPORT

We prepare a semiannual Political Contributions Report listing CF Industries' political contributions. Each Political Contributions Report is posted on our corporate website, www.cfindustries.com, and presented to the corporate governance and nominating committee. Additionally, the Political Contributions Reports set forth the United States trade associations and other similar non-profit organizations to which the company annually pays dues of $20,000 or more and identify the portion of such dues that is used for advocacy and/or political activities by those associations. The most recent Political Contributions Report and our code of corporate conduct, containing our corporate policies related to political activities and contributions, lobbying and related matters, are currently available on our corporate website.

SUSTAINABILITY

CF Industries is a leader in an industry whose mission is fundamental to human survival: putting food on the world's table. By providing plant nutrients to farmers, we feed the crops that feed the world. We are proud of the role our company plays in fulfilling this increasingly challenging mission. We also believe our company has an important role to play in addressing some of the most critical challenges of our time. As a company, we're confronting issues such as energy efficiency, resource use, and economic growth. For example, we have partnered with The Nature Conservatory in Iowa to enhance farmer's knowledge of sustainable agricultural practices. A substantial grant to The Nature Conservatory from us is funding a campaign that aims to educate 90,000 farmers responsible for 23 million acres of crops, while creating a sustainable agriculture blueprint that can be applied to other states. Throughout the campaign, we're working closely with stakeholders including fertilizer manufacturers and retailers, government, academics, agriculture groups and farmers to advance the overall goal of the Iowa Nutrient Reduction Strategy: a 45 percent reduction of nitrogen and phosphorus runoff into the state's waters. We prepare an annual sustainability report with information related to our energy efficiency and emissions reduction initiatives, environmental, health and safety programs, charitable contributions, and other items. Each Sustainability Report is posted on our corporate website, www.cfindustries.com, and presented to the corporate governance and nominating committee.

Table of Contents

DIRECTOR COMPENSATION

Non-employee directors receive compensation, including fees and reimbursements of expenses, for their service and dedication to our company. We recognize the substantial time and effort required to serve as director of a large public company like ours. We believe that compensation for non-employee directors should be competitive and should encourage increased ownership of CF Industries stock through the payment of a portion of director compensation in shares of our stock. In order to further align the interests of our directors with the interests of our stockholders, our non-employee directors are required to achieve and maintain stock ownership with a market value equal to five times their annual cash retainer.

Our compensation committee is responsible for reviewing director compensation and making recommendations to the Board. The compensation committee reviews the compensation of our non-employee directors annually. In connection with its annual review of the compensation of our non-employee directors, the compensation committee also compares the compensation of our non-employee directors with compensation paid to comparable directors at peer companies and the overall market based on the 2015-2016 National Association of Corporate Directors survey on director compensation. For more information, see "Compensation Discussion and Analysis Role of the Compensation Consultant."

Annual Cash Retainer

Each non-employee director is entitled to an annual cash retainer of $100,000, payable quarterly. We do not pay meeting fees to our directors. The chairman of the Board and the chair of the Board committees receive additional annual cash retainers in the following amounts, payable quarterly:

Chairman of the Board	$	60,000
Audit committee chair	$	15,000
Compensation committee chair	$	10,000
Corporate governance and nominating committee chair	$	10,000

Annual Restricted Stock Grant

Each non-employee director will receive, upon joining the Board, a restricted stock grant with a fair market value of $120,000 (or, in the case of the chairman of the Board, $200,000), rounded to the nearest whole share. Thereafter, each continuing non-employee director will receive an annual restricted stock grant with a fair market value of $120,000 (or, in the case of the chairman of the Board, $200,000), rounded to the nearest whole share, on the date of each annual meeting of the stockholders. Assuming continuing service as a non-employee director, all shares of restricted stock will vest on the earlier of (x) the date of the first annual meeting of the stockholders following the date of grant or (y) the first anniversary of the date of grant.

Table of Contents

2017 Total Director Compensation

The following table sets forth cash and non-cash compensation with respect to the year ended December 31, 2017, for our non-employee directors. Mr. Will receives no additional compensation for his service as a director.

Name	Fees Earned or Paid in Cash[1] ($)	Stock Awards[2] ($)	All Other Compensation[3] ($)	Total ($)
Robert C. Arzbaecher	107,500	120,001	5,325	232,826
William Davisson	100,000	120,001	5,325	225,326
John W. Eaves[4]	75,000	120,004	2,383	197,387
Stephen A. Furbacher	160,000	199,993	8,876	368,869
Stephen J. Hagge	107,500	120,001	5,325	232,826
John D. Johnson	102,500	120,001	5,325	227,826
Robert G. Kuhbach	103,750	120,001	5,325	229,076
Anne P. Noonan	100,000	120,001	5,325	225,326
Edward A. Schmitt	102,500	120,001	5,325	227,826
Michael J. Toelle[4]	75,000	120,004	2,383	197,387
Theresa E. Wagler	111,250	120,001	5,325	236,576

(1) Amounts in this column represent the annual cash retainers that our non-employee directors earned during 2017.

(2) Amounts in this column represent the grant date fair value computed in accordance with FASB ASC Topic 718 of the restricted stock awards that we granted to the non-employee directors during 2017 pursuant to our 2014 Equity and Incentive Plan. Our assumptions with respect to the FASB ASC Topic 718 valuation of these equity awards are described in the footnotes to our audited financial statements as of and for the year ended December 31, 2017. Additional information with respect to these restricted stock awards is set forth above under the heading "Annual Restricted Stock Grant." Outstanding unvested restricted stock awards as of December 31, 2017 were as follows: 4,481 shares for each of directors Arzbaecher, Davisson, Hagge, Johnson, Kuhbach, Noonan, Schmitt and Wagler; 3,971 shares for each of directors Eaves and Toelle; and 7,468 shares for Chairman Furbacher.

(3) Amounts in this column represent dividends on restricted stock.

(4) Messrs. Eaves and Toelle were elected to the Board in July 2017 and, therefore, their fee amounts reflect the partial year they served on the Board.

Table of Contents

COMMON STOCK OWNERSHIP

COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information, as of March 19, 2018, concerning the beneficial ownership of each person known to us to beneficially own more than 5% of our common stock. The information in the table and the related notes is based on statements filed by the respective beneficial owners with the SEC pursuant to Sections 13(d) and 13(g) under the Exchange Act.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class(2)
BlackRock, Inc. 55 East 52nd Street New York, New York 10055	19,900,981(3)	[•]%
Capital World Investors 333 South Hope Street Los Angeles, California 90071	20,613,503(4)	[•]%
FMR LLC 245 Summer Street Boston, Massachusetts 02210	22,152,237(5)	[•]%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	23,608,334(6)	[•]%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, Pennsylvania 19355	24,709,430(7)	[•]%

(1) Unless otherwise indicated, beneficial ownership consists of sole power to vote or direct the vote and sole power to dispose or direct the disposition of the shares listed.

(2) Unless otherwise indicated, percentages calculated based upon common stock outstanding as of March 19, 2018 and beneficial ownership of common stock as set forth in the statements on Schedule 13G filed by the respective beneficial owners with the SEC.

(3) Based solely on a Schedule 13G (Amendment No. 10), dated January 24, 2018 and filed with the SEC on January 29, 2018, by BlackRock, Inc. ("BlackRock"). BlackRock reports beneficial ownership of shares by its direct and indirect subsidiaries, including BlackRock Life Limited, BlackRock International Limited, BlackRock Advisors, LLC, BlackRock Capital Management, Inc., BlackRock (Netherlands) B.V., BlackRock Institutional Trust Company, National Association, BlackRock Asset Management Ireland Limited, BlackRock Financial Management, Inc., BlackRock Japan Co., Ltd., BlackRock Asset Management Schweiz AG, BlackRock Investment Management, LLC, BlackRock Investment Management (UK) Limited, BlackRock Asset Management Canada Limited, BlackRock Asset Management Deutschland AG, BlackRock (Luxembourg) S.A., BlackRock Investment Management (Australia) Limited, BlackRock Advisors (UK) Limited, BlackRock Fund Advisors, BlackRock Asset Management North Asia Limited, and BlackRock Fund Managers Ltd. These BlackRock entities have sole power to vote or to direct the vote of 17, 914,213 shares of common stock and sole power to dispose or to direct the disposition of 19,900,981 shares of common stock.

Table of Contents

(4) Based solely on a Schedule 13G, dated February 8, 2018 and filed with the SEC on February 14, 2018, by Capital World Investors. Capital World Investors has sole power to vote or to direct the vote of 20,608,799 shares of common stock and sole power to dispose or to direct the disposition of all 20,613,503 shares of common stock. Capital Word Investors disclaimed beneficial ownership pursuant to Rule 13d-4.

(5) Based solely on a Schedule 13G (Amendment No. 6), dated February 13, 2018 and filed with the SEC on February 13, 2018, by FMR LLC ("FMR") and Abigail P. Johnson, a Director, the Chairman, and the Chief Executive Officer of FMR. FMR reports beneficial ownership of shares by its direct and indirect subsidiaries, including FIAM, LLC, Fidelity Institutional Asset Management Trust Company, Fidelity Management & Research Company, FMR Co., Inc., and Strategic Advisers, Inc. These FMR entities have sole power to vote or to direct the vote of 1,836,309 shares of common stock and sole power to dispose or to direct the disposition of all 22,152,237 shares of common stock.

(6) Based solely on a Schedule 13G (Amendment No. 2), dated February 14, 2018 and filed with the SEC on February 14, 2018, by T. Rowe Price Associates, Inc. ("T. Rowe Price"). T. Rowe Price has sole power to vote or to direct the vote of 9,252,884 shares of common stock and sole power to dispose or to direct the disposition of 23,572,534 shares of common stock.

(7) Based solely on a Schedule 13G (Amendment No. 8), dated February 7, 2018 and filed with the SEC on February 8, 2018, by The Vanguard Group, Inc. ("Vanguard"). Vanguard reports beneficial ownership of shares of itself, Vanguard Fiduciary Trust Company, a wholly-owned subsidiary, and Vanguard Investments Australia, Ltd., a wholly-owned subsidiary. These Vanguard entities have sole power to vote or to direct the vote of 319,832 shares of common stock, shared power to vote or to direct the vote of 54,768 shares of common stock, sole power to dispose or to direct the disposition of 24,346,348 shares of common stock, and shared power to dispose or to direct the disposition of 363,082 shares of common stock.

Table of Contents

COMMON STOCK OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table sets forth information, as of March 19, 2018, concerning the beneficial ownership of our common stock by:

each director and each of our named executive officers; and

all directors and executive officers as a group.

	Amount and Nature of Beneficial Ownership[1]			
Name of Beneficial Owner	Shares of Common Stock Owned Directly or Indirectly[2]	Shares of Common Stock that can be Acquired within 60 Days[3]	Total Shares of Common Stock	Percent of Class
Robert C. Arzbaecher[4]	114,139		114,139	*
William Davisson	35,059		35,059	*
John W. Eaves	3,971		3,971	*
Stephen A. Furbacher	50,854		50,854	*
Stephen J. Hagge	33,039		33,039	*
John D. Johnson	76,419		76,419	*
Robert G. Kuhbach	30,184		30,184	*
Anne P. Noonan	13,687		13,687	*
Edward A. Schmitt	58,704		58,704	*
Michael J. Toelle	3,971		3,971	*
Theresa E. Wagler	13,099		13,099	*
W. Anthony Will[5]	167,969	864,970	1,032,939	*
Dennis P. Kelleher	32,856	339,111	371,967	*
Douglas C. Barnard[5]	51,173	350,272	401,445	*
Christopher D. Bohn	25,579	162,684	188,263	*
Bert A. Frost	37,550	377,139	414,689	*
All directors and executive officers as a group (21 persons)	823,188	2,473,163	3,296,351	1%

* Less than 1%

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

(2) The shares indicated include 4,481 shares of restricted stock for each of directors Arzbaecher, Davisson, Hagge, Johnson, Kuhbach, Noonan, Schmitt and Wagler; 3,971 shares of restricted stock for each of directors Eaves and Toelle; and 7,468 shares of restricted stock for Chairman Furbacher, in each case granted under our 2014 Equity and Incentive Plan, that have not yet vested. These shares of restricted stock can be voted during the vesting period. The table does not include restricted stock units or performance vesting restricted stock units granted to our executive officers under our 2014 Equity and Incentive Plan, as these awards cannot be voted during the vesting period.

(3) The shares indicated in this column represent shares underlying stock options granted under our 2005 Equity and Incentive Plan, our 2009 Equity and Incentive Plan or our 2014 Equity and Incentive Plan that have already vested or that will vest within 60 days. The shares underlying these stock options cannot be voted.

Table of Contents

(4) The shares indicated include 18,565 shares held by the Arzbaecher Family Foundation and 275 shares held by Mr. Arzbaecher's children, for which Mr. Arzbaecher disclaims beneficial ownership.

(5) Messrs. Will and Barnard each also hold, respectively, 16,754 and 13,369 additional "phantom" shares as a deemed investment under our Supplemental Benefit and Deferral Plan (a non-qualified benefits restoration and deferred compensation plan). These phantom shares cannot be voted.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and officers and persons who own more than 10% of our common stock to file reports of ownership and changes in ownership with the SEC and the NYSE, and to furnish us with copies of the reports. Specific due dates for these reports have been established and we are required to report in this Proxy Statement any failure by directors, officers, and ten percent holders to file such reports on a timely basis. Based on our review of such reports and written representations from our directors and officers, we believe that all such filing requirements were timely met during 2017, with the exception of one Form 4 for Mr. Furbacher that was filed one day late with respect to a single transaction involving the sale of shares due to a delay in receipt of broker information as a result of the Thanksgiving holiday.

Table of Contents

POLICY REGARDING RELATED PERSON TRANSACTIONS

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

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

In order to deal with the potential conflicts inherent in such transactions, our audit committee has adopted a written policy regarding related person transactions. For the purposes of this policy, a "related person transaction" is a transaction, arrangement, or relationship (or any series of similar transactions, arrangements, or relationships) in which the company was, is, or will be a participant and the amount involved exceeds $120,000, and in which any related person had, has, or will have a direct or indirect material interest, other than (a) transactions where the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority; (b) transactions involving services as a bank depositary of funds, transfer agent, registrar, or trustee under a trust indenture, or similar services; (c) transactions in which the interest of the related person derives solely from his or her service as a director of another entity that is a party to the transaction; or (d) transactions in which the interest of the related person derives solely from his or her ownership of less than 10% of the equity interest in another entity (other than a general partnership interest) which is a party to the transaction.

In addition, transactions involving the purchase of products or services (other than personal or professional services) from an entity for which a director of the company or an immediate family member of a director serves as an executive officer shall not be considered to involve a material interest on the part of such director (and therefore shall not be considered related person transactions) if (i) the director did not participate in the decision on the part of the company to enter into such transactions, (ii) the transactions are made in the ordinary course of business and on substantially the same terms as those prevailing at the time for transactions with other unrelated third parties, and (iii) the amount paid in all transactions with any such entity in a twelve-month period is less than the greater of $500,000 or 1% of such entity's consolidated gross revenues for the most recently completed fiscal year for which data is publicly available.

For purposes of the policy, a "related person" means:

- any person who is, or at any time since the beginning of our last fiscal year was, a director or executive officer of the company or a nominee to become a director of the company;
- any person who is known to be the beneficial owner of more than 5% of any class of our voting securities;
- any immediate family member of any of the foregoing persons; and
- any firm, corporation, or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

Table of Contents

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

- The general counsel will assess whether the proposed transaction is a related person transaction for purposes of this policy.

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

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

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

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

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

FMR and certain of its direct and indirect subsidiaries (collectively, "Fidelity") own in the aggregate more than 5% of our outstanding common stock and, therefore, are considered related persons under our policy regarding related person transactions. We have agreements in place for Fidelity to provide administrative and trustee services for the company's 401(k) and deferred compensation plans. During 2017, Fidelity earned approximately $123,000 from us and approximately $81,000 from plan participants for these services. At its first meeting in 2018, the audit committee reviewed and approved the transactions with, and ongoing administrative services from, Fidelity in accordance with our policy.

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

Sales of our products and services to related persons in the ordinary course of business, at prices and on terms consistent with those offered to similarly situated customers in our industry in transactions between unaffiliated parties will generally not be subject to the approval procedures described above; provided, however, that any (i) modification or amendment of a multi-year supply contract or (ii) entry into, modification, or amendment of a similar long-term supply contract with any related person will be subject to the same procedures under this policy as are applicable to any other related person transactions.

PROPOSAL 2: ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS ("SAY ON PAY")

Pursuant to Section 14A of the Exchange Act, our stockholders are entitled to an advisory (non-binding) vote to approve the compensation of our named executive officers as disclosed in this Proxy Statement, including in the Compensation Discussion and Analysis beginning on page 34 and the Executive Compensation tables and accompanying narrative discussion beginning on page 64. This proposal is commonly referred to as a "Say on Pay" proposal.

The Board and the compensation committee believe that the compensation of the executive officers named in this Proxy Statement is appropriate and in the best interests of our stockholders. As discussed in more detail in the Compensation Discussion and Analysis beginning on page 34, our compensation programs are intended to (i) align the interests of our officers with those of our stockholders, (ii) permit the company to remain competitive in the market for highly qualified management personnel, and (iii) provide appropriate incentives for attainment of both our short-term and long-term goals. We have instituted stock ownership guidelines and an incentive compensation "clawback" policy to encourage appropriate levels of risk taking by our management. We continue to provide for significant levels of "at risk" performance-based compensation, which further aligns executive and stockholder interests. For example, commencing in 2014, we began granting 20% of named executive officers' annual long-term incentive equity awards as performance vesting restricted stock units ("PRSUs"). In order to further align pay delivery with long-term performance and to reflect trends in executive compensation generally, beginning with 2018 grants for named executive officers, the compensation committee increased the percentage of the total long-term incentive award value allocated to PRSUs to 60%, increased the percentage allocated to time-vesting restricted stock units ("RSUs") to 40% and eliminated stock option awards. We regularly review (along with outside compensation consultants) our incentive compensation programs to ensure compatibility with our compensation philosophy. Accordingly, we are asking you to vote FOR the adoption of the following resolution:

> "RESOLVED, that the stockholders of CF Industries Holdings, Inc. approve the compensation of the CF Industries Holdings, Inc.'s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and related narrative discussion."

As an advisory vote, this proposal is not binding on the company. Although the vote is non-binding, the Board and the compensation committee value the opinions of our stockholders and will consider the outcome of the vote when making future compensation decisions for our named executive officers.

We currently hold our advisory "Say on Pay" proposal every year. Therefore, the next advisory "Say on Pay" proposal would be held at our 2019 annual meeting. Stockholders will have an opportunity to cast an advisory vote on the frequency of "Say on Pay" proposals at least every six years. We currently expect that the next advisory vote on the frequency of the "Say on Pay" proposals will occur at the 2023 annual meeting of stockholders.

BOARD RECOMMENDATION

The Board unanimously recommends that you vote FOR the Say on Pay proposal.

Table of Contents

EXECUTIVE OFFICERS

Set forth below is certain biographical information for our executive officers other than Mr. Will (whose biographical information appears above under the heading "Director Nominee Biographies"). Each of our executive officers has also served in the comparable officer positions with TNGP as he or she has held with CF Industries since April 2010, other than Mr. Hopkins. The ages of our executive officers are as of March 29, 2018.

Douglas C. Barnard (age 59) has served as our senior vice president, general counsel, and secretary since January 2012 and was previously our vice president, general counsel, and secretary from January 2004 to December 2011. Mr. Barnard has served as a director of TNGP since June 2010 and as chairman of the board of TNGP since February 2016. Prior to joining CF Industries in January 2004, Mr. Barnard had been an executive vice president and general counsel of Bcom3 Group, Inc., an advertising and marketing communication services group. Earlier in his career Mr. Barnard was a partner in the law firm of Kirkland & Ellis LLP and, prior to that, a vice president, general counsel, and secretary of LifeStyle Furnishings International Ltd., a manufacturer and distributor of residential furniture and decorative fabrics. He holds a B.S. degree from the Massachusetts Institute of Technology ("M.I.T"), a J.D. degree from the University of Minnesota, and an M.B.A. degree from the University of Chicago. Mr. Barnard has also taught as a lecturer at the University of Chicago Law School, and serves as a member of the M.I.T Corporation Development Committee.

Christopher D. Bohn (age 50) has served as our senior vice president, manufacturing and distribution, since May 2016. He was previously our senior vice president, manufacturing, from January 2016 to May 2016, our senior vice president, supply chain, from January 2015 to December 2015, our vice president, supply chain, from January 2014 to December 2014, our vice president, corporate planning, from October 2010 to January 2014 and our director, corporate planning and analysis, from September 2009 to October 2010. Mr. Bohn has also served as a director of TNGP since February 2016. Prior to joining CF Industries, Mr. Bohn served as chief financial officer for Hess Print Solutions from August 2007 to September 2009. Earlier in his career, Mr. Bohn was vice president global financial planning and analysis for Merisant Worldwide, Inc. He holds a B.S. degree in finance from Indiana University and an M.M. degree (M.B.A.) from the Kellogg Graduate School of Management at Northwestern University.

Bert A. Frost (age 53) has served as our senior vice president, sales, market development, and supply chain, since May 2016. He was previously our senior vice president, sales, distribution, and market development, from May 2014 to May 2016, our senior vice president, sales and market development, from January 2012 to May 2014, and our vice president, sales and market development, from January 2009 to December 2011. Before joining CF Industries in November 2008, Mr. Frost spent over 13 years with Archer Daniels Midland Company, where he served most recently as Managing Director International Fertilizer/Inputs from June 2008 to November 2008 and Director Fertilizer, Logistics and Ports Divisions, ADM Brazil from April 2000 to June 2008. Earlier in his career, Mr. Frost held positions of increasing responsibility at Archer Daniels Midland and Koch Industries, Inc. He holds a B.S. degree from Kansas State University and he is a graduate of the Harvard Business School's Advanced Management Program.

Adam Hall (age 43) has served as our vice president, corporate development, since June 2013. Before joining CF Industries, Mr. Hall spent 4 years with Bunge Limited, where he served as executive director, corporate strategy and development, from August 2010 to May 2013, where he led global strategy, mergers and acquisitions and the development of new growth initiatives, and director of global strategy and business development, sugar and bioenergy, from August 2009 to August 2010. Prior to his most recent role with Bunge, he worked in a number of countries in positions with several international companies, including, as a manager at Bain & Company, a global management consulting firm, from January 2008 to August 2009, and as a consultant at LEK Consulting, a global strategy consulting firm, from February 1999 to May 2002. Mr. Hall began his career as a corporate attorney with the law firm

Table of Contents

of Clayton Utz in Perth, Australia. He earned undergraduate degrees in law and commerce from the University of Western Australia and an M.B.A. degree from Harvard Business School.

Richard A. Hoker (age 53) has served as our vice president and corporate controller since November 2007. Mr. Hoker has also served as a director of TNGP since January 2014 and previously served as a director of TNGP from September 2010 to August 2011. Before joining CF Industries, Mr. Hoker spent over 11 years with Sara Lee Corporation, where he served most recently as vice president and controller from January 2007 to November 2007 and principal accounting officer from July 2007 to November 2007. Prior to being named controller, Mr. Hoker held other financial management positions of increasing responsibility at Sara Lee. Prior to joining Sara Lee, Mr. Hoker was a member of the financial advisory services consulting group at Coopers & Lybrand LLP in Chicago (now PricewaterhouseCoopers) and previously led teams in the firm's audit practice. Mr. Hoker holds a B.S. degree in accounting from DePaul University and an M.B.A. degree in finance and accounting from the University of Chicago. He is a certified public accountant.

David P. Hopkins (age 61) has served as our managing director, CF Fertilisers UK, since October 2015. He was previously our director, sales, from July 2010 to October 2015. Mr. Hopkins was director of sales for Terra Industries, which was acquired by CF Industries, from September 2006 to July 2010 and director of industrial sales at Terra Nitrogen, UK from January 1999 to September 2006. Mr. Hopkins has a degree in Agriculture from Reading University and a Diploma in Company Direction from the Institute of Directors in London.

Dennis P. Kelleher (age 53) has served as our senior vice president and chief financial officer since August 2011. Mr. Kelleher has also served as a director of TNGP since August 2011. Before joining CF Industries, Mr. Kelleher served as vice president, portfolio and strategy for BP plc's upstream business. From 2007 to 2010, Mr. Kelleher served as chief financial officer for Pan American Energy LLC. From 2005 to 2007, Mr. Kelleher served as vice president, planning and performance management for BP plc's upstream business. Mr. Kelleher was employed as a senior accountant at Arthur Andersen & Co. early in his career. He holds a B.S. degree in accountancy from the University of Illinois and an M.M. degree (M.B.A.) from the Kellogg Graduate School of Management at Northwestern University. He is a certified public accountant.

Susan L. Menzel (age 52) has served as our senior vice president, human resources, since October 2017. Prior to joining CF Industries, Ms. Menzel served as executive vice president, human resources, for CNO Financial Group, Inc. from May 2005 to September 2017. Prior to CNO Financial Group, she served as senior vice president, human resources for APAC Customer Services, Inc., and in roles of increasing responsibility for Sears, Roebuck & Company and Montgomery Ward, Inc. Ms. Menzel holds a bachelor's degree in business administration and economics from Augustana College.

Rosemary O'Brien (age 66) has served as our vice president, public affairs, since 1984, following key management roles in CF Industries' public affairs area. Ms. O'Brien joined the company in 1978, following service with the National Council of Farmer Cooperatives. She holds a B.A. degree in Education/History from the University of New Hampshire and an M.B.A. from American University.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

This discussion provides you with a detailed description of our compensation program for our named executive officers. It also provides an overview of our compensation philosophy and our policies and programs, which are designed to achieve our compensation objectives.

EXECUTIVE SUMMARY

The Compensation Committee

The compensation committee oversees our compensation and employee benefit plans and practices. The committee is composed of seven independent non-employee directors and operates under a written charter adopted by the Board. For more information on the compensation committee, please see "Corporate Governance Committees of the Board Compensation Committee" on page 19.

CF Industries Named Executive Officers

Our named executive officers for 2017 were:

- W. Anthony Will, President and Chief Executive Officer,
- Dennis P. Kelleher, Senior Vice President and Chief Financial Officer,
- Douglas C. Barnard, Senior Vice President, General Counsel, and Secretary,
- Christopher D. Bohn, Senior Vice President, Manufacturing and Distribution, and
- Bert A. Frost, Senior Vice President, Sales, Market Development, and Supply Chain.

For the biographies of our named executive officers and our other executive officers, please see "Executive Officers" on page 32.

Our Business

We are one of the largest manufacturers and distributors of nitrogen fertilizer and other nitrogen products in the world. Our principal customers are cooperatives, independent fertilizer distributors, farmers and industrial users. Our principal nitrogen fertilizer products are ammonia, granular urea, urea ammonium nitrate solution and ammonium nitrate. Our other nitrogen products include diesel exhaust fluid, urea liquor, nitric acid and aqua ammonia, which are sold primarily to our industrial customers, and compound fertilizer products, which are solid granular fertilizer products for which the nutrient content is a combination of nitrogen, phosphorus, and potassium. We operate world-class nitrogen manufacturing complexes in Canada, the United Kingdom and the United States, and distribute plant nutrients through a system of terminals, warehouses, and associated transportation equipment located primarily in the Midwestern United States. We also export nitrogen fertilizer products from our Donaldsonville, Louisiana, and Yazoo City, Mississippi, manufacturing facilities and our United Kingdom manufacturing facilities in Billingham and Ince.

For more information on our business, see "Item 1. Business" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2017 Annual Report.

Executive Compensation Highlights

The compensation committee took the following compensation actions with respect to our named executive officers during 2017 or related to 2017 performance:

In December 2016, the compensation committee approved base salaries and target annual incentives for 2017 that were unchanged from those in effect for 2016 due to target annual compensation being in line with the reference group of 18 similar companies in related industries against which we compare our compensation (our "Industry Reference Group") and the overall general industry survey data and in recognition of industry market conditions at the time. For 2017, the committee determined to use EBITDA (defined below), adjusted EBITDA (defined below) and relative adjusted EBITDA growth as the performance metrics for determining short-term incentive payments. See "2017 Cash Compensation" below for more information. Additional information regarding our Industry Reference Group is set forth below under the heading "Industry Reference Group."

In early 2017, the compensation committee reviewed our long-term incentive program and granted long-term incentive awards to our named executive officers. The committee determined that the long-term incentive awards to our named executive officers for 2017 would be composed of 60% stock options, 20% time-vesting restricted stock units ("RSUs") and 20% performance vesting restricted stock units ("PRSUs"). See "2017 Long-term Incentives" below for more information.

The following graphs illustrate the mix of total target compensation for our chief executive officer and for the other named executive officers for 2017:

In addition to the long-term incentive awards granted to our named executive officers in connection with setting the officers' target compensation for 2017, the compensation committee awarded the named executive officers additional RSUs as a supplemental performance alignment award. See "2017 Long-term Incentives Supplemental Performance Alignment Awards" below for more information. If the values of these supplemental grants had been included in the above pie charts, the percentage of total target compensation represented by long-term incentives would be higher than the percentages reflected above (69% in the case of our chief executive officer and 58% in the case of the average of the other named executive officers).

The compensation committee recently determined that each of our named executive officers earned 126% of the executive's target opportunity with respect to the executive's annual incentive award for 2017, as described below under "Approval of Annual Incentive Payments for 2017."

In addition, the three-year performance period for PRSU awards granted in 2015 ended on December 31, 2017. In accordance with our pay-for-performance philosophy, because our total shareholder return ("TSR") performance over the three-year performance period did not achieve at least the 25th percentile of the S&P 500 Index, these PRSU awards resulted in no payout and no dividend equivalents, as described below under "Determination of 2015-2017 Performance Period PRSU Awards."

The compensation committee has also approved compensation levels for our named executive officers for 2018, including base salaries, target annual incentive awards, and long-term incentive awards. The base salaries and target annual incentives approved for 2018 remain unchanged from those in effect for

Table of Contents

2016 and 2017 due to target annual compensation continuing to be in line with our Industry Reference Group and the overall general industry survey data and in recognition of industry market conditions at the time. With respect to long-term incentive awards, in order to further align pay delivery with long-term performance and to reflect trends in executive compensation generally, beginning with 2018 grants for the named executive officers, the compensation committee increased the percentage of the total award value allocated to PRSUs to 60%, increased the percentage allocated to RSUs to 40% and eliminated stock option awards. See "2018 Compensation" below for further information.

Stockholder Feedback on Compensation Practices

Our compensation committee carefully considers feedback from our stockholders regarding the compensation program for our named executive officers. At each of our last seven annual meetings of stockholders (beginning in 2011 when the first Say on Pay vote was held), greater than 90% of the votes cast on the Say on Pay proposal at the particular meeting were voted in favor of the proposal. The compensation committee believes this affirms stockholders' support of CF Industries' approach to executive compensation for its named executive officers, and did not change its approach for 2017 in response to the outcome of prior Say on Pay votes. The compensation committee will continue to consider the outcome of our stockholders' Say on Pay votes when making future compensation decisions for the named executive officers.

DEVELOPMENT OF COMPENSATION APPROACH AND OBJECTIVES

On an ongoing basis, the compensation committee reviews our compensation policies relative to market competitiveness and the needs of our business and then determines what changes in the compensation program, if any, are appropriate.

COMPENSATION PHILOSOPHY

Our compensation committee has adopted a compensation philosophy that seeks to align the interests of our employees and our stockholders through focusing on the total compensation (base salary, short-term incentives, long-term incentives, and benefits) of our employees, including our named executive officers. We seek to benefit from this strategy by attracting key talent, retaining best performers, increasing productivity, and maximizing operational and financial results, while also implementing compensation programs that are cost effective and sustainable across business cycles.

Our goal is to provide direct compensation that is market competitive with other comparable companies. To obtain a general understanding of current compensation practices, the compensation committee received in 2017 a market assessment from its outside compensation consultant, Exequity LLP ("Exequity"), that was derived from published survey compensation data, which Exequity adjusted for variations in revenue among the included companies. To further gauge the competitiveness of our total compensation offering, we also compare ourselves against our Industry Reference Group, which is a group of 18 similar companies in related industries. Additional information regarding this group of companies is set forth below under the heading "Industry Reference Group."

Incentive opportunities are structured in a way that recognizes our cyclicality and emphasis on a team-based culture.

Table of Contents

COMPONENTS OF COMPENSATION

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

Component	Key Characteristics and Rationale
Salary	We seek to pay salaries in line with individual performance and contribution to company goals. In the aggregate, base salaries are targeted around the median of the peer group companies in our Industry Reference Group and the overall market from the outside compensation consultant's market assessment. Individual performance, relative criticality of the individual position in relation to achievement of the company's goals, and business affordability are also considered in determining base salaries. To maintain our desired market position, we conduct annual salary reviews.
Short-Term Incentives	Variable compensation component that provides executive officers and other employees with the opportunity to earn additional annual cash compensation beyond base salary. The role of short-term incentives is to reward and encourage the achievement of annual financial results and other specified corporate performance goals. Short-term incentives are also targeted around the market median, and achievement of these awards depends on attaining corporate performance goals. For 2017, the short-term incentive was subject to achievement of a specified threshold level of EBITDA. If the threshold level of EBITDA was achieved, then the amount of the actual incentive earned would be determined based on our level of achievement of two secondary performance metrics: 75% based on our level of achievement of adjusted EBITDA and 25% based upon the percentage change in our adjusted EBITDA for 2017 relative to the performance of a comparison group of other chemical companies, as described below under the heading "Review of the Short-term Incentive Program."
Long-Term Incentives	Variable compensation component that focuses on enterprise value creation and employee retention. Long-term incentives are provided through annual stock-based awards. Our plans allow the use of stock options, full-value share-based awards (such as the RSUs and PRSUs granted to our named executive officers), and cash-based awards.

Table of Contents

Component	Key Characteristics and Rationale
	Participation is extended to executive officers and other key employees. Distribution guidelines with award ranges related to position responsibility levels are updated annually. The guidelines allow for individual variation in long-term incentives based on performance level, potential contribution, and value to the business. In general, long-term incentives for our executive officers are targeted between the market median and the 75th percentile of the peer group companies in our Industry Reference Group and the overall market from the outside compensation consultant's market assessment. Long-term incentive awards granted to our named executive officers in connection with setting target compensation for 2017 were based on a specified cash value, which amount was split among three different award types 60% stock options, 20% RSUs, and 20% PRSUs as described below under the heading "2017 Long-term Incentives." In order to further align pay delivery with long-term performance and to reflect trends in executive compensation generally, beginning with 2018 grants for the named executive officers, the compensation committee increased the percentage of the total long-term incentive award value allocated to PRSUs to 60%, increased the percentage allocated to RSUs to 40% and eliminated stock option awards as described below under the heading "2018 Compensation." In addition to the long-term incentive awards granted to our named executive officers in connection with setting target compensation for 2017, the compensation committee awarded the named executive officers additional RSUs as a supplemental performance alignment award as described below under the heading "2017 Long-term Incentives Supplemental Performance Alignment Awards."
Benefit, Retirement and Severance Plans	Plans offer coverage at market-competitive levels. We seek to keep health and welfare benefit plans simple in scope and range, focusing on critical employee needs. Retirement plans are intended to support employees in attaining financial security for the future. Severance plans are intended to provide employees with a temporary income source following termination (other than for cause), including in the case of a change in control to ensure continuity of management while such an event is pending.

Table of Contents

ALLOCATION OF COMPENSATION ELEMENTS

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

We have not established any target allocation between cash and non-cash compensation or between short-term and long-term incentives for our named executive officers as a group. Instead, our allocation is based primarily on competitive market practices and the respective median levels by position for base salaries, annual incentive awards, and long-term incentive awards.

In addition to using benchmark survey data, we also consider internal factors that may cause us to adjust particular elements of an individual executive officer's compensation. These factors may include an individual's operating responsibilities, management level, and tenure and performance in the position. To assist in its evaluation, our compensation committee reviews the details of an executive's historical and proposed compensation as described below, including a review of our named executive officers' existing base salaries and target annual incentive levels in connection with the approval of their new base salaries and target annual incentive levels for the following year. In addition, four times per year the compensation committee reviews reports regarding our named executive officers' holdings and transactions involving our stock, including our named executive officers' holdings of stock and long-term stock-based incentive awards, stock option exercises, purchases, sales and gifts of stock, and surrenders of vested shares of restricted stock in order to satisfy withholding tax requirements, as applicable.

We generally do not consider accounting and tax issues in setting compensation levels or in establishing the particular elements of compensation. As discussed below, however, when our compensation committee grants awards under our long-term incentive program, the committee does consider the accounting for various stock-based incentives under FASB ASC Topic 718 and the tax treatment of such incentive awards under Section 162(m) of the Internal Revenue Code. However, on December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") became law, significantly amending Section 162(m). The Tax Act eliminated the performance-based compensation exception with respect to tax years beginning January 1, 2018, but included a transition rule with respect to compensation that is provided pursuant to a written binding contract in effect on November 2, 2017 and not materially modified after that date. Accordingly, commencing in 2018, the company's tax deduction with regard to compensation of covered employees generally will be limited to $1 million per taxable year for each officer. We will generally seek to preserve the deductibility of performance-based compensation by meeting the requirements of Section 162(m), as amended by the Tax Act, in accordance with the transition rule applicable to binding contract in effect on November 2, 2017, to the extent practicable and in the best interests of CF Industries and its stockholders.

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

ROLE OF THE COMPENSATION COMMITTEE

The Board has adopted a written charter for our compensation committee, which is available to stockholders at our corporate website, www.cfindustries.com, or by writing to our corporate secretary at the address on the Notice of Annual Meeting accompanying this Proxy Statement.

The Board makes compensation decisions for our non-employee directors, acting on the recommendation of the compensation committee, and the committee makes compensation decisions for

Table of Contents

our executive officers, giving consideration to the recommendations of our chief executive officer with respect to the executive officers other than himself.

The chair of the compensation committee sets the agenda for committee meetings, with the assistance of our chief executive officer, our senior vice president of human resources, and our corporate secretary. These executive officers also attend meetings of the compensation committee. At each meeting that is held in person, the compensation committee members also meet in executive session without any members of management present unless the committee determines that no executive session is necessary.

The compensation committee has authority under its charter to retain, approve fees for, and terminate advisors, consultants, and agents as it deems necessary to assist in the fulfillment of its responsibilities. Pursuant to this authority, the compensation committee has engaged an independent executive compensation consulting firm to assist the committee in making recommendations and decisions regarding compensation for our directors and executive officers. The compensation committee also meets regularly with its compensation consultant in executive sessions without management present. Exequity served as compensation consultant for 2017. See "Compensation Consultant Matters" below for additional information. Our senior vice president of human resources also supports the compensation committee in its duties.

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

ROLE OF THE COMPENSATION CONSULTANT

In 2017, the compensation committee authorized its compensation consultant, Exequity, to work with our human resources department to compare the compensation we pay to our executive officers with compensation paid to comparable executive officers at peer companies in our Industry Reference Group and the overall market based on surveys that reflect comparative data of compensation paid to executives in similar positions as our executive officers, and to make compensation recommendations based on market and industry practices.

In connection with its annual review of the compensation of our non-employee directors, the compensation committee also authorized Exequity to work with our human resources department to compare the compensation we pay to our non-employee directors with compensation paid to comparable directors at peer companies in our Industry Reference Group and the overall market based on the 2015-2016 National Association of Corporate Directors survey on director compensation.

The compensation consultant regularly attends meetings of our compensation committee and makes presentations to our compensation committee members regarding such materials and recommendations. The compensation committee reviews these materials and recommendations but exercises independent judgment in determining the compensation payable to our named executive officers. Any recommendations of the compensation committee with respect to non-employee director compensation are subject to approval by the Board.

COMPENSATION COMMITTEE ACTIVITIES

Our compensation committee has taken a number of steps designed to enhance its ability to carry out its responsibilities effectively and also to ensure that we maintain strong links between executive pay and performance. Examples of these actions include:

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

Table of Contents

instituting a practice of holding executive sessions (without management present) at every compensation committee meeting that is held in person unless the committee determines that no executive session is necessary;

retaining an outside compensation consultant to advise the compensation committee on executive compensation issues and meeting regularly with the compensation consultant in executive sessions without management present (see "Compensation Consultant Matters" below);

adopting stock ownership guidelines for our officers and directors and modifying the guidelines from time to time as appropriate (see "Stock Ownership Guidelines" below);

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

reviewing on an annual basis the existing base salaries and target annual incentives for our executive officers and approving changes in cash compensation levels as appropriate (see "2017 Cash Compensation" below);

reviewing on an annual basis our short-term incentive program, modifying the program as appropriate, and granting short-term incentive awards to our executive officers (see "2017 Cash Compensation" below);

reviewing on an annual basis our long-term incentive program, modifying the program as appropriate, and granting long-term incentive awards to our executive officers, including adding the grant of performance-based awards to the mix of annual awards granted to our named executive officers commencing in fiscal year 2014 (see "2017 Long-term Incentives" below). In order to further align pay delivery with long-term performance and to reflect trends in executive compensation generally, beginning with 2018 grants to our named executive officers, the compensation committee increased the percentage of the total award value allocated to PRSUs to 60%, increased the percentage allocated to RSUs to 40% and eliminated stock option awards (See "2018 Compensation" below);

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

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

reviewing on an annual basis the potential effects of the various components of our compensation and benefits upon individual and collective behavior and ultimately our risk profile and approach to risk management (see "Compensation and Benefits Risk Analysis" below);

reviewing on an annual basis the results of our stockholders' last advisory vote to approve the compensation of our named executive officers and determining if any changes to our executive compensation program are appropriate based on such results (see "Stockholder Feedback on Compensation Practices" above); and

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

Table of Contents

2017 CASH COMPENSATION

In setting cash compensation levels for 2017, the compensation committee reviewed the base salaries and target annual incentives for our named executive officers that had been in effect for 2016 and, in December 2016, approved levels for 2017 that were unchanged from those in effect for 2016. The following graphs illustrate the mix of salary versus target annual incentive for our chief executive officer and for the other named executive officers for 2017.

Review of Existing Compensation Levels

In connection with its review of our existing base salaries and target annual incentives which had been in effect for 2016, the compensation committee reviewed a report from its outside compensation consultant to obtain a general understanding of current compensation practices. In performing its market assessment, Exequity used published survey compensation data, and adjusted for variations in revenue among the included companies.

In addition, the compensation committee reviewed information provided by the compensation consultant regarding the publicly reported cash compensation of named executive officers of the group of companies in our Industry Reference Group, which is comprised of 18 companies in related industries. Additional information regarding this group of companies is set forth below under the heading "Industry Reference Group."

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

The compensation committee considered all of this information in the context of the goals and objectives of our executive compensation plans. As noted above, we seek to pay salaries in line with individual performance and contribution to company goals. In the aggregate, base salaries are targeted around the median of the peer group companies in our Industry Reference Group and the overall market from the outside compensation consultant's market assessment. Individual performance, relative criticality of the individual position in relation to achievement of the company's goals, and business affordability are also considered in determining base salaries. We conduct annual salary reviews and make salary adjustments as necessary to maintain our desired market position. Additional information regarding these goals and objectives is set forth above under the headings "Compensation Philosophy" and "Components of Compensation."

Table of Contents

Review of the Short-term Incentive Program

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

- the use of properly structured short-term incentives in order to align the interests of management and stockholders, provide context for management decisions, reward management for decisions that drive short-term results and support long-term strategy, and focus all members of management on the same corporate goals (financial, operational, and strategic); and

- the need to create a framework for the program that can remain in effect for a significant period of time, while retaining the flexibility for the compensation committee to make appropriate modifications that might prove necessary or desirable in order to reflect changing business conditions.

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

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

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

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

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

Selection of Primary Performance Metric for 2017

Based on its review and the other factors discussed above, the compensation committee determined that the annual incentive awards to our named executive officers for 2017 would be based, in the first instance, on attainment of a primary overall EBITDA performance metric of $300 million for the company's 2017 fiscal year. If that primary EBITDA performance metric was attained for 2017, each named executive officer would become eligible for an annual incentive award with respect to 2017 of $3 million, which amount would be subject to reduction in the discretion of the compensation committee (sometimes referred to as "negative discretion"). The committee expected to use that discretion if the EBITDA performance target was attained. If the primary EBITDA performance metric had not been attained, no annual incentive awards would be made to the named executive officers under the 2017 executive incentive program established pursuant to the company's annual incentive program. EBITDA is computed as *the sum of* (i) net earnings attributable to common stockholders *plus* (ii) interest expense (income) net *plus* (iii) income taxes *plus* (iv) depreciation, depletion, and amortization *less* (v) loan fee amortization.

The compensation committee determined that the use of an overall EBITDA performance metric, combined with the reservation of the committee's right to use negative discretion, provided the maximum level of flexibility to reward and encourage the achievement of annual financial results and other specified corporate performance goals while retaining the ability to pay incentive awards to executive officers which are deductible under Section 162(m) of the Code (as discussed in more detail below). The compensation committee determined that the EBITDA target described above represented an appropriate level of corporate performance to warrant payment of some level of an annual incentive award to our executives for 2017, with the actual incentive payment to be made at the discretion of the committee based on performance against the specified secondary performance metrics, as described below.

Selection of Secondary Performance Metrics for 2017

If the primary EBITDA performance metric was attained, it was the compensation committee's intention to use its negative discretion to pay 2017 annual bonuses based upon our level of achievement of the following secondary performance metrics:

- 75% of each executive's annual incentive payment opportunity was based upon our level of achievement of adjusted EBITDA for 2017 (the "Adjusted EBITDA Metric"); and

- the remaining 25% was based upon the percentage change in our adjusted EBITDA for 2017 compared to our adjusted EBITDA for 2016, ranking our performance in this regard relative to the performance of a comparison group comprised of us and eleven other chemical companies (the "Relative EBITDA Metric").

The compensation committee established the following performance levels and corresponding percentages of target opportunity earned with respect to the Adjusted EBITDA Metric for 2017:

Performance Level	Adjusted EBITDA Achieved	Percentage of Target Short-Term Incentive Award Earned
Below Threshold	Less than $600 Million	0%
Threshold	$600 Million	50%
Target	$825 Million	100%
Ceiling	$1.6 Billion	200%

Straight line interpolation is used to determine the achievement percentage for the Adjusted EBITDA Metric between threshold and target and between target and ceiling performance levels.

The compensation committee established the following percentile rankings and corresponding percentages of target opportunity earned with respect to the Relative EBITDA Metric for 2017:

Relative EBITDA Metric Percentile Rank	Percentage of Target Short-Term Incentive Award Earned
At or below 20th percentile	0%
Above 20th percentile and at or below 40th percentile	50%
Above 40th percentile and at or below 60th percentile	100%

		)	$	(263,784)
Multi-family		-		-
Non-residential		(48,740)		(18,263)
Commercial		(7,259)		-
Consumer direct		-		(15,000)
Purchased auto		(2,262)		(2,084)
	$	(317,433)	$	(299,131)

13

OTTAWA SAVINGS BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements
(continued)

The following table presents the activity in the allowance for loan losses by portfolio segment for the three months ended March 31, 2012 and 2011:

March 31, 2012	One-to-Four Family	Multi-family	Non-residential	Commercial	Consumer Direct	Purchased Auto	Total
Balance at beginning of year	$ 3,113,345	$ 438,542	$ 1,145,889	$ 10,571	$ 3,578	$ 35,487	$ 4,747,412
Provision charged to income	376,103	(121,324)	89,819	87,962	1,374	4,566	438,500
Loans charged off	(259,572)	-	(48,740)	(7,259)	-	(3,931)	(319,502)
Recoveries of loans previously charged off	400	-	-	-	-	1,669	2,069
Balance at end of period	$ 3,230,276	$ 317,218	$ 1,186,968	$ 91,274	$ 4,952	$ 37,791	$ 4,868,479

March 31, 2011	One-to-Four Family	Multi-family	Non-residential	Commercial	Consumer Direct	Purchased Auto	Total
Balance at beginning of year	$ 2,425,217	$ 106,059	$ 1,879,877	$ 226,859	$ 24,916	$ 40,434	$ 4,703,362
Provision charged to income	59,698	(67,305)	453,783	(46,458)	2,201	(13,659)	388,260
Loans charged off	(263,784)	-	(18,263)	-	(15,000)	(3,697)	(300,744)
Recoveries of loans previously charged off	-	-	-	-	-	1,613	1,613
Balance at end of period	$ 2,221,131	$ 38,754	$ 2,315,397	$ 180,401	$ 12,117	$ 24,691	$ 4,792,491

The following table presents the recorded investment in loans and the related allowances allocated by portfolio segment and based on impairment method as of March 31, 2012 and December 31, 2011:

March 31, 2012	One-to-four Family	Multi-family	Non-residential	Commercial	Consumer Direct	Purchased Auto	Total
Loans individually evaluated for impairment	$ 7,419,446	$ 304,780	$ 1,438,915	$ -	$ 20,729	$ 2,461	$ 9,186,331
Loans collectively evaluated for impairment	81,295,750	5,359,642	18,722,037	9,126,980	616,682	6,921,907	122,042,998
Ending Balance	$ 88,715,196	$ 5,664,422	$ 20,160,952	$ 9,126,980	$ 637,411	$ 6,924,368	$ 131,229,329
Period-end amount allocated to:							
Loans individually evaluated for	$ 1,881,212	$ 171,658	$ 142,275	$ -	$ -	$ 2,461	$ 2,197,606

impairment							
Loans collectively evaluated for impairment	1,349,064	145,560	1,044,693	91,274	4,952	35,330	2,670,873
Balance at end of period	$3,230,276	$317,218	$ 1,186,968	$91,274	$4,952	$37,791	$4,868,479

December 31, 2011	One-to-four Family	Multi-family	Non-residential	Commercial	Consumer Direct	Purchased Auto	Total
Loans individually evaluated for impairment	$7,862,205	$312,001	$ 2,087,822	$7,340	$25,989	$4,715	$10,300,072
Loans collectively evaluated for impairment	82,340,141	5,424,606	19,253,240	9,550,292	676,340	5,174,483	122,419,102
Ending Balance	$90,202,346	$5,736,607	$ 21,341,062	$9,557,632	$702,329	$5,179,198	$132,719,174
Period-end amount allocated to:							
Loans individually evaluated for impairment	$1,959,808	$169,780	$ 206,242	$7,259	$726	$4,715	$2,348,530
Loans collectively evaluated for impairment	1,153,537	268,762	939,647	3,312	2,852	30,772	2,398,882
Balance at end of year	$3,113,345	$438,542	$ 1,145,889	$10,571	$3,578	$35,487	$4,747,412

14

OTTAWA SAVINGS BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements
(continued)

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions.

The following table presents loans individually evaluated for impairment, by class of loans, as of March 31, 2012 and December 31, 2011:

March 31, 2012	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
One-to-four family	$8,166,745	$1,223,477	$6,195,969	$7,419,446	$1,881,212	$7,535,981
Multi-family	562,001	-	304,780	304,780	171,658	304,780
Non-residential	4,629,877	579,952	858,963	1,438,915	142,275	1,807,554
Commercial	-	-	-	-	-	2,420
Consumer direct	21,876	20,729	-	20,729	-	24,668
Purchased auto	2,461	-	2,461	2,461	2,461	30,354
	$13,382,960	$1,824,158	$7,362,173	$9,186,331	$2,197,606	$9,705,757

December 31, 2011	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
One-to-four family	$8,385,861	$617,785	$7,244,420	$7,862,205	$1,959,808	$7,984,792
Multi-family	562,001	-	312,001	312,001	169,780	541,179
Non-residential	5,133,898	460,729	1,627,093	2,087,822	206,242	5,088,219
Commercial	7,340	-	7,340	7,340	7,259	77,466
Consumer direct	25,989	21,310	4,679	25,989	726	24,605
Purchased auto	4,715	-	4,715	4,715	4,715	1,795
	$14,119,804	$1,099,824	$9,200,248	$10,300,072	$2,348,530	$13,718,056

For the three months ended March 31, 2012 and 2011, the Company recognized no accrued or cash basis interest income on impaired loans.

At March 31, 2012, there were 62 impaired loans totaling approximately $9.2 million, compared to 72 impaired loans totaling approximately $10.3 million at December 31, 2011. The decrease in impaired loans was a result of returning eight previously impaired loans totaling approximately $851,000 to accrual status, moving six impaired loans totaling approximately $382,000 to OREO, charging off two impaired loans totaling approximately $30,000, and writing down two impaired loans by a total of approximately $143,000. Additionally, six loans totaling approximately $666,000 were added to the impaired loan list.

Our loan portfolio also includes certain loans that have been modified in a troubled debt restructuring ("TDR"), where economic concessions have been granted to borrowers who have experienced financial difficulties. These concessions typically result from our loss mitigation activities and could include reductions in the interest rate, payment extensions, forbearance or other actions. Certain TDRs are classified as nonperforming at the time of restructuring and typically are returned to performing status after considering the borrower's sustained repayment performance for a reasonable period of at least six months.

When we modify loans in a TDR, we evaluate any possible impairment similar to other impaired loans based on the present value of expected future cash flows, discounted at the contractual interest rate of the original loan agreement, or use the current fair value of the collateral, less estimated selling costs for collateral dependent loans. If we determine that the value of the modified loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), impairment is recognized through an allowance estimate or a charge-off to the allowance. In periods subsequent to modification, we evaluate all TDRs, including those that have payment defaults, for possible impairment and recognize impairment through the allowance.

Impaired loans at March 31, 2012 include $3.6 million of loans whose terms have been modified in troubled debt restructurings compared to $4.1 million at December 31, 2011. The decrease in impaired loans whose terms have been modified in troubled debt restructurings is primarily the result of two loans totaling approximately $319,000 that were returned to accrual status and upgraded to special mention because each of these loans performed in accordance with their restructured terms for more than six consecutive months. Additionally, another loan with a balance of approximately $23,000 was charged-off, while another loan with a balance of approximately $314,000 was written down by approximately $99,000. The remaining restructured loans are being monitored as they have not attained per accounting guidelines the performance requirements for the set time period to achieve being returned to accrual status.

Loans classified as troubled debt restructuring during the three months ended March 31, 2012 and 2011, segregated by class are shown in the table below.

	Three Months Ended March 31, 2012			Three Months Ended March 31, 2011		
	Number of Modifications	Recorded Investment (as of period end)	Increase in Allowance	Number of Modifications	Recorded Investment (as of period end)	Increase in Allowance
One-to-four family	-	$-	$-	1	$122,500	$13,150
Multi-family	-	-	-	-	-	-
Non-residential	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Consumer direct	-	-	-	-	-	-
Purchased auto	-	-	-	-	-	-
	-	$-	$-	1	$122,500	$13,150

The following troubled debt restructured loans that were restructured during the twelve months prior to the dates indicated and had payment defaults (i.e. 60 days or more past due following a modification), during the three months ended March 31, 2012 and 2011, segregated by class, are shown in the table below.

	Three Months Ended March 31, 2012		Three Months Ended March 31, 2011	
	Number of Defaults	Recorded Investment (as of period end)	Number of Defaults	Recorded Investment (as of period end)
One-to-four family	1	$212,014	2	$1,372,481
Multi-family	-	-	1	558,087
Non-residential	-	-	-	-
Commercial	-	-	-	-
Consumer direct	-	-	-	-
Purchased auto	-	-	-	-
	1	$212,014	3	$1,930,568

All TDRs are evaluated for possible impairment and any impairment identified is recognized through the allowance. The one TDR that has re-defaulted during 2012 has been written down to its fair value less estimated costs to sell, which is $212,014, thus there is no specific provision allocated to cover any potential impairment. Qualitative factors are updated quarterly for trends in economic and nonperforming factors.

The following table presents the recorded investment in nonaccrual loans and loans past due over 90 days still on accrual status, by class of loans, as of March 31, 2012 and December 31, 2011:

March 31, 2012	Nonaccrual	Loans Past Due Over 90 Days Still Accruing
One-to-four family	$7,033,573	$145,277
Multi-family	304,780	-
Non-residential	1,976,640	-
Commercial	-	-
Consumer direct	20,729	-
Purchased auto	2,461	-
	$9,338,183	$145,277
December 31, 2011		
One-to-four family	$6,755,279	$36,289
Multi-family	304,780	-
Non-residential	1,565,825	-
Commercial	7,259	-
Consumer direct	8,710	-
Purchased auto	4,715	-
	$8,646,568	$36,289

The following table presents the aging of the recorded investment in loans, by class of loans, as of March 31, 2012 and December 31, 2011:

March 31, 2012	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Past Due Loans	Current Loans	Total Loans
One-to-four family	$3,137,781	$561,432	$4,616,221	$8,315,434	$80,399,762	$88,715,196
Multi-family	786,876	-	304,780	1,091,656	4,572,766	5,664,422
Non-residential	44,549	-	660,087	704,636	19,456,316	20,160,952
Commercial	-	-	-	-	9,126,980	9,126,980
Consumer direct	21,330	-	-	21,330	616,081	637,411
Purchased auto	17,229	-	2,461	19,690	6,904,678	6,924,368
	$4,007,765	$561,432	$5,583,549	$10,152,746	$121,076,583	$131,229,329

December 31, 2011	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Past Due Loans	Current Loans	Total Loans
One-to-four family	$2,966,971	$849,057	$4,438,908	$8,254,936	$81,947,410	$90,202,346
Multi-family	506,619	-	304,780	811,399	4,925,208	5,736,607
Non-residential	174,549	56,739	708,826	940,114	20,400,948	21,341,062
Commercial	98,727	-	7,259	105,986	9,451,646	9,557,632
Consumer direct	3,786	-	480	4,266	698,063	702,329
Purchased auto	2,461	43,648	4,715	50,824	5,128,374	5,179,198
	$3,753,113	$949,444	$5,464,968	$10,167,525	$122,551,649	$132,719,174

Credit Quality Indicators:

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. For commercial and non-residential real estate loans, the Company's credit quality indicator is internally assigned risk ratings. Each commercial loan is assigned a risk rating upon origination. The risk rating is reviewed annually, at a minimum, and on an as needed basis depending on the specific circumstances of the loan.

For residential real estate loans, multi-family, consumer direct and purchased auto loans, the Company's credit quality indicator is performance determined by delinquency status. Delinquency status is updated regularly by the Company's loan system for real estate loans, multi-family and consumer direct loans. The Company receives monthly reports on the delinquency status of the purchased auto loan portfolio from the servicing company.

The Company uses the following definitions for risk ratings:

- Pass – loans classified as pass are of a higher quality and do not fit any of the other "rated" categories below (e.g. special mention, substandard or doubtful). The likelihood of loss is considered remote.
- Special Mention – loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.
- Substandard – loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses

that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

- Doubtful – loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.
- Not Rated – loans in this bucket are not evaluated on an individual basis.

As of March 31, 2012 and December 31, 2011, the risk category of loans by class is as follows:

March 31, 2012	Pass	Special Mention	Substandard	Doubtful	Not rated
One-to-four family	$-	$5,605,750	$7,419,446	$-	$75,690,000
Multi-family	-	884,978	304,780	-	4,474,664
Non-residential	16,688,164	2,033,873	1,438,915	-	-
Commercial	9,092,743	34,237	-	-	-
Consumer direct	-	6,937	20,729	-	609,745
Purchased auto	-	-	2,461	-	6,921,907
Total	$25,780,907	$8,565,775	$9,186,331	$-	$87,696,316

December 31, 2011	Pass	Special Mention	Substandard	Doubtful	Not rated
One-to-four family	$-	$3,620,210	$7,862,205	$-	$78,719,931
Multi-family	-	-	312,001	-	5,424,606
Non-residential	17,981,919	1,271,321	2,087,822	-	-
Commercial	9,550,292	-	7,340	-	-
Consumer direct	-	-	25,989	-	676,340
Purchased auto	-	-	4,715	-	5,174,483
Total	$27,532,211	$4,891,531	$10,300,072	$-	$89,995,360

NOTE 9 – STOCK COMPENSATION

Total stock-based compensation expense for the three months ended March 31, 2012 and 2011, was approximately $7,000 and $32,000, respectively. In accordance with FASB ASC 718, Compensation-Stock Compensation, compensation expense is recognized on a straight-line basis over the grantees' vesting period or to the grantees' retirement eligibility date, if earlier. The decrease in stock-based compensation expense was due to there being no remaining compensation expense on the options and shares granted in November 2006, as they became fully vested and fully expensed in November of 2011. For the three months ended March 31, 2012 and 2011, the Company did not grant additional options or shares under the MRP.

NOTE 10 – RECENT ACCOUNTING DEVELOPMENTS

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The amendments in ASU No. 2011-04 are to be applied prospectively. The guidance publishes convergence standards on fair value measurement and disclosures. The Company adopted the provisions of ASU No. 2011-04 for interim and annual periods beginning after December 15, 2011. The adoption of ASU No. 2011-04 did not have a material impact on the Company's disclosures, financial position or results of operations.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income. The objective of ASU No. 2011-05 is to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. This guidance eliminates the option of presenting components of comprehensive income as a part of the statement of changes in stockholder's equity. They must be presented in a single continuous statement of comprehensive income or in two separate but consecutive statements. The Company adopted the provisions of ASU No. 2011-05 for interim and annual periods beginning after December 15, 2011. The adoption of ASU No. 2011-04 did not have a material impact on the Company's financial position or results of operations. The adoption did not have an impact on the Company's quarterly disclosures but is expected to change the presentation of other comprehensive income in the annual financial statements for the year ending December 31, 2012.

In December 2011, the FASB issued ASU No. 2011-12, Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. The Update defers the effective date for amendments to the presentation of reclassifications of items out of accumulated other comprehensive income in ASU No. 2011-05. The Update was effective for the Company January 1, 2012, and did not have a material impact on the Company's financial position or results of operations. All other requirements of ASU 2011-05 were not affected by ASU 2011-12, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements for fiscal years, and interim periods within those years, beginning after December 15, 2011. The adoption of ASU No. 2011-12 did not have a material impact on the Company's financial position or results of operations. The adoption did not have an impact on the Company's quarterly disclosures but is expected to change the presentation of other comprehensive income in the annual financial statements for the year ending December 31, 2012.

NOTE 11 – FAIR VALUE MEASUREMENT AND DISCLOSURE

FASB ASC Topic 820, Fair Value Measurements and Disclosures, clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and is not adjusted for transaction costs. This guidance also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement inputs) and the lowest priority to unobservable inputs (Level 3 measurement inputs). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets.

- Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices in markets that are not active, quoted prices for similar assets, or other inputs that are observable, either directly or indirectly, for substantially the full term of the asset.

- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value:

Securities Available for Sale

Securities classified as available for sale are recorded at fair value on a recurring basis using pricing obtained from an independent pricing service. Where quoted market prices are available in an active market, securities are classified within Level 1. The Company has no securities classified within Level 1. If quoted market prices are not available, the pricing service estimates the fair values by using pricing models or quoted prices of securities with similar characteristics. For these securities, the inputs used by the pricing service to determine fair value consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and bonds' terms and conditions, among other things resulting in classification within Level 2. Level 2 securities include obligations of U.S. government corporations and agencies, state and municipal securities, and mortgage-backed securities. In cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3. The Company has no securities classified within Level 3.

Foreclosed Assets

Foreclosed assets consisting of foreclosed real estate and repossessed assets, are adjusted to fair value less estimated costs to sell upon transfer of the loans to foreclosed assets. Subsequently, foreclosed assets are carried at the lower of cost or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company records the foreclosed asset as non-recurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the foreclosed asset as non-recurring Level 3.

Impaired Loans

Impaired loans are evaluated and adjusted to the lower of carrying value or fair value less estimated costs to sell at the time the loan is identified as impaired. Impaired loans are carried at the lower of cost or fair value. Fair value is measured based on the value of the collateral securing these loans. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company records the impaired loan as non-recurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the impaired loan as non-recurring Level 3.

The Company did not have any transfers of assets or liabilities between Levels 1 and 2 of the fair value hierarchy during the first quarter of 2012 or 2011. The Company's policy for determining transfers between levels occurs at the end of the reporting period when circumstances in the underlying valuation criteria change and result in transfers between levels.

The tables below present the recorded amount of assets measured at fair value on a recurring basis at March 31, 2012 and December 31, 2011.

March 31, 2012	Level 1	Level 2	Level 3	Total Fair Value
U.S. agency securities available for sale	$-	$3,019,880	$-	$3,019,880
State and municipal securities available for sale	-	5,530,348	-	5,530,348
Residential mortgage-backed securities available for sale	-	26,382,942	-	26,382,942
	$-	$34,933,170	$-	$34,933,170

December 31, 2011	Level 1	Level 2	Level 3	Total Fair Value
U.S. agency securities available for sale	$-	$3,031,070	$-	$3,031,070
State and municipal securities available for sale	-	3,705,484	-	3,705,484
Residential mortgage-backed securities available for sale	-	26,270,391	-	26,270,391
	$-	$33,006,945	$-	$33,006,945

The tables below present the recorded amount of assets measured at fair value on a non-recurring basis at March 31, 2012 and December 31, 2011.

March 31, 2012	Level 1	Level 2	Level 3	Total Fair Value
Foreclosed assets	$-	$365,966	$-	$365,966
Impaired loans, net	-	2,582,592	2,581,975	5,164,567

December 31, 2011	Level 1	Level 2	Level 3	Total Fair Value
Foreclosed assets	$-	$582,148	$-	$582,148
Impaired loans, net	-	3,005,351	3,846,367	6,851,718

In accordance with accounting pronouncements, the carrying value and estimated fair value of the Company’s financial instruments as of March 31, 2012 and December 31, 2011 are as follows:

			Fair Value Measurements at March 31, 2012 using:		
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial Assets:					
Cash and cash equivalents	$4,167,949	$4,167,949	$-	$-	$4,167,949
Federal funds sold	4,269,000	4,269,000	-	-	4,269,000
Securities	36,864,871	-	36,864,872	-	36,864,872
Net loans	126,360,850	-	2,582,592	123,496,408	126,079,000
Accrued interest receivable	683,848	683,848	-	-	683,848
Mortgage servicing rights	157,681	-	-	157,681	157,681
Financial Liabilities:					
	4,100,154	4,100,154	-	-	4,100,154

Non-interest bearing deposits					
Interest bearing deposits	158,690,716	-	-	159,675,846	159,675,846
Accrued interest payable	3,557	3,557	-	-	3,557

	As of December 31, 2011	
	Carrying Value	Fair Value
Financial Assets:		
Cash and cash equivalents	$2,945,465	$2,945,465
Federal funds sold	1,627,000	1,627,000
Securities	35,541,912	35,541,913
Accrued interest receivable	691,367	691,367
Net loans	127,971,762	127,942,000
Mortgage servicing rights	154,180	154,180
Financial Liabilities:		
Deposits	159,948,450	161,144,000
Accrued interest payable	1,908	1,908

The following methods and assumptions were used by the Bank in estimating the fair value of financial instruments:

Cash and Cash Equivalents: The carrying amounts reported in the balance sheets for cash and cash equivalents approximate fair values.

Federal Funds Sold: The carrying amounts reported in the balance sheets for federal funds sold approximate fair values.

Securities: The Company obtains fair value measurements of available for sale securities from an independent pricing service. See Note 11 - Fair Value Measurement and Disclosure for further detail on how fair values of securities available for sale are determined. The carrying value of non-marketable equity securities approximates fair value.

Loans: For variable-rate loans that re-price frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for other loans (for example, fixed rate commercial real estate and rental property mortgage loans and commercial and industrial loans) are estimated using discounted cash flow analysis, based on market interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Loan fair value estimates include judgments regarding future expected loss experience and risk characteristics. Fair values for impaired loans are estimated using underlying collateral values, where applicable.

Accrued Interest Receivable and Payable: The carrying amounts of accrued interest receivable and payable approximate fair values.

Mortgage Servicing Rights: The carrying amounts of mortgage servicing rights approximate their fair values.

Deposits: The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies market interest rates currently offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Loan Commitments: Commitments to extend credit were evaluated and fair value was estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counter-parties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The Bank does not charge fees to enter into these agreements. As of March 31, 2012 and December 31, 2011, the fair values of the commitments are immaterial in nature.

In addition, other assets and liabilities of the Bank that are not defined as financial instruments, such as property and equipment are not included in the above disclosures. Also, non-financial instruments typically not recognized in financial statements nevertheless may have value but are not included in the above disclosures. These include, among other items, the estimated earnings power of core deposit accounts, the trained work force, customer goodwill and similar items.

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

Management’s discussion and analysis of the financial condition and results of operations is intended to assist in understanding the financial condition and results of operations of the Company. The information contained in this section should be read in conjunction with the Unaudited Consolidated Financial Statements and footnotes appearing in Part I, Item 1 of this document.

FORWARD-LOOKING INFORMATION

Statements contained in this report that are not historical facts may constitute forward-looking statements (within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended), which involve significant risks and uncertainties. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of invoking these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by the use of the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” “plan,” or similar expre The Company’s ability to predict results or the actual effect of future plans or strategies is inherently uncertain and actual results may differ from those predicted. The Company undertakes no obligation to update these forward-looking statements in the future. The Company cautions readers of this report that a number of important factors could cause the Company’s actual results subsequent to March 31, 2012 to differ materially from those expressed in forward-looking statements. Factors that could cause actual results to differ from those predicted and could affect the future prospects of the Company include, but are not limited to, fluctuations in market rates of interest and loan and deposit pricing, changes in the securities or financial market, a deterioration of general economic conditions either nationally or locally, delays in obtaining the necessary regulatory approvals, our ability to consummate proposed transactions in a timely manner, legislative or regulatory changes that adversely affect our business, adverse developments or changes in the composition of our loan or investment portfolios, significant increases in competition, changes in real estate values, difficulties in identifying attractive acquisition opportunities or strategic partners to complement our Company’s approach and the products and services the Company offers, the possible dilutive effect of potential acquisitions or expansion, and our ability to raise new capital as needed and the timing, amount and type of such capital raises. These risks and uncertainties should be considered in evaluating forward-looking statements.

GENERAL

The Bank is a community and customer-oriented savings bank. The Bank's business has historically consisted of attracting deposits from the general public and using those funds to originate and purchase one-to-four family, multi-family and non-residential real estate, construction, commercial and consumer loans, which the Bank primarily holds for investment. The Bank has continually diversified its products to meet the needs of the community. The Bank completed its reorganization pursuant to its Plan of Conversion on July 11, 2005, upon which the Bank converted from an Illinois-chartered mutual savings bank to a federally-chartered mutual savings bank, and on that same date, converted from a federally-chartered mutual savings bank to a federally-chartered stock savings bank, all of the outstanding stock of which was issued to the Company. As part of the reorganization, the Company issued 1,001,210 shares to the public and 1,223,701 shares to Ottawa Savings Bancorp MHC, a mutual holding company.

COMPARISON OF FINANCIAL CONDITION AT MARCH 31, 2012 AND DECEMBER 31, 2011

The Company's total assets increased $3.3 million, or 1.8%, to $186.3 million at March 31, 2012, from $183.0 million at December 31, 2011 due to the Company strengthening its liquidity as federal funds sold increased $2.6 million, cash and cash equivalents increased by $1.2 million, and securities available for sale grew by $1.9 million. The increase in liquid assets was partially offset by a decrease in loans of $1.6 million, a decrease in non-marketable equity securities of $0.6 million, and a decrease in foreclosed real estate of $0.2 million.

Cash and cash equivalents increased $1.2 million, or 41.5%, to $4.2 million at March 31, 2012 from $2.9 million at December 31, 2011 primarily as a result of the cash provided by operating and financing activities exceeding the cash used in investing activities.

Securities available for sale increased $1.9 million, or 5.8%, to $34.9 million at March 31, 2012 from $33.0 million at December 31, 2011. The increase was primarily the result of purchases of $6.5 million offset by $4.4 million in sales, calls, maturities and paydowns.

Loans, net of the allowance for loan losses, decreased $1.6 million, or 1.3%, to $126.4 million at March 31, 2012 from $128.0 million at December 31, 2011. The decrease in loans, net of the allowance for loan losses, was primarily caused by a combination of normal attrition, paydowns, loan charge-offs and strategic initiatives to reduce lending exposure in one-to-four family residential and non-residential loans, in addition to an increase in the allowance for loan losses of $0.1 million. The Company is also focusing its lending efforts on customers based primarily in its local market.

Foreclosed real estate decreased approximately $0.2 million, or 34.7%, to $0.4 million at March 31, 2012 from $0.5 million at December 31, 2011. The decrease was primarily due to the sale of two properties valued at $0.4 million, offset by the addition of two properties valued at $0.2 million acquired through loan foreclosures due to the continued stress the economic environment has placed on the Company's customers.

Other assets comprised primarily of prepaid expenses, deferred director compensation accounts, and auto loan repossessions decreased $0.1 million, or 7.3%, to $1.3 million at March 31, 2012, from $1.4 million at December 31, 2011.

Total deposits increased $2.8 million, or 1.8%, to $162.8 million at March 31, 2012, from $159.9 million at December 31, 2011. The increase is primarily due to increases in checking accounts which increased $2.1 million, or 13.2% from December 31, 2011 to March 31, 2012. Additionally, money market accounts increased $1.2 million and passbook savings accounts increased $1.3 million. The increases were partially offset by a decrease in certificates of deposit of $1.8 million, or 1.6% from December 31, 2011 to March 31, 2012. The increase in checking, money market, and passbook savings accounts is primarily due to customers moving funds into non-term products as they wait for a better rate environment.

Other liabilities increased $0.3 million, or 11.0%, to $2.7 million at March 31, 2012, from $2.5 million at December 31, 2011. The increase was primarily due to an increase in the escrow payable of $0.2 million.

Equity increased $0.2 million, or 0.8%, to $20.6 million at March 31, 2012, from $20.4 million at December 31, 2011. The increase in equity is primarily related to the net income for the three months ended March 31, 2012 of approximately $0.2 million.

The continuing state of economic uncertainty continues to affect our asset quality. We continue to experience a decline in the market values of homes in our market area in general and also on specific properties held as collateral. In addition, high unemployment locally continues to affect some of our borrowers' ability to timely repay their obligations to the Company. These conditions have resulted in nonperforming loans totaling 7.2% of total loan receivables as of March 31, 2012, which is an increase from 6.5% as of December 31, 2011, but less than the 7.4% as of March 31, 2011.

The Company's nonperforming assets consist of non-accrual loans, loans past due greater than 90 days and still accruing and foreclosed real estate. Loans are generally placed on non-accrual status when it is apparent all of the contractual payments (i.e. principal and interest) will not be received; however, they may be placed on non-accrual status sooner if management has significant doubt as to the collection of all amounts due. Interest previously accrued but uncollected is reversed and charged against interest income. During the first quarter, nonaccrual loans increased 8.0% to $9.3 million from $8.6 million as of December 31, 2011. This increase is due to several non-residential properties being negatively impacted by the economy as well as numerous one-to-four family properties, as our customers continue to be challenged during these difficult economic times.

The following table summarizes nonperforming assets for the prior five quarters.

	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Non-accrual:			(In Thousands)		
One-to-four family	$7,033	$6,755	$8,340	$7,573	$6,677
Multi-family	305	305	555	555	558
Non-residential real estate	1,977	1,566	3,386	469	2,344
Commercial	-	7	7	7	192
Consumer direct	21	9	38	12	6
Purchased auto	2	5	3	3	-
Total non-accrual loans	9,338	8,647	12,329	8,619	9,777
Past due greater than 90 days and still accruing:					
One-to-four family	145	36	18	31	346
Non-residential real estate	-	-	-	329	111
Consumer direct	-	-	-	2	-
Total nonperforming loans	9,483	8,683	12,347	8,981	10,234
Foreclosed real estate	354	542	1,149	685	844
Other repossessed assets	12	40	31	-	12
Total nonperforming assets	$9,849	$9,265	$13,527	$9,666	$11,090

The table below presents selected asset quality ratios for the prior five quarters.

	March 31, 2012		December 31, 2011		September 30, 2011		June 30, 2011		March 31, 2011	
Allowance for loan losses as a percent of gross loans receivable	3.70	%	3.57	%	5.18	%	2.90	%	3.48	%
Allowance for loan losses as a percent of total nonperforming loans	51.33	%	54.67	%	56.38	%	44.51	%	46.82	%
Nonperforming loans as a percent of gross loans receivable	7.20	%	6.53	%	9.19	%	6.52	%	7.43	%
Nonperforming loans as a percent of total assets	5.09	%	4.75	%	6.75	%	4.82	%	5.33	%
Nonperforming assets as a percent of total assets	5.29	%	5.04	%	7.39	%	5.19	%	5.78	%

COMPARISON OF RESULTS OF OPERATION FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

General. Net income for the three months ended March 31, 2012 was $240,000 compared to net income of $213,000 for the three months ended March 31, 2011. Net income improved during the first quarter of 2012 due to stronger noninterest income and lower operating costs than 2011. These positive variances were slightly offset by lower net interest income.

Net Interest Income. The following table summarizes interest and dividend income and interest expense for the three months ended March 31, 2012 and 2011.

	Three Months Ended March 31,			
	2012	2011	$ change	% change
	(Dollars in thousands)			
Interest and dividend income:				
Interest and fees on loans	$1,777	$1,954	$(177)	(9.06)%
Securities:				
Residential mortgage-backed securities	189	233	(44)	(18.88)
U.S. agency securities	17	27	(10)	(37.04)
State and municipal securities	41	-	41	100.00
Dividends on non-marketable equity securities	1	1	-	-
Interest-bearing deposits	1	1	-	-
Total interest and dividend income	2,026	2,216	(190)	(8.57)
Interest expense:				
Deposits	587	686	(99)	(14.43)
Total interest expense	587	686	(99)	(14.43)
Net interest income	$1,439	$1,530	$(91)	(5.95)%

The following table presents for the periods indicated the total dollar amount of interest income from average interest-earning assets and the resultant yields, as well as the interest expense on average interest bearing liabilities, expressed both in dollars and rates. No tax equivalent adjustments were made. All average balances are monthly average balances. Non-accruing loans have been included in the table as loans carrying a zero yield. The amortization of loan fees is included in computing interest income; however, such fees are not material.

	Three Months Ended March 31,							
	2012				2011			
	AVERAGE BALANCE	INTEREST	AVERAGE YIELD/ COST		AVERAGE BALANCE	INTEREST	AVERAGE YIELD/ COST	
	(Dollars in thousands)							
Interest-earning assets								
Loans receivable, net (1)	$124,141	$1,777	5.73	%	$133,587	$1,954	5.85	%
Securities, net (2)	33,974	247	2.91	%	31,020	260	3.36	%
Non-marketable equity securities	2,133	1	0.19	%	2,535	1	0.16	%
Interest-bearing deposits	5,219	1	0.08	%	6,776	1	0.06	%
Total interest-earning assets	165,467	2,026	4.90	%	173,918	2,216	5.10	%
Interest-bearing liabilities								
Money Market accounts	$19,505	$26	0.53	%	$21,022	$37	0.70	%
Passbook accounts	14,351	5	0.14	%	13,671	5	0.15	%
Certificates of Deposit accounts	110,710	553	2.00	%	118,162	640	2.17	%
Checking accounts	12,748	3	0.09	%	10,644	4	0.15	%
Total interest-bearing liabilities	157,314	587	1.49	%	163,499	686	1.68	%
NET INTEREST INCOME		$1,439				$1,530		
NET INTEREST RATE SPREAD (3)			3.41	%			3.42	%
NET INTEREST MARGIN (4)			3.48	%			3.52	%
RATIO OF AVERAGE INTEREST-EARNING ASSETS TO AVERAGE INTEREST-BEARING LIABILITIES			105.18	%			106.37	%

(1) Amount is net of deferred loan origination (costs) fees, undisbursed loan funds, unamortized discounts and allowance for loan losses and includes
non-performing loans.
(2) Includes unamortized discounts
and premiums.
(3) Net interest rate spread represents the difference between the yield on average interest-earning assets and the average cost of interest-bearing liabilities.
(4) Net interest margin represents net interest income divided by average
interest-earning assets.

The following table summarizes the changes in net interest income due to rate and volume for the three months ended March 31, 2012 and 2011. The column "Net" is segmented into the changes attributable to variations in volume and the changes attributable to changes in interest rates. The variations attributable to simultaneous volume and rate changes have been proportionately allocated to rate and volume.

	Three Months Ended March 31, 2012 Compared to 2011 Increase (Decrease) Due to		
	VOLUME	RATE	NET
	(Dollars in Thousands)		
Interest and dividends earned on			
Loans receivable, net	$(135)	$(42)	$(177)
Securities, net	22	(35)	(13)
Non-marketable equity securities	-	-	-
Interest-bearing deposits	-	-	-
Total interest-earning assets	$(113)	$(77)	$(190)
Interest expense on			
Money Market accounts	$(2)	$(9)	$(11)
Passbook accounts	-	-	-
Certificates of Deposit accounts	(37)	(50)	(87)
Checking	-	(1)	(1)
Total interest-bearing liabilities	(39)	(60)	(99)
Change in net interest income	$(74)	$(17)	$(91)

26

Net interest income decreased $91,000, or 6.0%, to $1.4 million for the three months ended March 31, 2012 compared to $1.5 million for the three months ended March 31, 2011. Interest and dividend income decreased due to the decline in average interest earning assets of $8.5 million and the yield decreasing on interest earning assets from 5.1% to 4.9%. The decline in the loan portfolio contributed to a significant amount of the decline in earning assets. The yield on the investment portfolio and the loan portfolio continued to decline as the low rate environment continued during the first quarter of 2012. This decline in interest income was partially offset by a $100,000, or 14.5%, reduction in interest expense. The cost of funds declined 19 basis points or 11.3% for the three months ended March 31, 2012 compared to the three months ended March 31, 2011, due to the continued low rate environment. Additionally, the average balance of interest bearing liabilities declined by $6.2 million or 3.8%.

Provision for Loan Losses. Management recorded a loan loss provision of $439,000 for the three months ended March 31, 2012, compared to $388,000 for the three months ended March 31, 2011. The economic conditions in the local market continue to negatively impact collateral values of real estate. The provision is primarily attributed to the reserves in the one-to-four family segment as there has been a continued decline in payment activity of borrowers which increased the number of impaired loans evaluated individually. As a result of local economic conditions including elevated levels of unemployment as local unemployment increased to 12.3% from year-end 2011 levels of 11.2%, the general reserve was increased slightly during the current quarter.

Management uses available information to establish the appropriate level of the allowance for loan losses. Future additions or reductions to the allowance may be necessary based on estimates that are susceptible to change as a result of changes in economic conditions and other factors. As a result, our allowance for loan losses may not be sufficient to cover actual loan losses, and future provisions for loan losses could materially adversely affect the Company's operating results. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize adjustments to the allowance based on their judgments about information available to them at the time of their examination.

Other Income. The following table summarizes other income for the three months ended March 31, 2012 and 2011.

	Three months ended March 31,			
	2012	2011	$ change	% change
	(Dollars in thousands)			
Other income:				
Gain on sale of securities	$14	$1	$13	1,300.00 %
Gain on sale of loans	28	8	20	250.00
Gain on sale of OREO	79	23	56	243.48
Origination of mortgage servicing rights, net of amortization	3	(2)	5	(250.00)
Customer service fees	69	68	1	1.47
Income on bank owned life insurance	8	8	-	-
Other	11	22	(11)	(50.00)
Total other income	$212	$128	$84	65.63 %

The increase in total other income was primarily due to gains on the sale of foreclosed real estate and gains on the sale of securities during the first quarter of 2012. Additionally, levels of loan demand for loan sales increased during the first quarter of 2012 as compared to 2011, resulting in an increase in gains on the sale of loans. The increase was slightly offset by a decrease in other income.

27

Other Expenses. The following table summarizes other expenses for the three months ended March 31, 2012 and 2011.

	Three months ended March 31,			
	2012	2011	$ change	% change
	(Dollars in thousands)			
Other expenses:				
Salaries and employee benefits	$340	$397	$(57)	(14.36)%
Directors fees	21	21	-	-
Occupancy	105	120	(15)	(12.50)
Deposit insurance premium	60	96	(36)	(37.50)
Legal and professional services	56	62	(6)	(9.68)
Data processing	96	75	21	28.00
Valuation adjustments and expenses on foreclosed real estate	20	28	(8)	(28.57)
Loss on sale of repossessed assets	12	12	-	-
Loss on consumer loans	42	-	42	100.00
Other	112	131	(19)	(14.50)
Total other expenses	$864	$942	$(78)	(8.28)%
Efficiency ratio (1)	52.33%	56.82%		

(1) Computed as other expenses divided by the sum of net interest income and other income.

The decrease in other expenses was primarily due to decreases in salaries and employee benefits as a result of no remaining compensation expense on the MRP shares and options granted in 2006, a decrease in deposit insurance premiums due to a decrease in deposits from the prior assessment period and lower assessments by the FDIC for smaller financial institutions, and a decrease in occupancy expenses. The decreases were partially offset by an increase in loss on consumer loans and increased data processing costs.

Income Taxes. The Company recorded income tax expense of $109,000 and $115,000 for the three months ended March 31, 2012 and 2011, respectively. The difference in income taxes for the periods is due to the differences in pre-tax income for the applicable periods.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity. Liquidity management for the Bank is measured and monitored on both a short and long-term basis, allowing management to better understand and react to emerging balance sheet trends. After assessing actual and projected cash flow needs, management seeks to obtain funding at the most economical cost to the Bank. Our primary sources of funds are deposits, amortization, prepayments and maturities of outstanding loans and mortgage-backed and related securities, and other short-term investments, and funds provided from operations. While scheduled payments from amortization of loans and mortgage-backed related securities and maturing investment securities and short-term investments are relatively predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions and competition. We invest excess funds in short-term interest-earning assets, including federal funds sold, which enable us to meet lending requirements or long-term investments when loan demand is low.

At March 31, 2012 the Bank had outstanding commitments to originate $1.0 million in loans, unfunded lines of credit of $8.3 million, unfunded commitments on construction loans of $354,000, and a commitment to purchase $1.9

million in auto loans. In addition, as of March 31, 2012, the total amount of certificates of deposit that were scheduled to mature in the next 12 months was $46.8 million. Based on prior experience, management believes that a significant portion of such deposits will remain with us, although there can be no assurance that this will be the case. In the event a significant portion of our deposits are not retained by us, we will have to utilize other funding sources, such as Federal Home Loan Bank of Chicago ("FHLBC") advances, in order to maintain our level of assets. Alternatively, we could reduce our level of liquid assets, such as our cash and cash equivalents. In addition, the cost of such deposits may be significantly higher if market interest rates are higher at the time of renewal. As of March 31, 2012, the Bank had $55.6 million of available credit from the FHLBC. There were no FHLBC advances outstanding at March 31, 2012. In addition, as of March 31, 2012, the Bank had $5.0 million of available credit from Bankers Bank of Wisconsin to purchase Federal Funds.

The Company is a separate legal entity from the Bank and must provide for its own liquidity. In addition to its operating expenses, the Company is responsible for paying any dividends declared to its shareholders and for any repurchased shares of its common stock. Whether dividends are declared, and the timing and amount of any dividends declared, is subject to the discretion of our Board of Directors and depends on various factors, including our net earnings, financial condition, cash requirements, future prospects and other factors that our Board of Directors deems relevant to its analysis and decision making. The Company's primary source of income is dividends received from the Bank. The amount of dividends that the Bank may declare and pay to the Company in any calendar year, without the receipt of prior approval from the regulatory agencies but with prior notice to the regulatory agencies, cannot exceed net income for that year to date plus retained net income (as defined) for the preceding two calendar years. At March 31, 2012, the Company had cash and cash equivalents of $266,000.

Capital. The Bank is required to maintain regulatory capital sufficient to meet Tier 1 leverage, Tier 1 risk-based and total risk-based capital ratios of at least 4.0%, 4.0% and 8.0%, respectively. The Bank exceeded each of its minimum capital requirements and was considered "well capitalized" within the meaning of federal regulatory requirements with ratios at March 31, 2012 of 9.31%, 15.36% and 16.65%, respectively, compared to ratios at December 31, 2011 of 9.38%, 15.47% and 16.76%, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

For the three months ended March 31, 2012, we did not engage in any off-balance sheet transactions reasonably likely to have a material effect on our financial condition, results of operations or cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This Item is not applicable as the Company is a smaller reporting company.

ITEM 4. CONTROLS AND PROCEDURES

Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation under the supervision and with the participation of the Company's principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, as amended, with the Securities and Exchange Commission (the "SEC") (1) is recorded, processed, summarized and reported within the time periods specified in the SEC'S rules and forms, and (2) is accumulated and communicated to the Company's management, including, its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

In addition, there have been no changes in the Company's internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – Other Information

ITEM 1 - LEGAL PROCEEDINGS

The Company is not involved in any pending legal proceedings other than routine legal proceedings occurring in the ordinary course of business that, in the aggregate, are believed by management to be material to the financial condition and results of operations of the Company.

ITEM 1A – RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part 1, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011, which could materially affect our business, financial condition or future results. As of March 31, 2012, the risk factors of the Company have not changed materially from those reported in the Company's Annual Report on Form 10-K. However, the risks described in our Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable

ITEM 5 - OTHER INFORMATION

Not applicable.

ITEM 6 - EXHIBITS

Exhibit No.	Description
3.1	Certificate of Incorporation of Ottawa Savings Bancorp, Inc. (incorporated by reference to Exhibit 3.1 to Company's Registration Statement on Form SB-2, No. 333-123455, filed on May 3, 2005, as amended)
3.2	Bylaws of Ottawa Savings Bancorp, Inc. (incorporated by reference to Exhibit 3.2 to Company's Registration Statement on Form SB-2, No. 333-123455, filed on May 3, 2005, as amended)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certifications of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.1	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.0	The following materials from the Ottawa Savings Bancorp, Inc. Quarterly Report on form 10-Q for the quarter ended March 31, 2012 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Financial Condition, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Cash Flows and (iv) related notes.

SIGNATURE

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

OTTAWA SAVINGS BANCORP, INC.
Registrant

Date: May 15, 2012	/s/ Jon L. Kranov Jon L. Kranov President and Chief Executive Officer (Principal Executive Officer)
Date: May 15, 2012	/s/ Marc N. Kingry Marc N. Kingry Chief Financial Officer (Principal Financial Officer)