How Cargill ended up spending $15B to solve a $6B problem

BY: JESSIKA MCQUEEN

When CMG first profiled Cargill in 2019, we celebrated the innovation, resilience, and strategic vision that have maintained Cargill-MacMillan family ownership of America's largest private company for generations.

The now 161-year-old business remains the world's largest agricultural enterprise and is still roughly 90% family-owned. With seventh-generation family members now amongst the owners, there are currently 21 billionaire heirs to the Cargill empire. The company recorded $154 billion in revenue in 2025 across the global food, agriculture, and industrial supply chain sectors.

Now we take a deeper dive into a complex moment in Cargill's history that led to an expensive and disruptive outcome that more precise planning could have prevented.

A $6 billion wealth transfer and ownership challenge

Margaret Cargill was the granddaughter of founder W.W. Cargill. She spent her life pursuing the arts and giving generously to many charities, always anonymously. When she died in 2006, she was the company's largest individual shareholder. She left her entire fortune, including her 17% stake in Cargill, to charity. Her shares went into a trust whose chief beneficiary was her philanthropic organization. Her bequest, worth roughly $6 billion, suddenly made the Margaret A. Cargill Foundation a substantial ownership presence in her family's business.

(Shutterstock)

Since Cargill is a private company — and there is no ready market for its shares — the Foundation had no way to sell Margaret's shares. But staying put wasn't an option either. Under the IRS's "excess business holdings" rules, a private foundation generally can't hold more than a small fraction of a for-profit company's stock, and one that receives an outsized stake by bequest has a limited window of typically five years to divest before steep excise taxes kick in. The Margaret A. Cargill Foundation was now sitting on a 17% stake it was legally required to reduce, in a company whose shares it had no easy way to sell. Its trustees pushed for many different solutions, including proposals to take Margaret's shares public, until finally a solution emerged.

Steadfast about remaining private, the Cargill-Macmillan family pursued a solution that involved disposing of a major corporate asset. Alongside the Foundation's trustees and outside counsel, a multibillion-dollar asset monetization plan was designed and implemented in 2011, namely the sale of Mosaic.

The Mosaic solution

In 2004, Cargill created a fertilizer company called Mosaic, the merger of an existing Cargill fertilizer operation with a publicly listed firm. Mosaic was the first publicly listed Cargill subsidiary. To solve the illiquidity dilemma created by Margaret's donation of her shares, Cargill arranged a $24.5 billion split-off of its 64% stake in Mosaic. After roughly one-third of the proceeds were used to pay down corporate debt, the remaining two-thirds were distributed to Cargill shareholders — including Margaret's foundation.

In exchange for Margaret's 17% stake in Cargill, the Margaret A. Cargill Foundation received Mosaic shares which it could then sell down on the public market. Additional Mosaic shares went to other family shareholders, who presumably looked at the Mosaic sale as an opportunity to cash out some of their shares. In total, the company distributed over $15 billion of Mosaic shares, all driven by the need to buy out Margaret's $6 billion share donation.

The Mosaic solution was clever and effective, allowing the Cargill-MacMillan family to remain private to this day. But it was a costly and complex process that required significant corporate gymnastics. Could this situation have been better strategized before Margaret's death?

Cargill may not have been caught completely off-guard. Fortunately, they had created Mosaic years before Margaret's death. Even if it wasn't built explicitly to solve the Foundation dilemma, Mosaic gave them what fully private companies otherwise lack: a large, liquid asset they could deploy as needed. The company had built a similar release valve before: in the early 1990s, Cargill set up an employee stock ownership plan to allow family owners to sell shares to employees, giving them a structured exit and easing the pressure to go public.


(Shutterstock)

The risks of reactive planning

Even with a liquidity mechanism in place, Cargill found itself in a costly, reactive position that it had to scramble to resolve. A more proactive blueprint for handling the death and subsequent asset transfer of its biggest shareholder would have saved the company, the family, and the Foundation significant time and resources.

This chapter of the Cargill-Macmillan family's story highlights the importance of establishing clear shareholder agreements and robust exit frameworks so that taxes, deadlines, and other constraints don't dictate the outcome.

The lesson for Canadian business families

The Cargill story brings an important question to the forefront: *Which conversations are families not having today that will cost them in the future?*

It also underscores the risk of waiting too long to get organized. For enterprising families, liquidity needs, ownership changes, trust structures, and tax considerations rarely emerge in isolation; they often intersect in ways that become more difficult to manage under pressure. The most effective way to protect time, capital, and control is to begin these conversations early and develop a comprehensive liquidity plan before it is needed.

CMG Principal Kate McConnell offers a few thoughts about the Cargill family's story:

1. **Bring strong collaborative advisors to every branch of the family.** Cross-branch collaboration helps prevent one group's decisions from creating unintended consequences for another. It also gives families more time to anticipate constraints.

2. **Build your "Mosaic solution" before you need it.** Cargill had already begun thinking about liquidity within a private structure, which gave the family a valuable head start. For other families, the lesson is clear: assembling the right pieces takes time, even if the final plan is still evolving.

3. **Avoid surprises by planning early.** In family enterprises, unexpected ownership or liquidity challenges can quickly become costly. A little pre-planning can protect relationships, preserve control, and reduce the pressure to make rushed decisions.

REFERENCES/FURTHER READING:

- Forbes: This Year's Most Generous Billionaire Philanthropist Has Been Dead Since 2006
- CBC: Cargill to Sell Mosaic Stake in $24B Move
- The Wall Street Journal: Cargill to Give Up Mosaic Stake in $24.3 Billion Deal

Jessika McQueen is a freelance writer from Toronto.