FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2001-02-02** | Period of Report: **2000-12-31**
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MISSISSIPPI CHEMICAL CORP /MS/
CIK:**66895**| IRS No.: **640292638** | State of Incorp.:**MS** | Fiscal Year End: **0630**
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d)
Of The Securities Exchange Act of 1934

For Quarter Ended December 31, 2000

OR

[ ] Transition Report Pursuant to Section 13 or 15(d)
Of the Securities Exchange Act of 1934

For Quarter Ended December 31, 2000
Commission File Number 001-12217

MISSISSIPPI CHEMICAL CORPORATION

Organized in the State of Mississippi
Tax Identification No. 64-0292638

P. O. Box 388, Yazoo City, Mississippi 39194
Telephone No. 662+746-4131

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

The number of shares outstanding of each of the issuer's classes of common stock, as of December 31, 2000.

Class	Number of Shares

-----	----------------
Common Stock, $0.01 par value	26,131,917

MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

<TABLE>

	Three months ended December 31,		Six months ended December 31,	
	2000	1999	2000	1999
	(In thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Revenues:				
Net sales	$136,314	$107,312	$256,368	$204,310
Operating expenses:				
Cost of products sold	135,118	109,579	257,680	203,024
Selling, general and administrative	7,264	8,246	16,036	16,858
Other	2,945	86	6,382	2,626
	145,327	117,911	280,098	222,508
Operating loss	(9,013)	(10,599)	(23,730)	(18,198)
Other (expense) income:				
Interest, net	(7,111)	(6,629)	(14,269)	(12,656)
Other	922	646	2,380	1,281
Loss before income taxes	(15,202)	(16,582)	(35,619)	(29,573)
Income tax benefit	(5,991)	(6,573)	(14,162)	(14,012)
Net loss	$ (9,211)	$(10,009)	$(21,457)	$(15,561)
Loss per share - basic and diluted (see Note 2)	$ (0.35)	$ (0.38)	$ (0.82)	$ (0.60)

</TABLE>

[FN]
The accompanying notes are an integral part of these consolidated financial statements.

MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

<TABLE>

<S>	December 31, 2000 <C>	June 30, 2000 <C>
	(In thousands, except per share data)	
Current assets:		
Cash and cash equivalents	$ 2,278	$ 2,190
Accounts receivable, net	50,510	62,080
Inventories:		
Finished products	56,113	28,015
Raw materials and supplies	7,786	7,180
Replacement parts	36,221	37,322
Total inventories	100,120	72,517
Income tax receivable	3,635	10,080
Insurance receivable	-	3,094
Prepaid expenses and other current assets	6,519	9,526
Deferred income taxes	-	922
Total current assets	163,062	160,409
Investments in affiliates	93,855	89,508
Other assets	8,648	11,888
Property, plant and equipment, at cost	844,096	846,868
less accumulated depreciation, depletion and amortization	(416,597)	(401,014)
Net property, plant and equipment	427,499	445,854

Goodwill, net of accumulated amortization	164,888	167,179
	$ 857,952	$ 874,838

</TABLE>

[FN]
The accompanying notes are an integral part of these consolidated financial statements.

MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Continued)

<TABLE>

LIABILITIES AND SHAREHOLDERS' EQUITY

<S>	December 31, 2000 <C>	June 30, 2000 <C>
	(In thousands, except per share data)	
Current liabilities:		
Accounts payable	$ 69,784	$ 54,661
Accrued liabilities	8,955	10,893
Deferred income taxes	3,037	-
Total current liabilities	81,776	65,554
Long-term debt	325,524	330,307
Other long-term liabilities and deferred credits	10,688	9,995
Deferred income taxes	59,373	73,235
Shareholders' equity:		
Common stock ($.01 par; authorized 100,000 shares; issued 27,976)	280	280
Additional paid-in capital	305,901	305,901
Retained earnings	92,755	114,996
Accumulated other comprehensive income	11,234	4,149
Treasury stock, at cost (1,844 shares)	(29,579)	(29,579)
	380,591	395,747

	$857,952	$874,838

</TABLE>

[FN]

The accompanying notes are an integral part of these consolidated financial statements.

MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
DECEMBER 31, 2000
(Unaudited)

<TABLE>

(In thousands, except per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balances, July 1, 1999	$ 280	$305,901	$143,626	$ 1,857	$(29,579)	$422,085
Comprehensive loss:						
Net loss	-	-	(23,664)	-	-	(23,664)
Net unrealized gain on hedges, net of tax	-	-	-	2,292	-	2,292
Comprehensive loss	-	-	(23,664)	2,292	-	(21,372)
Cash dividends paid ($0.19 per share)	-	-	(4,966)	-	-	(4,966)
Balances, June 30, 2000	280	305,901	114,996	4,149	(29,579)	395,747
Comprehensive loss:						
Net loss	-	-	(21,457)	-	-	(21,457)

Net unrealized gain on hedges, net of tax	-	-	-	7,085	-	7,085
Comprehensive loss	-	-	(21,457)	7,085	-	(14,372)
Cash dividends paid ($0.03 per share)	-	-	(784)	-	-	(784)
Balances, December 31, 2000	$ 280	$305,901	$ 92,755	$ 11,234	$(29,579)	$380,591

</TABLE>

[FN]

The accompanying notes are an integral part of these consolidated financial statements.

MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>

	Six months ended December 31, 2000	1999
	(In thousands)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$(21,457)	$(15,561)
Reconciliation of net loss to net cash provided by (used in) operating activities:		
Net change in operating assets and liabilities	2,643	(31,051)
Depreciation, depletion and amortization	23,702	23,358
Deferred gain on futures contracts, net of tax	11,234	-
Deferred income taxes	(7,422)	(5,544)
Equity earnings in unconsolidated		

affiliates	(5,277)	(8,184)
Other	(76)	(442)
Net cash provided by (used in) operating activities	3,347	(37,424)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(10,997)	(9,188)
Proceeds from sale of assets	12,581	87
Other	750	6,809
Net cash provided by (used in) investing activities	2,334	(2,292)
Cash flows from financing activities:		
Debt proceeds	198,342	212,400
Debt payments	(203,151)	(169,200)
Cash dividends paid	(784)	(3,398)
Net cash (used in) provided by financing activities	(5,593)	39,802
Net increase in cash and cash equivalents	88	86
Cash and cash equivalents - beginning of period	2,190	1,648
Cash and cash equivalents - end of period	$ 2,278	$ 1,734

</TABLE>

[FN]

The accompanying notes are an integral part of these consolidated financial statements.

MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - INTERIM FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by us without audit, and include Mississippi Chemical Corporation, its subsidiaries and affiliates. In our opinion, the financial statements reflect all adjustments necessary to present fairly our results of operations for the three-month and the six-month periods ended December 31, 2000 and 1999, our financial position at December 31, 2000 and June 30, 2000, our consolidated statements of shareholders' equity for the six months ended December 31, 2000 and the year ended June 30, 2000, and our cash flows for the six months ended December 31, 2000 and 1999. In our opinion, these adjustments are of a normal recurring nature which are necessary for a fair presentation of our financial position and results of operations for the interim periods. We have reclassified certain prior-year information to conform with the current year's presentation.

Certain notes and other information have been condensed or omitted in our interim financial statements presented in this quarterly report on Form 10-Q. Therefore, these financial statements should be read in conjunction with our 2000 annual report on Form 10-K and our consolidated financial statements and notes thereto included in our June 30, 2000, audited financial statements.

Our business is seasonal; therefore, the results of operations for the periods ended December 31, 2000, are not necessarily indicative of the operating results for the full fiscal year.

NOTE 2 - EARNINGS PER SHARE

The number of shares used in our basic and diluted earnings per share computation are as follows:

<TABLE>

	Three months ended December 31,		Six months ended December 31,	
	2000	1999	2000	1999
	(In thousands)			
<S>	<C>	<C>	<C>	<C>
Weighted average common shares outstanding, net of treasury shares, for basic earnings per share	26,132	26,132	26,132	26,132
Common stock equivalents for employee stock options	-	-	-	-
Weighted average common shares outstanding for diluted earnings per share	26,132	26,132	26,132	26,132

</TABLE>

Options outstanding were not included in our computations of diluted earnings per share for the three-month or six-month periods ended December 31, 2000 and 1999, because they were antidilutive.

NOTE 3 - SEGMENT INFORMATION

Our reportable operating segments, nitrogen, phosphate and potash, are strategic business units that offer different products. They are managed separately because each business unit requires different technology and marketing strategies. Our nitrogen segment produces ammonia, ammonium nitrate, urea, nitrogen solutions and nitric acid. We distribute these products to fertilizer dealers and distributors, and industrial users. Our phosphate segment produces diammonium phosphate fertilizer (commonly referred to as "DAP") that is marketed to agricultural users primarily in international markets through a separate export association. Our potash segment mines and produces granular and standard potash products and distributes them to agricultural and industrial users. Below is our segment information for the three-month and six-month periods ended December 31, 2000 and 1999. The Other caption includes corporate and consolidating eliminations.

<TABLE>

Three months ended December 31, 2000					
(In thousands)	Nitrogen	Phosphate	Potash	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>
Net sales - external customers	$ 98,222	$ 22,862	$ 15,230	$ -	$136,314
Net sales - intersegment	7,111	17	-	(7,128)	-
Operating (loss) income	(6,236)	(3,893)	180	936	(9,013)
Depreciation, depletion and amortization	7,719	1,350	1,682	913	11,664
Capital expenditures	3,797	1,556	1,121	28	6,502

Three months ended December 31, 1999					
(In thousands)	Nitrogen	Phosphate	Potash	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>
Net sales - external customers	$ 65,557	$ 19,578	$ 22,177	$ -	$107,312
Net sales - intersegment	3,079	29	-	(3,108)	-
Operating (loss) income	(8,847)	(2,161)	822	(413)	(10,599)
Depreciation, depletion and amortization	7,666	1,526	1,549	968	11,709
Capital expenditures	3,456	642	427	59	4,584

Six months ended December 31, 2000					
(In thousands)	Nitrogen	Phosphate	Potash	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>
Net sales - external customers	$169,548	$ 52,685	$ 34,135	$ -	$256,368
Net sales - intersegment	14,681	32	-	(14,713)	-

Operating (loss) income	(16,099)	(5,800)	(2,245)	414	(23,730)
Depreciation, depletion and amortization	15,666	2,855	3,289	1,892	23,702
Capital expenditures	5,674	1,849	3,441	33	10,997

	Six months ended December 31, 1999				
(In thousands)	Nitrogen	Phosphate	Potash	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>
Net sales - external customers	$107,833	$ 55,361	$ 41,116	$ -	$204,310
Net sales - intersegment	8,787	45	-	(8,832)	-
Operating (loss) income	(18,058)	146	867	(1,153)	(18,198)
Depreciation, depletion and amortization	15,359	3,026	3,068	1,905	23,358
Capital expenditures	4,877	1,506	2,355	450	9,188

</TABLE>

NOTE 4 - ACCUMULATED OTHER COMPREHENSIVE INCOME

On July 1, 1998, we adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," which establishes standards for reporting comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. Comprehensive income is the total of net income and all other non-owner changes in equity. The components of comprehensive income that relate to us are net income or loss and unrealized gains or losses on our natural gas futures contracts, and, as permitted under the provisions of SFAS No. 130, are presented in the Consolidated Statements of Shareholders' Equity. The changes in the components of accumulated other comprehensive income during the six months ended December 31, 2000, are included below.

In December 2000, we liquidated our natural gas futures contracts earlier than normal. Pursuant to hedge accounting rules, the gain on the sale of these contracts has been deferred and recorded as a component of accumulated other comprehensive income, net of taxes. This gain will be recognized in future periods, primarily the third fiscal quarter, based on the months for which the contracts were purchased and the amount of gas actually bought in those months.

<TABLE>

	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
<S>	<C>	<C>	<C>
Net unrealized gain on natural gas futures contracts:			
Balances, June 30, 2000	$ 6,631	$ (2,482)	$ 4,149

Net unrealized gain arising during period	24,168	(9,067)	15,101
Less: reclassification adjustment for net gains realized in net income	(12,825)	4,809	(8,016)
Net unrealized gain	11,343	(4,258)	7,085
Balances, December 31, 2000	$ 17,974	$ (6,740)	$11,234

NOTE 5 - GUARANTOR SUBSIDIARIES

Payment obligations under our 7.25% Senior Notes, due November 15, 2017, issued pursuant to that certain indenture, dated as of November 25, 1997, are fully and unconditionally guaranteed on a joint and several basis by Mississippi Nitrogen, Inc., and MissChem Nitrogen, L.L.C. (the "Guarantor Subsidiaries"), our wholly owned direct subsidiary and our wholly owned indirect subsidiary, respectively. Condensed consolidating financial information regarding the parent company, Guarantor Subsidiaries and non-guarantor subsidiaries for December 31, 2000 and 1999 is presented below for purposes of complying with the reporting requirements of the Guarantor Subsidiaries.

</TABLE>
<TABLE>

CONDENSED CONSOLIDATING STATEMENT OF INCOME

Three months ended December 31, 2000

(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
Net sales	$ -	$44,376	$113,224	$(21,286)	$136,314
Operating expenses:					
Cost of products sold	-	47,747	110,611	(23,240)	135,118
Selling, general and administrative	(949)	1,490	6,723	-	7,264
Other	-	1,083	1,862	-	2,945
	(949)	50,320	119,196	(23,240)	145,327

Operating income (loss)	949	(5,944)	(5,972)	1,954	(9,013)
Other (expense) income:					
Interest, net	(7,607)	(3,723)	4,219	-	(7,111)
Other	(3,014)	1,883	98	1,955	922
Loss before income taxes	(9,672)	(7,784)	(1,655)	3,909	(15,202)
Income tax benefit	(461)	(185)	(5,315)	(30)	(5,991)
Net (loss) income	$(9,211)	$(7,599)	$ 3,660	$ 3,939	$ (9,211)

</TABLE>

<TABLE>

CONDENSED CONSOLIDATING STATEMENT OF INCOME

Three months ended December 31, 1999

(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
Net sales	$ -	$ 34,223	$108,328	$(35,239)	$107,312
Operating expenses:					
Cost of products sold	-	40,183	98,178	(28,782)	109,579
Selling, general and administrative	530	903	6,813	-	8,246
Other	-	-	86	-	86
	530	41,086	105,077	(28,782)	117,911
Operating (loss) income	(530)	(6,863)	3,251	(6,457)	(10,599)
Other (expense) income:					
Interest, net	(6,039)	(2,823)	2,233	-	(6,629)
Other	(1,812)	2,568	518	(628)	646
(Loss) income before income					

taxes	(8,381)	(7,118)	6,002	(7,085)	(16,582)
Income tax expense (benefit)	1,628	458	(6,583)	(2,076)	(6,573)
Net (loss) income	$(10,009)	$ (7,576)	$ 12,585	$ (5,009)	$ (10,009)

</TABLE>

<TABLE>

CONDENSED CONSOLIDATING STATEMENT OF INCOME

Six months ended December 31, 2000					
(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
Net sales	$ -	$ 78,259	$258,037	$(79,928)	$256,368
Operating expenses:					
Cost of products sold	-	88,884	251,154	(82,358)	257,680
Selling, general and administrative	(436)	2,963	13,509	-	16,036
Other	-	2,683	3,699	-	6,382
	(436)	94,530	268,362	(82,358)	280,098
Operating income (loss)	436	(16,271)	(10,325)	2,430	(23,730)
Other (expense) income:					
Interest, net	(15,181)	(7,211)	8,123	-	(14,269)
Other	(8,116)	5,032	306	5,158	2,380
Loss before income taxes	(22,861)	(18,450)	(1,896)	7,588	(35,619)
Income tax benefit	(1,404)	(2,245)	(9,849)	(664)	(14,162)
Net (loss) income	$(21,457)	$(16,205)	$ 7,953	$ 8,252	$(21,457)

</TABLE>

<TABLE>

CONDENSED CONSOLIDATING STATEMENT OF INCOME

	Six months ended December 31, 1999				
(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
Net sales	$ -	$ 63,958	$206,544	$(66,192)	$204,310
Operating expenses:					
Cost of products sold	-	75,923	194,545	(67,444)	203,024
Selling, general and administrative	1,132	1,962	13,764	-	16,858
Other	-	-	2,626	-	2,626
	1,132	77,885	210,935	(67,444)	222,508
Operating loss	(1,132)	(13,927)	(4,391)	1,252	(18,198)
Other (expense) income:					
Interest, net	(11,936)	(5,457)	4,737	-	(12,656)
Other	(1,557)	(652)	817	2,673	1,281
(Loss) income before income taxes	(14,625)	(20,036)	1,163	3,925	(29,573)
Income tax expense (benefit)	936	(4,451)	(8,421)	(2,076)	(14,012)
Net (loss) income	$(15,561)	$(15,585)	$ 9,584	$ 6,001	$(15,561)

</TABLE>

<TABLE>

CONDENSED CONSOLIDATING BALANCE SHEET

December 31, 2000

(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Current assets:					
Cash and cash equivalents	$ 2,202	$ 17	$ 59	$ -	$ 2,278
Receivables, net	4,020	15,938	87,236	(53,049)	54,145
Inventories	-	17,961	80,154	2,005	100,120
Prepaid expenses and other current assets	3,201	1,410	9,352	(7,444)	6,519
Total current assets	9,423	35,326	176,801	(58,488)	163,062
Investments in affiliates	688,747	354,865	77,613	(1,027,370)	93,855
Other assets	148,031	-	268,366	(407,749)	8,648
PP&E, net	9,945	144,011	273,543	-	427,499
Goodwill, net	-	-	164,888	-	164,888
Total assets	$856,146	$534,202	$961,211	$(1,493,607)	$857,952

Liabilities and Shareholders' Equity

Current liabilities:					
Accounts payable	$ 35,792	$ 10,885	$ 86,999	$ (63,892)	$ 69,784
Accrued liabilities	6,535	2,642	4,691	(4,913)	8,955
Other current liabilities	5,569	-	-	(2,532)	3,037
Total current liabilities	47,896	13,527	91,690	(71,337)	81,776
Long-term debt	425,932	152,804	129,513	(382,725)	325,524
Other long-term liabilities and deferred credits	1,727	32,909	60,515	(25,090)	70,061
Shareholders' equity:					

Common stock	280	1	58,941	(58,942)	280
Additional paid-in capital	305,901	324,715	543,649	(868,364)	305,901
Retained earnings	92,755	10,246	76,903	(87,149)	92,755
Accumulated other comprehensive income	11,234	-	-	-	11,234
Treasury stock, at cost	(29,579)	-	-	-	(29,579)
Total shareholders' equity	380,591	334,962	679,493	(1,014,455)	380,591
Total liabilities and shareholders' equity	$856,146	$534,202	$961,211	$(1,493,607)	$857,952

</TABLE>

<TABLE>

CONDENSED CONSOLIDATING BALANCE SHEET

June 30, 2000

(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Current assets:					
Cash and cash equivalents	$ 2,085	$ 17	$ 88	$ -	$ 2,190
Receivables, net	1,556	11,139	93,407	(30,848)	75,254
Inventories	-	22,858	50,056	(397)	72,517
Prepaid expenses and other current assets	6,622	1,321	6,360	(3,855)	10,448
Total current assets	10,263	35,335	149,911	(35,100)	160,409
Investments in affiliates	700,062	350,635	72,776	(1,033,965)	89,508
Other assets	134,530	5	252,267	(374,914)	11,888

PP&E, net	12,296	148,828	284,730	-	445,854
Goodwill, net	-	-	167,179	-	167,179
Total assets	$857,151	$534,803	$926,863	$(1,443,979)	$874,838

Liabilities and Shareholders' Equity

<S>	<C>	<C>	<C>	<C>	<C>
Current liabilities:					
Accounts payable	$ 23,195	$ 11,404	$ 58,375	$ (38,313)	$ 54,661
Accrued liabilities	7,254	3,028	5,879	(5,268)	10,893
Total current liabilities	30,449	14,432	64,254	(43,581)	65,554
Long-term debt	429,846	137,937	127,553	(365,029)	330,307
Other long-term liabilities and deferred credits	1,109	31,266	62,079	(11,224)	83,230
Shareholders' equity:					
Common stock	280	1	58,941	(58,942)	280
Additional paid-in capital	305,901	324,715	545,069	(869,784)	305,901
Retained earnings	114,996	26,452	68,967	(95,419)	114,996
Accumulated other comprehensive income	4,149	-	-	-	4,149
Treasury stock, at cost	(29,579)	-	-	-	(29,579)
Total shareholders' equity	395,747	351,168	672,977	(1,024,145)	395,747
Total liabilities and shareholders' equity	$857,151	$ 534,803	$ 926,863	$(1,443,979)	$ 874,838

</TABLE>

<TABLE>

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

Six months ended December 31, 2000

(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Cash flows from operating activities:					
Net (loss) income	$(21,457)	$(16,205)	$ 7,953	$ 8,252	$ (21,457)
Reconciliation of net (loss)income to net cash provided by (used in) operating activities:					
Net change in operating assets and liabilities	11,112	(1,089)	(1,355)	(6,025)	2,643
Depreciation, depletion and amortization	1,891	6,436	15,375	-	23,702
Deferred gain on futures contracts, net of tax	11,234	-	-	-	11,234
Equity earnings in unconsolidated affiliates	9,698	(4,973)	(4,844)	(5,158)	(5,277)

Deferred income taxes and other	(11,110)	1,771	(1,090)	2,931	(7,498)
Net cash provided by (used in) operating activities	1,368	(14,060)	16,039	-	3,347
Cash flows from investing activities:					
Purchases of property, plant and equipment	(33)	(1,549)	(9,415)	-	(10,997)
Proceeds from sale of assets	4,733	-	7,848	-	12,581
Other	-	742	8	-	750
Net cash provided by (used in) investing activities	4,700	(807)	(1,559)	-	2,334
Cash flows from financing activities:					
Debt proceeds	198,342	-	-	-	198,342
Debt payments	(203,151)	-	-	-	(203,151)
Cash dividends paid	(784)	-	-	-	(784)
Net change in affiliate notes	(358)	14,867	(14,509)	-	-
Net cash (used in) provided by financing activities	(5,951)	14,867	(14,509)	-	(5,593)
Net increase (decrease) in cash and cash equivalents	117	-	(29)	-	88

Cash and cash equivalents - beginning of period	2,085	17	88	-	2,190
Cash and cash equivalents - end of period	$ 2,202	$ 17	$ 59	$ -	$ 2,278

</TABLE>

<TABLE>

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

Six months ended December 31, 1999

(In thousands)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Cash flows from operating activities:					
Net (loss) income	$ (15,561)	$ (15,585)	$ 9,584	$ 6,001	$ (15,561)
Reconciliation of net (loss) income to net cash used in operating activities:					
Net change in operating assets and liabilities	10,511	(1,805)	(40,191)	434	(31,051)
Depreciation, depletion and amortization	1,515	6,027	15,421	395	23,358
Equity earnings in unconsolidated affi-					

liates	(7,237)	1,719	(8,869)	6,203	(8,184)
Deferred income taxes and other	(2,678)	8,854	871	(13,033)	(5,986)
Net cash used in operating activities	(13,450)	(790)	(23,184)	-	(37,424)
Cash flows from investing activities:					
Purchases of property, plant and equipment	(450)	(1,827)	(6,911)	-	(9,188)
Other	13	5	6,878	-	6,896
Net cash used in investing activities	(437)	(1,822)	(33)	-	(2,292)
Cash flows from financing activities:					
Debt proceeds	212,400	-	-	-	212,400
Debt payments	(169,200)	-	-	-	(169,200)
Cash dividends paid	(3,398)	-	-	-	(3,398)
Net change in affiliate notes	(26,025)	2,613	23,412	-	-
Net cash provided by financing activities	13,777	2,613	23,412	-	39,802
Net (decrease) increase in cash and cash equivalents	(110)	1	195	-	86
Cash and cash equivalents - beginning of period	244	21	1,383	-	1,648
Cash and cash					

equivalents - end of period	$ 134	$ 22	$ 1,578	$ -	$ 1,734
	=========	========	=========	=========	=========

</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our operations are organized into three strategic business units: nitrogen, phosphate and potash. Our nitrogen business unit produces nitrogen products for distribution to fertilizer dealers and distributors, and industrial users located primarily in the southern region of the United States. Our phosphate business unit produces diammonium phosphate fertilizer (commonly referred to as "DAP") and exports the majority of this production through Phosphate Chemicals Export Association, Inc., a Webb-Pomerene corporation known as "PhosChem." Our potash business unit mines and produces agricultural and industrial potash products for sale to farmers, fertilizer dealers and distributors, and industrial users for use primarily in the southern and western regions of the United States. The following is management's discussion and analysis of the financial condition and results of operations, which should be read in conjunction with our audited financial statements and related notes for the fiscal year ended June 30, 2000.

Consistent with the historical nature of our business, the usage of fertilizer in our trade territory is highly seasonal, and our quarterly results reflect the fact that significantly more fertilizer is sold during the last four months of our fiscal year (March through June). Since interim period operating results reflect the seasonal nature of our business, they may not necessarily be indicative of results expected for the full fiscal year. In addition, quarterly results can vary significantly from year to year due to a number of factors as detailed under "Forward Looking Statements" in this report. We incur substantial expenditures for fixed costs and inventory throughout the year.

For the quarter ended December 31, 2000, we incurred a net loss of $9.2 million (or $0.35 per diluted share) compared to a net loss of $10.0 million (or $0.38 per diluted share) for the same quarter during the prior year. Net sales increased to $136.3 million for the quarter ended December 31, 2000, from $107.3 million for the quarter ended December 31, 1999. We incurred an operating loss of $9.0 million for the quarter ended December 31, 2000, compared to an operating loss of $10.6 million for the quarter ended December 31, 1999. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for the quarter ended December 31, 2000, were $3.6 million compared to $1.8 million for the quarter ended December 31, 1999.

NITROGEN

The operating performance of our nitrogen business unit for the quarter ended December 31, 2000, was significantly impacted by a 67% increase in the average price of natural gas at our domestic production facilities compared to the prior year quarter ended December 31, 1999. Our corporate average natural gas price increased 69% during the current year quarter as compared to the prior year quarter. Natural gas is the primary raw material in the production of ammonia, which is our base nitrogen product used in the production of our other nitrogen products (urea, ammonium nitrate, nitrogen solutions and nitric acid). Extraordinarily high natural gas prices caused industry-wide production curtailments during calendar 2000, which, in turn, have tightened the availability of world supplies. As a result of improved global fundamentals and these production curtailments, our average sales prices increased 62% in the current year quarter as compared to the prior year quarter.

During the quarter ended December 31, 2000, our nitrogen costs per ton increased 50% as compared to the prior year quarter primarily as a result of higher natural gas prices. In addition, we had higher per-ton fixed costs as a result of reduced operating rates, higher maintenance costs associated with a scheduled maintenance shutdown at our nitrogen facility in Donaldsonville, Louisiana, as well as additional costs related to third party purchases of ammonia.

During the current year quarter, other operating expenses included idle plant costs at our nitrogen facilities at Yazoo City, Mississippi, and Donaldsonville, Louisiana, of approximately $2.9 million. Portions of our ammonia and nitric acid production capacities were idled for various periods during the current year quarter primarily due to the unfavorable relationship between product prices and natural gas prices and, to a lesser extent, miscellaneous mechanical problems.

PHOSPHATE

Our phosphate business unit experienced a 15% increase in sales during the quarter ended December 31, 2000, as compared to the quarter ended December 31, 1999. This increase included a 9% increase in sales prices and a 6% increase in sales volumes. Our DAP cost per ton increased 16%, primarily the result of higher raw material costs for ammonia and sulfur.

POTASH

During the quarter ended December 31, 2000, our potash business unit experienced a 31% decrease in sales. This decrease was the result of a 36% decrease in sales volumes, partially offset by a 7% increase in sales prices. Sales volumes were lower due to reduced export volumes and the absence of a winter-fill program during the second fiscal quarter. Our potash costs per ton increased 8% in the current year quarter as compared to the prior year quarter. This increase was primarily the result of higher natural gas and electricity prices paid during the current year quarter, partially offset by lower spending levels in other cost areas.

OUTLOOK

We believe that our nitrogen segment will continue to benefit from the improved supply/demand outlook resulting from industry-wide production curtailments and permanent shutdowns. However, to maximize results in the current environment, we continue to determine operating levels for our plants based on the relationship between nitrogen product prices and natural gas prices and commitments to our customers. As we move into the spring season, these factors will continue to be a major determinant of whether our nitrogen facilities will operate at reduced rates or at all. Moreover, the cumulative effect of industry production curtailments over the last six months will significantly impact spring product availability and product prices. Since December 2000, we have experienced sustained strength in domestic nitrogen product prices; however, extraordinarily high natural gas prices and the seasonal nature of our business will make the spring season challenging. While natural gas prices have come down since the end of December, they remain volatile. If current natural gas prices remain high or continue to increase, it will have a material adverse impact on our performance if product prices do not experience corresponding increases. As a result of domestic production curtailments and improving market fundamentals, we have seen some improvement in DAP sales prices since June 30, 2000; however, we anticipate that DAP sales prices, weak international markets and increased raw material costs for ammonia will continue in the near-term to adversely affect our phosphate segment's financial results. Finally, we believe domestic potash demand will remain firm in the near-term; however, the performance of our potash segment will depend on maintaining improved ore grades. Other variables can affect our results of operations as stated elsewhere in the discussion under the headings titled "Results of Operations" and "Forward Looking Statements."

RESULTS OF OPERATIONS

<TABLE>

Following are summaries of our sales results by product categories:

Net Sales (in thousands):	Three months ended December 31, 2000	Three months ended December 31, 1999	Six months ended December 31, 2000	Six months ended December 31, 1999
<S>	<C>	<C>	<C>	<C>
Nitrogen	$ 98,087	$ 65,371	$169,268	$107,392
DAP	22,556	19,559	51,936	55,314
Potash	15,230	22,177	34,135	41,116
Other	441	205	1,029	488
Net Sales	$136,314	$107,312	$256,368	$204,310

Tons Sold (in thousands):	Three months ended December 31, 2000	1999	Six months ended December 31, 2000	1999
<S>	<C>	<C>	<C>	<C>
Nitrogen:				
Ammonia	219	209	434	381
Ammonium nitrate	204	234	308	318
Urea	154	129	297	263
Nitrogen solutions	108	173	154	260
Nitric acid	13	11	27	25
Total Nitrogen	698	756	1,220	1,247
DAP	163	154	386	383
Potash	165	256	380	472

Average Sales Price Per Ton:	Three months ended December 31, 2000	1999	Six months ended December 31, 2000	1999
<S>	<C>	<C>	<C>	<C>
Nitrogen	$ 140	$ 87	$ 139	$ 86
DAP	$ 138	$ 127	$ 135	$ 145
Potash	$ 92	$ 87	$ 90	$ 87

</TABLE>

NET SALES. Our net sales increased 27% to $136.3 million for the quarter ended December 31, 2000, from $107.3 million for the quarter ended December 31, 1999. This increase was primarily the result of higher sales prices for our nitrogen products partially offset by lower sales volumes for our potash products.

During the current year quarter, nitrogen sales increased 50% as compared to the prior year quarter. A 62% increase in nitrogen sales prices, partially offset by an 8% decrease in nitrogen sales volumes, brought about this increase. Our ammonia sales prices increased 60% and sales volumes increased 5% in the current year quarter as compared to the prior year quarter. During calendar year 2000, unprecedented increases in the price for natural gas have forced the nitrogen industry to curtail domestic production. This has reduced the availability of world supply and increased the sales prices for our nitrogen products. Unfortunately, the sales price for ammonia has not increased adequately to overcome this unprecedented rise in natural gas prices. Just as the nitrogen industry reacted to this development, we operated our domestic ammonia plants at approximately 62% of capacity during the current year quarter. This curtailment reduced available product for sale resulting in our purchase of approximately 176,000 tons of ammonia from third parties to meet demand during the quarter. Our ammonium nitrate sales prices increased 32%, while our ammonium nitrate sales volumes decreased 13% during the current year quarter as compared to the prior year quarter. Reduced domestic production placed upward pressure on the price of ammonium nitrate. The impact of government actions against unfairly traded imports also contributed to the firming of prices during the current year quarter. Our ammonium nitrate operations ran at 75% of capacity for the current year quarter, reducing our product available for sale. Our ammonium nitrate inventory levels entering the spring season are substantially lower than prior-year levels. Urea sales prices increased 72% and sales volumes increased 19% during the current year quarter as compared to the prior year quarter. Improved market fundamentals favorably increased the sales price for our urea products. Sales volumes increased primarily as a result of product available from our Faustina, Louisiana, granular urea plant that we purchased in April 2000. The additional product produced at this facility helped to offset the market related production curtailments of urea at our Donaldsonville, Louisiana, facility. Our prilled urea facilities operated at 72% of capacity during the current year quarter and our granular urea facility operated at 69% of capacity during the current year quarter. Nitrogen solutions sales prices increased 78% while sales volumes decreased 38% during the current year quarter as compared to the prior year quarter. Improved market conditions have favorably led to increases in the selling price for this product. Low beginning inventory levels and the need to reserve inventory to meet customer commitments for the spring season reduced our nitrogen solutions tons available for sale during the quarter. We ran nitrogen solutions production near capacity during the current year quarter.

At our phosphate business unit, DAP sales increased 15% in the current year quarter as compared to the prior year quarter. A 9% increase in sales prices and a 6% increase in sales volumes contributed to this increase. Curtailments of domestic industry production continue to impact the world supply/demand balance.

In our potash business unit, sales decreased 31% during the current year quarter as compared to the prior year quarter. A 36% decrease in sales volumes, partially offset by a 7% increase in sales prices, was the primary factor for this change. Sales volumes were lower due to reduced export volumes and the absence of a winter-fill program during the current year quarter. During the prior year quarter, prices had been reduced as part of a winter-fill program. The absence of such a program this year resulted in firm to rising prices and less product movement to the dealer level.

For the six-month period ended December 31, 2000, our net sales increased 25% to $256.4 million, from $204.3 million for the six-month period ended December 31, 1999. This increase was primarily the result of higher sales prices for our nitrogen products partially offset by lower sales prices for DAP and lower sales volumes for our potash products. During the current year six-month period, nitrogen sales increased 58% as compared to the prior year. This increase was the result of a 61% increase in nitrogen sales prices partially offset by a 2% decrease in nitrogen sales volumes. Our ammonia sales prices increased 59% and our ammonia sales volumes increased 14% over the prior year.

Industry-wide production curtailments due to the unprecedented increases in natural gas prices have reduced world nitrogen supplies, resulting in higher prices. During the current year six-month period, we also curtailed production at both our Yazoo City, Mississippi and Donaldsonville, Louisiana ammonia facilities. As a result of these curtailments, we purchased approximately 234,000 tons of ammonia from third parties to meet customer demand. Our ammonium nitrate sales prices increased 28%, while our ammonium nitrate sales volumes decreased 3% during the current year six-month period as compared to the prior year six-month period. Sales prices increased as a result of reduced domestic production that placed upward pressure on prices. Urea sales prices increased 69% and sales volumes increased 13% during the current year six-month period as compared to the prior year six-month period. Sales prices increased as a result of improved market fundamentals. During the prior year period, urea sales prices were near their low point in the cycle. Sales volumes increased primarily as a result of product available from our Faustina, Louisiana, granular urea plant that we purchased in April 2000. Nitrogen solutions sales prices increased 82% and sales volumes decreased 41% during the current year six-month period as compared to the prior year six-month period. Sales prices increased as a result of the tight supply/demand balance caused by lower production levels and concerns about product availability. Sales volumes decreased as a result of lower production at our Yazoo City facility caused by scheduled maintenance shutdowns of our ammonia and urea synthesis plants earlier in the period, a low beginning inventory level and the need to reserve inventory to meet customer commitments for the spring season. In addition, low water levels in the Yazoo River for the majority of the period limited our ability to ship by barge, further reducing sales volumes for the period.

During the six-month period ended December 31, 2000, our DAP sales decreased 6% as compared to the six-month period ended December 31, 1999. This decrease was the result of a 7% decrease in sales prices partially offset by a 1% increase in sales volumes. Sales prices decreased as a result of more than sufficient quantities of product in the world marketplace.

Our potash sales decreased 17% during the current year six-month period as compared to the prior year six-month period. This decrease was the result of a 20% decrease in sales volumes partially offset by a 3% increase in sales prices. Sales volumes were lower due to reduced export volumes and the absence of a winter-fill program during the current year period.

COST OF PRODUCTS SOLD. Our cost of products sold increased to $135.1 million for the quarter ended December 31, 2000, from $109.6 million for the quarter ended December 31, 1999. As a percentage of net sales, cost of products sold decreased to 99% for the current year quarter, from 102% for the prior year quarter. This decrease is primarily the result of higher nitrogen sales prices in the current year quarter partially offset by higher nitrogen and DAP costs per ton.

During the quarter ended December 31, 2000, our nitrogen costs per ton increased 50% primarily as a result of higher natural gas costs at our domestic production facilities. The average price of natural gas increased approximately 67% during the current year quarter as compared to the prior year quarter. Our corporate average natural gas price increased 69% during the current year quarter as compared to the prior year quarter. In addition, we had additional costs related to a maintenance shutdown of our No. 1 ammonia plant at our Donaldsonville, Louisiana, facility. We also had higher per-ton fixed costs as a result of reduced operating rates and additional costs related to third party purchases of ammonia. During the current year quarter, our DAP costs per ton increased 16% as compared to the prior year quarter, primarily the result of higher raw material costs for ammonia and sulfur. Our potash costs per ton increased 8% in the current year quarter as compared to the prior year quarter. This increase was primarily the result of high natural gas and electricity prices paid during the current year quarter, partially offset by lower spending in other cost areas.

For the six-month period ended December 31, 2000, our cost of products sold increased to $257.7 million, from $203.0 million for the six-month period ended December 31, 1999. As a percentage of net sales, cost of products sold increased to 101% for the six-month period ended December 31, 2000, from 99% for the six-month period ended December 31, 1999. Cost of products sold increased as a percentage of net sales as a result of higher costs per ton for our nitrogen, DAP and potash products and lower sales prices for DAP. The increases in cost were partially offset by higher sales prices for our nitrogen and potash products. Our nitrogen costs per ton increased 52% primarily as a result of higher natural gas costs at our domestic production facilities in the current year. Natural gas prices increased 64% during the current year six-month period as compared to the prior year six-month period. Our corporate average natural gas price increased 66% during the current year six-month period as compared to the prior year six-month period. We also incurred higher maintenance costs in the current year associated with scheduled maintenance shutdowns at our nitrogen facilities in Yazoo City, Mississippi and Donaldsonville, Louisiana. In addition, we had lower equity earnings in the current year quarter from our joint venture ammonia plant in Trinidad, Farmland MissChem Limited ("Farmland MissChem"), primarily the result of recording in the prior year a $3.4 million business interruption claim for downtime that occurred in March and April of 1999. Our portion of the earnings from Farmland MissChem was $4.8 million in the current year as compared to $5.5 million, without the business interruption claim, in the prior year. During the current year, Farmland MissChem incurred higher gas cost as a result of its gas contract being tied to the market price of ammonia. Additionally, Farmland MissChem's sales prices in the current year were below market as a result of its product offtake agreements with us and Farmland Industries, Inc., which require Farmland MissChem to make sales at prices lower than market to recover amounts paid in excess of market price in previous periods. DAP costs per ton increased 4% during the six-month period ended December 31, 2000, as compared to the prior year six-month period. This increase was primarily the result of higher raw material costs for ammonia. Potash costs per ton increased 13% during the current year six-month period as compared to the prior year six-month period. This increase was primarily the result of higher per-ton beginning inventory values and high per-ton production costs early in the year. Later in the current year period, we incurred lower per-ton production costs that offset some of the higher cost experienced earlier in the year. In addition, our current year costs per ton were higher as a result of higher natural gas prices paid. These higher costs were partially offset by reduced spending in other areas.

SELLING, GENERAL AND ADMINISTRATIVE. Our selling, general and administrative expenses decreased to $7.3 million for the quarter ended December 31, 2000, from $8.2 million for the quarter ended December 31, 1999. This decrease was primarily the result of lower labor costs in the current year due to the effects of attrition, an early retirement program and reduction in workforce. We also had decreased advertising costs in the current year quarter. These reductions were partially offset by additional severance costs incurred in the current year as a result of a reduction in force. As a percentage of net sales, selling, general and administrative expenses decreased to 5% for the quarter ended December 31, 2000, from 8% for the quarter ended December 31, 1999.

For the six months ended December 31, 2000, our selling, general and administrative expenses decreased to $16.0 million, from $16.9 million for the six months ended December 31, 1999. This decrease was primarily the result of lower labor costs in the current year. Also during the prior year, we incurred costs related to the reorganization of our sales, marketing and distribution division. These lower costs were partially offset by costs incurred in the current year related to an early retirement program and severance costs related to a reduction in force. As a percentage of net sales, selling, general and administrative expenses decreased to 6% for the six months ended December 31, 2000, from 8% for the six months ended December 31, 1999.

OTHER. Our other operating expenses increased to $2.9 million for the quarter ended December 31, 2000, from $86,000 for the quarter ended December 31, 1999. For the six months ended December 31, 2000, our other operating expenses increased to $6.4 million, from $2.6 million for the six months ended December 31, 1999. These increases are the result of higher idle plant costs at our nitrogen facilities in the current year periods. During both the three-month and six-month periods ended December 31, 2000, portions of our ammonia and nitric acid production capacities were idled for various periods primarily due to the unfavorable relationship between product prices and natural gas prices and, to a lesser extent, miscellaneous mechanical problems. In August and September of the prior year, our Donaldsonville, Louisiana, facility had idle plant costs due to our No. 2 ammonia plant being idled. During the current year six-month period ended December 31, 2000, our granular urea production at our Faustina, Louisiana, facility was idled for various periods due to IMC-Agrico's ammonia plant being down. Since the Faustina facility requires carbon dioxide from IMC-Agrico's ammonia process to produce urea, we are unable to operate the Faustina facility when there is no ammonia production at the IMC-Agrico facility.

OPERATING LOSS. As a result of the above factors, we incurred an operating loss of $9.0 million for the quarter ended December 31, 2000, as compared to an operating loss of $10.6 million for the quarter ended December 31, 1999. For the six months ended December 31, 2000, we incurred an operating loss of $23.7 million as compared to an operating loss of $18.2

million for the six months ended December 31, 1999.

INTEREST, NET. For the quarter ended December 31, 2000, our net interest expense increased to $7.1 million from $6.6 million for the quarter ended December 31, 1999. For the six months ended December 31, 2000, our net interest expense increased to $14.3 million from $12.7 million for the six months ended December 31, 1999. These increases were primarily the result of higher average interest rates during the current year periods.

OTHER INCOME. For the quarter ended December 31, 2000, other income increased to $922,000 from $646,000 for the quarter ended December 31, 1999. For the six months ended December 31, 2000, other income increased to $2.4 million from $1.3 million for the six months ended December 31, 1999. These increases were primarily the result of gains on the sale of non-core assets during the current year periods.

INCOME TAX BENEFIT. For the quarter ended December 31, 2000, our income tax benefit decreased to $6.0 million from $6.6 million for the quarter ended December 31, 1999. For the six months ended December 31, 2000, our income tax benefit increased to $14.2 million from $14.0 million for the six months ended December 31, 1999. These income tax benefits are the result of our net losses. For the six months ended December 31, 1999, we also recorded a one-time benefit in the amount of $2.0 million related to settlement agreements made with the Internal Revenue Service for fiscal years 1994, 1995 and 1996.

NET LOSS. As a result of the foregoing, we incurred a net loss of $9.2 million for the quarter ended December 31, 2000, as compared to a net loss of $10.0 million for the quarter ended December 31, 1999. For the six months ended December 31, 2000, we incurred a net loss of $21.5 million as compared to a net loss of $15.6 million for the six months ended December 31, 1999.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2000, we had cash and cash equivalents of $2.3 million, compared to $2.2 million at June 30, 2000, an increase of approximately $100,000.

OPERATING ACTIVITIES. For the six months ended December 31, 2000, our net cash provided by operating activities was $3.3 million compared to net cash used in operating activities of $37.4 million for the six months ended December 31, 1999.

INVESTING ACTIVITIES. Our net cash provided by investing activities was $2.3 million for the six months ended December 31, 2000, compared to net cash used in investing activities of $2.3 million for the six months ended December 31, 1999. During the current year six-month period, our capital expenditures were $11.0 million compared to $9.2 million during the prior year six-month period. Our current year expenditures were for normal improvements and modifications to our facilities. During the current year six-month period, our net cash provided by investing activities included approximately $12.6 million in proceeds from the sale of substantially all of the assets of our barge company, TNI Barge, Inc., as well as certain other non-core assets held by us.

FINANCING ACTIVITIES. Our net cash used in financing activities was $5.6 million for the six months ended December 31, 2000, compared to net cash provided by financing activities of $39.8 million for the six months ended December 31, 1999. During the current year six-month period, the amounts used in financing activities included $203.2 million in debt payments and $784,000 in cash dividends. These payments were partially offset by debt proceeds of $198.3 million. During the prior year six-month period, the amounts provided by financing activities included $212.4 million in debt proceeds partially offset by $169.2 million in debt payments and $3.4 million in cash dividends.

In August 1997, we issued $14.5 million in industrial revenue bonds, a portion of which were tax-exempt, to finance the development of our new phosphogypsum disposal facility at our Pascagoula, Mississippi, DAP manufacturing plant. On April 1, 1998, we issued $14.5 million in fully tax-exempt industrial revenue bonds, the proceeds of which were used to redeem the initial industrial revenue bonds issued in August 1997. The bonds issued on April 1, 1998, mature on March 1, 2022, and carry a 5.8% fixed rate. The bonds may be redeemed at our option at a premium from March 1, 2008, to February 28, 2010, and may be redeemed at face value at any time after February 28, 2010, through the maturity date.

On November 25, 1997, we issued $200.0 million of 7.25% Senior Notes (the "Senior Notes") due November 15, 2017. The holders may elect to have the Notes repaid on November 15, 2007. The Senior Notes were issued under a $300.0 million shelf registration statement filed with the Securities and Exchange Commission in November 1997.

We have a secured revolving credit facility (the "Facility") with Harris Trust and Savings Bank and a syndicate of other commercial banks totaling $200.0 million. The Facility matures on November 25, 2002, and bears interest at rates related to the Prime Rate, the London Interbank Offered Rate or Federal Funds Rate. At December 31, 2000, we had letters of credit outstanding in the amount of $21.1 million primarily associated with purchases of imported nitrogen products that lower our availability under the Facility, and we had borrowings outstanding in the amount of $111.4 million. We had $67.5 million available under the Facility at December 31, 2000. The facility contains covenants that prohibit us from exceeding a threshold ratio of debt to total capital and require us to maintain a minimum level of tangible net worth. In addition, we have covenants that require minimum levels of interest coverage and restrict dividends if such interest coverages are not met. During the quarter ended September 30, 2000, we discontinued our normal quarterly dividends. Dividends would have been restricted under the Facility for the quarter ended December 31, 2000. Amounts outstanding under the Facility are subject to a requirement that the total amount outstanding under the Facility not exceed a certain asset value calculation. The facility also prohibits the repurchase of our outstanding shares, and establishes maximum levels of capital expenditures by year. The Facility lenders have security interests in substantially all of our assets, as allowed by the

Indenture governing the Senior Notes. For our quarter ended March 31, 2001, the Facility requires the ratio of earnings before interest, taxes, depreciation and amortization ("EBITDA") to interest to be no less than one to one. Because of the current volatility of natural gas and product prices, it is possible that this requirement will not be met. Although there can be no assurances, we believe that we would be able to negotiate an amendment or waiver with our lenders.

In December 2000, as a result of the unprecedented high prices for natural gas, we liquidated earlier than normal all of our natural gas futures contracts for a pre-tax gain of approximately $16 million. Although the cash from the transaction was collected during the current year quarter, pursuant to hedge accounting rules, income recognition will occur primarily in our third fiscal quarter.

Based on natural gas market prices as of the date of this filing, and the hedge positions we have entered into since December 31, 2000, we believe that our existing cash, cash generated from operations, available credit facilities, and cash realized from the anticipated sale of non-core assets will be sufficient to satisfy our financing requirements for operations and capital projects through fiscal 2001. There has been unprecedented volatility in natural gas prices in recent months with our corporate natural gas costs increasing 69% in the second quarter of the current fiscal year over the prior fiscal year second quarter. If natural gas prices remain at these levels, or increase without corresponding increases in the market prices for our products, our natural gas costs will have a material adverse impact on our liquidity. We estimate our capital expenditure requirements for the remainder of fiscal 2001 to be approximately $13.0 million, which includes normal improvements and modifications to our facilities.

FORWARD-LOOKING STATEMENTS

Except for the historical statements and discussion contained herein, statements set forth in this report constitute "forward-looking statements." Since these forward-looking statements rely on a number of assumptions concerning future events, risks and other uncertainties that are beyond our ability to control, readers are cautioned that actual results may differ materially from such forward-looking statements. Future events, risks and uncertainties that could cause a material difference in such results include, but are not limited to, (i) changes in matters which affect the global supply and demand of fertilizer products, (ii) the volatility of the natural gas market, (iii) a variety of conditions in the agricultural industry such as grain prices, planted acreage, projected grain stocks, U.S. government policies, weather, and changes in agricultural production methods, (iv) possible unscheduled plant outages and other operating difficulties, (v) price competition and capacity expansions and reductions from both domestic and international competitors, (vi) foreign government agricultural policies (in particular, the policies of the governments of India and China regarding fertilizer imports), (vii) the relative unpredictability of international and local economic conditions, (viii) the relative value of the

U.S. dollar, (ix) environmental regulations, and (x) other important factors affecting the fertilizer industry and us as detailed under "Outlook and Uncertainties" and elsewhere in our most recent Annual Report on Form 10-K which is on file with the Securities and Exchange Commission.

Item 3. Quantitative and Qualitative Disclosure about Market Risk.

We are exposed to market risk, including changes in natural gas prices and interest rates. To manage our natural gas price risks, we enter into derivative transactions. We do not hold or issue derivative financial instruments for trading purposes. We maintain formal policies with respect to entering into and monitoring derivative transactions. Our derivative transactions are intended to hedge our future natural gas costs. The volume of natural gas hedged varies from time to time based on management's judgment of market conditions, particularly natural gas prices and product prices. For more information about how we manage specific risk exposures, see Note 12 - Hedging Activities, and Note 5 - Credit Agreements and Long-Term Debt, in our Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K for the fiscal year ended June 30, 2000.

We use natural gas futures contracts to reduce the impact of changes in natural gas prices. In December 2000, as a result of the unprecedented high prices for natural gas, we liquidated earlier than normal all of our natural gas futures contracts. As a result of the sale, we realized a pre-tax gain of approximately $16 million that will be recognized in future periods, primarily our third fiscal quarter, based on the months for which the contracts were purchased and the amount of gas actually bought in those months. As of December 31, 2000, we did not have any open futures contracts.

The estimated fair value for our Senior Notes was computed using current market quotes for securities similar to our Senior Notes. The estimated fair value for our industrial revenue bonds was computed using the effective yield on state and local bonds. At December 31, 2000, we believe that the fair value of our Senior Notes had decreased from June 30, 2000, due to market quotes for similar securities. At December 31, 2000, we believe the fair value of our industrial revenue bonds had not significantly changed from June 30, 2000.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

Two matters were voted on by our shareholders at the annual meeting of shareholders held on November 7, 2000. Shareholders reelected Coley L. Bailey, Woods E. Eastland, John Sharp Howie, and W. A. Percy II, to serve on our Board of Directors until 2003. The shareholders also elected Rueben V. Anderson to serve on our Board of Directors until 2001. Voting tabulations for elections of the above directors were:

<TABLE>

Name	For	Against	Withheld
<S>	<C>	<C>	<C>
Rueben V. Anderson	20,180,395	-0-	246,859
Coley L. Bailey	20,182,762	-0-	244,492
Woods E. Eastland	20,181,360	-0-	245,894
John Sharp Howie	20,175,993	-0-	251,261
W. A. Percy II	20,181,508	-0-	245,746

</TABLE>

Shareholders also approved the Amended and Restated 1995 Stock Option Plan for Non-Employee Directors. Voting tabulations were:

For	Against	Abstained
19,688,486	604,339	133,426

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits filed as part of this report are listed below.

SEC Exhibit Reference No.	Description
	Exhibit Index to Form 10-Q
10.1	Amended and Restated 1995 Stock Option Plan for Non-Employee Directors
27	Financial Data Schedule

(b) No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MISSISSIPPI CHEMICAL CORPORATION

Date: February 2, 2001

/s/ Timothy A. Dawson

Timothy A. Dawson
Senior Vice President and
Chief Financial Officer

Date: February 2, 2001

/s/ Rosalyn B. Glascoe

Rosalyn B. Glascoe
Corporate Secretary

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THIS SCHEDULE CONTAINS YEAR-TO-DATE SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MISSISSIPPI CHEMICAL CORPORATION FISCAL 2001 SECOND QUARTER FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q FILING.
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<NAME> MISSISSIPPI CHEMICAL CORPORATION

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MISSISSIPPI CHEMICAL CORPORATION
AMENDED AND RESTATED 1995 STOCK OPTION PLAN
FOR NONEMPLOYEE DIRECTORS

Effective November 7, 2000

1. Purpose. The purpose of the Mississippi Chemical Corporation Amended and Restated 1995 Stock Option Plan for Nonemployee Directors (the "Plan") is to encourage members of the Board of Directors, including emeritus directors (the "Board"), who are not officers or full-time employees of Mississippi Chemical Corporation (the "Company") or any of its subsidiaries ("Nonemployee Directors") to become shareholders in the Company thereby giving them a stake in the growth and profitability of the Company, to enable them to represent the viewpoint of the shareholders of the Company more effectively, to encourage them to continue serving as directors, and to provide them with long-term incentives competitive with the median level of such incentives among companies of a similar size and industry.

2. Shares Reserved. There is hereby reserved for issuance under the Plan an aggregate of 400,000 shares of common stock of the Company, subject to adjustment pursuant to Section 7 below, which may be authorized but unissued or treasury shares. If there is a lapse, expiration, termination or cancellation of any option granted under this Plan, all unissued shares subject to the option may again be used for new options granted under this Plan.

3. Grant of Options. Each person who becomes a Nonemployee Director shall be granted an initial option to purchase 5,000 shares of common stock as of the first business day of the next succeeding fiscal year of the Company.

Any person who becomes Chairman of the Board shall be granted an additional option to purchase 5,000 shares of common stock as of the first business day of the next succeeding fiscal year of the Company (except that the additional option for a person who previously served as Vice Chairman shall be for 3,000 shares). Any person who becomes Vice Chairman of the Board shall be granted an additional option to purchase 2,000 shares of common stock as of the first business day of the next succeeding fiscal year of the Company.

Each Nonemployee Director who is granted an initial option hereunder shall be granted an additional option to purchase 2,000 shares of common stock as of each July 1 (or if not a business day, the first business day thereafter) on which the Nonemployee Director is a member of the Board. The annual options for the Chairman and Vice Chairman of the Board shall be for 4,000 and 3,000 shares, respectively.

4. Option Price. The option price for each option granted to Nonemployee Directors shall be not less than 100% of the fair market value of the common stock of the Company on the date the stock option is granted, and repricing of options shall not be permitted. "Fair market value" shall be defined as the average of the closing price of the shares subject to option as reported on the New York Stock Exchange for the last 20 trading days prior to the date of option grant or as required by applicable law or regulation. The option price may be paid by check or by the delivery of shares of common stock then owned by the participant. A director may also pay the option price by use of cashless exercise as permitted under the Federal Reserve Board's Regulation T.

5. Term; Termination of Service. The option term shall be ten years. Any option granted to a Nonemployee Director may not be exercised for the first year from the date of its grant. Any option granted to a Nonemployee Director may be exercisable for 20 percent of the shares subject to option during the second year from the date of grant, 40 percent for the third year from the date of grant, 60 percent for the fourth year from the date of grant, 80 percent for the fifth year from the date of grant, and shall be fully exercisable commencing with the sixth year from the date of grant. Each option shall become fully exercisable upon the retirement of the director or upon a change of control of the Company as defined in paragraph 10 of the Company's 1994 Stock Incentive Plan, or any successor provision or plan. Each option shall expire three months after the date of optionee's termination of service for any reason other than death, disability or retirement. In the event of death, disability or retirement, each option shall be exercisable for a period of three years after termination. For these purposes, retirement shall mean termination of service on the Board after the Nonemployee Director has attained age 55 and completed at least five years of service as a member of the Board. Except in the case of retirement, any option granted to a Nonemployee Director may be exercised during the indicated periods following termination only to the extent the option was exercisable on the date of termination.

6. Nontransferability. Any option granted under this Plan shall not be transferable other than by will or the laws of descent and distribution or as provided by the Board. If a director dies during the option period, any option granted to the director may be exercised by his or her estate or the person to whom the option passes by will or the laws of descent and distribution.

7. Adjustment Provisions.

(a) If at any time the Company changes the number of issued shares of common stock without new consideration to it (such as by stock dividends, stock splits or similar transactions), the total number of shares reserved for issuance under this Plan and the number of shares covered by each outstanding option shall be automatically adjusted to the number of shares as is equitably required, together with an appropriate adjustment to the exercise prices of each outstanding option, so that the aggregate consideration payable to the Company upon exercise of each outstanding option will not be changed.

(b) (i) Notwithstanding any other provision of this Plan, and without affecting the number of shares reserved or available hereunder, the Board may authorize the issuance or assumption of benefits in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate.

(ii) In the event of any merger, consolidation or reorganization of the Company with any other entity, there may be substituted, on an equitable basis as determined by the Board, for each share of common stock then reserved for issuance under the Plan and for each share of common stock then subject to a benefit granted under the Plan, the number and kind of shares of stock, other securities, cash or other property to which holders of common stock of the Company will be entitled pursuant to the transaction.

8. Registration and Legal Compliance. The grant of any option under the Plan may also be subject to other provisions as counsel to the Company deems appropriate including, without limitation, provisions as may be appropriate to comply with federal and state securities laws and stock exchange requirements. The Company shall not be required to issue or deliver any certificate for common stock purchased upon the exercise of any option granted under this Plan prior to the admission of such shares to listing on any stock exchange on which common stock of the Company may at that time be listed. If the Company shall be advised by its counsel that the shares deliverable upon exercise of an option are required to be registered under the Securities Act of 1933, as amended (the "Act"), or any state securities law or that delivery of such shares must be accompanied or preceded by a prospectus meeting the requirements of such Act, the Company will use its best efforts to effect such registration or provide such prospectus not later than a reasonable time following each exercise of such option, but delivery of shares by the Company may be deferred until such registration is effective or such prospectus is available.

9. Term of Plan; Amendment, Suspension and Termination of Plan. The Plan will be unlimited in duration. The Board may suspend or terminate the Plan at any time and may amend it from time to time in such respects as the Board may deem advisable in order that any grants thereunder shall conform to or otherwise reflect any change in applicable laws or regulations or to permit the Company or the Nonemployee Directors to enjoy the benefits of any change in applicable laws or regulations; provided, however, that no amendment shall, without shareholder approval, increase the number of shares of common stock which may be issued under the Plan or materially modify the requirements as to eligibility for participation in the Plan. No such amendment, suspension or termination shall impair the rights of Nonemployee Directors under any outstanding options, or make any change that would disqualify the Plan or any other plan of the Company intended to be so qualified from the exemption provided by Securities and Exchange Commission Rule 16b-3.

10. Administration and Interpretation of the Plan. The Plan shall be administered by the Board. The Board will approve the forms of agreements relating to the benefits granted hereunder, containing such terms and

conditions consistent with the provisions of the Plan as are determined by the Board, which agreements may be executed on behalf of the Company by the Chairman of the Board, the Chairman of the Corporate Governance Committee of the Board, the President of the Company, or any Vice President of the Company. The Board will have complete authority to construe, interpret, and administer the provisions of this Plan and the provisions of the agreements relating to the benefits granted hereunder; to prescribe, amend and rescind rules and regulations pertaining to this Plan; and to make all other determinations necessary or deemed advisable in the administration of the Plan. The determinations, interpretations and constructions made by the Board are final and conclusive. No member of the Board may be held liable for any action taken, or failed to be taken, made in good faith relating to the Plan or any benefit hereunder, and the members of the Board will be entitled to defense, indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including attorneys' fees) arising therefrom to the fullest extent permitted by law and by the Articles of Incorporation of the Company.

11. Shareholder Approval. This Plan was originally adopted by the Board on July 20, 1995, approved by the shareholders at their Annual Meeting held November 14, 1995, and amended by the Board effective as of August 19, 1996. This Plan was amended and restated by the Board effective April 17, 1997, and approved by the shareholders at their annual meeting held November 11, 1997. This amended and restated Plan was authorized and approved by the Board on August 15, 2000, subject to shareholder approval at their annual meeting on November 7, 2000.