US BANKRUPTCY COURT
SOUTHERN DISTRICT OF MS
FILED
2004 DEC 15 PM 2:04
LENE J KENNEDY
CLERK
BY DEPUTY

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

In re	)	**Chapter 11**
	)	**Case No. 03-02984 WEE**
MISSISSIPPI CHEMICAL CORPORATION et al.,[1]	)	
	)	**(Jointly Administered)**
Debtors.	)	

AFFIDAVIT OF SERVICE RE:

1. **NOTICE OF MOTION TO APPROVE SETTLEMENT AGREEMENT AND COMPROMISE OF CLAIM and to SHORTEN NOTICE PERIOD**

2. **MOTION TO APPROVE SETTLEMENT AGREEMENT AND COMPROMISE OF CLAIM and to SHORTEN NOTICE PERIOD**

I, Yvette Hassman, state as follows:

1. I am over eighteen years of age and I believe the statements contained herein are true based on my personal knowledge. My business address is c/o The BMC Group, Inc. (f/k/a Bankruptcy Management Corporation), 1330 East Franklin Avenue, El Segundo, California 90245.

2. On December 7, 2004, at the direction of Phelps Dunbar LLP, counsel for the Debtors and Debtors in Possession, I caused service of the documents attached hereto as Exhibit 1 to be effected on those parties who have requested special notice, together with the Core Group, listed in Exhibit 2.

[1] The Debtors are the following entities: Mississippi Chemical Corporation; Mississippi Nitrogen, Inc., MissChem Nitrogen, L.L.C.; Mississippi Chemical Company, L.P.; Mississippi Chemical Management Company; Mississippi Phosphates Corporation; Mississippi Potash, Inc.; Eddy Potash, Inc.; Triad Nitrogen, L.L.C.; and Melamine Chemicals, Inc.

3. Such service was effected via first-class mail and deposited with the United States Postal Service with postage thereon fully prepaid.

I declare under penalty of perjury that the foregoing is true and correct.

DATED: December 13, 2004
El Segundo, California

Yvette Hassman

State of California)
) ss
County of Los Angeles)

Personally appeared before me on December 13, 2004, Yvette Hassman, an individual, known to me to be the person who executed the foregoing instrument and acknowledged the same.

JAMES H. MYERS
Commission # 1313901
Notary Public - California
Los Angeles County
My Comm. Expires Jul 19, 2005

U.S. BANKRUPTCY COURT
SOUTHERN DISTRICT OF MS
FILED
2004 DEC -7 PM 2:23
KENNEDY
CLERK
BY DEPUTY

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

In re:	)	
	)	
MISSISSIPPI CHEMICAL	)	
CORPORATION, *et al.* [1]	)	CASE NO. 03-02984 WEE
	)	Chapter 11
Debtors.	)	**Jointly Administered**
	)	

MOTION TO APPROVE SETTLEMENT AGREEMENT
AND COMPROMISE OF CLAIM and to SHORTEN NOTICE PERIOD

COME NOW the debtors and debtors-in possession, Mississippi Chemical Corporation, *et al.*, (collectively, the "Debtors"), and move the Court, pursuant to § 105 of the Bankruptcy Code and Rules 9019 of the Federal Rules of Bankruptcy Procedure, for an order approving the settlement and compromise between the Debtors and Dr. Zhongxin "Ryan" Ma (the "Motion"). In support of the Motion, the Debtors show as follows:

1. On May 15, 2003 (the "Petition Date"), the Debtors filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code. No trustee or examiner has been appointed. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

2. An Official Committee of Unsecured Creditors (the "Committee") has been appointed in these proceedings.

[1] The Debtors are the following entities: Mississippi Chemical Corporation; Mississippi Nitrogen, Inc.; MissChem Nitrogen, L.L.C., Mississippi Chemical Company, L.P.; Mississippi Chemical Management Company; Mississippi Phosphates Corporation; Mississippi Potash, Inc.; Eddy Potash, Inc.; Triad Nitrogen, L.L.C; and Melamine Chemicals, Inc.

3. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue of these cases is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding under 28 U.S.C. § 157(b)(2)(N) and (O).

Background and Proposed Settlement

4. Dr. Ma was formerly employed by the Debtors and was terminated, all prior to the Petition Date, effective February 28, 2003. Incident to Dr. Ma's employment was his assignment to the Debtors of certain technologies he developed and owned which the Debtors attempted to use in further development of its products.

5. As part of Dr. Ma's termination, it was contemplated in Dr. Ma's Employment Agreement that a Technology Reassignment Agreement (as both terms are defined in the Technology Reassignment Agreement) be executed by and between the Debtors and Dr. Ma, pursuant to which Dr. Ma's technology would be reassigned to him and the Debtors would retain a non-exclusive, non-transferable license to use the technology. The Technology Reassignment Agreement was not executed prior to the Petition Date.

6. As a result of the delay in the Debtors' reassignment to Dr. Ma of his technology, Dr. Ma has filed a Proof of Claim in this case, Claim No. 934, in which he asserts various claim amounts alleged to result from the Debtors' failure to timely reassign to him the technology. The Debtors dispute the Claim and have filed an objection thereto.

7. By this Motion, the Debtors and Dr. Ma request that the Court approve a compromise and settlement of the disputes set forth above. The Debtors have agreed to reassign to Dr. Ma his technology, without reservation of any continued rights to use the technology, and to execute the Technology Reassignment Agreement, attached hereto as Exhibit "A", in exchange for Dr. Ma's withdrawal of Claim 934 and his agreement to waive and not to assert any further claims against the Debtors.

8. The Debtors and Dr. Ma believe that approval and consummation of this settlement is fair and in the best interests of the estates, eliminates post-confirmation litigation over Dr. Ma's Claim and that it should be approved. Further, the Debtors' DIP Lenders have consented to the release of any and all lien claims they may hold as to the technology and do not oppose the relief requested herein. Accordingly, the Debtors and Dr. Ma request that the Motion be granted and the settlement and compromise be approved in full.

9. Further, the Debtors move the Court to shorten the notice period from 20 days to 10 days to permit closing of this settlement prior to the calendar year end and to coincide with the anticipated confirmation and consummation of their Plan.

WHEREFORE, the Debtors respectfully request that the Court enter (1) an order shortening the notice period from 20 to 10 days and thereafter (2) an order granting the Motion approving the settlement and authorizing the Debtors and Dr. Ma to consummate the Settlement Agreement and Technology Reassignment Agreement and for such other relief as is just.

Respectfully submitted,

MISSISSIPPI CHEMICAL CORPORATION, *et al.*

By: _____

James W. O'Mara, MS Bar No. 3929
Douglas C. Noble, MS Bar No. 10526
Christopher R. Maddux, MS Bar No. 100501

PHELPS DUNBAR LLP
111 East Capitol, Suite 600
Post Office Box 23066
Jackson, Mississippi 39225-3066
Telephone: (601) 352-2300
Facsimile: (601) 360-9777

CERTIFICATE OF SERVICE

I do hereby certify that I have this date caused to be served *via* electronic mail and/or U.S. Mail, postage prepaid, a true and correct copy of the above and foregoing pleading to all parties listed below.

Thomas L. Kent Orrick, Herrington & Sutcliffe LLP 666 Fifth Avenue New York, NY 10103	Craig M. Geno Harris Geno, PLLC P.O. Box 3380 Ridgeland, MS 39158
Ronald H. McAlpin Assistant U.S. Trustee Suite 706 100 W. Capitol Street Jackson, MS 39269	Bankruptcy Management Corporation Attn: Tinamarie Feil 1330 E. Franklin Ave. El Segundo, CA 90245
John C. Tishler Waller, Lansden, Dortch & Davis 511 Union Street, Suite 2100 Nashville, TN 37219	J. Walter Newman, IV Newman & Newman 539 Trustmark Building Jackson, MS 39201
Mark J. Thompson David J. Mack Simpson Thacher & Bartlett LLP 425 Lexington Avenue New York, NY 10017	Luther M. Dove, Jr. Dove & Chill 4266 I-55 North, Suite 108 Jackson, MS 39211
James W. Kapp III Kirkland & Ellis LLP 200 E. Randolph Drive Chicago, IL 60601-6636	W. Whitaker Rayner Watkins Ludlam Winter & Stennis P.O. Box 427 Jackson, MS 39205-0427

SO CERTIFIED, this the 7th day of December, 2004.

JAMES W. O'MARA
DOUGLAS C. NOBLE
CHRISTOPHER R. MADDUX

TECHNOLOGY REASSIGNMENT AGREEMENT

This **TECHNOLOGY REASSIGNMENT AGREEMENT** (this "Agreement") is entered into and made effective as of the 28th day of February, 2003 (the "Effective Date"), by and between **DR. ZHONGXIN MA** ("Dr. Ma"), an individual of the full age of majority and a resident of Mississippi ("Dr. Ma"), and **MISSISSIPPI CHEMICAL CORPORATION**, a Mississippi corporation having its principal place of business in Yazoo City, Mississippi ("MCC').

WITNESSETH:

WHEREAS, MCC and Dr. Ma entered into that certain Technology Assignment Agreement, dated March 18, 1999 (the "Technology Assignment Agreement") pursuant to which Dr. Ma assigned to MCC the entire right, title and interest in and to certain confidential information relating to novel methods in the synthesis and/or processing of polypeptide materials which contain the basic structure of polyasparagine, including straight chain, cross-linked, and grafted polymers used alone or in combination with known fertilizer material, and synthesis and/or processing know-how involving the intermediate polysuccinimide, for use in agricultural applications (the "Technology"); and

WHEREAS, in consideration for the assignment of the Technology, MCC and Dr. Ma entered into that certain Employment Agreement, dated March 18, 1999 (the "Employment Agreement") pursuant to which Dr. Ma was hired and employed as a chemist performing research for MCC in relation to the Technology; and

WHEREAS, MCC is the owner of U.S. Patent No. 6,365,706, issued April 2, 2002 (the "Base Patent"), and a divisional application thereof, U.S. Patent Application Serial No. 09/928,439, filed August 14, 2001 (the "Divisional Application"), each entitled "A Process for Production of Polyasparagine and the High Nitrogen Content Polymer Formed Thereby" and covering the Technology; and

WHEREAS, in the course and scope of Dr. Ma's employment by MCC, Dr. Ma, alone and jointly with other employees of MCC, invented certain improvements to the Technology (the "Improvements") relating to fertilizer coatings prepared from amphiphilic molecules having a hydrophilic portion and a hydrophobic portion; and

WHEREAS, MCC is the owner of U.S. Patent Application Serial No. 09/827,901, filed April 9, 2001, entitled "Controlled Release Fertilizers based on Self-Assembled Molecule Coatings", U.S. Patent Application Serial No. 10/292,601, filed November 13, 2002, entitled "Self-Assembled Molecule Coatings", and a foreign PCT application, PCT Application Serial No. PCT/US02/08233, filed April 3, 2002, each covering the Improvements (collectively, the "Improvement Patent Applications", and together with the Base Patent and the Divisional Application, the "Assigned Patent and Patent Applications"); and

WHEREAS, MCC terminated Dr. Ma's employment without cause, and as required by Section 5(a) of the Technology Assignment Agreement, desires to re-assign and transfer the "Technology, including all improvements and any patent with respect thereto" to Dr. Ma;

EXHIBIT
A

WHEREAS, MCC and Dr. Ma desire to enter into this Agreement, in full and final settlement and satisfaction of their technology-related obligations under the Technology Assignment Agreement and the Employment Agreement on the terms and conditions set forth herein; and

WHEREAS, MCC and Dr. Ma are simultaneously entering into that certain Termination of Employment Contract Acknowledgement relating to the final payment of Dr. Ma's salary and certain other matters described therein (the "Severance Agreement").

NOW, THEREFORE, in consideration of the mutual covenants contained herein, together with other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Dr. Ma and MCC (each, a "Party" and collectively, the "Parties") hereby agree as follows:

1. Re-Assignment. MCC does hereby assign, transfer, and otherwise convey to Dr. Ma all of its right, title, and interest in and to (i) the Technology and the Improvements described in the Assigned Patent and Patent Applications, (ii) the Assigned Patent and Patent Applications, (iii) any and all United States patents or foreign counterpart patents that may be granted from the Improvement Patent Applications, and (iv) any and all reissues, reexaminations, continuations or divisionals based upon the Assigned Patent and Patent Applications, and, in each case, to all causes of action, in law or equity, for past, present or future infringement by any third person, and free and clear of any lien or encumbrance.

2. Waiver and Release. By execution of this Agreement and except as provided in Section 5 below and the Severance Agreement, Dr. Ma acknowledges and agrees that MCC has fully and finally satisfied all of its obligations under the Technology Assignment Agreement and the Employment Agreement, including, without limitation, (i) under Section 4 of the Technology Assignment Agreement to make a "Patent Payment" (as defined in the Technology Assignment Agreement) of $100,000 to Dr. Ma because MCC has previously paid Dr. Ma the full $100,000 as a result of the issuance of the Base Patent, and (ii) under Section 4 of the Technology Assignment Agreement to make a "Bonus Payment" (as defined in the Technology Assignment Agreement) of $200,000 to Dr. Ma because MCC never owed and will never owe such payment to Dr. Ma because MCC never engaged in any commercialization activity nor made a first sale of the Technology during the term of the Technology Assignment Agreement. Accordingly, except for the obligations of MCC as set forth in this Agreement, Dr. Ma hereby forever waives, releases, and relieves MCC and its managers, directors, employees, officers, agents, shareholders, representatives and affiliates from and against any and all obligations, rights, losses, suits, rights of action, liabilities, or other claims of whatever nature, known or unknown, asserted or unasserted, in relation to (i) any obligation of MCC to transfer ownership of the Assigned Patent and Patent Applications to Dr. Ma, (ii) any obligation of MCC to transfer ownership of the Technology or the Improvements to Dr. Ma, and (iii) any obligation of MCC under the Technology Assignment Agreement or the Employment Agreement.

3. Disclaimer of Warranties. MCC ASSIGNS THE ASSIGNED PATENT AND PATENT APPLICATIONS TO DR. MA, WITHOUT ANY WARRANTY OR RECOURSE WHATSOEVER AS TO THE CONDITION OF THE ASSIGNED PATENT AND PATENT APPLICATIONS, THE TECHNOLOGY OR THE IMPROVEMENTS, INCLUDING,

WITHOUT LIMITATION, ANY WARRANTY OR FITNESS FOR A PARTICULAR PURPOSE; IT BEING UNDERSTOOD THAT DR. MA TAKES THE ASSIGNED PATENT AND PATENT APPLICATIONS "AS IS" AND "WHERE IS". ANY AND ALL IMPLIED WARRANTIES WITH RESPECT TO THE ASSIGNED PATENT AND PATENT APPLICATIONS ARE HERBY DISCLAIMED BY MCC AND EXPRESSLY WAIVED BY DR. MA. DR. MA SHALL HAVE NO RIGHT OR CAUSE OF ACTION AGAINST MCC TO ASSERT ANY WARRANTIES AS TO THE CONDITION OF THE ASSIGNED PATENT AND PATENT APPLICATIONS IN ANY CONTROVERSY, CLAIM, DEMAND OR LITIGATION ARISING OUT OF OR IN CONNECTION WITH THE ASSIGNED PATENT AND PATENT APPLICATIONS, AND DR. MA HEREBY WAIVES ANY SUCH RIGHT OR CAUSE OF ACTION. DR. MA ACKNOWLEDGES THAT THESE WAIVERS HAVE BEEN BROUGHT TO HIS ATTENTION AND THAT HE HAS VOLUNTARILY AND KNOWINGLY CONSENTED TO THE FOREGOING WAIVERS.

4. Disclaimer of Additional Intellectual Property Rights. Each Party acknowledges and agrees that it has no actual knowledge of any additional inventions or improvements to the Technology relating to the composition or chemical properties of items utilizing the Technology other than the Improvements as covered by the Improvement Patent Applications that were developed through the experimental laboratory efforts of Dr. Ma and MCC during the term of Dr. Ma's employment. Upon execution of this Agreement, MCC acknowledges that it has no further right, title or interest to the Technology or the Improvements.

5. Transfer of Documentation. Prior to the execution of this Agreement, MCC shall deliver to Dr. Ma (i) the originals of all of Dr. Ma's research notebooks and logs, (ii) copies of all other documents, reports and records of the Technology and the Improvements, and (iii) samples of items manufactured using the Technology or the Improvements. MCC shall have the right to retain copies of all such notebooks, logs, documents, reports and records for its own records. By executing this Agreement, Dr. Ma acknowledges, certifies and agrees that MCC has fully and finally satisfied its obligations under this Section 5, and Dr. Ma forever releases MCC from any further obligations under this Section 5.

6. Surviving Provisions. Notwithstanding the terms of this Agreement, MCC and Dr. Ma agree that under the terms of Section 7 of the Technology Assignment Agreement, Sections 6, 8, 10 and 11 of the Technology Assignment Agreement shall survive termination of the Technology Assignment Agreement for a period of 10 years; and under the terms of Section 10 of the Employment Agreement, Sections 6, 11, 12 and 13 thereof shall survive termination of the Employment Agreement for a period of 10 years.

7. Recordation. Dr. Ma agrees to record this Agreement, and to prepare any additional documents that may be reasonably required to record this Agreement, in the U.S. Patent and Trademark Office against each of the Assigned Patent and Patent Applications within 3 months of the Effective Date.

8. Laws, Forum and Dispute Resolution. This Agreement shall be construed under and governed by the laws of the state of Mississippi, without regard to principles of conflicts of laws thereof. Any action, claim, suit or proceeding between the Parties hereto connected with, arising out of, or related to this Agreement shall be initiated and prosecuted as to all parties and

their successors and assigns solely and exclusively in the United States District Court for the Southern District of Mississippi, Western Division, and each Party waives, freely and completely, any right to dismiss and/or transfer any such dispute pursuant to 28 U.S.C. §§1404 and 1406. In the event such District Court does not have subject matter jurisdiction of such dispute, then the dispute shall be solely and exclusively initiated and prosecuted in the appropriate state court of competent jurisdiction located in Yazoo County, Mississippi. The parties consent to *in personam* jurisdiction of the courts described herein.

9. Entire Agreement. This Agreement, together with the Severance Agreement, reflects the entire understanding of the Parties, and no other agreements, prior to or subsequent hereto, exist in any way or may modify this Agreement, unless they are in writing, and executed by both Parties on a date subsequent to the Effective Date of this Agreement.

10. Severability. If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remainder of this Agreement shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

11. Further Assurances. Each Party shall promptly execute and deliver to the other Party or its legal representatives any and all papers, instruments or affidavits, and perform all other acts, required to carry out the intent and purposes of this Agreement.

12. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Dr. Ma and MCC have caused this Agreement to be duly executed as of the Effective Date.

MISSISSIPPI CHEMICAL CORPORATION

By: _____
Name: Carl Wallace
Title:Vice-President Technical Group

DR. MA:

By: _____
Dr. Zhongxin Ma

EXECUTION DATE: _____

U.S. BANKRUPTCY COURT
SOUTHERN DISTRICT OF MISSISSIPPI
FILED
DEC - 7 2004
CHARLENE J. KENNEDY, CLERK
BY _____ DEPUTY

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

In re:	)	
	)	
MISSISSIPPI CHEMICAL	)	
CORPORATION, *et al.* [1]	)	CASE NO. 03-02984 WEE
	)	Chapter 11
Debtors.	)	**Jointly Administered**
	)	

ORDER SHORTENING NOTICE PERIOD AND TIME TO OBJECT

THIS CAUSE came before the Court on the Motion to Approve Settlement Agreement and Compromise of Claim and to Shorten Notice Period (the "Motion") filed by the above-captioned Debtors. The Court, having considered only that portion of the Motion requesting that the notice period be shortened from twenty (20) days to ten (10) days, finds that time is of the essence in consideration of the Motion and concludes that notice period for the Motion should be shortened, with good cause therefor having been shown.

IT IS THEREFORE ORDERED that the notice period and time within which to object to the Motion should be, and hereby is, shortened from twenty (20) days to ten (10) days.

SO ORDERED THIS the 7 day of December, 2004.

Original Signed By
EDWARD ELLINGTON
US BANKRUPTCY JUDGE

EDWARD ELLINGTON
United States Bankruptcy Judge

[1] The Debtors are the following entities: Mississippi Chemical Corporation; Mississippi Nitrogen, Inc.; MissChem Nitrogen, L.L.C., Mississippi Chemical Company, L.P.; Mississippi Chemical Management Company; Mississippi Phosphates Corporation; Mississippi Potash, Inc.; Eddy Potash, Inc.; Triad Nitrogen, L.L.C.; and Melamine Chemicals, Inc.