

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI

In Re:)	
)	Chapter 11
)	
MISSISSIPPI CHEMICAL COMPANY, et al.,)	Case Nos. 03-02984-WEE
)	(Jointly Administered)
)	
Debtors.)	Hon. Edward Ellington
)	

AFFIDAVIT OF LAWRENCE A. MIZERA

I, Lawrence A. Mizera , being duly sworn, depose and state as follows:

1. I am a resident of the State of Illinois and a Vice President of Harris Trust and Savings Bank ("*Harris Bank*") in its special assets division. I have been employed by Harris Bank since 1978.

2. My responsibilities as Vice President at Harris Bank include monitoring and directing Harris Bank's role as lender and agent under the Pre-Petition Agreements (as defined below). If called upon to testify in this case, I could competently testify to the following facts upon personal knowledge.

3. This Affidavit is submitted for the Court's consideration at the hearing (the "*Hearing*") on the Motion (the "*Motion*") of the Debtors (as defined below) for an Order authorizing (1) the Debtors' borrowing with priority over administrative expenses and secured by liens on property of the estates pursuant to §364(d) of the Bankruptcy Code, (2) the Debtors' use of cash collateral and granting adequate protection therefor pursuant to §§361 and 363 of the Bankruptcy Code and (3) modifying the automatic stay (the "*Final Order*"), and, if necessary, in support of the Motion of Harris Bank for itself and as agent for the Lenders (as defined below) to lift the automatic stay to permit the Lenders (as defined below) to realize on their collateral in

the event a Final Order is not entered and/or the interim Order entered and dated May 16, 2003 (the "*Interim Order*") is no longer effective.

4. Harris Bank; Credit Agricole Indosuez; Morgan Stanley Senior Funding, Inc.; Banc of America Strategic Solutions, Inc.; The Bank of Nova Scotia, Atlanta Agency; SunTrust Bank; ABN AMRO Bank N.V.; Avenue Special Situations Fund, L.P.; Trustmark National Bank; AmSouth Bank; SPCP Group, L.L.C.; and President and Fellows of Harvard College (collectively, the "*Lenders*"), Harris Bank as administrative agent for the Lenders (the "*Agent*"), and Mississippi Chemical Corporation ("*MCC*" or the "*Debtor*" and, together with the Domestic Guarantors (as defined below), the "*Debtors*") are parties to an Amended and Restated Credit Agreement, dated as of November 15, 2002 (as amended, the "*Credit Agreement*"), which amended and restated the Credit Agreement dated as of November 25, 1997 (the "*Prior Agreement*"), and pursuant to which the Lenders agreed to extend certain credit facilities to the Debtor. A true and correct copy of the Credit Agreement is attached hereto as Lenders' Exhibit A.

5. The Debtor has executed and delivered to each of the Lenders certain Revolving Credit Notes evidencing the loans and extensions of credit made by each respective Lender pursuant to the Credit Agreement. True and correct copies of the Revolving Credit Notes of the Debtor payable to the order of each Lender are attached hereto as Lenders' Exhibit B.

6. As part of the financing, certain of the Debtor's domestic subsidiaries, including MissChem Nitrogen, L.L.C.; Mississippi Nitrogen, Inc.; Triad Nitrogen, L.L.C.; Mississippi Phosphates Corporation; Mississippi Potash, Inc.; Eddy Potash, Inc.; Mississippi Chemical Management Company; and Mississippi Chemical Company, L.P. (each, a "*Domestic Guarantor*" and, collectively, the "*Domestic Guarantors*") guaranteed the Debtor's obligations under the Credit Agreement pursuant to an Amended and Restated Guaranty Agreement (as

supplemented, the “*Guaranty*”), a true and correct copy of which is attached hereto as Lenders’ Exhibit C.

7. In addition, the Debtor’s subsidiary which holds interests in foreign subsidiaries which are prohibited from pledging their assets, Mississippi Chemical Holdings, Inc., guaranteed the Debtor’s obligations under the Credit Agreement pursuant to a Guaranty Agreement (the “*MCHI Guaranty*”), a true and correct copy of which is attached hereto as Lenders’ Exhibit D.

8. To secure their obligations to the Lenders, the Debtor and the Domestic Guarantors granted to the Lenders, pursuant to a Security Agreement (as amended and supplemented, the “*Security Agreement*”) executed in connection with the Prior Agreement and amended in connection with the Credit Agreement, a security interest in and lien against substantially all of the Debtor’s and each Domestic Guarantor’s assets, including, *inter alia*, all Accounts (including Health-Care-Insurance Receivables, if any), Chattel Paper, Instruments (including Promissory Notes), Documents, General Intangibles, Letter-of-Credit Rights, Supporting Obligations, Deposit Accounts, Investment Property, Inventory, Equipment, Commercial Tort Claims, all rights to merchandise and other Goods, all personal property and interests in personal property and all dividends and distributions on or rights in connection with any such property, all supporting evidence and documents relating to any of the above-described property, Accessions and additions to, substitutions and replacements of the foregoing and Proceeds and products and insurance of the foregoing (each as defined in the Security Agreement). A true and correct copy of the Security Agreement is attached hereto as Lenders’ Exhibit E.

9. To further secure their obligations to the Lenders, the Debtor, Mississippi Chemical Management Company and Mississippi Nitrogen, Inc. granted to the Lenders, pursuant to a Pledge Agreement (as amended and supplemented, the “*Pledge Agreement*”) executed in

connection with the Prior Agreement and amended in connection with the Credit Agreement, a security interest in Stock Collateral, Partnership Collateral, LLC Collateral and Proceeds (each as defined in the Pledge Agreement) and delivered Stock Certificates (with powers) to perfect the Agent's security interest therein. A true and correct copy of the Pledge Agreement, together with the Stock Certificates and stock powers, is attached hereto as Lenders' Exhibit F.

10. As of April 14, 2003, the Debtor's subsidiary Triad Nitrogen, L.L.C. acquired all of the capital stock of Melamine Chemicals, Inc. ("*MCI*"). In order to permit this acquisition, the Debtor and the Domestic Guarantors executed a First Amendment and Waiver to the Credit Agreement (the "*First Amendment*"). In addition, MCI executed (i) an Assumption and Supplemental Guarantee Agreement (the "*MCI Guaranty*") pursuant to which MCI guaranteed the obligations of the Debtor under the Credit Agreement and (ii) an Assumption and Supplemental Security Agreement (the "*MCI Pledge*") pursuant to which MCI pledged its assets to secure its guaranty. Through this guaranty and pledge MCI became a Domestic Guarantor. True and correct copies of each of the First Amendment, MCI Guaranty and MCI Pledge are attached hereto as Lenders' Exhibit G.

11. Collectively, the Credit Agreement, the Revolving Notes, the Guaranty, the MCHI Guaranty and the MCI Guaranty are referred to as the "*Pre-Petition Credit Agreements*." The debt and other obligations evidenced by the Pre-Petition Credit Agreements are collectively referred to herein as the "*Pre-Petition Obligations*."

12. As further security for their obligations to the Lenders, the Debtor and the Domestic Guarantors pledged to the Agent for benefit of the Lenders their real property interests pursuant to the following agreements (collectively, the "*Mortgages*"), true and correct copies of which are attached hereto as Lenders' Exhibit H:

i. Mortgage and Security Agreement with Assignment of Rents dated as of April 20, 2000, from Triad Nitrogen, LLC to Harris Trust and Savings Bank, for itself and as Agent (the

"Agent") recorded in Ascension Parish, Louisiana on April 26, 2000 under Reception Number 461-147 in COB 637, Folio 97 in MOB 912, Folio 56.

ii. First Amendment to Mortgage and Security Agreement with Assignment of Rents dated as of May 23, 2000, from Triad Nitrogen, LLC to the Agent recorded in Ascension Parish, Louisiana on May 31, 2000 under Reception Number 463-533 in COB 639, at Folio 601, in MOB 919, at Folio 181.

iii. Second Amendment to Mortgage and Security Agreement with Assignment of Rents dated as of November 15, 2002, from Triad Nitrogen, LLC to the Agent recorded in Ascension Parish, Louisiana on November 21, 2002 under Reception Number 530171.

iv. Mortgage and Security Agreement with Assignment of Rents dated as of April 20, 2000, from Mississippi Chemical Company, LP to the Agent recorded in Acadia Parish, Louisiana on April 26, 2000 under Reception Number 673230, in MOB 584, at page 260, in COB 156, at Folio 929.

v. First Amendment to Mortgage and Security Agreement with Assignment of Rents dated as of November 15, 2002, from Mississippi Chemical Company, LP to the Agent recorded in Acadia Parish, Louisiana on November 21, 2002 under Reception Number 706597, in MOB 641, at page 761, in COB 159, at Folio 148.

vi. Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000, from Mississippi Chemical Corporation and Mississippi Chemical Company, L.P. to Roberta M. Harris, as trustee for the benefit of the Agent, recorded with the Union County, Mississippi Recorder on April 27, 2000 as Instrument No. 001632.

vii. First Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of November 15, 2002, from Mississippi Chemical Corporation and Mississippi Chemical Company, L.P. to Roberta M. Harris, as trustee for the benefit of the Agent, recorded with the Union County, Mississippi Recorder on November 20, 2002 as Instrument No. 025415.

viii. Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000, from Mississippi Chemical Company, L.P. to Roberta M. Harris, as trustee for the benefit of the Agent, recorded with the Lauderdale County, Mississippi Recorder on April 27, 2000 at Book 1665, at Page 251.

ix. First Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of November 15, 2002, from Mississippi Chemical Company, L.P. to Roberta M. Harris, as trustee for the benefit of the Agent, recorded with the Lauderdale County, Mississippi Recorder on November 20, 2002 as Doc. No. 012263 at Book 1864, at Page 388.

x. Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000, from Mississippi Phosphates Corporation and Mississippi Chemical Corporation to Roberta M. Harris, as trustee for the benefit of the Agent, recorded with the Jackson County, Mississippi Recorder on April 27, 2000 at Book 1631, Page 424.

- xi. Partial Release dated as of April 10, 2002, from the Agent. [NOTE: No recording information available – sent to Mortgagor April 12, 2002 for recording]
- xii. First Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of November 15, 2002, from Mississippi Phosphates Corporation and Mississippi Chemical Corporation to Roberta M. Harris, as trustee for the benefit of the Agent, recorded with the Jackson County, Mississippi Recorder on November 21, 2002 at Book 1910, Page 748.
- xiii. Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000, from Mississippi Chemical Corporation and MissChem Nitrogen, LLC to Roberta M. Harris, as trustee for the benefit of the Agent recorded with the Yazoo County, Mississippi Recorder on April 27, 2000 at Book 255B, Page 756.
- xiv. First Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000, from Mississippi Chemical Corporation and MissChem Nitrogen, LLC to the Agent recorded with the Yazoo County, Mississippi Recorder on May 22, 2000 at Book 256B, Page 684.
- xv. Second Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of November 15, 2002, from Mississippi Chemical Corporation and MissChem Nitrogen, LLC to Roberta M. Harris, as trustee for the benefit of the Agent recorded with the Yazoo County, Mississippi Recorder on November 21, 2002 at Book 289B, Page 587.
- xvi. Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000, from Mississippi Potash, Inc. and Eddy Potash, Inc. to Mark K. Adams, as trustee for the benefit of the Agent, recorded on April 28, 2000 with the Eddy County, New Mexico Recorder under Reception No. 004158, Book 380, Page 324.
- xvii. First Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of November 15, 2002, from Mississippi Potash, Inc. and Eddy Potash, Inc. to Mark K. Adams, as trustee for the benefit of the Agent, recorded on November 21, 2002 with the Eddy County, New Mexico Recorder under Reception No. 0212834, Book 0481, Page 0747.
- xviii. Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000 from Mississippi Potash, Inc. and Eddy Potash, Inc. to Mark K. Adams, as trustee for the benefit of the Agent, recorded on April 27, 2000 with the Lea County, New Mexico Recorder under Reception No. 57852, Book 1014, Page 165.
- xiv. First Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of November 15, 2002 from Mississippi Potash, Inc. and Eddy Potash, Inc. to Mark K. Adams, as trustee for the benefit of the Agent, recorded on November 21, 2002 with the Lea County, New Mexico Recorder under Reception No. 30290, Book 1188, Page 398.
- xx. Mortgage and Security Agreement with Assignment of Rents dated as of April 21, 2003 from Melamine Chemicals, Inc. to Harris Trust and Savings Bank, as Agent, recorded on April 25, 2003 with Ascension Parish, Louisiana Recorder under Reception No. 542287.

xxi. Mortgage and Security Agreement with Assignment of Rents dated as of April 20, 2000, from Triad Nitrogen, LLC to the Agent recorded in Ascension Parish, Louisiana on April 26, 2000 under Reception Number 461-146 in COB 637 at Folio 69 in MOB 912 at Folio 28.

xxii. First Amendment to Mortgage and Security Agreement with Assignment of Rents dated as of May 23, 2000, from Triad Nitrogen, LLC to the Agent recorded in Ascension Parish, Louisiana on May 31, 2000 under Reception Number 463-534 in COB 639, at Folio 608, in MOB 919, at Folio 188.

xxiii. Second Amendment to Mortgage and Security Agreement with Assignment of Rents dated as of November 15, 2002, from Triad Nitrogen, LLC to the Agent recorded in Ascension Parish, Louisiana on November 21, 2002 under Reception Number 530170.

xxiv. Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000, from Mississippi Phosphates Corporation to Roberta M. Harris, as trustee for the benefit of the Agent recorded with the Jackson County, Mississippi Recorder on April 27, 2000 at Book 1631, Page 397.

xxv. Partial Release dated as of November 10, 2000, from the Agent recorded with the Jackson County, Mississippi Recorder on November 20, 2000 at Book 1676, Page 233.

xxvi. First Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of November 15, 2002, from Mississippi Phosphates Corporation to Roberta M. Harris, as trustee for the benefit of the Agent recorded with the Jackson County, Mississippi Recorder on November 21, 2002 as Document No. 200233311, at Book 1910, Page 777.

xxvii. Partial Release dated as of February 19, 2003, executed by the Agent recorded with the Jackson County, Mississippi Recorder on February 27, 2003 as Document No. 200306468, at Book 1951, Page 493.

xxviii. Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000, from MissChem Nitrogen, LLC to Roberta M. Harris, as trustee for the benefit of the Agent, recorded with the Yazoo County, Mississippi Recorder on April 27, 2000 at Book 255B, Page 792.

xxix. First Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000, from MissChem Nitrogen, LLC to Roberta M. Harris, as trustee for the benefit of the Agent, recorded with the Yazoo County, Mississippi Recorder on May 22, 2000 at Book 256B, Page 681.

xxx. Second Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of November 15, 2002, from MissChem Nitrogen, LLC to Roberta M. Harris, as trustee for the benefit of the Agent, recorded with the Yazoo County, Mississippi Recorder on November 21, 2002 at Book 289B, Page 571.

xxxi. Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000, from Mississippi Potash, Inc. to Mark K. Adams, as trustee for the benefit of the Agent, recorded with the Eddy County, New Mexico Recorder on April 28, 2000 under Reception No. 004157, Book 380, Page 283.

xxxii. First Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of November 15, 2002, from Mississippi Potash, Inc. to Mark K. Adams, as trustee for the benefit of the Agent, recorded with the Eddy County, New Mexico Recorder on November 21, 2002 under Reception No. 0212833, Book 0481, Page 0721.

xxxiii. Deed of Trust and Security Agreement with Assignment of Rents dated as of April 20, 2000 from Mississippi Potash, Inc. to Mark K. Adams, as trustee for the benefit of the Agent, recorded on April 27, 2000 with the Lea County, New Mexico Recorder under Reception No. 57853, Book 1014, at Page 201.

xxxiv. First Amendment to Deed of Trust and Security Agreement with Assignment of Rents dated as of November 15, 2002 from Mississippi Potash, Inc. to Mark K. Adams, as trustee for the benefit of the Agent, recorded on November 21, 2002 with the Lea County, New Mexico Recorder under Reception No. 30291, Book 1188, at Page 416.

13. In order to perfect the security interests of the Lenders in the intellectual property component of General Intangibles, the Debtor and MCI executed, for filing with the U.S. Patent and Trademark Office, Patent Collateral Agreements and Trademark Security Agreements (collectively, the "*Patent and Trademark Agreements*"), true and correct copies of which are attached as Lenders' Exhibit I.

14. In order to perfect its personal property security interests, the Agent, on behalf of the Lenders, filed UCC financing statements (collectively, the "*Financing Statements*"). A summary of these financing statements is attached hereto as Lenders' Exhibit J. Exhibit J accurately summarizes the voluminous documents evidencing the filing of the Financing Statements, copies of which are available from the Agent upon request. The Financing Statements evidence that the security interests were properly perfected and are first, valid, perfected and enforceable security interests in and liens on all virtually all of the pre-petition assets of the Debtors.

15. The Security Agreement, Pledge Agreement, MCI Pledge, Mortgages, Patent and Trademark Agreements and Financing Statements shall collectively be referred to herein as the “*Pre-Petition Collateral Agreements*” and the assets pledged pursuant thereto shall collectively be referred to herein as the “*Pre-Petition Collateral*.”

16. The documents set forth above, and attached as Exhibits A through J (collectively, the “*Pre-Petition Agreements*”) were received, kept and used by Harris Bank in the course of its regularly conducted business activities both individually and as Agent and are necessary to the conduct of Harris’ business.

17. As of May 15, 2003 (the “*Petition Date*”), the Debtors commenced the above-captioned consolidated proceeding by filing petitions under the United States Bankruptcy Code. At that time the aggregate amounts outstanding to the Lenders under the Pre-Petition Agreements exceeded \$160,000,000.

18. In connection with the filing of the Chapter 11 petitions, the Debtors and the Lenders entered into a Standstill Agreement dated as of May 15, 2003 pursuant to which the Lenders agreed not to take any action to enforce the MCHI Guaranty until the termination of the DIP Credit Agreement (as defined below) provided that any proceeds of any disposition, refinancing or distribution by the Debtor’s foreign subsidiaries be promptly paid to the Lenders for application to the Pre-Petition Obligations. A true and correct copy of the Standstill Agreement is attached hereto as Lenders’ Exhibit K.

19. The proceeds of the Pre-Petition Collateral are cash collateral (“*Cash Collateral*”) as the term is defined under Section 363(a) of the Bankruptcy Code.

20. Prior to the Petition Date, the Debtor’s management requested that the Lenders (i) consent to the Debtors’ use of Cash Collateral and (ii) provide up to \$37,500,000 post-petition financing pursuant to a Post-Petition Credit Agreement (the “*DIP Credit Agreement*”) to prevent

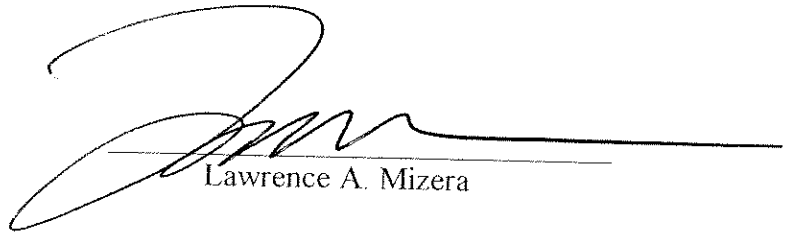
a disorderly disruption of their businesses. The Debtors' obligations under the DIP Credit Agreement (the "*Post-Petition Obligations*") are secured with superpriority liens on all assets of the Debtors.

21. The agreement on the use of Cash Collateral is set forth in the DIP Credit Agreement and the Interim Order. In summary, the DIP Credit Agreement and the Interim Order reflect the agreement of the Lenders to consent to the Debtors' continued use of Cash Collateral in the ordinary course of the Debtors' businesses in accordance with the Budget (as defined in the Interim Order). To address any possible diminution in the Lenders' Cash Collateral, the Debtors agreed to grant the Lenders replacement liens in all post-petition property of the Debtors (the "*Replacement Liens*"). The Lenders' consent to the Debtors' continued use of Cash Collateral is conditioned upon maintaining the adequate protection set forth in the Interim Order, including the grant of the Replacement Liens.

22. Should the Final Order not be entered and/or the Interim Order withdrawn, the automatic stay should be lifted to prevent diminution of the Debtors' estates and permit the Lenders to foreclose on their Replacement Liens and the Pre-Petition Collateral and exercise their remedies related thereto.

23. Although I believe that the foregoing and attached documents establish the validity, seniority and first priority of the Agent's and the Lenders' security interests and liens in the Debtors' property to secure the Pre-Petition Obligations, there may be other relevant documents, some of which may be in the possession of the Debtors or third parties. On behalf of the Agent and the Lenders, I respectfully reserve the right to supplement the record with such documents as appropriate or necessary.

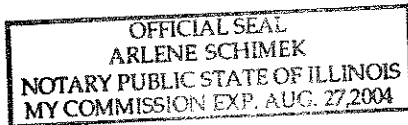
FURTHER AFFIANT SAYETH NOT.


Lawrence A. Mizera

SUBSCRIBED AND SWORN TO before me this
4th day of June, 2003


Notary Public

My commission expires: 8-27-04



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June 5, 2003

VIA UPS

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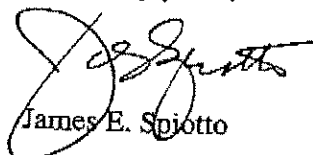
Re: *Mississippi Chemical Corporation and subsidiaries (the "Company")*

Gentlemen:

Enclosed please find a copy of UCC Financing Statements filed by Harris Trust and Savings Bank as Administrative Agent in connection with the Amended and Restated Agreement dated as of November 15, 2002 and other related documents. You will note that we have previously provided you with a UCC filing chart, Bates stamped MSCH 001091 through MSCH 001100. The UCC Financing Statements that are enclosed are numbered MSCH 001125 through MSCH 001825.

If you should have any questions, please do not hesitate to contact us.

Very truly yours,



James E. Spiotto

Enclosures

cc: Jim O'Mara
Doug Noble
Steve Rosenblatt

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