

AMENDED  
**Monthly Operating Report**

CHAPTER 11

CASE NAME: Mississippi Phosphates Corporation

CASE NUMBER: 14-51668

For Period: Jan. 1 - Jan. 31, 2016

THIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH. The debtor must attach each of the following forms unless the United States Trustee has waived the requirement in writing. File with the court and submit a paper copy to UST with an original signature.

Form Attached (mark only one - attached or waived)	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(X)	()	Comparative Balance Sheet (FORM 2-B)
(X)	()	Profit and Loss Statement (FORM 2-C)
(X)	()	Cash Receipts & Disbursements Statement (FORM 2-D)
(X)	()	Supporting Schedules (FORM 2-E)
(X)	()	Narrative (FORM 2-F)
(X)	()	Copies of Bank Statement(s) and Reconciliations of Bank Balance for all account(s)

I declare under penalty of perjury that the following Monthly Operating Report and any attachments therefor, are true and correct to the best of my knowledge and belief.

Executed on: 6-28-16  
 (date)

Debtor(s)\* Mississippi Phosphates Corporation

By:\*\* 

Position: Board Member

Name of Preparer: Robert Kerley

Telephone No. of Preparer: \_\_\_\_\_

\* both debtors must sign if a joint petition

\*\* for corporate or partnership debtor

MPC Consolidating Balance Sheet (Amounts in Thousands USD)	MPC		ATS		SATS		MPC	
	1/31/2016	12/31/2015	1/31/2016	12/31/2015	1/31/2016	12/31/2015	1/31/2016	1/31/2016
			Adjusted Balances	Adjusted Balances			Eliminations	Balances
Petty Cash	2						-	2
Wells Fargo Bank Funding							-	-
MPC DIP Account	188						-	188
MPC DIP Tax Account	40						-	40
MPC Employee Health Benefit Account							-	-
Wells Fargo Disbursement							-	-
Merchange & Marine Plt Mgr							-	-
PHI Cash							-	-
<b>Total Cash</b>	<b>230</b>	<b>1,126</b>					-	<b>230</b>
Deferred Income Taxes - Current	5,004	5,004					-	5,004
A/R - Trade							-	-
A/R - Misc Trade							-	-
<b>Total A/R - Trade</b>							-	
A/R - Other	11	11					-	11
A/R - OCP	-	-					-	-
A/R - Intercompany	2,921	2,921					-	2,921
A/R - Ammonia Tank Subsidiary	-	-					-	-
A/R - Sulfuric Acid Tank Subsidiary	-	-					-	-
Note Receivable - PHI/MPC	-	-					-	-
Interest Receivable - PHI/MPC	-	-					-	-
<b>Total A/R - Other</b>	<b>2,932</b>	<b>2,932</b>					-	<b>2,932</b>
Workers Compensation Deposit							-	-
Prepaid Insurance							-	-
Deposits and Retainers							-	-
Transammonia Inv Valuation Deposit							-	-
Prepaid Other							-	-
Raw Material Deposits-Exxon Mobil							-	-
ST Freight Deposits							-	-
Raw Material Deposits-Chevron							-	-
Raw Material Deposits-Shrieve							-	-
Raw Material Deposits-Trammo Ammonia							-	-
Prepaid Turnaround Cost							-	-
DAP Inventory Delivered not Billed							-	-
<b>Total Prepaid &amp; Other Current</b>							-	
DAP - Finished Goods Inventory							-	-
Sulfuric Acid							-	-
Phos Acid							-	-
<b>Total Intermediary Products Inventory</b>							-	
Phos Rock							-	-
Sulfur							-	-
Purchased SA							-	-
Raw Material Deposits							-	-
Chemicals							-	-
<b>Total Raw Materials Inventory</b>							-	
Spare Parts & Supplies							-	-
Spare Parts Out for Repair							-	-
Spare Parts - Transfer to Capital Spares							-	-
<b>Total Spare Parts Inventory</b>							-	
<b>Total Inventories</b>							-	
<b>Total Current Assets</b>	<b>8,166</b>	<b>9,062</b>					-	<b>8,166</b>
Investment in MPC							-	-
PHI Other Assets							-	-
Deferred Loan Costs	481	481					-	481
Morgan Keegan - Gyp Closure							-	-
LT Freight Deposits							-	-
LT Deferred Tax Asset							-	-
Investment - Ammonia Tank Subsidiary							-	-
Investment - Sulfuric Acid Tanks Sub							-	-
<b>Total Other LT Assets</b>	<b>481</b>	<b>481</b>					-	<b>481</b>
Buildings - Non Katrina							-	-
Buildings - Katrina							-	-
Land Improvements-2010							-	-
Land Improvements-2011							-	-
Land Improvements-2012							-	-
Land Improvements-2013							-	-
Site Improvements							-	-

MPC Consolidating Balance Sheet (Amounts in Thousands USD)	MPC		ATS		SATS		MPC	
	1/31/2016	12/31/2015	1/31/2016	12/31/2015	1/31/2016	12/31/2015	1/31/2016	1/31/2016
			Adjusted Balances	Adjusted Balances	Adjusted Balances	Adjusted Balances	Eliminations	Balances
Apparatus & Machinery								
Katrina Equipment								
Other Equipment - Non Katrina								
Other Equipment - Katrina								
Plant Rolling Stock - Non Katrina								
Plant Rolling Stock - Katrina								
Office Furn & Fix - Non Katrina								
Office Furn & Fix - Katrina								
Capital Spare Parts								
Total Machinery & Equipment								
A/D - Land-2010								
A/D - Land-2011								
A/D - Land-2012								
A/D - Land-2013								
A/D - Buildings - Non Katrina								
A/D - Buildings - Katrina								
A/D - Site Improvements								
A/D - Apparatus & Machinery								
A/D - Apparatus & Machinery								
A/D - Other Equipment - Non Katrina								
A/D - Other Equipment - Katrina								
A/D - Plant Rolling Stock - Non Katrina								
A/D - Plant Rolling Stock - Katrina								
A/D - Office Furn & Fix - Non Katrina								
A/D - Office Furn & Fix - Katrina								
A/D - Capital Spare Parts								
Total Accumulated Depreciation								
Construction in Progress								
Total Net PP&E								
<b>Total Assets</b>	<b>8,648</b>	<b>9,543</b>						<b>8,648</b>
A/P - Trade (Post Petition)	155	155						155
A/P - Trade (Pre-Petition)	27,657	27,657						27,657
Payroll Liabilities	-	-						-
A/P-Accr	-	-						-
A/P-ATS	(8)	(8)	8	8				(0)
A/P-SATS	(14)	(14)			14	14		(0)
A/P - PHI	62	62						62
A/P - MPC	-	-	-	-				-
Total Accounts Payable	27,852	27,852	8	8	14	14		27,874
Accrued Other	399	399						399
Accrued Other - Rock	-	-						-
Accrued Environmental Remediation	-	-						-
Accrued Rock Price Adj	-	-						-
Accrued Competitive Discounts	-	-						-
Accrued Medical Claims - IBNR	-	-						-
Spare Parts Received Not Billed	81	81						81
Accrued Workers Comp - IBNP	383	383						383
Accrued Hospital Insurance	-	-						-
United Way Contribution	-	-						-
HBP Revolver	9,067	9,067						9,067
Butler Snow Escrow	(1,859)	(1,859)						(1,859)
UCC Escrow	(425)	(425)						(425)
Notes Payable - HBP	-	-						-
Accrued Interest - PHI	-	-						-
Accrued Payroll	35	35						35
Accrued Vacations	-	-						-
Accrued Vacation Employee Bank	-	-						-
Accrued Compensation - SARS	-	-						-
Accrued Bonus	-	-						-
Accrued Audit Fees	-	-						-
Accrued Interest - Hudson	9,130	9,130						9,130
Accrued Property Tax	2,062	2,062						2,062
Accrued Franchise Tax	226	226						226
Accrued Use Tax	25	25						25
Accrued Interest - Ins Financing	-	-						-
Total Accrued Liabilities	19,124	19,124	-	-	-	-		19,124
Total A/P & Accrued Expenses	46,976	46,976	8	8	14	14		46,999
Hudson Bay LTD	31,000	31,000						31,000
Notes Payable - PHI/MPC	5,968	5,968						5,968
Notes Payable - Equipment Financing	-	-						-
Notes Payable - Ins Financing	-	-						-
Trammo Term Loan - Long Term	-	-						-

MPC Consolidating Balance Sheet (Amounts in Thousands USD)	MPC		ATS		SATS		MPC	
	1/31/2016	12/31/2015	1/31/2016	12/31/2015	1/31/2016	12/31/2015	1/31/2016	1/31/2016
				Adjusted Balances		Adjusted Balances	Eliminations	Balances
LT Notes Payable - Equipment Financing							-	-
Accrued Gypsum Disposal							-	-
Deferred Income Taxes - LT	1,262.79	1,263					-	1,263
Common Stock	1.00	1					-	1
Add'l Paid-In-Capital	29,877.00	29,877	2,861	2,861	3,111	3,111	-	35,849
Retained Earnings	-105,542.36	(57,831)	(2,869)	(1,928)	(3,125)	(627)	-	(111,536)
Net Income	-895.57	(47,712)	-	(941)		(2,498)	-	(896)
Total Shareholder's Equity	(76,560)	(75,664)	(8)	(8)	(14)	(14)	-	(76,582)
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>8,648</b>	<b>9,543</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>8,648</b>

## MCD Consolidating Profit and Loss Statement

**(Amounts in Thousands USD)**

Year to Date 01/01/2016

	MPC	ATS	SATS	MPC	MPC
	Adjusted Balances	Adjusted Balances	Adjusted Balances	Consolidated Eliminations	Consolidated Balances
DAP Sales	-	-	-	-	-
MAP Sales	-	-	-	-	-
Profit Share Income - Trammo	-	-	-	-	-
Customer Volume Discounts	-	-	-	-	-
Misc sales adj	-	-	-	-	-
Stg & Handling - Trammo Sales	-	-	-	-	-
Net Sales - DAP	-	-	-	-	-
Net Sales - Other	-	-	-	-	-
PHI Management Services Income	-	-	-	-	-
PHI Sales Commissions	-	-	-	-	-
Total Net Sales	-	-	-	-	-
Total Cost of Sales	-	-	-	-	-
Gross Profit (Loss)	(113)	-	-	-	(113)
Total Selling, General & Admin Exp	18	-	-	-	18
Insurance Recoveries	-	-	-	-	-
Environmental Remediation	-	-	-	-	-
Operating Income (Loss)	(131)	-	-	-	(131)
Total Interest, Net	-	-	-	-	-
Total Other, Net	(764)	-	-	-	(764)
Income (Loss) Before Taxes	(895)	-	-	-	(895)
Income Tax Expense	-	-	-	-	-
Net Income (Loss)	(895)	-	-	-	(895)

**Mississippi Phosphates Corporation  
For the Period of Jan 1 thru Jan 31, 2016**

**Cash Reconciliation**

Beginning Cash Balance	1,194,081.05
Cash Receipts (ties to Form 2-D)	\$ 45,489
Cash Disbursements (ties to Form 2D)	\$ (940,536)
Net Cash Flow	\$ (895,047)
Ending Cash Balance (ties to Form 2B)	\$ 299,034

**Cash Summary - Ending Balance**

	<b>Amount</b>	<b>Financial Institution</b>
Real Estate Account	_____	_____
Trust Account	\$ -	_____
Operating and / or Personal Account	\$ -	_____
DIP Funding Account	\$ 257,183	WF DIP Funding Account
Payroll Account	_____	_____
Tax Account	\$ 40,351	Wells Fargo
Control Disbursements	\$ -	_____
Other Accounts (Specify savings or checking)	Checking \$ -	_____
Other Accounts (Specify savings or checking)	Checking \$ -	_____
Cash Collateral Account	_____	_____
Petty Cash	\$ 1,500	Cash on hand
Total Cash (must agree with above ending Cash)	\$ 299,034	
Adjusted Cash Disbursements:	\$176,263.00 ** \$ -	

Cash disbursements above less inter-account transfers and UST fees paid (to be used to determining quarterly UST fee)

\*\*  
The sum of \$764,273 was deposited into the MPC DIP account on December 31, 2015. (December 2015 MOR, Dkt. # 1089, p. 10). This \$764,273 was funds that were improperly wired into the MPC DIP Account at Wells Fargo by Regions Bank from the MDEQ Trust Fund account instead of being wired by Regions Bank to the MPC Environmental Trust’s account at Wells Fargo.

Once the MPC Liquidation Trust and Regions Bank discovered this mistake, MPC backed out and wired this \$764,273 to the MPC Environmental Trust’s account with Wells Fargo on January 4, 2016 to correct this erroneous deposit into the MPC DIP Account. The January 2016 MOR (Dkt. # 1137) reflects the transfer out of this amount on January 4, 2016.

The initially filed January 2016 MOR failed to adjust the amount of this transfer out of the total reported disbursements of \$940,536 (“Adjusted Cash Disbursements,” Dkt. # 1137, pp. 6-7). This amended January 2016 MOR is filed to correct the previously filed January 2016 MOR because these funds (\$764,273) should not be included in “Cash Disbursed” for the purpose of the calculation of the United States Trustee’s fees.

**Mississippi Phosphates Corporation**

MPC Quarterly Fee Summary

January 31, 2016

<u>Payment Date</u>	<u>Cash Disbursements</u>	<u>Quarterly Fee Due</u>	<u>Check No.</u>	<u>Date</u>
January	\$ 176,263.00			
February				
March				
Total 1st Quarter	\$	\$		
April				
May				
June				
Total 2nd Quarter	\$ -	\$		
July				
August				
September				
Total 3rd Quarter	\$ -	\$		
October				
November				
December				
Total 4th Quarter	\$ -	\$ -		

**Mississippi Phosphates Corporation**

Cash Disbursements Jan 2016				
Date	Check No.-TO	Vendor	DESCRIPTION	AMOUNT
01/05/2016	60434	Robert P. Kerley		\$ (2,000.00)
01/18/2016	60435	U.S. Trustee		\$ (9,750.00)
01/18/2016	60436	U.S. Trustee		\$ (4,875.00)
01/18/2016	60437	U.S. Trustee		\$ (325.00)
01/19/2016	60438	AT&T Teleconference Services		\$ (842.41)
01/20/2016	60439	MS DEPT OF ENVIRONMENTAL QUALITY		\$ (4,248.42)
01/28/2016	60440	BMC Group		\$ (2,170.70)
01/28/2016	60441	Robert P. Kerley		\$ (1,000.00)
01/28/2016	60442	Synter Resource Group, LLC		\$ (139.34)
01/04/2016		Regions Bank		\$ (764,273.00)
01/06/2016		IRS Tax payment		\$ (50,686.79)
01/11/2016		WF Banks Fees		\$ (1,787.70)
01/25/2016		Crawford and Company		\$ (784.30)

<b>Grand Total</b>	<b>(842,882.66)</b>
<b>Tax Account</b>	<b>(\$97,653.16)</b>
<b>petty cash</b>	-
<b>Employee benefit account</b>	-
<b>Plant Managers Account</b>	-
<b>Total disbursements</b>	<b>(940,535.82)</b>

**Mississippi Phosphates Corporation**

<b>Cash Receipts Jan 2016</b>			
Date	Request	Description	Receipts

Grand total	\$0.00
Tax accounts	45,488.59
petty cash	-
Employee benefit account	-
Plant Managers Account	
MPC DIP Account	
	<b>\$45,488.59</b>

**Phosphate Holdings Inc.**  
**Phosphate Holdings Inc. : Mississippi Phosphates Corporation**  
**Custom A/P Aging Summary**  
**As of Jan, 2016**

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
BROCK SERVICES, LTD	0.00	0.00	0.00	0.00	3,490.56	3,490.56
JACKSON COUNTY PORT AUTHORITY	0.00	0.00	-691.94	0.00	0.00	-691.94
JOE TUCKER, TAX COLLECTOR	0.00	0.00	0.00	0.00	149,682.69	149,682.69
PASCAGOULA UTILITIES	0.00	0.00	0.00	2,017.78	0.00	2,017.78
U.S. Trustee	0.00	0.00	0.00	0.00	0.00	0.00
UNITED RENTALS	0.00	3,676.58	0.00	0.00	0.00	3,676.58
USA BLUE BOOK	0.00	0.00	534.17	0.00	0.00	534.17
	<b>0.00</b>	<b>3,676.58</b>	<b>-157.77</b>	<b>2,017.78</b>	<b>153,173.25</b>	<b>158,709.84</b>

**Mississippi Phosphates Corporation  
Customer A/R Aging Summary 2  
As of Jan 31, 2016**

**Filters: Amount Due (not equal to From: 0.0 ), Name (equal to A/R - Trade )**

Customer:Work Order	Current	12/17/2014 - 1/15/2015 (30)	11/17/2014 - 12/16/2014 (60)	10/18/2014 - 11/16/2014 (90)	Before 10/18/2014 (>90)	Total
	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance
Debruce Fertilizer, INC	\$0.00	\$0.00	\$0.00	\$0.00	(\$5,357.17)	(\$5,357.17)
Growmark, Inc	\$0.00	\$0.00	\$0.00	\$0.00	(\$33,709.19)	(\$33,709.19)
Stuart Farm Center	\$0.00	\$0.00	\$0.00	\$0.00	\$559.20	\$559.20
Ammonia Tanks Subsidiary	\$0.00	\$0.00	\$0.00	\$0.00	\$1,137,392.00	\$1,137,392.00
<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,098,884.84</b>	<b>\$1,098,884.84</b>
<b>Inter-Oceanic Corp.</b>					<b>\$0.00</b>	<b>\$0.00</b>
Less Reserve for Doubtful Accounts					(\$1,098,884.84)	(\$1,098,884.84)
<b>Net AR Outstanding</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

Mississippi Phosphates Corporation  
**As of Jan 31, 2016**  
Insurance Schedule

<u>Type</u>	<u>Carrier / Agent</u>	<u>Coverage</u>	<u>Date of Expiration</u>	<u>Premium Paid</u>
Workers Compensation	New Hampshire Ins. (AIG)	Statutory + 1M employer	22-Dec-15	237,686
General Liability	National Union (AIG)	1,000,000	22-Dec-15	26,528
Property (Fire, Theft)	AIG & Lloyds of London	100,000,000	22-Dec-15	1,783,031
Vehicle	Granite State Insurance Co. (AIG)	2,000,000	22-Dec-15	32,074
Other				
Other:				
Foreign Liability	ACE	1,000,000	22-Dec-15	2,500
Marine Liability	Travelers Group	5,000,000	22-Dec-15	12,500
Hull / P&I	Travelers Group	1,037,500	22-Dec-15	5,720
Umbrella Liability	National Union (AIG)	25,000,000	22-Dec-15	188,346
Environmental	AIG	10,000,000	22-Dec-15	357,158
Fiduciary	XL Specialty Insurance Company	5,000,000	23-Dec-15	25,000
Emp. Practices Liab.	XL Specialty Insurance Company	5,000,000	23-Dec-15	75,000
Crime	U.S. Specialty Ins. Co.	1,000,000	22-Mar-16	4,342
Director and Officer	Endurance American Insurance Compar	10,000,000	31-Oct-15	14,900 (A)
Kidnap & Ransom	Federal Insurance Company (Chubb)	5,000,000	22-Dec-16	5,250

Note: Insurance is purchased by MPC for the consolidated group without segregation between the individual operations. The amounts above reflect the insurance in place for the entire group till expiration of the particular policy. Additionally, we increased the collateral on the workers compensation insurance from \$1,500 thousand to \$1,850 thousand at the time of the renewal in December 2014.

(A) In September 2015, the company obtained a one month coverage for D&O as noted above to cover the period from Oct. 1 to October 31, 2015.

**WellsOne® Account**

Account number: 4202608733 ■ January 1, 2016 - January 31, 2016 ■ Page 1 of 2



MISSISSIPPI PHOSPHATES CORPORATION  
 DEBTOR-IN-POSSESSION  
 CASE NO. 14-51667-KMS  
 601 INDUSTRIAL RD  
 PASCAGOULA MS 39581-3233

**Questions?**

Call your Customer Service Officer or Client Services  
**1-800-AT WELLS** (1-800-288-3557)  
 5:00 AM TO 6:00 PM Pacific Time Monday - Friday

Online: [wellsfargo.com](http://wellsfargo.com)

Write: Wells Fargo Bank, N.A. (182)  
 PO Box 63020  
 San Francisco, CA 94163

**Account summary****WellsOne® Account**

Account number	Beginning balance	Total credits	Total debits	Ending balance
4202608733	\$1,100,065.54	\$0.00	-\$842,882.66	\$257,182.88

**Debits**

## Electronic debits/bank debits

Effective date	Posted date	Amount	Transaction detail
	01/04	784,273.00	WT Fed#09812 Regions Bank /Ftr/Bnf= Srf# 2015123100051319 Trn#160104173766 Rfb#
	01/06	50,686.79	IRS Usat taxpymt 010616 270640662936766 Mississippi Phosphates
	01/11	1,787.70	Client Analysis Srvc Chrg 160108 Svc Chge 1215 000004202608733
	01/25	784.30	C & C Sisdat-Aeg DTC 16065 Crawford & Company
		<b>\$817,531.79</b>	<b>Total electronic debits/bank debits</b>

## Checks paid

Number	Amount	Date	Number	Amount	Date	Number	Amount	Date
60428	3,676.58	01/11	60434	2,000.00	01/19	60437	325.00	01/25
60430*	476.25	01/12	60435	9,750.00	01/25	60438	842.41	01/25
60433*	3,405.63	01/04	60436	4,875.00	01/25			
		<b>\$25,350.87</b>	<b>Total checks paid</b>					

\* Gap in check sequence.

**\$842,882.66** Total debits

**Daily ledger balance summary**

Date	Balance	Date	Balance	Date	Balance
12/31	1,100,065.54	01/11	276,235.84	01/19	273,759.59
01/04	332,386.91	01/12	275,759.59	01/25	257,182.88
01/06	281,700.12				
<b>Average daily ledger balance</b>		<b>\$355,576.18</b>			

(182)  
 Sheet Seq = 0197219  
 Sheet 00001 of 00002

## WellsOne® Account

Account number: **4128195625** ■ October 1, 2015 - October 31, 2015 ■ Page 1 of 2



MISSISSIPPI PHOSPHATES CORPORATION  
 DEBTOR-IN-POSSESSION TAX ACCOUNT  
 CASE NO. 14-51667-KMS  
 601 INDUSTRIAL RD  
 PASCAGOULA MS 39581-3233

### Questions?

Call your Customer Service Officer or Client Services  
**1-800-AT WELLS** (1-800-289-3557)  
 5:00 AM TO 8:00 PM Pacific Time Monday - Friday

Online: [wellsfargo.com](http://wellsfargo.com)

Write: Wells Fargo Bank, N.A. (182)  
 PO Box 63020  
 San Francisco, CA 94163

## Account summary

### WellsOne® Account

Account number	Beginning balance	Total credits	Total debits	Ending balance
4128195625	\$82,938.20	\$112,537.54	-\$102,960.23	\$92,515.51

### Credits

#### Electronic deposits/bank credits

Effective date	Posted date	Amount	Transaction detail
	10/01	34,403.64	WT Seq168054 Mississippi Phosphates /Org=Mississippi Phosphates Corp Srf# IN15100111494338 Trn#151001168054 Rfb# 000002387
	10/15	34,845.34	WT Seq#84234 Mississippi Phosphates /Org=Mississippi Phosphates Corp Srf# IN15101506553068 Trn#151015084234 Rfb# 000002398
	10/21	43,288.56	WT Seq#63596 Mississippi Phosphates /Org=Mississippi Phosphates Corp Srf# IN15102104045625 Trn#151021063596 Rfb# 000002407
		<b>\$112,537.54</b>	<b>Total electronic deposits/bank credits</b>
		<b>\$112,537.54</b>	<b>Total credits</b>

### Debits

#### Electronic debits/bank debits

Effective date	Posted date	Amount	Transaction detail
	10/01	30,786.00	WT Seq167956 Mississippi Phosphates /Bnf=Mpc Dip Account Srf# IN15100111483016 Trn#151001167956 Rfb# 000002386
	10/02	42,710.59	Msdeptofrevenue Taxpayment M1597045760 Mississippi Phosphates
	10/15	29,483.64	WT Seq#84240 Mississippi Phosphates /Bnf=Mpc Dip Account Srf#

10/1/16	26,700.00	WELLS FARGO BANK, N.A. MISSISSIPPI TRUSTEES / DIRECTORSHIP / ACCOUNTS UNIT IN15101508562612 Trm#151015084240 Rfb# 000002400
	<b>\$102,960.23</b>	<b>Total electronic debits/bank debits</b>
	<b>\$102,960.23</b>	<b>Total debits</b>

(182)  
Sheet Seq = 0108033  
Sheet 00001 of 00002

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

<p><b>In re:</b> )</p> <p style="padding-left: 100px;">)</p> <p><b>MISSISSIPPI PHOSPHATES</b> )</p> <p style="padding-left: 40px;"><b>CORPORATION, <i>et al.</i></b><sup>1</sup> )</p> <p style="padding-left: 80px;"><b>Debtors</b> )</p> <hr style="width: 50%; margin-left: 0;"/>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p><b>CASE NO. 14-51667-KMS</b></p> <p><b>Chapter 11</b></p> <p><b>Jointly Administered</b></p>
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**NARRATIVE STATEMENT**

For Period January 1, 2016 to January 31, 2016

Please provide a brief description of the significant business and legal action by the debtor, its creditors, or the court during the reporting period. Comments should include any change in bank accounts, explanation of extraordinary expenses, and purpose of any new post-petition financing. Comments should also include debtor’s efforts during the month to rehabilitate the business and to develop a plan.<sup>2</sup>

Mississippi Phosphates Corporation, *et al.*, the Debtors and debtors-in-possession herein (the “**Debtors**”), filed their Bankruptcy Cases on October 27, 2014 (the “**Petition Date**”). The Debtors have continued to operate and manage their businesses pursuant to Bankruptcy Code §§ 1107(a) and 1108.

As noted in the November 2015 Monthly Operating Report, on October 16, 2015 (the “**Closing Date**”), the Debtors closed the Alternative Transactions by transferring to the MPC Environmental Trust and to the MPC Liquidation Trust substantially all of its real and personal property. As of that date, the MPC Environmental Trustee assumed the responsibility for the wastewater treatment and the gyp stacks maintenance, while the MPC Liquidation Trustee assumed the responsibility for the ammonia terminalling operations of the Debtors. On November 3, 2015, the Debtors filed their *Notice of Closing of Sale of Assets to Environmental Trustee and Liquidation Trustee under Alternative Transaction* [Dkt. # 1070].

After the Closing Date, the Debtors’ professionals continued to work with professionals for the MPC Environmental Trustee, the MPC Liquidation Trustee, and the Environmental Agencies with respect to various financing and budget issues related to the transfers of assets of

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<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**”), Case No. 14-51671. These chapter 11 cases are sometimes referred to herein as the “**Bankruptcy Cases.**” Consequently, this Narrative describes developments in all three Bankruptcy Cases.

<sup>2</sup> All references to Docket Numbers are to the Docket in the MPC case, which is the Lead Case.

the Debtors to those two Trusts to ensure a smooth and orderly transition, as well as with respect to numerous operational, transitional, and legal issues related to the transfer of the Debtors' real and personal property to the appropriate trust, including a survey of the subject property, easements and other real estate title issues, and reviewing environmental permits to allocate permits to the appropriate Trust for future operations.

Although the Debtors' professionals had reviewed and analyzed a possible claim related to the Mississippi Power Company refund for the Kemper Charges and had discussions with affected parties regarding a possible consensual resolution of such claims, on January 5, 2016, the MPC Liquidation Trust filed a *Complaint for Declaratory and Other Relief* in the Bankruptcy Court and thus instituted an adversary proceeding styled "*MPC Liquidation Trust vs. Mississippi Phosphates Corporation and Mississippi Power Company*," Adv. Pro. No. 16-06001-KMS (the "**Adversary Proceeding**").

In the Adversary Proceeding, the MPC Liquidation Trust sought the entry of a declaratory judgment that:

- (a) The Refund was a Purchased Asset under the Asset Purchase Agreement ("**APA**");
- (b) The MPC Liquidation Trust acquired the Refund under the terms of the APA and Sale Order free and clear of all liens, claims and interests, including those of Mississippi Power;
- (c) Pursuant to the Sale Order, MPC Liquidation Trust was not liable for the Mississippi Power Claim (as described in the Complaint);
- (d) Pursuant to the Sale Order and applicable federal and state laws and procedural rules, Mississippi Power may not setoff or recoup any part of the Mississippi Power Claim against the Refund; and
- (e) The failure of Mississippi Power to turn over the Refund and pay it to the MPC Liquidation Trust was a violation of the Sale Order.

In its Complaint, the MPC Liquidation Trust also sought entry of an order:

- (a) Requiring Mississippi Power to pay the full Refund to MPC Liquidation Trust and to pay MPC Liquidation Trusts all costs and fees incident to its filing and prosecution of the Complaint;
- (b) Awarding MPC Liquidation Trust pre-judgment and post-judgment interest; and
- (c) Awarding MPC Liquidation Trust other and further relief to which it may be entitled at law or in equity.

Following the filing of the Adversary Proceeding, the Debtors' professionals discussed with counsel for the Committee the defense of the Adversary Proceeding and the prosecution of any counterclaims or cross-claims on behalf of the bankruptcy estate related to the Adversary Proceeding.

The Debtors' professionals continued their work on preparing a Chapter 11 plan and disclosure statement, and they communicated with counsel for the Committee related to that plan.

The Debtors' professionals also coordinated with Arthur J. Gallagher ("**Gallagher**"), the Debtors' insurance broker, with respect to the course of action with regard to handling of workers' compensation claims on a going forward basis. AIG has the workers compensation insurance coverage for the Debtors' workers.

On January 4, 2016, the Committee filed its *Fourth Interim Application for Compensation and Reimbursement of Expenses Submitted by Burr & Forman LLP, Attorneys for the Official Committee of Unsecured Creditors* [Dkt. # 1082]. On January 28, 2016, the Court entered its *Order Granting Fourth Interim Application for Compensation and Reimbursement of Expenses Submitted by Burr & Forman LLP, Attorneys for the Official Committee of Unsecured Creditors* [Dkt. # 1092].

On January 19, 2016, the Court entered its *Agreed Order Granting Fourth Application of Butler Snow LLP for Interim Allowance of Administrative Claim for Compensation and Reimbursement of Expenses* [Dkt. # 1088].

On January 19, 2016, the Debtors filed their *Chapter 11 Monthly Operating Report for Filing Period December 2015* [Dkt. # 1087].

On January 26, 2016, the Court entered its *Order Denying Emergency Motion to Enforce Automatic Stay* [Dkt. # 1091] with respect to the *Emergency Motion to Enforce the Automatic Stay* [Dkt. # 1033] that had been filed by the Debtors against McCain Engineering Co., Inc.