

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI  
SOUTHERN DIVISION**

In re:

MISSISSIPPI PHOSPHATES  
CORPORATION, *et al.*<sup>1</sup>

Debtors

CASE NO. 14-51667-KMS  
Chapter 11

Jointly Administered

**FIRST AMENDED DISCLOSURE STATEMENT TO ACCOMPANY  
THE JOINT CHAPTER 11 PLAN OF THE DEBTORS AND  
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

Mississippi Phosphates Corporation, *et al.*, the Debtors and debtors-in-possession herein, jointly with the Official Committee of Unsecured Creditors (the “*Committee*”), pursuant to 11 U.S.C. §1125, submit this *First Amended Disclosure Statement* (the “*Disclosure Statement*”) for solicitation of acceptances and rejections of the *First Amended Joint Chapter 11 of the Debtors and the Official Committee of Unsecured Creditors* [Dkt. #1168] (the “*Plan*”).<sup>2</sup>

**I. INTRODUCTION**

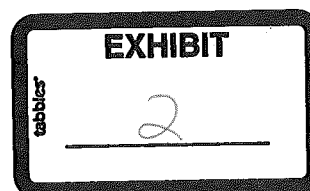
**A. Purpose**

The purpose of a Disclosure Statement is to set forth information (1) regarding the history of the Debtors, their businesses and these Bankruptcy Cases; (2) concerning the Plan; (3) advising the holders of Claims and Interests of their rights under the Plan; (4) assisting the holders of Claims and Interests in making an informed judgment regarding whether they should vote to accept or reject the Plan; and (5) assisting the Bankruptcy Court in determining whether the Plan complies with the provisions of Chapter 11 of the Bankruptcy Code and should be confirmed.

No representations concerning the Debtors or the Plan, other than as set forth in this Disclosure Statement, are authorized by the Debtors. Any representations or inducement made

<sup>1</sup> The chapter 11 cases of the following affiliated Debtors have been administratively consolidated for joint administration pursuant to that certain *Order Granting Motion of the Debtor for Order Directing Joint Administration of Affiliated Cases Pursuant to Bankruptcy Rule 1015(b)*, dated October 29, 2014 [Dkt. # 62]: Mississippi Phosphates Corporation (“*MPC*”), Case No. 14-51667, Ammonia Tank Subsidiary, Inc. (“*ATS*”), Case No. 14-51668 and Sulfuric Acid Tanks Subsidiary, Inc. (“*SATS*”, and, collectively with MPC and ATS, the “*Debtors*”), Case No. 14-51671. These chapter 11 cases are sometimes referred to herein as the “*Bankruptcy Cases*.”

<sup>2</sup> Capitalized terms used and not otherwise specifically defined herein shall have the meaning ascribed to them in the Plan.



to secure your acceptance of the Plan that are other than as set forth in this Disclosure Statement should not be relied upon by you in arriving at your decision.

Accompanying this Disclosure Statement are the following (collectively, with the Disclosure Statement, the "*Solicitation Package*"):

- the Plan, attached hereto as Exhibit 1;
- the Disclosure Orders, attached hereto as Exhibit 2;
- the Committee Support Letter; and
- one or more Ballots to those members of the voting classes.

Article I of the Plan contains definitions of certain terms. Where those capitalized terms are used in this Disclosure Statement, they have the meaning set forth in Article I of the Plan. Those defined terms are very important to fully understand this Disclosure Statement.

**THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PROPOSED PLAN. PLEASE READ THIS DOCUMENT WITH CARE. THE PURPOSE OF THE DISCLOSURE STATEMENT IS TO PROVIDE "ADEQUATE INFORMATION" OF A KIND, AND IN SUFFICIENT DETAIL, AS FAR AS IS REASONABLY PRACTICABLE IN LIGHT OF THE NATURE AND HISTORY OF THE DEBTORS THAT WOULD ENABLE A HYPOTHETICAL REASONABLE INVESTOR TYPICAL OF HOLDERS OF CLAIMS OR INTERESTS OF THE RELEVANT CLASS TO MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN. SEE 11 U.S.C. § 1125(A).**

**FOR THE CONVENIENCE OF CREDITORS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ANY SUMMARY. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.**

**NO REPRESENTATIONS CONCERNING THE DEBTORS' FINANCIAL CONDITION OR ANY ASPECT OF THE PLAN ARE AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION THAT ARE OTHER THAN AS CONTAINED IN OR INCLUDED WITH THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.**

**THE FINANCIAL INFORMATION CONTAINED HEREIN, UNLESS OTHERWISE INDICATED, IS UNAUDITED. MOREOVER, BECAUSE OF THE DEBTORS' FINANCIAL DIFFICULTIES, AS WELL AS THE COMPLEXITY OF THE DEBTORS' FINANCIAL MATTERS, THE BOOKS AND RECORDS OF THE DEBTORS, UPON WHICH THIS DISCLOSURE STATEMENT IN PART IS BASED, MAY BE INCOMPLETE OR INACCURATE. HOWEVER, REASONABLE EFFORT**

**HAS BEEN MADE TO ENSURE THAT ALL SUCH INFORMATION IS FAIRLY PRESENTED.**

**DEBTORS' COUNSEL AND COMMITTEE'S COUNSEL HAVE RELIED UPON INFORMATION PROVIDED BY THE DEBTORS IN CONNECTION WITH PREPARATION OF THIS DISCLOSURE STATEMENT. COUNSEL HAS NOT INDEPENDENTLY VERIFIED ALL OF THE INFORMATION CONTAINED HEREIN.**

**THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS, OR TAX ADVICE. EACH CREDITOR SHOULD CONSULT HIS, HER, OR ITS OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND OTHER MATTERS CONCERNING HIS, HER, OR ITS CLAIM.**

**B. Disclosure Orders**

As reflected in the Disclosure Orders, the Bankruptcy Court approved this Disclosure Statement, in accordance with Section 1125 of the Bankruptcy Code, as containing "adequate information" to enable a hypothetical, reasonable investor typical of holders of Claims against, or Interests in, the Debtors, to make an informed judgment as to whether to accept or reject the Plan, and authorized its use in connection with the solicitation of votes on the Plan. The Disclosure Orders also establish the following dates and deadlines:

- the deadline for filing objections to confirmation of the Plan;
- the date for determining that holders of Claims or Interests may vote on the Plan;
- the deadline for voting on the Plan; and
- the date on which a final hearing on confirmation of the Plan will be held.

**APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.** No solicitation of votes may be made except pursuant to this Disclosure Statement and Section 1125 of the Bankruptcy Code. In voting on the Plan, holders of Claims and Interests should not rely on any information relating to the Debtors and their businesses, other than that contained in this Disclosure Statement, the Plan and all exhibits to either.

**C. Voting on the Plan**

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are (i) "impaired" by a plan of reorganization, and (ii) entitled to receive a distribution under such a plan are entitled to vote on the plan. If you are entitled to vote to accept or reject the Plan (see Article V.B of this Disclosure Statement), accompanying this Disclosure Statement should be the Ballot for casting your vote(s) on the Plan and a pre-addressed envelope for the return of the Ballot. **BALLOTS FOR ACCEPTANCE OR REJECTION OF THE PLAN ARE BEING**

PROVIDED ONLY TO HOLDERS OF CLAIMS IN THE VOTING CLASSES BECAUSE THEY ARE THE ONLY HOLDERS OF CLAIMS THAT MAY VOTE TO ACCEPT OR REJECT THE PLAN.

**THE DEBTORS AND THE COMMITTEE RECOMMEND THAT THE HOLDERS OF CLAIMS IN ALL SOLICITED CLASSES VOTE TO ACCEPT THE PLAN.** The Debtors and the Committee believe that the prompt confirmation and implementation of the Plan is in the best interests of the Debtors, all holders of Claims and Interests, the Debtors' Chapter 11 estates and all persons who may be affected by the confirmation or denial of the confirmation of the Plan.

After carefully reviewing this Disclosure Statement and the exhibits attached hereto, please indicate your vote with respect to the Plan on the enclosed Ballot and return it in the envelope provided. If you did not receive a Ballot, believe that there is a problem with your Ballot, or need any assistance with regard to the voting process, contact Debtors' counsel. Voting procedures and requirements are explained in greater detail elsewhere in Article VIII of this Disclosure Statement. Unless the voting procedures in Article VIII provide otherwise, **PLEASE VOTE AND RETURN YOUR BALLOT TO BMC Group, Inc., the Court-appointed entity handling the Ballot receipt and tabulations services for the Plan.**

**By regular mail:**

BMC Group, Inc.  
Attn: Mississippi Phosphates  
Corporation Ballot Processing  
PO Box 90100  
Los Angeles, CA 90009

**By messenger or overnight delivery:**

BMC Group, Inc.  
Attn: Mississippi Phosphates  
Corporation Ballot Processing  
3732 West 120th Street  
Hawthorne, CA 90250

**IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY THE DATE AND TIME OF THE DEADLINE FOR VOTING AS REFLECTED IN THE DISCLOSURE ORDER (THE "VOTING DEADLINE").**

**ANY EXECUTED BALLOTS WHICH ARE TIMELY RECEIVED BUT WHICH DO NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN SHALL BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE PLAN.**

**THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE BY THE DEBTORS AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT DOES NOT IMPLY THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE SUCH DATE. THIS DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTORS. HOLDERS OF CLAIMS ENTITLED TO VOTE SHOULD READ IT CAREFULLY AND IN ITS ENTIRETY, AND WHERE**

**POSSIBLE, CONSULT WITH COUNSEL OR OTHER ADVISORS PRIOR TO VOTING ON THE PLAN.**

Most of the historic and current financial and other information contained in this Disclosure Statement has been derived from the Debtors, the Debtors' records, or the Claims Registers maintained by the Clerk of the Bankruptcy Court in these Bankruptcy Cases. The Debtors believe the information to be correct; however, it has not been independently verified in every instance, nor has it been subjected to a certified audit.

**II. OVERVIEW OF PLAN**

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full Plan. For a more detailed description of the terms and provisions of the Plan, see Article V below entitled "Summary of the Plan."

**A. Plan Funding**

The foundation of the Plan is a combination of the Environmental Settlement Agreement and the Committee Settlement Agreement, and the funds that may flow to the bankruptcy estate as a result. These settlements provide the basis for funding of the Plan and allow for the negotiated distributions provided for under the Plan on the Effective Date, or as soon thereafter as practical. Given the interdependence of these settlements, the substance of which is incorporated into and embodied in the Plan, the Plan is much more feasible than if a Plan had been proposed separate and apart from these settlements. In light of these settlements, the feasibility of the Plan is substantially increased and the execution risks associated with the Plan and the inability for the negotiated obligations under the Plan to be funded is substantially decreased.

**B. Overview of Plan Performance**

The Plan provides in Article 1.1.53 that it will become effective on the Effective Date. The Debtors presently estimate that the Effective Date will be Business Day after the Confirmation Date as mutually agreed by the Debtors and the Committee that is as soon as reasonably practicable after the conditions to the effectiveness of the Plan specified in Article XIII of the Plan have been satisfied or waived.

**C. Overview of Classification and Treatment of Claims and Interests**

The Plan provides for payment in full of all Administrative Claims, and for payments for the Agent Secured Claims (Class 2), DIP Lenders Claims (Class 3), Secured Claims - Landlords, Lessors, and Utilities (Class 4), Secured Claims - Jackson County, Mississippi (Class 5), General Unsecured Claims (Class 6), Subordinated Claims of EPA and MDEQ (Class 7), to the extent of available funds in accordance with the distribution and allocation and priority scenarios set forth in Article V of the Plan and described in this Disclosure Statement. All Equity Interests in each of the Debtors will be extinguished and retired, and the holders of such Equity Interests will not



receive a distribution under the Plan. The following chart<sup>3</sup> summarizes distributions to holders of Allowed Claims and Interests under the Plan:

| <i>Class</i> | <i>Claim/Interest</i>        | <i>Summary of Treatment of Claim/Interest</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1            | Administrative Expense Claim | <p><b><u>Payment to Holders of Allowed Administrative Expense Claims.</u></b> To the extent any non-Professional Administrative Expense Claims are Allowed pursuant to Section 2.1.1 of the Plan, the holder of such Claim will be paid by the Debtors in Cash the Allowed amount of such Claim on the Effective Date or will be paid by the MPC Plan Trustee in Cash the Allowed amount of such Claim, as soon thereafter as practicable unless the holder of such Claim agrees to alternative treatment with the Debtors prior to the Effective Date.</p> <p><b><u>United States Trustee Fees.</u></b> With respect to amounts due to the Office of the United States Trustee, the Debtors or the MPC Plan Trustee shall pay the appropriate sum required by 28 U.S.C. § 1930(a)(6) within thirty (30) days of the Effective Date. The MPC Plan Trustee shall timely pay to the United States Trustee, any and all post-confirmation quarterly fees as required by 28 U.S.C. § 1930(a)(6) until such time as this case is converted, dismissed or closed by the Court. Additionally, the Debtors or MPC Plan Trustee shall submit to the United States Trustee post-confirmation quarterly operating reports in the format prescribed by the United States Trustee until such time as this case is converted, dismissed or closed by the Court. At this time, the Debtors are current on all fees owed to the United States Trustee.</p> <p><b><u>Professional Compensation and Reimbursement Claims.</u></b> Within forty-five (45) days from the date the Confirmation Order becomes a Final Order, any Professional seeking an award by the Bankruptcy Court of compensation for services rendered and reimbursement of expenses incurred through and</p> |

<sup>3</sup> This chart is only a summary of the classification and treatment of Claims and Interests under the Plan. Reference should be made to the entire Plan and the Disclosure Statement for a complete description of the classification and treatment of Claims and Interests.

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <p>including the Confirmation Date under Sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code shall (a) file their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred; and (b) be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court in accordance with the Order relating to or Allowing any such Administrative Expense Claim; or (c) be able to apply any amounts held in retainer up to amounts as are Allowed by the Bankruptcy Court.</p> <p><b><u>Priority Claims - Other Than Under Section 507(a)(8).</u></b> <i>The Debtors contend that there are no Allowed Priority Claims other than those arising under Section 507(a)(8) of the Bankruptcy Code.</i> To the extent there are any such Allowed Priority Claims, each holder of such Claims will receive the treatment required by Section 1129 (a)(9)(A) or (B) of the Bankruptcy Code, as appropriate.</p> <p><b><u>Priority Claims Under Section 507(a)(8).</u></b> For holders of Allowed Priority Claims arising under Section 507(a)(8) of the Bankruptcy Code, unless such Allowed Priority Claim is an Assumed Liability and is treated as a Class 5 Secured Claim, pursuant to Section 1129(a)(9)(C) or (D) of the Bankruptcy Code, the holder of any such Allowed Priority Claim will receive on account of such Claim regular installment payments in Cash of a total value, as of the Effective Date of the Plan, the allowed amount of such claim as follows: in three (3) equal regular annual principal installments, each in the amount of one-third (<math>\frac{1}{3}</math>) of the principal amount of the Allowed Priority Claim, plus accrued interest on the unpaid balance at the rate of six percent (6%), with the first payment being made on June 30, 2017, and a similar payment being made on June 30, 2018, and a final payment being made on June 30, 2019.</p> <p>This treatment is not less favorable than the most favored nonpriority unsecured Claim provided for by the Plan as required by Section 1129(a)(9)(C) and (D) of the Bankruptcy Code.</p> |
|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <p>Although a portion of the Claim of Jackson County, Mississippi, for real estate ad valorem taxes qualifies as a Priority Claim under Section 507(a)(8) of the Bankruptcy Code, the Debtors have treated that Priority Claim as a part of the Class 5 Secured Claim of Jackson County, Mississippi, which encompasses not only the Priority portion of the Claims of Jackson County, Mississippi, but all of the Allowed Secured Claims of Jackson County, Mississippi, for unpaid 2013, 2014 (pre-petition), and 2015 (post-petition) real estate ad valorem taxes on the real property formerly owned by the Debtors that was sold, transferred and conveyed to the MPC Environmental Trust and the MPC Liquidation Trust on October 16, 2015. Pursuant to Section 2.3(c) of the APA, the Class 5 Secured Claims of Jackson County, Mississippi, are Assumed Tax Liabilities that will be paid by the MPC Liquidation Trust outside the terms of the Plan.<sup>4</sup> Pursuant to Section 506(a) of the Bankruptcy Code, the Claims of Jackson County, Mississippi, are Allowed Secured Claims to the extent that Jackson County, Mississippi, has a non-avoidable lien on property in which the bankruptcy estate has an interest and only to the extent of the value of the interest of Jackson County, Mississippi, in the estate's interest in such property. The Debtors have filed a Valuation Motion requesting the Court to enter an order determining the Debtors' tax liability to Jackson County, Mississippi, should be based upon values of their assets reflected by the sale process, expressions of interest and offers or non-qualified bids received by the Movants in an effort to determine tax liability of</p> |
|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

<sup>4</sup> The Agent Secured Claim was reduced by the \$15,000,000 credit bid which cancelled that amount of the Pre-Petition Indebtedness bid by the MPC Liquidation Trustee, as the Agent's designee, for the Liquidation Trust Acquired Assets, with the amount of the cancellation of Pre-Petition Indebtedness reduced by the amount of Assumed Tax Liabilities assumed by Purchaser at Closing, with current year ad valorem taxes prorated through the Closing Date. The credit bid was pursuant to Section 363(k) of the Bankruptcy Code. The MPC Liquidation Trust also agreed to be co-liable with the Debtors for all Secured Tax Claims on the Liquidation Trust Acquired Assets and the DIP Obligations provided, however, that the agreement of the MPC Liquidation Trust to be or become co-liable with the Debtors shall not in any way reduce such obligations except to the extent such liabilities against the Debtor are actually paid by the MPC Liquidation Trust. Although the parties agreed that the payment of such Assumed Liabilities by either the Debtors or the MPC Liquidation Trust shall give no right of contribution against the other, in Section 8.3 of the APA, the MPC Liquidation Trust agreed that from and after the Closing, the MPC Liquidation Trust shall pay and discharge all Assumed Liabilities and that it shall reimburse and hold the Debtors harmless from and against any claim, loss, cost, or expense arising from or related to (i) the Assumed Liabilities, or (ii) the operation of the Purchased Assets by Purchaser or any Affiliate of Purchaser or their respective successors and assigns, from and after the Closing Date.



|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>the Debtors and to grant relief from the excess taxation for tax years 2013, 2014, and 2015. The Court's ruling on the Valuation Motion will determine the extent of the Secured Claim of Jackson County, Mississippi, and also the extent of the rebate or the credit to which the Debtors may be entitled from Jackson County, Mississippi.</p> <p>Unless Jackson County, Mississippi, objects, the Plan treats the Claim of Jackson County, Mississippi, as a Secured Claim for the real property ad valorem taxes owed to it for calendar years 2013, 2014, and 2015 to the extent such taxes are due and owing determined by the Court pursuant to the Valuation Motion. If Jackson County, Mississippi, elects to assert any portion of its Claim for the real property ad valorem taxes as a Priority Claim instead of as a Secured Claim, Jackson County, Mississippi, shall receive the treatment specified above for holders of Allowed Priority Claims Under Section 507(a)(8) of the Bankruptcy Code for that portion of Claim that was incurred before the commencement of the Bankruptcy Cases and last payable without penalty after one year before the filing of the petition.</p> <p>With respect to that portion of the Claim of Jackson County, Mississippi, for personal property taxes, the Debtors have filed a Valuation Motion requesting the Court to enter an order determining the Debtors' tax liability to Jackson County, Mississippi, should be based upon values of their assets reflected by the sale process, expressions of interest and offers or non-qualified bids received by the Movants in an effort to determine tax liability of the Debtors and to grant relief from the excess taxation for tax years 2013, 2014, and 2015. The Court's ruling on the Valuation Motion will determine the extent of the Secured Claim of Jackson County, Mississippi, with respect to personal property as well as real property, and also the extent of the rebate or the credit to which the Debtors may be entitled from Jackson County, Mississippi. On information and belief, the personal property located on the property formerly owned by the Debtors in Jackson County, Mississippi, had no value and therefore there should not be any moneys owed for personal property taxes for such personal</p> |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|   |                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                                                    | <p>property. Further, to the extent any personal property taxes were for inventory, those taxes are the responsibility of the owners of that personal property, and not solely the liability of the Debtors. To the extent the Debtors have any liability for any personal property taxes, Jackson County, Mississippi, shall receive the treatment specified above for holders of Allowed Priority Claims Under Section 507(a)(8) of the Bankruptcy Code for that portion of Claim that was incurred before the commencement of the Bankruptcy Cases and last payable without penalty after one year before the filing of the petition.</p> <p><b><u>Employee Severance Claims.</u></b> The Mississippi Phosphates Severance Pay Plan, which had been adopted in 2011, was terminated by the Board of Directors of MPC in conjunction with the filing of the bankruptcy petitions. Under the terms of that Plan, MPC reserved the right to amend or terminate the Plan at any time without prior notice. Because of the financial constraints under which MPC was going to have to operate post-bankruptcy, the Board of Directors of MPC voted to terminate the Plan. Notice of the termination of the Plan was given to employees shortly after the Petition Date. Accordingly, because MPC paid all of their employees all wages owed during the term of their employment, the Debtors or the MPC Plan Trustee intend to object to any severance claim filed.</p> |
| 2 | Agent Secured Claims (Pre-Petition Lenders Claims) | <p>Class 2 Claims are those of the Pre-Petition Lenders, the indebtedness owed to which has been denominated as the Agent Secured Claims.<sup>4</sup> As reflected in the Committee Settlement Agreement and in the Committee Settlement Agreement Order and in the Environmental Settlement Order, the Class 2 Claims are comprised of the Pre-Petition Indebtedness. The Claims of Class 2 will be paid in accordance with the distribution and allocation and priority scenarios set forth in Article V of the Plan, and are not impaired.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

<sup>4</sup> The Agent Secured Claim has been reduced by the \$15,000,000 credit bid which cancelled that amount of the Pre-Petition Indebtedness bid by the MPC Liquidation Trustee, as the Agent's designee, for the Liquidation Trust Acquired Assets, with the amount of the cancellation of Pre-Petition Indebtedness reduced by the amount of Assumed Tax Liabilities assumed by Purchaser at Closing, with current year ad valorem taxes prorated through the Closing Date. The credit bid was pursuant to Section 363(k) of the Bankruptcy Code. The MPC Liquidation Trust

|   |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 | DIP Lenders Claims (DIP Obligations)              | Class 3 Claims are those of the DIP Lenders, and the indebtedness owed to the DIP Lenders is defined as the DIP Obligations. As reflected in the Committee Settlement Agreement and in the Committee Settlement Agreement Order, the Class 3 Claims are the \$6,000,000 borrowed by the Debtors under the DIP Credit Agreement, together with interest, fees, costs and other charges under the DIP Credit Agreement. Pursuant to Section 2.3(d) of the APA, the DIP Obligations are part of the Assumed Liabilities of the Liquidation Trustee. Accordingly, the DIP Obligations will be paid outside the Plan by the Liquidation Trustee according to terms acceptable to the DIP Lenders and the Liquidation Trustee and therefore are unimpaired.                                                                                                              |
| 4 | Secured Claims - Landlords Lessors, and Utilities | Class 4 Secured Claims are the Allowed Secured Claims of Landlords, Lessors, and Utilities, whose executory contract or unexpired lease which formed the basis of the Allowed Secured Claim was not assumed and assigned to either the Environmental Trust or the MPC Liquidation Trust under one of the Alternative Transactions. <sup>5</sup> Each such Claim is a Secured Claim only to the extent that any such creditor has a non-avoidable lien on property in which the bankruptcy estate has an interest and only to the extent of the value of such creditor's interest in the estate's interest in such property, as provided by Section 506(a) of the Bankruptcy Code. To the extent that a Class 4 Creditor has an Allowed Secured Claim, the automatic stay is lifted and the Class 4 Creditor can look to its collateral or security deposit for the |

also agreed to be co-liable with the Debtors for all Secured Tax Claims on the Liquidation Trust Acquired Assets and the DIP Obligations provided, however, that the agreement of the MPC Liquidation Trust to be or become co-liable with the Debtors shall not in any way reduce such obligations except to the extent such liabilities against the Debtor are actually paid by the MPC Liquidation Trust. Although the parties agreed that the payment of such Assumed Liabilities by either the Debtors or the MPC Liquidation Trust shall give no right of contribution against the other, in Section 8.3 of the APA, the MPC Liquidation Trust agreed that from and after the Closing, the MPC Liquidation Trust shall pay and discharge all Assumed Liabilities and it shall reimburse and hold Sellers harmless from and against any claim, loss, cost, or expense arising from or related to (i) the Assumed Liabilities, or (ii) the operation of the Purchased Assets by Purchaser or any Affiliate of Purchaser or their respective successors and assigns, from and after the Closing Date.

<sup>5</sup> If the executory contract or unexpired lease of any Landlord, Lessor, or Utility was assumed and assigned to either the Environmental Trust or the MPC Liquidation Trust under one of the Alternative Transactions, all existing defaults under any such executory contract or unexpired lease were to have been cured in connection with the assumption and assignment, and, pursuant to Section 365(k) of the Bankruptcy Code, neither the Debtors nor the bankruptcy estates have any further liability for any breach of such contract or lease arising after such assignment.

|   |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                                              | satisfaction of its Allowed Secured Claim. All Class 4 Secured Creditors will be paid only from their deposit or from the proceeds of the sale of their collateral for the amount of the Allowed Secured Claim, and any deficiency that exists between the total amount of the claim of such Class 4 Creditor and the amount of such Class 4 Creditor's Allowed Secured Claim (i.e., the value of the deposit or collateral) will be treated as a Class 6 General Unsecured Claim. The Class 6 General Unsecured Claim that arises as a result of the deficiency will confer Class 6 voting and distribution rights upon the holder of such a Class 6 General Unsecured Claim.                                                                                                                                                                                                                                                                                                                                |
| 5 | Secured Claims - Jackson County, Mississippi | Class 5 Secured Claims are the Allowed Secured Claims of Jackson County, Mississippi, for unpaid 2013 and 2014 (pre-petition) and 2015 (post-petition) real estate ad valorem taxes on the real property formerly owned by the Debtors that was sold, transferred and conveyed to the MPC Environmental Trust and the MPC Liquidation Trust on October 16, 2015. Pursuant to Section 2.3(c) of the APA, the Class 5 Secured Claims of Jackson County, Mississippi, are Assumed Tax Liabilities that will be paid by the MPC Liquidation Trust outside the terms of the Plan <sup>6</sup> and therefore are unimpaired. Pursuant to Section 506(a) of the Bankruptcy Code, the Claims of Jackson County, Mississippi, are Allowed Secured Claims only to the extent that such creditor has a non-avoidable lien on property in which the bankruptcy estate has an interest and only to the extent of the value of such creditor's interest in the estate's interest in such property. The Debtors have filed a |

<sup>6</sup> The Agent Secured Claim was reduced by the \$15,000,000 credit bid which cancelled that amount of the Pre-Petition Indebtedness bid by the MPC Liquidation Trustee, as the Agent's designee, for the Liquidation Trust Acquired Assets, with the amount of the cancellation of Pre-Petition Indebtedness reduced by the amount of Assumed Tax Liabilities assumed by Purchaser at Closing, with current year ad valorem taxes prorated through the Closing Date. The credit bid was pursuant to Section 363(k) of the Bankruptcy Code. The MPC Liquidation Trust also agreed to be co-liable with the Debtors for all Secured Tax Claims on the Liquidation Trust Acquired Assets and the DIP Obligations provided, however, that the agreement of the MPC Liquidation Trust to be or become co-liable with the Debtors shall not in any way reduce such obligations except to the extent such liabilities against the Debtor are actually paid by the MPC Liquidation Trust. Although the parties agreed that the payment of such Assumed Liabilities by either the Debtors or the MPC Liquidation Trust shall give no right of contribution against the other, in Section 8.3 of the APA, the MPC Liquidation Trust agreed that from and after the Closing, the MPC Liquidation Trust shall pay and discharge all Assumed Liabilities and that it shall reimburse and hold the Debtors harmless from and against any claim, loss, cost, or expense arising from or related to (i) the Assumed Liabilities, or (ii) the operation of the Purchased Assets by Purchaser or any Affiliate of Purchaser or their respective successors and assigns, from and after the Closing Date.

|   |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                                     | Valuation Motion requesting the Court to enter an order determining the Debtors' tax liability to Jackson County, Mississippi, should be based upon values of their assets reflected by the sale process, expressions of interest and offers or non-qualified bids received by the Movants in an effort to determine tax liability of the Debtors and to grant relief from the excess taxation for tax years 2013, 2014 and 2015. The Court's ruling on the Valuation Motion will determine the extent of the Secured Claim of Jackson County, and also the extent of the rebate or the credit to which the Debtors may be entitled.                                                                                                                                                                                                                                                                                                                                              |
| 6 | General Unsecured Claims            | Class 6 is comprised of all General Unsecured Claims. Included in Class 6 Claims are any claims by any counterparty to an unexpired lease or executory contract for rejection damages. Also included in Class 6 Claims are MDEQ's claims for damages to natural resources, which, pursuant to the Environmental Settlement Agreement, are an Allowed General Unsecured Claim in the amount of \$186,000.00, and which shall be paid without discrimination in the same manner as other Allowed General Unsecured Claims are paid, or from any available insurance proceeds. <sup>7</sup> Allowed General Unsecured Class 6 Claims will be paid Pro Rata, but only to the extent of any remaining funds in the Disbursing Account after the payment in full of the following: (i) all Administrative Expense Claims set forth above; (ii) all post-confirmation Administrative Expense Claims to be incurred until the Bankruptcy Case is closed; and (iii) the Claims of Class 1. |
| 7 | Subordinated Claims of EPA and MDEQ | Class 7 Claims are those of the EPA and the Subordinated MDEQ Claim. Pursuant to the Environmental Settlement Agreement, EPA's Claims for civil penalties for violations of RCRA, CAA, and CWA shall be Allowed General Unsecured Claims in the amounts of \$2,300,000 for RCRA violations, \$600,000 for CAA violations, and \$1,400,000 for                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

<sup>7</sup> MDEQ also asserted a General Unsecured Claim against MPC for Title V Air Permit Fees in the amount of \$86,470.04 as reflected in the *Order Granting Motion of Debtors to Determine Cure Amounts for Executory Contracts and Unexpired Leases that May Be Assumed and Assigned as Part of the Sales Motion* [Dkt. # 628], but the Debtors and MDEQ resolved that Claim in connection with the assumption and assignment of the Title V Air Permits to the MPC Liquidation Trust, so the Debtors no longer have any liability with respect to the Title V Air Permit Fees and MDEQ does not have any General Unsecured Claim with respect to the Title V.



|   |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                  | CWA violations, but shall be subordinated to the Allowed General Unsecured Claims of other Class 6 General Unsecured Creditors. Similarly, pursuant to the Environmental Settlement Agreement, MDEQ's Claims for civil penalties for violations of RCRA, CAA, and CWA shall be Allowed General Unsecured Claims in the amounts of \$2,300,000 for RCRA violations, \$600,000 for CAA violations, and \$1,400,000 for CWA violations, but shall be subordinated to the Allowed General Unsecured Claims of other Class 6 General Unsecured Creditors. These Class 7 Claims will be paid in accordance with the distribution and allocation and priority scenarios set forth in Article V of the Plan from Cash administered by the MPC Plan Trustee, but only after the Claims of all Class 6 holders have been paid in full. |
| 8 | Equity Interests | The holder of any Equity Interest will not receive or retain any property under the Plan or on account of such Equity Interest. Within ninety (90) days after the Effective Date, all existing Equity Interests in the Debtors will be extinguished and retired and the Debtors shall be dissolved. The holders of Equity Interests will receive no distributions under the Plan. Accordingly, such Class 8 Equity Interests are impaired by the Plan and are deemed not to have accepted the Plan in accordance with Section 1126(g) of the Bankruptcy Code because the holder of any Equity Interest will not receive or retain any property under the Plan or on account of such Equity Interest.                                                                                                                         |

THE TREATMENT AND DISTRIBUTIONS PROVIDED TO HOLDERS OF ALLOWED CLAIMS AND INTERESTS PURSUANT TO THE PLAN ARE IN FULL AND COMPLETE SATISFACTION OF THE ALLOWED CLAIMS AND INTERESTS ON ACCOUNT OF WHICH SUCH TREATMENT IS GIVEN AND DISTRIBUTIONS ARE MADE. REFERENCE SHOULD BE MADE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN FOR A COMPLETE DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS.

### III. HISTORY OF THE DEBTORS

#### A. Mississippi Chemical Corporation

The history of the Company starts in 1948 when Mississippi Chemical Corporation was incorporated as the first fertilizer cooperative in the United States (the "*Cooperative*"). The

principal business of the Cooperative was to provide fertilizer products to its shareholders pursuant to preferred patronage rights, which gave the shareholders the right to purchase fertilizer products and receive a patronage refund with respect to such purchases. On June 28, 1994, the shareholders of the Cooperative approved a reorganization of the Cooperative, pursuant to which the Cooperative was merged, effective July 1, 1994, into a wholly owned subsidiary of the Cooperative that was formed on May 23, 1994, as a Mississippi business corporation that became the then-current Mississippi Chemical Corporation ("*MissChem*"). Pursuant to the Cooperative's reorganization, the issued and outstanding shares of capital stock of the Cooperative were converted into shares of common stock and/or cash, and holders of special accounts were offered exchange rights for common stock. MissChem's principal executive offices were located in Yazoo City, Mississippi.

#### **B. Establishment of Public Company**

Effective as of July 1, 1994 (the date of the merger described above), MissChem became a publicly held business corporation, and its initial public stock offering occurred on August 16, 1994. From August 16, 1994, through October 9, 1996, MissChem's stock was traded on the NASDAQ exchange under the symbol "MISS." On October 10, 1996, MissChem's common stock began trading on the New York Stock Exchange under the symbol "GRO." On February 10, 2003, MissChem's shares were delisted from the NYSE and began trading on the OTC Bulletin Board through December 2004 under the symbol "MSPI."

MPC was formed as a Delaware corporation on October 29, 1990. The Pascagoula, Mississippi, diammonium phosphate ("*DAP*") facility was originally a NPK granulation facility constructed in 1957 by Coastal Chemical Corporation ("*Coastal*"), the Cooperative's former subsidiary. In 1972, Coastal merged into the Cooperative. In 1988, the Cooperative financed the sale of the NPK facility to Nu-South, Inc. ("*Nu-South*"), which converted the plant to a DAP facility. Nu-South filed bankruptcy in 1990, and as a secured creditor, MissChem acquired the assets through MPC, its wholly owned subsidiary, on December 7, 1990.

#### **C. MissChem's Phosphate Segment**

One of the four primary business segments of MissChem was the Phosphates Segment. Under MissChem, MPC produced DAP, the most common form of phosphate fertilizer, at the Pascagoula, Mississippi, facility. Approximately 700,000 tons were produced and sold on an annual basis.

#### **D. MissChem's Chapter 11 Case**

MissChem experienced continued net losses over a five-year period beginning in fiscal year 1999; operating losses began in fiscal year 2000. These losses were the result of low sales prices for its nitrogen products that resulted from an over-supply in world markets caused by new plants that were built in the late 1990's and the unprecedented increase in volatility and price of natural gas that began in fiscal year 2001. While product prices recovered from the levels experienced during fiscal years 1999 and 2000, natural gas prices remained at high levels.

Further market conditions compounded MissChem's financial troubles. Adverse agricultural factors such as a poor farm economy and unfavorable weather conditions led to

reduced sales and limited MissChem's ability to increase fertilizer prices to offset increasing production costs. Imports of unfairly low-priced fertilizer into the Debtors' primary markets negatively affected the Debtors' traditional market share. MissChem's efforts to internally address these operational issues also contributed to reduce available liquidity. Costs associated with (a) refinancing of its credit facility, (b) increased insurance costs, and (c) reductions in workforce and completion of an early retirement offer reduced the levels of available operating capital. Notwithstanding these efforts, natural gas prices remained volatile and much higher than normal resulting in a continuous deterioration of MissChem's financial condition.

After thoroughly exploring all possible alternatives, MissChem determined that reorganization under Chapter 11 provided a forum and the best available means for effectively implementing the capital restructuring that was necessary to rehabilitate MissChem. Moreover, reorganization under Chapter 11 would afford essential protection and relief from a certain liquidity crisis and default under its credit facility. MissChem and its wholly-owned domestic subsidiaries, including MPC, filed petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Mississippi on May 15, 2003 (the "*MissChem Petition Date*"). MissChem believed that reorganization under Chapter 11 would best preserve the enterprise while MissChem's financial restructuring could be implemented and likewise best serve the interests of creditors, employees, equity interest holders, and the communities in which MissChem operated.

Phosphate Holdings, Inc. ("*PHI*") is a Delaware corporation that was formed in December 2004 in connection with the MissChem bankruptcy reorganization. Pursuant to MissChem's confirmed bankruptcy plan, all the common stock of MPC was issued to the MPC Statutory Trust, a Delaware statutory trust (the "*Trust*") for the benefit of certain creditors of MissChem and MPC, and these creditors received Trust units in exchange for claims against MissChem and MPC.

#### **E. Capital Structure**

Immediately after MPC's emergence from bankruptcy, the Trust transferred all of the common stock of MPC to PHI, in exchange for all the common stock of PHI, as outlined in MissChem's confirmed bankruptcy plan. On June 20, 2007, the Trust unit holders voted to dissolve the Trust, which resulted in the distribution of the PHI shares held by the Trust to the Trust unit holders. Upon the dissolution and winding up of the Trust in June 2007, each holder of Trust units received five shares of PHI common stock per Trust unit.

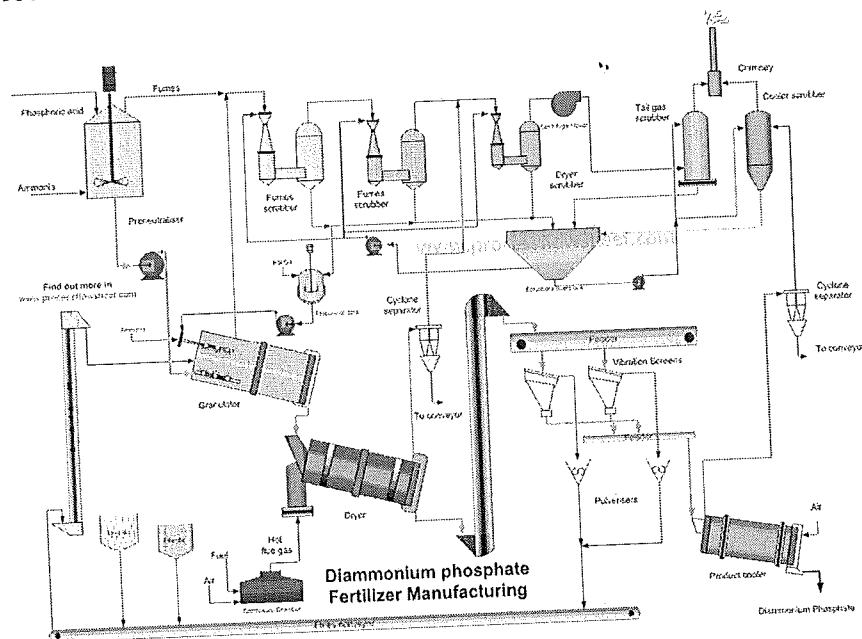
ATS is a wholly owned subsidiary of MPC formed in May 2010. ATS owns an ammonia storage tank, which stores ammonia used in MPC's production of DAP, as well as the related land, improvements, fixtures, appurtenances, easements and rights.

SATS is a wholly owned subsidiary of MPC formed in May 2010. SATS owns a sulfuric acid storage tank, which stores sulfuric acid used in MPC's production of DAP, as well as the related land, improvements, fixtures, appurtenances, easements and rights.

MPC was a major United States producer and marketer of DAP, one of the most common types of phosphate fertilizer. DAP is MPC's primary product. To produce DAP, phosphate rock is combined with sulfuric acid to form phosphoric acid, which is then mixed with ammonia to produce DAP, a dry granular product. In its chemical composition, DAP is comprised of 46 percent phosphate and 18 percent nitrogen. Of the ammoniated phosphate produced in the United States, 98 percent is sold as fertilizer. Among other things, phosphate affects seed germination; it helps plants use water efficiently and protects plants against diseases. In alkaline soil conditions, one of the ammonia molecules in DAP will revert to ammonia, making it an excellent fit for low pH or alkaline soil. DAP itself is alkaline with a high pH, exceeding 7.5. Thus, DAP plays an important role in improving crop quality, increasing crop yields and mitigating the effects of environmental stresses on plants.

In non-agricultural instances, DAP is used in many applications as a fire retardant. For example, a mixture of DAP and other ingredients can be spread in advance of the fire to prevent a forest from burning. DAP then becomes a nutrient source after the danger of fire has passed. DAP is also used in various industrial processes, such as metal finishing. DAP is commonly added to wine to sustain yeast fermentation and to cheese to support cheese cultures.

The process flow sheet for DAP production is exhibited below.



The flow sheet illustrates how liquid ammonia is fed to the pre-neutraliser through dispersion distributor located at the bottom. Phosphoric acid 54% P<sub>2</sub>O<sub>5</sub> is injected in to the pre-neutraliser from the top. An agitator with variable driven motor is provided in the reactor for through mixing to yield slurry. This produces a chemical reaction in the diammonium phosphate pre-neutraliser:  $\text{NH}_3 + \text{H}_3\text{PO}_4 \rightarrow \text{NH}_4\text{H}_2\text{PO}_4$  (monoammonium phosphate or "**MAP**") and  $\text{NH}_4\text{H}_2\text{PO}_4 + \text{NH}_3 \rightarrow (\text{NH}_4)_2\text{HPO}_4$  (DAP).

The resulting boiling slurry from pre-neutraliser is fed on the rotating bed of recycle material in a rotary drum granulator and therefore it is ammoniated to 1.8 to 1.85 molaration by sparging liquid ammonia through the formation of recent granules bed in the granulator. The moist granulated material discharged from granulator is dried in a rotary dryer using hot-quenched gas to reduce the moisture content of the material from about 3% to 1%. The cascade screen separates the dried material based on the size of granule particles. The screened out particles are cooled by the rotary drum cooler the inclined rotation enhance huge quantity of hot granules to contact with cool air blown counter currently from the outlet. The oversize materials from the screens are pulverized and recycled to the granulator. The grade of the DAP is adjusted by addition of urea and filler, and the conveyor system transports the DAP fertilizer to the bagging system.

The scrubbing system traps the fumes obtained from the granulator and pre-neutraliser and the dry scrubber cleans vent out air that carries the fertilizer particles generated from pulverizers, screens, and product cooler. Finally, the tail gas scrubber further scrubbers the air before discharging it into the atmosphere.

As of the Petition Date, the Company employed 224 employees and approximately 26 "nested" third-party contract employees. MPC's production facilities are located on a deep-water channel in Pascagoula, Mississippi, with direct access to the Gulf of Mexico. The Company's manufacturing facilities consist of two sulfuric acid plants, a phosphoric acid plant, and a DAP granulation plant.

In 2013, MPC sold 618,000 tons of DAP at an average price of \$394 per ton. For the year ended December 31, 2013, the Company had net sales of \$246.5 million, operating loss of \$29.6 million, cash flow from operations of (\$29.6) million and EBITDA of (\$14.8) million. As of September 30, 2014 (year to date), MPC has (a) sold 343,582 tons of DAP at an average price of \$416 per ton, (b) sold 23,295 tons of MAP at an average price of \$475 per ton, and (c) had miscellaneous terminalling revenue of approximately \$1.4 million. Also, as of September 30, 2014 (year to date), the Company has net sales of \$155.6 million, pre-tax operating loss of \$33.9 million, cash used in operations of (\$22.9) million and EBITDA of (\$15.4) million.

#### **G. Pre-Bankruptcy Financing**

On May 6, 2010, the Debtors executed a \$25 million credit facility (the "*2010 Credit Facility*") with Transammonia, Inc., the Company's then-largest customer ("*Trammo*"). The 2010 Credit Facility provided for \$15 million in revolving loans during an initial two-year period, and a \$10 million letter of credit sub-facility (which the Company used to guarantee the purchase of phosphate rock from OCP (as defined below)). On May 6, 2012, the revolving credit feature of the 2010 Credit Facility expired and the outstanding balance amortized over eight years. The 2010 Credit Facility was secured by a lien and security interest on the ammonia and sulfuric acid terminal assets, certain real property underlying the Company's plant site and all personal property of PHI and the Debtors.

After entering into the 2010 Credit Facility, numerous business disputes arose between Trammo and the Company. Given Trammo's importance to the Company (described in detail



below), and the Company's need to keep this relationship in place, the Company was forced to refinance the 2010 Credit Facility.

On September 4, 2013, the Debtors entered into that certain Amended and Restated Credit Agreement, which amended, restated and extended the obligations under the 2010 Credit Facility (the "*Amended and Restated Facility*"). Pursuant to the Amended and Restated Facility, certain lenders advanced \$21 million to the Debtors (which included the assumption of all term loan obligations owed to Trammo). The Amended and Restated Facility - which allowed the Company to favorably renegotiate certain commercial agreements with Trammo (which provided much needed flexibility and avoided a bankruptcy filing), enabled the Company to begin the process of implementing the capital improvements and Turnarounds discussed below, was structured in a way to permit the Company to conserve cash, and provided bridge financing while the Company sought permanent financing - is secured by all collateral securing the 2010 Credit Facility and certain other real estate and related assets.

On January 10, 2014, and March 11, 2014, the Company amended the Amended and Restated Facility to provide for an additional \$15 million in convertible debt from certain Lenders. The proceeds were used to complete the interstage tower for the No. 2 sulfuric acid plant, to perform maintenance turnaround on the No. 2 sulfuric acid plant and other day-to-day operations.

On May 29, 2014, the Company further amended the Amended and Restated Facility to provide for an additional \$10 million in term loans from certain Lenders for general corporate purposes, including the funding of ongoing environmental obligations.

On August 8, 2014, the Company further amended the Amended and Restated Facility to provide for an additional \$3 million revolving credit facility, among the Company, as borrowers, PHI as guarantor, and certain of the Lender Parties, pursuant to which those Lenders extended credit and loaned money to the Company on the terms set forth therein.

As of the Petition Date, approximately \$58.2 million in principal and PIK interest obligations were outstanding under the Amended and Restated Facility. The obligations under the Amended and Restated Facility are secured by a first priority, senior lien, and security interest on certain real and personal property assets of the Company and of PHI pursuant to the Amended and Restated Facility (as amended, restated, supplemented or otherwise modified from time to time), by the Company and PHI, as grantors, in favor of the Agent for the ratable benefit of the respective Lenders.

As of the Petition Date, the number of PHI common shares outstanding totaled 36,164,583, after exercise of warrants.

#### **H. Material Relationships and Agreements**

On August 27, 2009, MPC and OCP S.A. ("*OCP*"), a corporation owned by the Kingdom of Morocco, entered into a phosphate rock supply agreement effective as of July 3, 2009 (the "*Supply Agreement*"). Phosphate rock is the primary raw material used to manufacture DAP. Under the Supply Agreement, MPC agreed to purchase from OCP, on a take-or-pay basis, the phosphate rock requirements of MPC's manufacturing facilities in Pascagoula, Mississippi. The

price of phosphate rock is determined quarterly with a negotiated formula that is based, in part, on related market prices. MPC and OCP have extended the Supply Agreement through December 31, 2014. As of the Petition Date, MPC alleges that it owes \$4.7 million to OCP under the Supply Agreement.

On February 27, 2014, MPC and Interoceanic Corporation ("**IOC**") entered into that certain *Marketing Agreement* (the "**Marketing Agreement**"), as amended, in which IOC has the exclusive right and obligation purchase the entire DAP output of MPC, with the exception of 69,000 short tons per year. IOC remarketed the DAP it purchases from MPC into both the domestic and export markets. The Company's internal sales staff marketed the reserved 69,000 short tons of DAP into the domestic market. Accordingly, IOC was the principal customer of MPC, accounting for approximately eighty-nine percent (89%) of MPC's annual DAP sales. As of the Petition Date, MPC's books and records reflected that IOC was a net-debtor to MPC under the Marketing Agreement as of the Petition Date.

On January 1, 2007, MPC and Trammo entered into that certain *Anhydrous Ammonia Sales Contract*, as amended (the "**Sales Contract**"), in which MPC agreed to purchase one hundred percent (100%) of MPC's ammonia requirements from Trammo. On May 6, 2010, MPC, ATS and Trammo entered into that certain *Ammonia Tank Services Agreement* (the "**Tank Agreement**") in which MPC and ATS agreed to maintain and operate the ammonia tank (the "**Ammonia Tank**") and the facilities and equipment for loading the ammonia product from and into rail cars, barges and trucks (the "**Ammonia Terminal**"). On May 6, 2010, MPC and Trammo entered into that certain *Industrial Lease* (the "**Lease**") whereby MPC agreed to lease the Ammonia Tank and the Ammonia Terminal exclusively to Trammo (the Sales Contract, Tank Agreement, and the Lease, collectively, the "**Trammo Agreements**").

Pursuant to the Trammo Agreements, MPC operated and maintained the Ammonia Tank and the Ammonia Terminal exclusively for Trammo. Approximately forty percent (40%) of the ammonia stored in the Ammonia Tank was consumed by MPC in their operations and the remainder was sold by Trammo on the open market. MPC's revenues ranged from \$1.7 million to over \$3 million per annum for the services and facilities provided under the Trammo Agreements. Under the Lease, Trammo had an option to purchase the Ammonia Tank and the Ammonia Terminal in the event MPC defaulted under the Lease and failed to cure such default within the requisite time periods (the "**Purchase Option**").

## **I. Environmental Matters**

In the operation of its plant in Pascagoula, Mississippi, MPC created phosphogypsum as a by-product of production of phosphoric acid. To dispose of the phosphogypsum, MPC maintained two "stacks" into which the phosphogypsum was deposited. Although phosphogypsum is classified as a non-hazardous material, the Mississippi Department of Environmental Quality ("**MDEQ**") directed MPC to address the possible future closure of these stacks to abate and prevent ongoing environmental contamination. MPC entered into the following executed Agreed Orders with respect to Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901 *et seq.* ("**RCRA**") with the EPA, as applicable: Docket RCRA-04-2009-4262; Docket RCRA-04-2007-4252; and Docket RCRA-04-2012-4250. MPC also entered into

the following executed Agreed Orders with the MDEQ: Docket 6305-13; Docket 5921-11; Docket 5369-08; Docket 5357-08; Docket 4716-04; and Docket 4275-01.

The oldest stack is known as the “West Gypsum Stack,” into which both MPC and MCC, in its prior operation of the Pascagoula facility, deposited phosphogypsum. The second and newer stack is known as the “East Gypsum Stack” and is governed by the requirements contained in Solid Waste Management Permit No. SW300040452 (the “**Solid Waste Permit**”) issued to MPC by MDEQ. The Solid Waste Permit is conditioned on a requirement that Phosphates provide “financial assurance” for payment of the closure costs of the East Stack. The initial form of financial assurance provided was a guaranty from MCC (the “**East Gypsum Stack Guaranty**”). In July 2001, MPC was informed by MDEQ that a substituted form of financial assurance would be required due to its concerns over MCC’s financial ability to satisfy its obligations under the East Gypsum Stack Guaranty. Accordingly, MPC proposed to MDEQ to establish a trust fund for the closure costs to be funded from its own operations. MPC and MDEQ entered into a letter agreement dated March 1, 2004, regarding approval of the trust fund as the financial assurance to be provided under the Solid Waste Permit, and an Agreed Order was entered by the Mississippi Commission on Environmental Quality on the same date (the “**East Gypsum Stack Agreed Order**”) approving the trust fund mechanism as the financial assurance to be provided by Phosphates after the Effective Date. The East Stack Guaranty formerly serving as the financial assurance mechanism under the Solid Waste Permit was cancelled and released by the East Stack Agreed Order.

Both prior to the Petition Date and subsequently, MPC met this obligation pursuant to that certain *Agreed Order, In re: Financial Assurance Mechanism for East Phosphogypsum Stack, Mississippi Phosphates Corporation*, Order No. 4716-04 issued by MDEQ (the “**Consent Order**”) which approved MPC’s proposed financial assurance mechanism. The Consent Order provided for a quarterly payment into an interest-bearing trust fund for closure, post-closure care, and related water treatment costs to be incurred when the capacity of the East Gypsum Stack is depleted.<sup>8</sup> These payments were to continue until the funds in the trust, including earnings from trust assets, were sufficient to cover the estimated costs of closure at the completion of the East Gypsum Stack’s useful life and the post-closure costs for water treatment and leachate. Since the Consent Order was issued, MPC paid \$200,000 per quarter into the trust fund.

## J. The BP Claim

On August 3, 2012, PHI submitted a Business Economic Loss Claim relating to the Deepwater Horizon Incident (as defined in the BP Settlement Agreement (as defined below)) to the Deepwater Horizon Claims Center for Economic & Property Damage Claims under and in accordance with that certain *Economic and Property Damages Settlement Agreement*, dated as of April 18, 2012, among BP Exploration and Production Inc., BP America Production Company and the other parties thereto (the “**BP Settlement Agreement**”). The BP Claim was filed as a consolidated claim for the Debtors and PHI, supported by the consolidated financial statements

<sup>8</sup> Under the Consent Order, the amount of the quarterly payment into the sinking fund is to be the greater of \$200,000.00 or an amount based on the following formula:  $(CE - CV) \div Q$ , where CE is the Current Cost Estimate for closure and post-closure care (updated for inflation and other changes), where CV is the Current Value of the Trust Fund, and where Q is the number of quarter years remaining in the life of the East Gypsum Stack.

of the Debtors and PHI and the consolidated federal tax returns of the Debtors and PHI. The BP Claim listed 2009 total business revenues of \$186,311,000.00, which amount was comprised primarily of revenues from the operation of the Debtors' businesses.

Since the May 6, 2010, Pledge and Security Agreement with Trammo, the Company, and PHI assert they had granted a security interest in certain commercial tort claims<sup>9</sup> to Trammo, and subsequently, to the respective Lenders. The Committee disputes this assertion and whether the Lenders had a perfected security interest in those commercial tort claims.

#### **K. Events Leading to Bankruptcy**

Prior to the Petition Date, the cumulative effect of several factors, including natural disasters, market fluctuations, deferred capital expenditures and maintenance, unplanned shutdowns of the production facilities, and unsuccessful planned turnarounds, have had a significant detrimental impact on the Debtors' business operations and, as a result, on their financial condition. Because the Debtors had only a single production facility, any sustained disruption leading up to bankruptcy had a material adverse effect the Debtors' business, financial condition, and operating results.

Phosphate rock is the primary raw material used in the production of DAP, and its production is highly concentrated in four countries (China, the United States, Morocco and Russia), which account for nearly 75 percent of world production. Since 1991, the Debtors have purchased all of their phosphate rock from OCP. This exclusive relationship with OCP resulted in economic risk. For example, in 2011, severe flooding in Morocco interrupted the Debtors' phosphate rock deliveries in January and February causing the Company to curtail DAP production. In early May, the Company suspended the operation of the DAP granulation plant and phosphoric acid plant for nine days due to further disruptions in phosphate rock deliveries. Thus, in the times when OCP has failed to provide the Debtors with phosphate rock for any reason, the Company has been unable to produce DAP at the Pascagoula plant until a time when the Debtors were able to obtain phosphate rock from an alternate supplier. Obtaining alternate sources of supply for phosphate rock on reasonable terms has been difficult given the Company's lack of liquidity, financial wherewithal, and ability to provide assurance of payment.

The pre-petition lenders advanced \$49 million under the Amended and Restated Facility to permit the Company to make capital improvements to and perform maintenance of its facilities and operations with the goal of increasing production of DAP and raising cash flow to a viable level (the "*Turnarounds*"). Despite these efforts, the Debtors were not been able to generate positive cash flow during the term of the Amended and Restated Facility due to unforeseen factors, which caused each Turnaround to run over budget and frequently delayed

---

<sup>9</sup> Under 6 Del. C. § 9-102 (a)(13) of the Delaware Uniform Commercial Code, a "commercial tort claim" is defined as follows:

- (13) "Commercial tort claim" means a claim arising in tort with respect to which:
  - (A) the claimant is an organization; or
  - (B) the claimant is an individual and the claim:
    - (i) arose in the course of the claimant's business or profession; and
    - (ii) does not include damages arising out of personal injury to or the death of an individual.



implementation. The Turnarounds caused the Company more downtime than budgeted and, as a result, increased the amount of DAP the Company had to produce to meet its necessary output. Consequently, the desired production goals were never reached following the completion of the Turnarounds.

On September 16, 2014, a waste heat boiler failed in one of the sulfuric acid plants. This boiler failure resulted in reduced DAP production of 1,000 tons per day, which caused the Company to incur additional expenses in the form of an unplanned cash outlay for repairs, as well as lost revenues from the lowered DAP production. This loss of revenue from the reduced DAP production, combined with increased repair and maintenance costs, has created a cash shortfall that could not be remedied by increased production levels at the facility's current capacity. The Company estimated that it needed at least \$14 million to address the immediate cash shortfall and in order to properly sustain business operations through March 31, 2015.

To address its capital needs, the investment banking firm of Sandler O'Neill + Partners, L.P. ("**Sandler O'Neill**") was retained in 2014 to seek to bring in additional capital or identify a buyer or a joint venture partner to avert the liquidity crisis the Company was facing. Sandler O'Neill identified several prospects, and discussions with one prospect progressed to the point where one potential buyer had nearly completed its initial due diligence and was exchanging drafts of a Letter of Intent with the Company's professionals. Unfortunately, on October 19, 2014, that candidate notified the Company that it was withdrawing from the process.

Despite advancing \$49 million to the Company since September 2013 under the Amended and Restated Facility, the Company was not able to generate sufficient cash to fund their operations and address ongoing environmental requirements. The lenders were not willing to make additional loans to fund additional losses outside of the bankruptcy process without participation from other key constituents or new investors. However, the lenders did offer to continue to support the Debtors in the form of their respective commitments to fund the DIP Loan Agreement.

#### IV. SIGNIFICANT EVENTS IN THE BANKRUPTCY CASES

On October 27, 2014 (the "**Petition Date**"), the Debtors filed their voluntary petitions for relief and thereby commenced these Bankruptcy Cases under chapter 11, title 11 of the United States Code, in the United States Bankruptcy Court for the Southern District of Mississippi, Southern Division. Pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors are operating their businesses and managing their properties as debtors-in-possession.

An Official Committee of Unsecured Creditors was appointed by the United States Trustee in these Bankruptcy Cases on November 12, 2014 [Dkt. # 161], and the Court has approved the Committee's retention of Burr & Forman LLP as counsel for the Committee [Dkt. # 473].

The Debtors filed certain emergency motions and applications on the day after the Petition Date (collectively, the "**First Day Motions**"), and these First Day Motions sought relief aimed at preserving the going concern value of the bankruptcy estates and minimizing the adverse effects of the chapter 11 filing on the Debtors' businesses.



The Debtors sought relief in various First Day Motions related to operational, as well as financial and financing issues. The Court entered several orders with respect to the First Day Motion, including:

i. *Interim Order Granting Emergency Motion of the Debtors for Authorization to Maintain Existing Bank Accounts and Cash Management System* [Dkt. # 63];

ii. *Interim Order Approving Motion of the Debtors for Authority to Pay Post-Petition Installments on Insurance Policies Necessary to Maintain Insurance Coverage* [Dkt. # 64];

iii. *Interim Order Under Sections 105, 361, 362, 363, 364 and 507 of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure 2002, 4001 and 9014 (I) Authorizing the Debtors to Incur Post-Petition Senior Secured Superpriority Indebtedness; (II) Authorizing Use of Cash Collateral; (III) Granting Post-Petition Priming and Senior Priority Security Interests and Superpriority Claims; (IV) Granting Adequate Protection; (V) Modifying the Automatic Stay; and (VI) Scheduling a Final Hearing on the Motion* [Dkt. # 66];

iv. *Interim Order Granting, in Part, Motion of the Debtors for Authority to Pay Certain Pre-petition Employee Obligations* [Dkt. # 129]; and

v. *Interim Order Pursuant to Section 366 of the Bankruptcy Code: (A) Prohibiting Utilities from Altering, Refusing or Discontinuing Services To, or Discriminating Against, the Debtors on Account of Pre-petition Amounts Due; (B) Determining That the Utilities Are Adequately Assured of Future Payment; (C) Establishing Procedures for Determining Requests for Additional Assurance; and (D) Permitting Utility Companies to Opt-out of the Procedures Established Herein* [Dkt. # 130].

The Court's granting these, and other, First Day Motions: (i) enabled the Debtors to obtain the necessary funds to stabilize and continue operations; (ii) ensured that the Debtors would continue operations related to environmental maintenance obligations; (iii) greatly minimized the disruptive effect of the Bankruptcy Cases; and (iv) permitted a court-sanctioned sales process for certain assets of the Debtors to begin.

Subsequently, the Court entered Final Orders on these First Day Motions as follows:

i. *Order Granting Motion of the Debtor for Order Directing Joint Administration of Affiliated Cases Pursuant to Bankruptcy Rule 1015(b)* [Dkt. # 62];

ii. *Final Order on Debtors Motion for Authority to Maintain Existing Bank Accounts and Cash Management System* [Dkt. # 258];

iii. *Final Order Approving Motion of the Debtors for Authority to Pay Post-petition Installments on Insurance Policies Necessary to Maintain Insurance Coverage* [Dkt. # 259];

iv. *Final Order Pursuant to Section 366 of the Bankruptcy Code: (A) Prohibiting Utilities from Altering, Refusing or Discontinuing Services To, or Discriminating Against, the*

*Debtors on Account of Pre-petition Amounts Due; (B) Determining That the Utilities Are Adequately Assured of Future Payment [Dkt. 284]; and*

*v. Final Order Granting Motion of the Debtors for Authority to Pay Certain Pre-petition Employee Obligations [Dkt. # 288].*

With respect to securing the services of professionals needed for the Bankruptcy Cases, the Debtors filed the following pleadings:

*i. Application of the Debtors for Entry of an Order Authorizing the Employment and Retention of BMC Group, Inc. as Noticing and Claims Agent [Dkt. 58];*

*ii. Application of the Debtors Pursuant to 11 U.S.C. §§ 105(a) and 363(b) to (I) Retain Stillwater Advisory Group LLC to Provide the Debtors with a Chief Restructuring Officer, and (II) Designate David N. Phelps as Chief Restructuring Officer for the Debtors Nunc Pro Tunc to the Petition Date [Dkt. # 156];*

*iii. Application of Debtors to Employ Butler Snow LLP as their Bankruptcy Counsel and Disclosure of Compensation [Dkt. # 173];*

*iv. Application of the Debtors Pursuant to 11 U.S.C. §§ 105(a) and 363(b) to (i) Retain Deloitte Transactions and Business Analytics LLP to Provide the Debtors with a Chief Restructuring Officer, and (ii) Designate Jonathan J. Nash as Chief Restructuring Officer for the Debtors Nunc Pro Tunc to November 10, 2014 [Dkt. # 205]; and*

*v. Application of Debtors for Authority to Employ Sandler O'Neill & Partners, L.P. as Investment Banker [Dkt. # 232].*

A significant focus of attention of the Debtors was working to assure that they would have adequate financial resources for operations, including water treatment and other environmental obligations, as well as for a proper sales process of the Debtors' operational assets. To that end, the Debtors were regularly involved in negotiations, discussions, and hearings with the DIP Lenders and the Unsecured Creditors Committee and the professionals of each with respect to a final Order for DIP financing.

Financially, the Debtors negotiated for and obtained the consent of their pre-petition lenders to continue to use their cash collateral. Additionally, the Debtors drew down the entire \$5,000,000 of its interim post-petition DIP financing in order to continue their operations. These funds permitted the Debtors to continue to treat water and otherwise meet their environmental obligations. Additionally, these funds enabled the Debtors to utilize their full workforce and to continue to produce DAP until they fully utilized the on-hand supply of phosphate rock. Through the DAP production process, the Debtors were able to maximize the value of the raw materials in its inventory by converting its inventory of phosphate rock and other materials into more valuable DAP. The proceeds of the sale of the DAP enabled the Debtors to repay in full the entire amount of the interim DIP financing prior to November 30, 2014, prior to having to re-borrow under the DIP Facility.