

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI

MISSISSIPPI CHEMICAL CORPORATION , et al ,

Debtors

Chapter 11

Case No -03-02984 WEE

Jointly Administered

**APPLICATION FOR ORDER AUTHORIZING AND  
APPROVING THE EMPLOYMENT AND RETENTION OF  
CHANIN CAPITAL PARTNERS LLC, NUNC PRO  
TUNC TO JUNE 3, 2003, AS FINANCIAL ADVISORS FOR THE  
OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

The Official Committee of Unsecured Creditors (the "Committee") of the above-captioned debtors and debtors-in-possession herein (collectively, "Debtors"), hereby moves (the "Application") this Court for an order (the "Order") authorizing and approving the Committee's employment and retention of Chanin Capital Partners LLC ("Chanin"), as financial advisors for the Committee, nunc pro tunc to June 3, 2003, pursuant to sections 328(a) and 1103 of Title 11, United States Code, 11 U S C §§ 101 et seq , (the "Bankruptcy Code"), and Rules 2014, 2016 and 5002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and in support thereof respectfully represents as follows

**JURISDICTION**

1 This Court has jurisdiction over this Application pursuant to 28 U S C §§ 157 and 1334 Venue of this Application is proper in this district pursuant to 28 U S C §§ 1408 and 1409

## **BACKGROUND**

2           On May 15, 2003 (the "Petition Date"), the Debtors filed their voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors are operating their business and managing their property as debtors and debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code

3           No trustee or examiner has been appointed in this case

## **REQUESTED RELIEF AND REASONS THEREFOR**

4           On June 3, 2003, the Committee was appointed by the Office of the United States Trustee for the Southern District of Mississippi, pursuant to section 1102(a) of the Bankruptcy Code

5           On June 3, 2003, after the appointment of the Committee, its members met for the first time to, among other things, choose financial advisors. The Committee determined to retain Chanin as financial advisors, subject to entry of appropriate Orders approving such employment and retention. Chanin has indicated its willingness to act as financial advisor on behalf of the Committee in accordance with the terms of this Application. The Committee understands that Chanin will seek compensation from Debtors' estates at the same terms of its engagement by an ad hoc committee of noteholders (the "Pre-Petition Informal Committee") of Mississippi Chemical Corporation's 7 25% Senior Notes due November 15, 2007 (the "Notes") and reimbursement of expenses incurred on the Committee's behalf, subject to Court approval after notice and hearing.

6           The Committee selected Chanin as financial advisor based, among other reasons, on the fact that Chanin has considerable experience in and knowledge of financial restructurings and business reorganizations under Chapter 11 of the Bankruptcy Code, and is well qualified to represent the Committee in these proceedings. In addition, commencing on or about October 18, 2002, Chanin represented the Pre-Petition Informal Committee respecting the restructuring of the Debtors' financial obligations. As a result, Chanin has an extensive knowledge of the Debtors and their businesses as well as their capital structure, financing documents and other material agreements.

7           Chanin has advised the Committee that, except as otherwise noted herein, neither Chanin nor any of its employees represent any interest adverse to Debtors, their estates, their creditors or the Committee in the matters upon which Chanin is to be retained. Chanin is a "disinterested person," as the Committee understands this term is defined, within the meaning of sections 101(14) and 101(31), as modified by section 1103(b), of the Bankruptcy Code. The Committee has reviewed the affidavit of Mark Rubin, a Director of Chanin (the "Rubin Affidavit"), which accompanies this Application. The Committee understands that Chanin may have in the past represented and may presently or in the future represent Debtors' creditors or other parties-in-interest in matters unrelated to these cases.

8           Chanin has advised the Committee that, based on its review to date, which review is ongoing and may be supplemented hereafter, it currently represents and/or has represented the following entities (or in some cases their affiliates) on matters unrelated to Debtors.

**Professionals** - Chanin has worked with or opposite many of the professionals involved in this case. None of this work was related to the Debtors or their affiliated entities.

**The Debtors** – Chanin has not provided any services to the Debtors or to their affiliated entities.

**Major Shareholders** – To the best of its knowledge, Chanin has not provided any services to the major shareholders or to their affiliated entities.

**Secured Creditors** - Chanin has worked with or opposite many of the secured creditors in this case in their capacities as members of official, ad hoc, or steering committees. None of this work was related to the Debtors or their affiliated entities.

**Unsecured Creditors** - Chanin has worked with or opposite many of the unsecured creditors in this case in their capacities as members of official, ad hoc, or steering committees. None of this work was related to the Debtors or their affiliated entities.

9           The professional services which Chanin is expected to render to the Committee, include, but are not limited to, the following

- (a) review and analyze the Company's operations, financial condition, business plan, strategy, and operating forecasts,
- (b) assist the Committee in evaluating any proposed financing,
- (c) assist in the determination of an appropriate capital structure for the Company,
- (d) assist the Committee in evaluating, structuring and negotiating the terms and conditions of any proposed restructuring transaction, including the value of the securities, if any, that may be issued thereunder,

- (e) assist the Committee in evaluating any proposed merger, divestiture, joint-venture, or investment transaction, and
- (f) provide the Committee with other appropriate general restructuring advice

10 Subject to the Court's approval, Chanin will charge an advisory fee of \$125,000 per month (the "Monthly Fee") for the term of Chanin's engagement. In addition to the foregoing Monthly Advisory Fee, the Company shall pay Chanin a deferred fee (the "Deferred Fee") upon the completion of a restructuring transaction. The Deferred Fee will be equal to 100% of the Total Consideration above 12.5% of the face value of the Notes distributed pursuant to a Restructuring Transaction. For purposes of calculating Chanin's Deferred Fee, all consideration distributed on account of pre-petition claims related to the Company's 7.25% Senior Notes shall be included in the calculation of Total Consideration.

11 The Deferred Fee shall be payable in cash on the Effective Date of a Restructuring Transaction. Furthermore, Chanin will receive monthly reimbursement of all reasonable out-of-pocket expenses, including, without limitation, travel and lodging expenses, computer and research charges, attorney fees, messenger services, long-distance telephone calls and other customary expenses.

12 The fees set forth herein are consistent with Chanin's typical fees for work of this nature. These fees are set at a level designed to compensate Chanin fairly for the work of its professionals and assistants and to cover fixed and routine overhead expenses. It is Chanin's policy to charge its clients for all reasonable disbursements and expenses incurred in the rendition of services.

13 All other terms of Chanin's engagement will be as set forth in the agreement (the "Agreement"), dated March 3, 2003, between Mississippi Chemical Corporation, Chanin, and Orrick, Herrington & Sutcliffe LLP, which discloses the terms on which Chanin was hired to represent the Pre-Petition Informal Committee, which Agreement has been attached hereto

14 Chanin seeks to be retained by the Committee nunc pro tunc to June 3, 2003 because it has have been actively involved and have been performing work on behalf of the Committee since that date

**NOTICE PRIOR APPLICATIONS AND WAIVER OF BRIEF**

15 Notice of the Application has been given to, among others, the United States Trustee, counsel to Debtors, and all other parties who filed a notice of appearance in these cases. The Committee submits no other or further notice is necessary or required

16 The Committee submits that the Application does not present novel issues of law requiring the citation to any authority and, accordingly, no brief is necessary

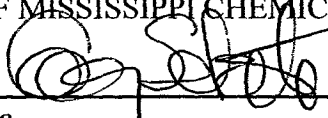
17 No prior application for the relief requested herein has been made to this or any other court

WHEREFORE, the Committee respectfully requests that the Court (a) enter an Order substantially similar to the annexed proposed Order authorizing and approving the retention of Chanin Capital Partners LLC, as financial advisors to the Committee nunc pro tunc to June 3, 2003, pursuant to section 328 and 1103 of the Bankruptcy Code and Rules 2014, 2016 and 5002 of the Bankruptcy Rules, and (b) grant such other and further relief as is just and proper in the circumstances

Respectfully submitted,

THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS OF MISSISSIPPI CHEMICAL CORP

By \_\_\_\_\_

  
Greg Seketa  
Conseco Capital Management, Inc  
Chairperson

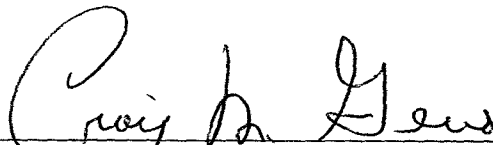
Dated June 19, 2003

### CERTIFICATE OF SERVICE

I, Craig M Geno, do hereby certify that I have this date, sent a true and correct copy of the above and foregoing **APPLICATION FOR ORDER AUTHORIZING AND APPROVING THE EMPLOYMENT AND RETENTION OF CHANN CAPITAL PARTNERS, LLC, NUNC PRO TUNC TO JUNE 3, 2003, AS FINANCIAL ADVISORS FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS** to the following listed below

|   |   |
|---|---|
| James W O'Mara, Esq<br>Douglas C Noble, Esq<br>Phelps Dunbar, LLP<br>Post Office Box 23066<br>Jackson, MS 39225-3066    | Alan J Bogdanow, Esq<br>William D Young, Esq<br>Vinson & Elkins, L L P<br>3700 Trammel Crow Center<br>2001 Ross Avenue<br>Dallas, TX 75201-2975 |
| Stephen W Rosenblatt, Esq<br>Butler, Snow, O'Mara, Stevens & Cannada<br>Post Office Box 22567<br>Jackson, MS 39225-2567 | James E Spiotto, Esq<br>Chapman And Cutler<br>111 W Monroe Street<br>Chicago, Illinois 60603  |
| Ronald H McAlpin, Esq<br>Assistant U S Trustee<br>Suite 706<br>100 West Capitol Street<br>Jackson, MS 39269             | David N Usry, Esq<br>Assistant U S Attorney<br>188 E Capitol Street, Suite 500<br>Jackson, MS 39201   |

THIS, the 16<sup>th</sup> day of July, 2003

  
\_\_\_\_\_  
Craig M Geno



UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI

MISSISSIPPI CHEMICAL CORPORATION , et al ,

Debtors

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Chapter 11  
Case No 03-02984 WEE  
Jointly Administered

**AFFIDAVIT OF MARK RUBIN IN SUPPORT OF  
APPLICATION FOR ORDER AUTHORIZING AND  
APPROVING THE EMPLOYMENT AND RETENTION OF  
CHANIN CAPITAL PARTNERS LLC, NUNC PRO TUNC  
TO JUNE 3, 2003, AS FINANCIAL ADVISORS FOR THE  
OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

STATE OF NEW YORK     )  
                                      ) ss  
COUNTY OF NEW YORK    )

MARK RUBIN, of full age, being duly sworn according to law, upon his oath,  
deposes and says

1           I am a Director of Chanin Capital Partners LLC (“Chanin”), and I am duly  
authorized to make this affidavit on behalf of Chanin. Chanin is an investment banking firm  
with its principal offices located at 330 Madison Avenue, New York, New York 10017, 11100  
Santa Monica Boulevard, Los Angeles, California 90025, and Dallas at 5605 North MacArthur  
Boulevard, Suite 1019, Irving, Texas, 75038. I submit this affidavit pursuant to 11 U.S.C. §  
1103(b) and Rule 2014 of the Federal Rules of Bankruptcy Procedure, in support of the  
application of the Official Committee of Unsecured Creditors (the “Committee”) of the above-  
captioned debtors (the “Debtors”) for an order authorizing the nunc pro tunc retention of Chanin  
Capital Partners LLC, effective as of June 3, 2003, as financial advisors (the “Application”).

2 Subject to this Court's approval, Chanin has been retained by the Committee for the purpose of representing the Committee to perform the services as set forth in paragraph 9 of the Application and has agreed with the Committee that no compensation or reimbursement of expenses will be paid, except as may be allowed by the Court. If authorized to act as financial advisor for the Committee by this Court, Chanin will submit applications for compensation and reimbursement of expenses in accordance with the Application.

3 Subject to the Court's approval, Chanin will charge an advisory fee of \$125,000 per month (the "Monthly Fee") for the term of Chanin's engagement. In addition to the foregoing Monthly Advisory Fee, the Company shall pay Chanin a deferred fee (the "Deferred Fee") upon the completion of a restructuring transaction. The Deferred Fee will be equal to 1.00% of the Total Consideration above 12.5% of the face value of the Notes distributed pursuant to a Restructuring Transaction. For purposes of calculating Chanin's Deferred Fee, all consideration distributed on account of pre-petition claims related to the Company's 7.25% Senior Notes shall be included in the calculation of Total Consideration.

4 The Deferred Fee shall be payable in cash on the Effective Date of a Restructuring Transaction. Furthermore, Chanin will receive monthly reimbursement of all reasonable out-of-pocket expenses, including, without limitation, travel and lodging expenses, computer and research charges, attorney fees, messenger services, long-distance telephone calls and other customary expenses.

5 The fees set forth herein are consistent with Chanin's typical fees for work of this nature. These fees are set at a level designed to compensate Chanin fairly for the work of its professionals and assistants and to cover fixed and routine overhead expenses. It is Chanin's

policy to charge its clients for all reasonable disbursements and expenses incurred in the rendition of services

6 All other terms of Chanin's engagement will be as set forth in the agreement (the "Agreement"), dated March 3, 2003, between Mississippi Chemical Corporation, Chanin, and Orrick, Herrington & Sutcliffe LLP, which discloses the terms on which Chanin was hired to represent the Pre-Petition Informal Committee, which Agreement has been attached hereto

7 Commencing on or about October 18, 2002, Chanin represented an informal committee of holders of the Debtors' publicly held debt securities (the "Pre-Petition Informal Committee") respecting the restructuring of Debtors' financial obligations. In connection with that representation, Chanin was paid \$381,037 for services rendered and expenses incurred. As was agreed to by the Pre-Petition Informal Committee and Debtors, such amounts were paid to Chanin by Debtors.

8 No agreement or understanding in any form exists between Chanin and any other person for a division of compensation for services to be rendered in or in connection with these cases, and no such division of compensation prohibited by section 504 of the Bankruptcy Code will be made by Chanin.

9 As discussed more fully below, Chanin and its employees, including the undersigned affiant, insofar as I have been able to ascertain, are disinterested persons, within the meaning of sections 101(14) and 101(31), as modified by section 1103(b), of the Bankruptcy Code, and do not represent or hold any interest adverse to Debtors or their estates in the matters upon which Chanin is to be engaged. By reason of the foregoing, I believe Chanin is eligible for

employment and retention by the Committee pursuant to section 328 of the Bankruptcy Code and applicable Bankruptcy Rules and local bankruptcy rules

10 To the best of my knowledge, and except as otherwise set forth herein, the employees of Chanin (i) do not have any connection with Debtors or their affiliates, their creditors, or any other party in interest, (ii) are “disinterested persons,” as that term is defined in section 101(14) of the Bankruptcy Code, and (iii) do not hold or represent any interest adverse to Debtors’ estates

11 In connection with its proposed retention by the Committee, Chanin has conducted a conflicts check and due inquiry regarding its relations with the Debtors, their significant creditors and stakeholders, and the professionals in the case to determine whether it has any conflicts or potential conflicts in these cases. Among other things, Chanin circulated the list of the parties-in-interest in these chapter 11 cases to Chanin’s professionals for their review of any relationships or potential conflicts of interest. Exhibit A to this affidavit lists all connections between Chanin and those parties identified on the Conflicts List. Chanin’s relationships can be grouped as follows

**Professionals** - Chanin has worked with or opposite many of the professionals involved in this case. None of this work was related to the Debtors or their affiliated entities

**The Debtors** – Chanin has not provided any services to the Debtors or to their affiliated entities

**Major Shareholders** – To the best of its knowledge, Chanin has not provided any services to the major shareholders or to their affiliated entities

**Secured Creditors** - Chanin has worked with or opposite many of the secured creditors in this case in their capacities as members of official, ad hoc, or steering committees. None of this work was related to the Debtors or their affiliated entities.

**Unsecured Creditors** - Chanin has worked with or opposite many of the unsecured creditors in this case in their capacities as members of official, ad hoc, or steering committees. None of this work was related to the Debtors or their affiliated entities.

12 Chanin is involved in numerous cases, proceedings and transactions involving many different professionals, attorneys, accountants and financial consultants, some of which may represent claimants and parties-in-interest in the Debtors' chapter 11 cases. Further, Chanin has in the past, and may in the future, be represented by several attorneys and law firms, some of whom may be involved in these cases. In addition, Chanin has in the past, and may in the future, be working with or against other professionals and creditor committee members involved in these cases in matters wholly unrelated to these cases. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these business relationships constitute interests materially adverse to the Debtors herein in matters upon which Chanin is to be employed, and none are in connection with these cases.

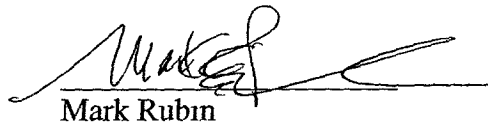
13 Neither Chanin nor, to the best of my knowledge, any employee of Chanin is or was a creditor or equity holder of the Debtors.

14 Neither Chanin nor, to the best of my knowledge, any employee of Chanin is or was, within two years before the commencement of these cases, an investment banker for the Debtors in connection with the offer, sale or issuance of a security of the Debtors.

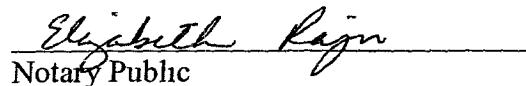
15 The Debtors have numerous relationships with third parties and creditors. Consequently, although every reasonable effort has been made to discover and eliminate the possibility of any conflict, including the efforts outlined above, Chanin is unable to state with certainty whether one of its clients or an affiliate of one of its clients holds a claim or otherwise is a party-in-interest in these chapter 11 cases. If Chanin discovers any information that is contrary to or pertinent to the disclosures made herein, Chanin will promptly disclose such information to this Court, to the Debtors' creditors and the Office of the United States Trustee.

16 Chanin seeks to be retained by the Committee nunc pro tunc to June 3, 2003 because we have been actively involved and have been performing work on behalf of the Committee since that date.

17 Chanin will supplement this Affidavit, as necessary or appropriate, upon learning of any additional representations or relationships that should be disclosed to this Court and parties in interest in these Chapter 11 cases.

  
Mark Rubin

Sworn to and subscribed before  
me this 8<sup>th</sup> day of July, 2003

  
Notary Public

ELIZABETH RAJU  
Notary Public State of New York  
No 01RA6046900  
Qualified in New York County  
Commission Expires August 21, 2006

**EXHIBIT A**  
**RESULTS OF CONFLICT CHECK**

**PROFESSIONALS**

Chanin is currently working with or opposite the following professionals in their roles as counsel or financial advisors to debtors or to official, *ad hoc*, or steering committees of creditors or equity holders on matters unrelated to the Debtors' Chapter 11 cases

Vinson & Elkins  
Gordian Group LLC  
Orrick, Herrington & Sutchffe LLP  
FTI Consulting

**Debtors**

Chanin does not currently represent any of the Debtors or their affiliated entities

**Major Shareholders**

To the best of its knowledge, Chanin does not currently represent any of the major shareholders of the Debtors

**Secured Creditors**

To the best of its knowledge, Chanin currently represents the following companies and/or certain affiliates and subsidiaries in their roles as members of official, *ad hoc*, or steering committees of creditors or equity holders on matters unrelated to the Debtors' Chapter 11 cases

Morgan Stanley

**Bond Trustees**

To the best of its knowledge, Chanin does not currently represent any of the secured creditors of the Debtors

**Major Bondholders**

To the best of its knowledge, Chanin currently represents the following companies and/or certain affiliates and subsidiaries in their roles as members of official, *ad hoc*, or steering committees of creditors or equity holders on matters unrelated to the Debtors' Chapter 11 cases

Perry Capital  
Conseco

Trade Creditors

To the best of its knowledge, Chanin does not currently represent any of the largest trade creditors of the Debtors as presented by the Debtors in its first day filings





As used in this Agreement, the term "Restructuring Transaction" shall mean, collectively, any restructuring, reorganization (pursuant to Chapter 11 of the Bankruptcy Code), or recapitalization of the Company resulting in any amendments to the terms or conditions of the Notes, including but not limited to an exchange of the Notes for new securities or cash, or any sale of the Company or any of its assets (whether under Section 363(b)(1) of the Bankruptcy Code, or otherwise), in one or a series of transactions which are approved by the Company's board of directors

2 Term of Agreement This Agreement shall commence as of March 3, 2003 and shall continue until (i) 30 days after Orrick or Chanin gives written notice of termination to the other party or (ii) in the event that negotiations between the Committee and the Company regarding a possible Restructuring Transaction are terminated, five days after the Company gives written notice to Chanin, however, if negotiations between the Committee and the Company resume prior to such five day period, the termination notice shall be deemed to have been revoked by the Company Upon any termination, the provisions of Paragraph 3 (to the extent applicable) shall survive the termination of this Agreement to the extent such provisions relate to the payment of fees due on or before the effective date of termination and expenses incurred on or before the effective date of termination, and the provisions of Paragraphs 5, 6, 7, 8, and 9 shall survive the termination of this Agreement and shall remain in effect Additionally, upon termination of Chanin's employment (except if terminated by Chanin), Chanin shall be entitled to payment of the Deferred Fee (as defined herein) if a Restructuring Transaction is consummated within 12 months of such termination

3 Fees and Expenses

(a) Monthly Advisory Fee The Company shall pay Chanin a monthly advisory fee of \$125,000 per month (the "Monthly Advisory Fee") The initial Monthly Advisory Fee shall be paid upon the signing of this Agreement All subsequent Monthly Advisory Fees shall be paid in advance by the 3<sup>rd</sup> day of such month, such that the next Monthly Advisory Fee shall be paid by April 3, 2003 None of Orrick, the Committee, its members or their respective partners, officers, directors or other agents shall be liable for the fees, expenses or other obligations, contractual or otherwise, due or payable to Chanin hereunder Notwithstanding the foregoing, unless otherwise agreed to by Chanin and the Company, the Company shall not be required to pay the Monthly Advisory Fee after the Company files a Chapter 11 proceeding with the United States Bankruptcy Court, except that the Company shall pay to Chanin whatever compensation and expenses reimbursement may be ordered by the such court

(b) Deferred Fee In addition to the foregoing Monthly Advisory Fee, the Company shall pay Chanin a deferred fee upon the completion of a Restructuring Transaction that is approved by holders of at least two-thirds of the face amount of the Notes, or such lesser amount so long as approval is obtained from the minimum requisite holders of the Notes that is required to consummate such Restructuring Transaction (the "Deferred Fee") The Deferred Fee will be equal to 100% of the Total Consideration (as defined below) The Deferred Fee will be payable in cash on the closing date of the Restructuring Transaction



- (c) Expense Reimbursement Chanin shall be entitled to monthly reimbursement of reasonable documented out-of-pocket expenses incurred in connection with the services to be provided under this Agreement. Out-of-pocket expenses shall include, but not be limited to, all reasonable travel expenses, computer charges and research charges. Except as specified in paragraphs 3(d) and 5 herein, the Company shall not be required to pay the fees and expenses of any third party engaged by Chanin to provide services with respect to the matters contemplated herein unless otherwise agreed in writing by the Company in advance.
- (d) Costs of Collections The Company will be responsible for any costs of collection relating to Chanin's compensation hereunder, including reasonable attorney's fees.

For purposes of this Agreement, the term "Total Consideration" shall mean the aggregate value in excess of 12.5% of the face value of the Notes of all distributions received on account of the Notes (other than interest received as originally scheduled), including but not limited to cash, the principal amount of debt securities, the liquidation preference of preferred securities, the value of equity securities as reasonably determined by Chanin, the Company and the Committee, or, if distributed pursuant to a confirmed chapter 11 plan of reorganization, as specified in an approved disclosure statement, any litigation recoveries, and other assets (valued at fair market value at the date such recoveries or assets are distributed).

Notwithstanding such arrangement with respect to the payment of fees and expenses by the Company to Chanin, Chanin's duties hereunder run solely to Orrick on behalf of the Committee. All communications between Chanin and Orrick and the Committee and all work and analysis prepared by Chanin for Orrick in connection with this matter are claimed by the Committee to be subject to attorney-client privilege and work product privilege.

4. Company Information The Company and Orrick recognize and confirm that in rendering services hereunder, Chanin will be using and relying on, and assuming the accuracy of, without any independent verification, data, material and other information (collectively, the "Information") furnished to Chanin by or on behalf of Orrick, the Committee, the Company, or other third parties (including their agents, counsel, employees and representatives). The Company and Orrick understand that Chanin will not be responsible for independently verifying the accuracy of the Information provided to Chanin and shall not be liable for inaccuracies in any such Information. Chanin will not hold Orrick, the Committee or its members, or the Company liable for information provided by Orrick, the Committee or its members, or the Company, respectively, to Chanin.
5. Indemnification The Company shall provide indemnification and other obligations set forth in Schedule I hereto, which is an integral part hereof and is hereby incorporated by reference. Further, in the event that an Indemnified Person (as defined in Schedule I) is requested or required to appear as a witness or is served discovery in any action brought by or on behalf of or against the Committee or which otherwise relates to this Agreement or the services rendered by Chanin hereunder, the Company shall reimburse Chanin and the Indemnified Person for all reasonable expenses incurred by them in connection with such Indemnified Person appearing and preparing to appear as such a witness.



or in connection with discovery, including without limitation, the reasonable fees and disbursements of legal counsel (provided that such fees and disbursements shall not exceed \$25,000 without the prior consent of the Company)

- 6 Bankruptcy Court Approval It is intended by the parties hereto that such of Chanin's fees or expenses payable pursuant hereto, but remaining unpaid at the time of a filing of a petition under chapter 11, shall be in the nature of a pre-petition claim which shall be paid in full under the Company's Plan. It is the Company's present intention to include in the Plan, if any, submitted to the United States Bankruptcy Court (the "Bankruptcy Court") and/or such similar court in foreign venues, appropriate provisions designed to effectuate the parties' intentions as described in the immediately preceding sentence and Paragraphs 3(a), 3(b), 3(c) and 3(d) of this Agreement
- 7 Entire Agreement This Agreement and the confidentiality agreement between Chanin and the Company represent the entire agreement between the parties with respect to the subject matter contemplated herein and therein. This Agreement may not be modified except in writing signed by the parties. This Agreement may be executed in counterparts, each of which shall constitute an original. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision.
- 8 Affiliation Orrick, the Company, and the Committee recognize that Chanin has been retained only by Orrick, and that Orrick's engagement of Chanin is not deemed to be on behalf of and is not intended to and does not confer rights upon the Company or any of its security holders, officers, agents, employees or representatives, or any individual members of the Committee. No one other than Orrick and the Committee is authorized to rely upon the engagement of Chanin hereunder or any statements, advice, opinions or conduct of Chanin.
- 9 Arbitration This Agreement will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed entirely in such state. Except to the extent that the parties shall be permitted to adjudicate any dispute in the bankruptcy court having jurisdiction over the Company's chapter 11 case and the bankruptcy court desires to exercise such jurisdiction, each of the parties hereto agrees to submit any claim or dispute arising out of or related to this Agreement to private and confidential arbitration by a single arbitrator selected in accordance with the rules of the American Arbitration Association. The arbitration proceedings shall be governed by the Commercial Rules of Arbitration of the American Arbitration Association and shall take place in the Borough of Manhattan, New York City, New York. The arbitrator shall have the power to order discovery and the authority to award any remedy or relief that a court of the State of New York could order or grant, including without limitation specific performance. The decision of the arbitrator shall be final and binding on each of the parties and judgment thereon may be entered in any court having jurisdiction. Each party agrees to the personal and subject matter jurisdiction of the bankruptcy court, and in the event the bankruptcy court declines to exercise such jurisdiction, then each party agrees to such arbitration for the resolution of any such claim, including any issue relating to this arbitration provision. In the event of any arbitration arising out of or in connection with this Agreement, the prevailing party in such action shall be entitled to an award of reasonable attorneys'



**CHANIN CAPITAL PARTNERS**

Mr Charles O Dunn

March 3, 2003

Page 5 of 7

fees and costs incurred in connection with the arbitration. Nothing in this paragraph shall pertain to or affect the authority of a bankruptcy court having jurisdiction over the Company to consider and rule upon Chanin's applications for interim or final compensation pursuant to this Agreement, and other matters concerning this agreement.

- 10 Other Matters If this letter correctly sets forth our Agreement on the matters covered herein, please so indicate by signing and returning the enclosed copy of this letter and signing and retaining the duplicate we are enclosing for your records. Upon execution by the parties, this letter will constitute a legally binding Agreement between Orrick, the Company, and Chanin, of which the Committee is an intended beneficiary.

We trust the foregoing terms and provisions are agreeable to you, and request that you sign and return the enclosed copy of this Agreement to us at your earliest convenience.

**CHANIN CAPITAL PARTNERS, LLC**

By

Mark Rubin

Director

**MISSISSIPPI CHEMICAL CORPORATION**

By

Charles O. Dunn

President and Chief Executive Officer

**ORRICK, HERRINGTON & SUTCLIFFE LLP**

By

  
Anthony Principi

Partner

cc The Committee



## Schedule I

This Schedule I is a part of and is incorporated into that certain letter agreement (the "Agreement"), dated as of March 3, 2003 by and between Mississippi Chemical Corporation (together with its wholly and majority owned subsidiaries, the "Company"), and Chanin Capital Partners, LLC ("Chanin") Capitalized terms not defined herein shall have the same meaning assigned in the Agreement

The Company shall indemnify and hold harmless Chanin and its affiliates and their respective directors, officers, employees, attorneys and other agents appointed by any of the foregoing and each other person, if any, controlling Chanin or any of its affiliates (Chanin and each such person and entity being referred to as an "Indemnified Person"), from and against any finally determined losses, claims, damages, judgments, assessments, costs and other liabilities (collectively, "Liabilities"), and will reimburse each Indemnified Person for all reasonable fees and expenses (including the reasonable fees and expenses of counsel) (collectively, "Expenses") as they are incurred in investigating, preparing, pursuing or defending any claim, action, proceeding or investigation in connection with pending or threatened litigation or other proceedings against the Indemnified Person (collectively, "Actions"), arising out of or in connection with advice or services rendered or to be rendered by an Indemnified Person pursuant to the Agreement, the transaction contemplated thereby or any Indemnified Persons' actions or inactions in connection with any such advice, services or transaction (the "Services"), provided that the Company will not be responsible for any Liabilities or Expenses of any Indemnified Person that are determined by a judgment of a court of competent jurisdiction, which judgment is no longer subject to appeal or further review, to have resulted from such Indemnified Person's gross negligence or willful misconduct in connection with any of the advice, actions, inactions or services referred to above. The Company shall also reimburse such Indemnified Person for all Expenses as they are incurred in connection with enforcing such Indemnified Persons' rights under the Agreement (including without limitation its rights under this Schedule I). Such Indemnified Person shall reasonably cooperate with the defense of any Actions.

Upon receipt by an Indemnified Person of actual notice of an Action against such Indemnified Person with respect to which indemnity may be sought under the Agreement, such Indemnified Person shall promptly notify the Company in writing, provided that failure to so notify the Company shall not relieve the Company from any liability which the Company or any other person may have on account of this indemnity or otherwise, except to the extent the Company shall have been materially prejudiced by such failure. The Company shall, upon receipt of notice, assume the defense of any such Action including the employment of counsel reasonably satisfactory to Indemnified Person. Any Indemnified Person shall have the right to employ separate counsel in any Action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person, unless (i) the Company has failed promptly to assume the defense and employ counsel or (ii) the named parties to any such Action (including any impleaded parties) include such Indemnified Person and the Company, and such Indemnified Person shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the Company, provided that the Company shall not in such event be responsible hereunder for the fees and expenses of more than one separate counsel in connection with any Action in the same jurisdiction, in addition to any local counsel. The Company shall not be liable for any settlement of any Action effected without its written consent (which shall not be unreasonably withheld). In addition, the Company will not, without prior written consent of Indemnified Person (which shall not be unreasonably withheld), settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any pending or threatened Action in respect of which indemnification or contribution may be sought hereunder unless such settlement, compromise, consent or termination includes an unconditional release of such Indemnified Person from all liabilities arising out of such Action.

In the event that the foregoing indemnity is not available to an Indemnified Person in accordance with the Agreement pursuant to the requirements of applicable law, the Company shall contribute to the Liabilities and Expenses paid or payable by such Indemnified Person in such proportion as is appropriate to reflect (i) the relative benefits to the Company, on the one hand, and to Chanin, on the other hand, of the matters contemplated by the Agreement, or (ii) if the allocation provided by the immediately preceding clause is not permitted by the applicable



law, not only such relative benefits but also the relative fault of the Company, on the one hand, and Chanin, on the other hand, in connection with the matters as to which such Liabilities or Expenses relate, as well as any other relevant equitable considerations. For purposes of this paragraph, the relative benefits to the Company, on the one hand, and to Chanin, on the other hand, of the matters contemplated by this Agreement shall be deemed to be in the same proportion as (a) the total value paid or received or contemplated to be paid or received by the Company in the transaction, whether or not any transaction is consummated, bears to (b) the fees paid or payable to Chanin under the Agreement.

No Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Committee for or in connection with advice or services rendered or to be rendered by any Indemnified Person pursuant to the Agreement, the transactions contemplated thereby or any Indemnified Person's actions or inactions in connection with any such advice, services or transactions except for Liabilities (and related Expenses) of the Committee that are determined by a judgment of a court of competent jurisdiction, which judgment is no longer subject to appeal or further review, to have resulted from such Indemnified Person's gross negligence or willful misconduct in connection with any such advice, actions, inactions or services.

The Company shall not have any liability to, or any obligation to indemnify, any Indemnified Person as a result of a breach by Chanin of the confidentiality agreement between Chanin and the Company.

These indemnification, contribution and other provisions of this Schedule I shall (i) remain operative and in full force and effect regardless of any termination of the Agreement or completion of the engagement by Chanin, (ii) inure to the benefit of any successors, assigns, heirs or personal representative of any Indemnified Person, and (iii) be in addition to any other rights that any Indemnified Person may have.

Should a Chapter 11 case be commenced over the Company, and if, before the earlier of (i) the entry of an order confirming a Chapter 11 plan for the Company (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing the Company's Chapter 11 cases, Chanin believes that it is entitled to the payment of any amounts by the Company on account of the Company's indemnification, contribution and/or reimbursement obligations under the Engagement Letter and Schedule I, including without limitation the advancement of defense costs, Chanin will file an application therefor in the Bankruptcy Court and the Company shall not pay any such amounts to Chanin before the entry of a final order by the Bankruptcy Court approving the payment. This paragraph is intended only to specify the period of time under which the Bankruptcy Court shall have jurisdiction over any request for fees and expenses by Chanin for indemnification, contribution or reimbursement and is not a provision limiting the duration of the Company's obligation to indemnify Chanin.

Subject to the preceding paragraph, the Company shall indemnify Chanin, in accordance with the Engagement Letter and this Schedule I for any claim arising from, related to, or in connection with the Services, but not for any claim arising from, related to, or in connection with Chanin's performance of any Services occurring following the commencement of Chapter 11 proceedings, unless such Services and indemnification relating thereto are approved by the Bankruptcy Court.

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI

MISSISSIPPI CHEMICAL CORPORATION, et al,

Debtors

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Chapter 11  
Case No 03-02984 WEE  
Jointly Administered

**DISCLOSURE OF COMPENSATION OF CHANIN CAPITAL PARTNERS LLC  
PURSUANT TO BANKRUPTCY RULE 2016(b)**

Pursuant to 11 U S C §329 and Rule 2016(b) of the Federal Rules of Bankruptcy Procedure, Chanin Capital Partners LLC (“Chanin”), proposed counsel for the Official Committee of Unsecured Creditors of Mississippi Chemical Corp, et al (the “Committee”), hereby submits this statement disclosing the method by which Chanin has agreed to be paid for services rendered or to be rendered in contemplation of and in connection with its representation of the Committee in the above-referenced chapter 11 case, and the source of such compensation

1 Chanin has advised the Committee that in connection with its representation of the Pre-Petition Informal Committee, it was paid \$375,000 in fees plus expenses of \$6,037. As was agreed to by the Pre-Petition Informal Committee and the Debtors, such amounts were paid to Chanin by Debtors.

2 Subject to the Court’s approval, Chanin will charge an advisory fee of \$125,000 per month (the “Monthly Fee”) for the term of Chanin’s engagement. In addition to the foregoing Monthly Advisory Fee, the Company shall pay Chanin a deferred fee (the “Deferred Fee”) upon the completion of a Restructuring Transaction. The Deferred Fee is equal to 1.00% of the Total Consideration above 12.5% of the face value of the Notes distributed pursuant to a Restructuring Transaction. For purposes of calculating Chanin’s Deferred Fee, all consideration distributed on

account of pre-petition claims related to the Company's 7 25% Senior Notes shall be included in the calculation of Total Consideration

3 The Deferred Fee shall be payable in cash on the Effective Date of a Restructuring Transaction. Furthermore, Chanin will receive monthly reimbursement of all reasonable out-of-pocket expenses, including, without limitation, travel and lodging expenses, computer and research charges, attorney fees, messenger services, long-distance telephone calls and other customary expenses.

4 The fees set forth herein are consistent with Chanin's typical fees for work of this nature. These fees are set at a level designed to compensate Chanin fairly for the work of its professionals and assistants and to cover fixed and routine overhead expenses. It is Chanin's policy to charge its clients for all reasonable disbursements and expenses incurred in the rendition of services.

5 All other terms of Chanin's engagement will be as set forth in the agreement (the "Agreement"), dated March 3, 2003, between Mississippi Chemical Corporation, Chanin, and Orrick, Herrington & Sutcliffe LLP, which discloses the terms on which Chanin was hired to represent the Pre-Petition Informal Committee, which Agreement has been attached hereto.

6 Chanin has not shared or agreed to share any portion of any compensation paid by the Debtor with any person.



7 Chanin does not have any other fee arrangement in this case with the Debtor, the Committee, or any other party, except as disclosed herein

Dated July 8, 2003

A handwritten signature in black ink, appearing to read "Mark Rubin", is written over a horizontal line.

Mark Rubin

Director

Chanin Capital Partners LLC

330 Madison Avenue, 11/F

New York, NY 10017

Proposed Financial Advisors for the Official  
Committee of Unsecured Creditors