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US BANKRUPTCY COURT  
SOUTHERN DISTRICT OF MS  
FILED

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

2003 JUN -9 PM 3:45

IN RE  
MISSISSIPPI CHEMICAL CORPORATION, *et.al.*

CHAPTER 11  
No.: 03-02984 JEE LERK

Jointly Administered  
BY \_\_\_\_\_ DEPUTY

**LIMITED OBJECTION OF THE BANK OF NEW YORK TRUST COMPANY OF  
FLORIDA, N.A. AS TRUSTEE TO THE DEBTORS' EMERGENCY MOTION  
AUTHORIZING (1) BORROWING WITH PRIORITY OVER  
ADMINISTRATIVE EXPENSES AND SECURED LIENS ON PROPERTY OF  
THE ESTATE PURSUANT TO SECTION 364 (C) AND (D) OF THE  
BANKRUPTCY CODE, (2) DEBTORS' USE OF CASH COLLATERAL AND  
GRANTING ADEQUATE PROTECTION THEREFOR PURSUANT TO  
SECTIONS 361 AND 363 OF THE BANKRUPTCY CODE, (3) MODIFYING THE  
AUTOMATIC STAY AND (4) SETTING FINAL HEARING AND  
JOINDER WITH LIMITED OBJECTION OF THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS OF MISSISSIPPI CHEMICAL CORPORATION  
TO SAID MOTION**

COMES NOW The Bank of New York Trust Company of Florida, N. A., trustee  
for the Holders of the Mississippi Business Finance Corporation Solid Waste Disposal  
Revenue Refunding Bonds(Mississippi Phosphates Corporation Project) Series 1998  
("BONY") and responds to the Emergency Motion Authorizing (1) Borrowing with  
Priority over Administrative Expenses and Secured by Liens on Property of the Estates  
Pursuant to Sections 364 (c) and (c) [sic] of the Bankruptcy Code, (2) Debtors' Uses of  
Cash Collateral and Granting Adequate Protection Therefore Pursuant to Sections 361  
and 363 of the Bankruptcy Code, (3) Modifying the Automatic Stay and (4) Setting Final  
Hearing ("Motion") and would show as follows:

1. BONY is the successor in trust under that certain Indenture of Trust dated as of  
March 1, 1998, by and between Mississippi Business Finance Corporation and Deposit  
Guaranty National Bank, as trustee (the "Trust"). The bonds issued pursuant to the Trust

are the Mississippi Business Finance Corporation Solid Waste Disposal Revenue Refunding Bonds (Mississippi Phosphates Corporation Project) Series 1998 in the aggregate principal amount of \$14,500,000 (the "Bonds"). The issuer of the Bonds is the Mississippi Business Finance Corporation, a public corporation created under the laws of the State of Mississippi ("Issuer"). The Bonds were issued by the Issuer for the purpose of making a loan of the proceeds to Mississippi Phosphates Corporation, a Delaware corporation, ("Phosphates") in order to refund the outstanding principal amount of two series of bonds issued by the Issuer in 1997 to finance a project for the acquisition and construction of sites and buildings, structures and equipment installed by Phosphates (the "Project") for the disposal of solid waste for a chemical fertilizer manufacturing plant located in Jackson County, Mississippi. The Bonds are referenced in paragraph 8 of the Motion.

2. Phosphates is obligated to the Issuer to repay a loan in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds when due pursuant to a loan agreement dated as of March 1, 1998 between the Issuer and Phosphates ( the "Agreement"). The Bonds and the obligation to pay interest thereon are limited obligations of the Issuer, payable solely out of the revenues and income derived from the Agreement, and do not constitute an indebtedness or an obligation of the Issuer. The rights of the Issuer under the Agreement (except the right to receive certain fee, expense and indemnification payments and to receive notices) have been assigned and pledged to the BONY to secure the payment of principal and interest of the Bonds. The Project is not pledged as security for the Bonds. Phosphates is a wholly-owned subsidiary of Mississippi Chemical Corporation, a Mississippi corporation (MCC) that unconditionally

guarantees to BONY for the benefit of any owner of the Bonds, the payment of principal, interest, and all amounts due or to become due from Phosphates under the terms of that certain Guaranty Agreement from MCC to BONY dated as of March 1, 1998 (the "Guaranty").

3. The Debtors filed the Motion on May 16, 2003, and, on the same day, the Court entered the Interim Financing Order Authorizing (1) Borrowing with Priority over Administrative Expenses and Secured by Liens on Property of the Estates Pursuant to Section 364 (C) and Section 364 (D) of the Bankruptcy Code, (2) the Debtors' Use of Cash Collateral and Granting Adequate Protection Therefore Pursuant to Sections 361 and 363 of the Bankruptcy Code, (3) Modifying the Automatic Stay, and (4) Setting of final Hearing ("Interim Order"). The Court set the date for final hearing on the Motion for June 11, 2003.

4. BONY joins the Limited Objection of the Official Committee of Unsecured Creditors of Mississippi Chemical Corporation to the Debtors' Emergency Motion Authorizing (1) Borrowing with Priority over Administrative Expenses and Secured Liens on Property of the Estate Pursuant to Section 364 (C) and (D) of the bankruptcy Code, (2) Debtors' Use of Cash Collateral and Granting Adequate Protection Therefor Pursuant to Sections 361 and 363 of the Bankruptcy Code, (3) Modifying the Automatic Stay and (4) Setting Final Hearing.

5. Furthermore, Phosphates is a wholly-owned subsidiary of MCC and a **separate debtor**. BONY objects to the Motion on the grounds that the Post-Petition Financing renders Phosphates an involuntary lender to MCC and the other subsidiaries, yet fails to provide any consideration to Phosphates, or protection to the creditors of Phosphates, for

the guarantee of Phosphates and for the encumbrance of the assets of Phosphates. The Post-Petition Facility gives the Post-Petition Lenders the absolute guarantee of Phosphates and gives a first priority lien in all right, title and interest of Phosphates in and to all Property of Phosphates, including, all assets and things of value real, personal and fixed, whether now owned or hereafter acquired and wherever located. Phosphates has no separate representation from MCC. Phosphates receives no consideration for this guarantee or the pledge of its assets. BONY has unsecured bonds and Phosphates' revenue stream from its assets will be pledged and distributed to MCC or other Guarantors with no consideration to Phosphates. There is no provision in the Post-Petition Financing for Phosphates or the other Guarantors to receive any of the benefit of the financing. Under the proposed Post-Petition Financing, the parent MCC can drain the subsidiaries and give nothing to protect the creditors of the subsidiaries. Under Section 363, BONY objects to the Motion on the grounds that it fails to provide adequate protection to the creditors and is not in the best interest of Phosphates.

6. As additional grounds for objection, BONY refers to the documents presented by MCC for the Post Petition Facility and specifically the provisions which release and waive claims of Phosphates against the Pre-Petition Lenders. The Motion describes a renegotiation of terms of the pre-petition financing arrangements in November 2002 (ultimately executing the Pre-Petition Credit Agreement) which allegedly included a guaranty from Phosphates and an encumbrance of Phosphates' assets. A fraudulent transfer may have occurred under Sections 548 and 550 if Phosphates guaranteed its insolvent parent's debt and pledged assets without receiving any consideration. BONY

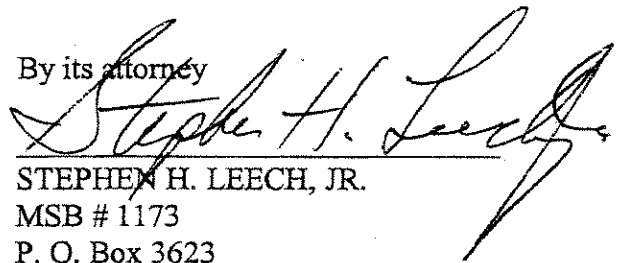
objects to the provisions of the Post-Petition Financing which waive and release claims in connection with the Pre-Petition Credit Agreement.

7. Other grounds to be shown at the hearing on this Motion.

Respectfully submitted,

THE BANK OF NEW YORK  
TRUST COMPANY OF FLORIDA,  
N.A., AS TRUSTEE FOR THE  
HOLDERS OF THE MISSISSIPPI  
BUSINESS FINANCE  
CORPORATION SOLID WASTE  
DISPOSAL REVENUE  
REFUNDING BONDS  
(MISSISSIPPI PHOSPHATES  
CORPORATION PROJECT)  
SERIES 1998

By its attorney



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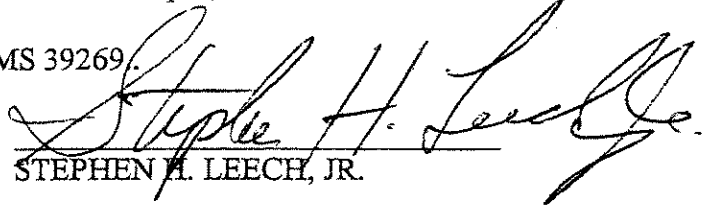
(601) 355-4013

(601) 355-4015 (Fax)

**CERTIFICATE OF SERVICE**

I, Stephen H. Leech, Jr. hereby certify that a true and correct copy of the foregoing document has been furnished by United States Mail, with postage prepaid, on this the 27th day of June, 2003 to James W. O'Mara, Esq, Douglas C. Noble, Esq., Phelps Dunbar, LLP, Suite 500, SkyTel Centre North, 200 South Lamar Street, P. O. Box

23066, Jackson, MS 39225-3066; James E. Spiotto, Chapman and Cutler, 111 W. Monroe Street, Chicago, Illinois 60603 and Stephen W. Rosenblatt, Butler, Snow, O'Mara, Stevens, & Cannada, P.O. Box 22567, Jackson, MS 39225-2567; Anthony Princi and Thomas L. Kent, Orrick, Herrington & Sutcliffe, 666 Fifth Avenue, New York, New York 10103 and Craig M. Geno, Harris, Geno & Dunbar, P.A. P. O. Box 3919, Jackson, MS 39207-3919; and Ronald H. McAlpin, Office of the U. S. Trustee Suite 706, 100 W. Capitol Street, Jackson, MS 39269.

  
STEPHEN H. LEECH, JR.