

SECURITIES AND EXCHANGE COMMISSION

FORM S-1/A

General form of registration statement for all companies including face-amount certificate companies [amend]

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FILER

MCC SUB INC

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SIC: **2870** Agricultural chemicals

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YAZOO CITY MS 39194
6017464131

REGISTRATION NO. 33-54573

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MISSISSIPPI CHEMICAL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MISSISSIPPI 2898 64-0292638
(STATE OR OTHER (PRIMARY STANDARD INDUSTRIAL (I.R.S. EMPLOYER
JURISDICTION CLASSIFICATION CODE NUMBER) IDENTIFICATION NO.)
OF INCORPORATION OR
ORGANIZATION)

P.O. BOX 388
YAZOO CITY, MISSISSIPPI 39194
(601) 746-4131
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

ROBERT E. JONES
VICE PRESIDENT AND GENERAL COUNSEL
MISSISSIPPI CHEMICAL CORPORATION
P.O. BOX 388
YAZOO CITY, MISSISSIPPI 39194
(601) 746-4131
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE)

COPIES TO:
FREDERICK W. AXLEY, P.C. LEONARD M. LEIMAN, ESQ.
MCDERMOTT, WILL & EMERY FULBRIGHT & JAWORSKI L.L.P.
227 WEST MONROE STREET 666 FIFTH AVENUE
CHICAGO, ILLINOIS 60606-5096 NEW YORK, NEW YORK 10103

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. []

CALCULATION OF REGISTRATION FEE

<TABLE>
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PROPOSED PROPOSED
MAXIMUM

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	MAXIMUM OFFERING PRICE PER SHARE (2)	AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
<S>	<C>	<C>	<C>	<C>
Common Stock (par value \$.01 per share).....	5,520,000 shares	\$15.50	\$85,560,000	\$29,504 (3)
Preferred Share Purchase Rights which are attached to and trade with the Common Stock.....	5,520,000 Rights	--	--	--

</TABLE>

- (1) Includes 720,000 shares subject to an over-allotment option granted to the Underwriters.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a).
- (3) \$28,552 of this fee has been previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

+++++

+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +

+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +

+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +

+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +

+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +

+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +

+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +

+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +

+ANY SUCH STATE. +

+++++

SUBJECT TO COMPLETION, DATED AUGUST 2, 1994

4,800,000 SHARES

LOGO

COMMON STOCK

(\$.01 PAR VALUE)

Of the 4,800,000 shares of Common Stock offered hereby, 3,200,000 are being issued and sold by the Company and 1,600,000 are being sold by the Selling Shareholders. The Company will not receive any of the proceeds from the sale of shares of Common Stock by the Selling Shareholders. See "Principal and Selling Shareholders." It is currently estimated that the public offering price will be between \$13.50 and \$15.50 per share. See "Underwriting" for information relating to the method of determining the public offering price.

Prior to this offering there has been no established trading market for the Common Stock. Application has been made to approve the Common Stock for quotation in the Nasdaq Stock Market's National Market (the "Nasdaq National Market") under the symbol "MISS."

FOR INFORMATION CONCERNING CERTAIN FACTORS RELATING TO THIS OFFERING, SEE "INVESTMENT CONSIDERATIONS."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO COMPANY (2)	PROCEEDS TO SELLING SHAREHOLDERS
<S>	<C>	<C>	<C>	<C>
Per Share.....	\$	\$	\$	\$
Total (3).....	\$	\$	\$	\$

</TABLE>

- (1) See "Underwriting" for indemnification arrangements.
- (2) Before deducting estimated expenses of \$500,000 payable by the Company.
- (3) The Company and certain Selling Shareholders have granted to the Underwriters a 30-day option to purchase up to an additional 720,000 shares of Common Stock at the Price to Public, less the Underwriting Discounts and Commissions shown above, solely to cover over-allotments, if any. If this option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions, Proceeds to Company and Proceeds to Selling Shareholders will be \$, \$, \$ and \$, respectively. See "Underwriting."

The shares of Common Stock offered hereby are being offered by the several Underwriters named herein, subject to prior sale and acceptance by the Underwriters and subject to their right to reject any order in whole or in part. It is expected that the Common Stock will be available for delivery on or about August , 1994 at the offices of Wertheim Schroder & Co. Incorporated, New York, New York.

Wertheim Schroder & Co.
INCORPORATED

The Robinson-Humphrey
Company, Inc.

August , 1994

NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFERING MADE HEREBY AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN

AUTHORIZED BY THE COMPANY, ANY SELLING SHAREHOLDER OR ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITY OTHER THAN THE SECURITIES COVERED BY THIS PROSPECTUS, NOR DOES IT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH AN OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATES AS OF WHICH INFORMATION IS FURNISHED OR THE DATE HEREOF.

AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission"), a registration statement on Form S-1 (together with all amendments, schedules and exhibits thereto, the "Registration Statement") under the Securities Act with respect to the Common Stock offered hereby. This Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the Commission. For further information with respect to the Company and the Common Stock offered hereby, reference is made to the Registration Statement. Statements made in this Prospectus as to the contents of any contract, agreement or other document are not necessarily complete; with respect to each such contract, agreement or other document filed as an exhibit to the Registration Statement, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference. Reports and proxy and other information statements filed by the Company and the Registration Statement and the exhibits thereto may be inspected, without charge, at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661, and 7 World Trade Center, Suite 1300, New York, NY 10048. Copies of such material can also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and the Financial Statements and Notes thereto, appearing elsewhere in this Prospectus. Except as otherwise noted, all information in this Prospectus assumes no exercise of the Underwriters' over-allotment option. Fiscal year references refer to years ending June 30.

THE COMPANY

Mississippi Chemical Corporation (the "Company") is a major producer and supplier of nitrogen fertilizers in the southern United States, and believes it is one of the nation's lowest-cost nitrogen fertilizer producers. The Company also manufactures phosphate and potash fertilizers, making it a full product line fertilizer supplier. The Company sells its nitrogen and potash fertilizer products to farmers, fertilizer dealers and distributors for ultimate use primarily in the southern farming regions of the United States and areas served by the Mississippi River system. The Company's phosphate fertilizers are sold primarily in international markets.

Nitrogen, phosphorous (contained in phosphate fertilizer) and potassium (contained in potash fertilizer) constitute the three major nutrients required for plant growth. Nitrogen is an essential nutrient for most plants. Phosphorous aids in the photosynthesis process, and potassium is an important regulator of the physiological functions of plants. These elements are all naturally present in soil but need to be replaced through the use of fertilizers as crops exhaust them. There are no viable substitutes for nitrogen, phosphate or potash fertilizers in the development and maintenance of high-yield crops.

Nitrogen Fertilizer. The Company produces nitrogen fertilizers at facilities located in Yazoo City, Mississippi, and Donaldsonville, Louisiana. In fiscal 1994, the Company sold over 1.6 million tons of nitrogen fertilizers to farmers, fertilizer dealers and distributors located primarily in the southern United States. Sales of nitrogen products by the Company in fiscal 1994 were \$199.9 million, which represented approximately 65% of net sales. Nitrogen products manufactured by the Company include anhydrous ammonia, fertilizer-grade ammonium nitrate, urea/ammonium nitrate ("UAN") solutions and urea. The Company is the largest U.S. manufacturer of ammonium nitrate fertilizer, which is marketed under the trade name Amtrate(R). Amtrate(R) has established significant brand name recognition and a reputation as a high-quality product.

Phosphate Fertilizer. The Company produces diammonium phosphate fertilizer ("DAP") at its facility in Pascagoula, Mississippi. In fiscal 1994, the Company sold approximately 638,000 tons of DAP, which is the most widely used phosphate fertilizer. Sales of DAP by the Company in fiscal 1994 were \$83.4 million, which represented approximately 27% of net sales. Substantially all of the Company's phosphate fertilizer sales are made through Atlantic Fertilizer & Chemical Corporation ("Atlantic"), which was appointed the Company's exclusive distributor of DAP when the Company started production of DAP in December 1991. In fiscal 1994, approximately two-thirds of the Company's DAP production was sold into international markets, primarily to customers in India, China and Mexico. Phosphate rock, the primary raw material for the production of phosphate fertilizer, is provided under a long-term contract with Office Cherifien des Phosphates ("OCP"), the national phosphate company of Morocco, which is the world's largest producer of phosphate rock. The continued viability and competitiveness of the Company's phosphate operations are dependent on this strategic alliance with OCP. See "Business--Raw Materials."

Potash Fertilizer. The Company produces potash fertilizer at its facility located near Carlsbad, New Mexico. In fiscal 1994, the Company sold approximately 330,000 tons of granular 60% K/2/0 muriate of potash. Sales of potash fertilizer by the Company in fiscal 1994 were \$24.1 million, which represented approximately 8% of net sales. In May 1994, the Company completed an expansion of its Carlsbad facility, which has increased granular potash production capacity from approximately 300,000 tons to approximately 420,000 tons per year. The Company controls the single largest reserve of potash in the U.S., with an estimated remaining life, at current production rates, of approximately 140 years.

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Business Strategy. The Company's products are global commodities which are available from multiple sources; therefore, the Company competes primarily on the basis of price. As a result, the Company stresses low cost and high efficiency in every aspect of its operations. Unlike many of its competitors, the Company maintains a large and experienced field sales force strategically located throughout its trade area. Through its sales force, the Company provides extensive, cost-effective services to its customers to differentiate its products, enhance competitiveness and establish the Company as a preferred supplier. The Company's marketing efforts are focused on geographically proximate markets where lower transportation and distribution costs increase "net backs" (sales less distribution and delivery expenses) and result in improved margins. The Company's recent change in corporate status from a cooperative to a regular business corporation should present additional opportunities to improve net backs and enhance profit margins. Finally, the Company continuously monitors opportunities to expand its operations through capacity additions, acquisitions, joint ventures and strategic alliances in the fertilizer business.

THE REORGANIZATION

The Company is the successor by merger, effective July 1, 1994, to a business which was formed in 1948 as the first fertilizer cooperative in the United States (the "Cooperative"). The principal business of the Cooperative was to provide fertilizer products to its shareholders pursuant to preferred patronage rights which gave the shareholders the right to purchase fertilizer products and receive a patronage refund on fertilizer purchases. On June 28, 1994, the shareholders of the Cooperative approved a plan of reorganization (the "Reorganization"), pursuant to which the Cooperative was merged into the Company. Pursuant to the Reorganization, the capital stock of the Cooperative was converted into Common Stock and/or cash. In addition, holders of Capital Equity Credits and Allocated Surplus Accounts of the Cooperative (the "Special Accounts") were offered the right to exchange the Special Accounts for Common Stock. Since July 1, 1994, the Company has operated as a regular business corporation. References in this Prospectus to the Company's operations prior to July 1, 1994, refer to the Cooperative's operations.

The Board of Directors of the Cooperative decided to implement the Reorganization because it believed that the Company needed greater flexibility in marketing its products than was possible under its cooperative structure. Following the Reorganization, the Company believes that it will be able to be more responsive to its customers' needs and be better able to promote its position as a preferred supplier of fertilizer products in its core markets in the southern U.S. The Company also believes that its new corporate structure will increase opportunities for market expansion and growth of operations. The Company expects to retain the majority of the Cooperative's customer base and expects that its sales and profitability will not be adversely affected by the Reorganization. In addition, following the Reorganization, the Company expects to have enhanced access to capital markets and increased options in connection with potential business combinations. See "The Reorganization."

THE OFFERING

<TABLE>	
<S>	<C>
Common Stock offered by the Company.....	3,200,000 shares
Common Stock offered by the Selling Shareholders.....	1,600,000 shares
Common Stock to be outstanding after the Offering.....	22,654,354 shares (1)
Use of proceeds.....	To retire indebtedness and for general corporate purposes. See "Use of Proceeds."
Proposed Nasdaq National Market symbol.....	MISS
Dividend policy.....	The Company expects to pay a quarterly cash dividend of \$0.08 per share, commencing with a payment in February 1995 with respect to the quarter ending December 31, 1994. See "Dividend Policy."
</TABLE>	

(1) Assumes conversion of all Special Accounts into shares of Common Stock. Up to an additional 128,880 shares may be issued if certain small shareholders of the Cooperative elect not to receive cash in the Reorganization.

SUMMARY FINANCIAL DATA

For the periods presented, the Company operated as a cooperative. The following table, which sets forth certain financial information, in summary form, with respect to the Cooperative, including certain assumptions to show the effect on results if the Company had operated as a regular business corporation, is qualified in its entirety by, and should be read in conjunction with, the consolidated financial statements and related notes appearing elsewhere herein.

<TABLE>
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	FISCAL YEAR ENDED JUNE 30,				
	1994	1993	1992	1991	1990
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:					
Net sales.....	\$309,360	\$289,125	\$239,657	\$214,990	\$180,316
Operating expenses:					
Cost of products sold.....	217,809	213,715	152,324	112,622	110,832
Provision for closure of gypsum disposal area (1).....	6,055	--	--	--	--
Selling, general and administrative.....	47,591	46,230	46,529	47,395	38,536
	-----	-----	-----	-----	-----
	271,455	259,945	198,853	160,017	149,368
	-----	-----	-----	-----	-----
Operating income.....	37,905	29,180	40,804	54,973	30,948
Other (expense) income:					
Interest, net.....	(3,991)	(3,569)	(3,930)	(4,307)	(4,246)
Restructuring (2).....	(1,402)	--	--	--	--
Other.....	421	767	(531)	777	2,062
	-----	-----	-----	-----	-----
Margins from continuing operations before income taxes.....	32,933	26,378	36,343	51,443	28,764
Income tax expense (credit).. -----	6,021	3,697	4,994	3,406	(294)
Margins from continuing operations.....	\$ 26,912	\$ 22,681	\$ 31,349	\$ 48,037	\$ 29,058
	=====	=====	=====	=====	=====
Income from continuing operations assuming conversion from a cooperative to a regular business corporation as of July 1, 1989 (3).....	\$ 21,415	\$ 17,533	\$ 22,821	\$ 33,999	\$ 20,826
	=====	=====	=====	=====	=====
Earnings per share (4).....	\$ 1.10	\$ 0.92	\$ 1.23	\$ 1.90	\$ 1.18
	=====	=====	=====	=====	=====

</TABLE>

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FISCAL YEAR

ENDED
JUNE 30, 1994

<S>	<C>
PRO FORMA INCOME STATEMENT DATA:	
Operating income.....	\$ 37,905
Interest expense, net (5).....	(460)
Other income.....	421

Income from continuing operations before income taxes.....	37,866
Income tax expense (6).....	13,056

Income from continuing operations.....	\$ 24,810
	=====
Earnings per share (7).....	\$ 1.10
	=====

</TABLE>

5

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED JUNE 30,		

	1994	1993	1992

	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
OPERATING DATA:			
Net sales:			
Nitrogen.....	\$199,918	\$189,127	\$176,835
DAP.....	83,367	78,906	36,034 (8)
Potash.....	24,084	20,149	25,482
Other.....	1,991	943	1,306
	-----	-----	-----
Net sales.....	\$309,360	\$289,125	\$239,657
	=====	=====	=====

<CAPTION>

	FISCAL YEAR ENDED JUNE 30,		

	1994	1993	1992

	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Tons sold:			
Nitrogen.....	1,643	1,602	1,544
DAP.....	638	692	262 (8)
Potash.....	330	283	339

</TABLE>

<TABLE>
<CAPTION>

	JUNE 30, 1994	

	ACTUAL	PRO FORMA (9)

	(IN THOUSANDS)	
<S>	<C>	<C>

BALANCE SHEET DATA:

Working capital.....	\$ 34,931	\$ 28,695
Total assets.....	298,430	298,430
Long-term debt, excluding long-term debt due within one year.....	57,217	15,965
Shareholders' equity.....	142,956	177,972

</TABLE>

- - - - -

- (1) During fiscal 1994, the Company recorded a non-cash charge of approximately \$6.1 million relating to the estimated cost of the closure of the gypsum disposal facility located at its Pascagoula facility. This charge relates to the portion of the disposal facility utilized to date and it is estimated that future charges aggregating approximately \$3.0 million will be accrued over the six-year estimated remaining life of the disposal facility.
- (2) Reflects expenses of the Reorganization.
- (3) For the periods presented, the Company operated as a cooperative and realized deductions for income taxes for amounts paid in cash as patronage refunds to its shareholder-members. If the conversion from a cooperative to a regular business corporation had occurred as of July 1, 1989, income taxes would have been increased by the following approximate amounts: \$5.5 million, \$5.1 million, \$8.5 million, \$14.0 million and \$8.2 million for fiscal 1994, 1993, 1992, 1991 and 1990, respectively.
- (4) Earnings per share reflect the Reorganization as if it had occurred July 1, 1989. Weighted average shares outstanding would have been 19,454,354, 19,035,276, 18,521,287, 17,885,416 and 17,723,107 for fiscal 1994, 1993, 1992, 1991 and 1990, respectively.
- (5) Interest expense, net, reflects a reduction in interest expense of \$3.5 million related to the reduction in long-term debt from the net proceeds of the Offering.
- (6) Reflects taxation as a C corporation as a result of the Reorganization, as well as the reduction in interest expense from the application of the net proceeds from the Offering.
- (7) Earnings per share is calculated based on the weighted average shares outstanding assuming the Reorganization had occurred prior to the periods presented (see Note 4 above), plus the estimated number of shares to be sold by the Company in the Offering.
- (8) The Company began production of DAP in December 1991.
- (9) Reflects the Reorganization and the sale by the Company of 3,200,000 shares of Common Stock in the Offering, assuming a public offering price of \$14.50 per share, and the application of the net proceeds thereof. See "The Reorganization," "Use of Proceeds" and "Pro Forma Balance Sheet," including the notes thereto.

INVESTMENT CONSIDERATIONS

In addition to the other information set forth in this Prospectus, the following investment considerations should be considered carefully in evaluating the Company and its business before purchasing any shares of Common Stock offered hereby.

Effect of Reorganization on Operations. Until July 1, 1994, the Company operated as a cooperative. As a cooperative, the substantial majority of the Cooperative's sales of nitrogen fertilizers were made to its shareholders, who purchased products pursuant to preferred patronage rights and received patronage refunds with respect to their purchases. The Cooperative paid to its shareholder-customers a patronage refund consisting of the excess of the sales price of products over the cost of manufacturing, distributing and selling the products ("patronage refunds"). It is expected that the Company will maintain its nitrogen fertilizer customer base even though the Company will no longer grant preferred patronage rights or pay patronage refunds, although there can be no assurance that the Reorganization will not have a material adverse effect on the Company's results of operations. DAP and virtually all potash fertilizer have historically been sold by the Company outside the cooperative structure.

Factors Affecting Fertilizer Demand and Prices. With virtually all of its nitrogen fertilizer net sales and approximately 82% of its total net sales in fiscal 1994 derived from domestic markets, the Company's operating results are highly dependent upon conditions in the U.S. agricultural industry. A variety of factors beyond the Company's control can materially affect domestic fertilizer demand and pricing. These factors include U.S. planted acreage, government agricultural policies (including subsidy and acreage set-aside programs), projected grain stocks, crop failure, weather and changes in agricultural production methods.

International market conditions also significantly influence the Company's business. The market for fertilizers is influenced by such factors as the relative value of the U.S. dollar and its impact upon the cost of importing fertilizers, foreign agricultural policies, the existence of, or changes in, import or foreign currency exchange barriers in certain foreign markets, changes in the hard currency demands of certain countries, such as the former Soviet Union ("FSU"), and other regulatory policies of foreign governments, as well as the laws and policies of the U.S. affecting foreign trade and investment. The Company is also subject to the risks of doing business abroad, including risks associated with economic or political instability, risks associated with the value of the U.S. dollar and potential import restrictions or quotas.

In the recent past, fertilizer prices have been extremely volatile, with significant price changes from one growing season to the next. The Company believes that world supply and demand for nitrogen fertilizers are currently in a more favorable balance than in certain prior years. However, nitrogen fertilizer is a global commodity and can be subject to intense price competition from domestic and foreign sources. Between 1987 and 1993, phosphate fertilizer prices declined to their lowest levels since 1977 as a result of an acute supply surplus. During late 1993, the price of phosphate fertilizer increased significantly, primarily in response to increased purchases by China and India, the primary export markets for the U.S. phosphate fertilizer industry. Potash fertilizer prices have remained relatively stable since 1988. No assurance can be given, however, that average realized prices paid for the Company's fertilizer products will continue at current levels.

Seasonality. The usage of fertilizer is highly seasonal, and the Company's quarterly results reflect the fact that, in the Company's markets, significantly more fertilizer is purchased in the spring. Significant portions of the Company's net sales and operating income are generated in the last four months of the Company's fiscal year (March through June). Since interim period operating results reflect the seasonal nature of the Company's business, they are not indicative of results expected for the full fiscal year. In addition,

quarterly results can vary significantly from one year to the next due primarily to weather-related shifts in planting schedules and purchase patterns. The Company incurs substantial expenditures for fixed costs throughout the year and substantial expenditures for inventory in advance of the spring planting season.

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Dependence on Natural Gas. Natural gas is the primary raw material used in the manufacture of nitrogen fertilizer products. Natural gas is used as both a chemical feedstock and a fuel to produce anhydrous ammonia, which is then used in the production of all other nitrogen fertilizers. Anhydrous ammonia is also a raw material in the production of DAP. Accordingly, the Company's profitability may be affected by the price and availability of natural gas. A significant increase in the price of natural gas that is not recovered through an increase in the price of the Company's fertilizer products, or an extended interruption in the supply of natural gas to the Company's production facilities, could have a material adverse effect on the Company's results of operations and financial condition. Natural gas is currently available in ample quantities; however, the excess deliverability ("gas bubble") that existed several years ago has dissipated. In recent years, natural gas prices have become increasingly subject to seasonal volatility.

Environmental Regulations. The Company is subject to various environmental laws and regulations of U.S. federal, state and local governments. Significant capital expenditures and operating costs have been incurred and will continue to be incurred as a result of these laws and regulations. The Company cannot predict or quantify the impact of new or changed laws or regulations. In the normal course of business, the Company is exposed to risks such as possible release of hazardous substances into the environment. Such releases could cause substantial damage or injuries. See "Business--Compliance With Environmental Regulations."

Dependence on Phosphate Rock Supplier. Phosphate rock is the principal raw material used in the manufacture of DAP. The Company has a long-term requirements contract with OCP, the world's leading phosphate rock supplier. The continued viability and competitiveness of the Company's phosphate fertilizer operations are dependent upon the continuance of this supply contract. See "Business--Raw Materials--Phosphate Rock."

Competition. Fertilizer products are global commodities and customers base their purchasing decisions principally on the delivered price of the product. As a result, markets for the Company's products are highly competitive. A number of U.S. producers compete with the Company in domestic and export markets, and producers in other countries, including state-owned and government-subsidized entities, compete with the Company in the U.S. and in foreign markets to which the Company exports. Many of the Company's competitors are significantly larger and have greater financial resources than the Company.

Shares Eligible for Future Sale. Sales of substantial amounts of Common Stock in the public market following the Offering could adversely affect the market price of the Common Stock. Prior to the Reorganization, the Cooperative's common stock lacked liquidity due to certain transfer and sales restrictions. The shares of Common Stock issued in the Reorganization are freely transferable and available for sale in the public market. All shares of Common Stock that will be outstanding following the Offering will be freely tradable. The Company, as well as holders of 6,228,346 shares of Common Stock (following the Offering), including the Selling Shareholders and all officers and directors of

the Company, have agreed that they will not offer to sell, contract to sell or dispose of shares of Common Stock for a period of 180 days after the date of this Prospectus, without the prior written consent of Wertheim Schroder & Co. Incorporated.

No Prior Public Market; Volatility. Prior to the Offering, there has been no established trading market for the Common Stock. Although the Company has applied to have the Common Stock approved for quotation on the Nasdaq National Market, there can be no assurance that an active trading market will develop or be sustained following the Offering. The public offering price of the Common Stock offered hereby has been determined in negotiations among the Company, the Selling Shareholders and the Representatives of the Underwriters. The trading price of the Common Stock could be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, in recent years the stock market in general, and the market for shares of newly registered stocks in particular, has experienced price fluctuations which have often been unrelated to the operating performance of the affected companies. General market price declines or market volatility in the future could affect the market price of the Common Stock and the public offering price may not be indicative of future market prices.

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Anti-takeover Provisions. Certain provisions of the Company's Articles of Incorporation and Mississippi corporate law could have the effect of discouraging, delaying or making more difficult a change in control of the Company not approved by the Board of Directors of the Company. Among other things, the Articles of Incorporation provide for a classified Board of Directors, require a supermajority vote of the directors or the shareholders on major transactions, and allow the Board of Directors to issue up to 500,000 shares of Preferred Stock and fix the rights, privileges and preferences of those shares without any further vote or action by the shareholders. The rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any Preferred Stock that may be issued in the future. While the Company has no present intention to issue shares of Preferred Stock, any issuance of Preferred Stock could have the effect of making it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company. In addition, the Company, in its Articles of Incorporation, has chosen to be subject to the Mississippi Control Share Act, which allows shareholders to decide whether a potential acquiror's shares may exercise voting rights when such a potential acquiror reaches certain thresholds of stock ownership, and has chosen to be subject to the Mississippi Shareholder Protection Act, which prevents business combinations with 20% or greater shareholders unless certain conditions are met. The Company has also adopted a Preferred Stock Rights Plan which may have anti-takeover effects. See "Description of Capital Stock--Certain Statutory Provisions," "--Certain Charter Provisions," and "--Rights to Purchase Preferred Stock."

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THE COMPANY

The Company is a major producer and supplier of nitrogen fertilizers in the southern United States, and believes it is one of the nation's lowest-cost nitrogen fertilizer producers. The Company also manufactures phosphate and potash fertilizers, making it a full product line fertilizer supplier. The Company sells its nitrogen and potash fertilizer products to farmers, fertilizer dealers and distributors for ultimate use primarily in the southern

farming regions of the United States and areas served by the Mississippi River system. The Company's phosphate fertilizers are sold primarily in international markets.

Nitrogen, phosphorous (contained in phosphate fertilizer) and potassium (contained in potash fertilizer) constitute the three major nutrients required for plant growth. Nitrogen is an essential nutrient for most plants. Phosphorous aids in the photosynthesis process, and potassium is an important regulator of the physiological functions of plants. These elements are all naturally present in soil but need to be replaced through the use of fertilizers as crops exhaust them. There are no viable substitutes for nitrogen, phosphate or potash fertilizers in the development and maintenance of high-yield crops.

Nitrogen Fertilizer. The Company produces nitrogen fertilizers at facilities located in Yazoo City, Mississippi, and Donaldsonville, Louisiana. In fiscal 1994, the Company sold over 1.6 million tons of nitrogen fertilizers to farmers, fertilizer dealers and distributors located primarily in the southern United States. Sales of nitrogen products by the Company in fiscal 1994 were \$199.9 million, which represented approximately 65% of net sales. Nitrogen products manufactured by the Company include anhydrous ammonia, fertilizer-grade ammonium nitrate, UAN solutions and urea. The Company is the largest U.S. manufacturer of ammonium nitrate fertilizer which is marketed under the trade name Amtrate(R). Amtrate(R) has established significant brand name recognition and a reputation as a high-quality product.

Phosphate Fertilizer. The Company produces DAP at its facility in Pascagoula, Mississippi. In fiscal 1994, the Company sold approximately 638,000 tons of DAP, which is the most widely used phosphate fertilizer. Sales of DAP by the Company in fiscal 1994 were \$83.4 million, which represented approximately 27% of net sales. Substantially all of the Company's phosphate fertilizer sales are made through Atlantic, which was appointed the Company's exclusive distributor of DAP when the Company started production of DAP in December 1991. In fiscal 1994, approximately two-thirds of the Company's DAP production was sold into international markets, primarily to customers in India, China and Mexico. Phosphate rock, the primary raw material for the production of phosphate fertilizer, is provided under a long-term contract with OCP, the national phosphate company of Morocco, which is the world's largest producer of phosphate rock. The continued viability and competitiveness of the Company's phosphate operations are dependent on this strategic alliance with OCP. See "Business--Raw Materials."

Potash Fertilizer. The Company produces potash fertilizer at its facility located near Carlsbad, New Mexico. In fiscal 1994, the Company sold approximately 330,000 tons of granular 60% K/2/O muriate of potash. Sales of potash fertilizer by the Company in fiscal 1994 were \$24.1 million, which represented approximately 8% of net sales. In May 1994, the Company completed an expansion of its Carlsbad facility at a cost of approximately \$1.6 million, which has increased granular potash production capacity from approximately 300,000 tons to approximately 420,000 tons per year. The Company controls the single largest reserve of potash in the U.S., with an estimated remaining life, at current production rates, of approximately 140 years.

The Company was incorporated in Mississippi on May 23, 1994, and is the successor to the Cooperative, which was incorporated in 1948 as the first fertilizer cooperative in the U.S. The address of its principal executive office is Owen Cooper Administration Building, Highway 49 East, Yazoo City, Mississippi 39194, and its telephone number is (601) 746-4131. As used in this Prospectus, the term "Company" includes Mississippi Chemical Corporation and its wholly-owned subsidiaries, Mississippi Phosphates Corporation and

Mississippi Potash, Inc. References in this Prospectus to the Company's operations prior to July 1, 1994, refer to the Cooperative's operations.

THE REORGANIZATION

The Cooperative was incorporated in Mississippi in September 1948 and operated as a cooperative in accordance with the applicable provisions of the Internal Revenue Code. The principal business of the Cooperative was to provide fertilizer products to its shareholders pursuant to preferred patronage rights which gave the shareholders the right to purchase fertilizer products and receive a patronage refund on fertilizer purchases.

On June 28, 1994, the shareholders of the Cooperative approved the Reorganization, pursuant to which the Cooperative was merged, effective July 1, 1994, into the Company, a wholly-owned subsidiary of the Cooperative. Pursuant to the Reorganization, the issued and outstanding shares of capital stock of the Cooperative were converted into shares of Common Stock and/or cash and holders of Special Accounts were offered the right to exchange those Special Accounts for Common Stock. As of July 1, 1994, an aggregate of 18,773,212 shares of Common Stock had been issued pursuant to the Reorganization and it is estimated that approximately \$7.6 million of cash will be paid pursuant to the Reorganization. Up to an additional 681,142 shares of Common Stock may be issued upon the exchange of Special Accounts, including Special Accounts arising from 1994 patronage and up to a further 128,880 shares may be issued if certain small shareholders of the Cooperative elect not to receive cash in the Reorganization. As a result of the Reorganization, the Company no longer operates as a cooperative, but as a regular business corporation.

REASONS FOR THE REORGANIZATION

The Cooperative was formed during a period of severe fertilizer shortages following World War II in order to provide farmers with a reliable source of quality nitrogen fertilizer products at reasonable prices. Farmers and fertilizer dealers purchased stock from the Cooperative in order to secure preferred rights to obtain fertilizer. Shareholders received a patronage refund on fertilizer purchases to the extent of any excess of the sales price over the cost to manufacture, distribute and sell the fertilizer. The cooperative structure initially served the Cooperative and its shareholders well, with the Cooperative providing high-quality fertilizer products at competitive prices. The value of the Cooperative's stock in the hands of fertilizer users was primarily a function of the prevailing supply/demand relationship for fertilizer and the Cooperative's net cost of producing, distributing and selling its products.

Worldwide fertilizer production expansions in the late 1970's and early 1980's resulted in an oversupply of fertilizer products. With competitively priced fertilizer products readily available, fertilizer users no longer had the incentive to purchase the Cooperative's stock in order to obtain fertilizer supplies. During the 1980's and 1990's, the business environment for fertilizer manufacturers changed as a result of intensified foreign competition from government-controlled entities, supply/demand imbalances, increased environmental regulations, industry consolidation resulting in fewer, but better capitalized competitors and increases in the cost of capital equipment. Over the years, the needs of the Cooperative's shareholders were also changing, with a resulting divergence in the stock ownership and customer base of the Cooperative. The restrictions on ownership of the Cooperative's stock made transfers of shares difficult for a shareholder no longer requiring fertilizer

and depressed the value of those shares.

The Cooperative believed it needed to grow in order to adjust to changing markets, but the cooperative structure provided little flexibility for growth or expansion. The Cooperative's ability to raise capital was limited because it could only sell stock to those who used its products. The Cooperative needed access to capital markets in order to modernize and expand production facilities, take advantage of technological developments and respond to growth opportunities.

The Cooperative's Board of Directors believed that conversion from a cooperative would address these business needs, while also providing its shareholders with a broader and more liquid market for their shares. Although the Cooperative believed it was one of the most successful fertilizer cooperatives, a year-long study convinced the Board that the rigid, highly regulated cooperative structure limited its ability to operate in the most effective manner. As part of its study, the Board investigated the Company's ability to operate as a

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regular business corporation and to sell its products without patronage refunds. The Cooperative had developed an excellent reputation with its customers, suppliers and competitors as a high-quality, dependable supplier of nitrogen, phosphate and potash fertilizers at competitive prices. Field surveys by Company personnel indicated that sales volumes would not be adversely affected by the change from the cooperative structure. The Company anticipates that the strong relationships that the Cooperative developed with its customer-shareholders will help the Company retain a substantial portion of its existing customer base. In addition, the Company will also be able to sell its products to new customers and in new markets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--General."

The Company believes that access to broader based capital markets will assist it in expanding its operations, financing required capital expenditures and remaining competitive in its markets. The ability to issue securities not subject to the restrictions of a cooperative should also provide the Company with greater flexibility in connection with potential acquisitions, partnerships and alliances in the fertilizer industry.

DISPOSITION OF NSI

GENERAL

On June 30, 1994, the Cooperative divested a majority of its interest in Newsprint South, Inc. ("NSI"), its newsprint manufacturing subsidiary. As a result of NSI's significant losses, which were expected to continue, and continuing negative newsprint industry trends, the Cooperative's Board of Directors authorized the disposition of NSI. NSI, which was organized in 1986, completed the construction of a 225,000 ton-per-year newsprint mill near Grenada, Mississippi, in 1989. NSI markets its products to newspapers and commercial printers located primarily in the southern United States.

BACKGROUND

The Cooperative's involvement with newsprint production began in the late 1970's, when the Cooperative's founder and former president identified the need for a timber-based industry in north Mississippi, an area abundant in timber resources. Due to a lack of local pulp and paper mills, timber prices realized

by north Mississippi growers lagged those prevailing in other regions. Since many farmers in the Cooperative's market were also timber growers, the Cooperative and its shareholders became interested in a proposed project to build a newsprint mill in north Mississippi. After thorough analysis, the Cooperative concluded that the project could materially benefit its shareholders and that the project could be financed with a modest equity investment and non-recourse debt.

OPERATIONS

For the three fiscal years prior to the disposition, NSI's sales were \$97.0 million for 1993; \$95.5 million for 1992; and \$106.1 million for 1991. During the last three fiscal years, NSI incurred losses of \$17.9 million for 1993; \$18.3 million for 1992; and \$8.7 million for 1991. For fiscal 1994, NSI's sales were \$94.6 million and it incurred a loss of \$24.0 million.

NSI's losses are directly attributable to depressed conditions in the newsprint industry, since per-unit volume production costs have been continually reduced as a result of increased production volume and improved mill performance. The construction and start-up of NSI's facility coincided with a massive capacity build-up in newsprint during the late 1980's and early 1990's. Concurrently, the 1991-1992 recession produced an unprecedented decline in newsprint consumption. The resulting supply/demand imbalance caused a collapse in the price of newsprint. Newsprint prices fell by over 30% during the period from 1988 to mid-1992, causing record losses for the newsprint industry. Following a brief, modest improvement in prices during late 1992 and early 1993, prices returned to mid-1992 levels and remain at depressed levels.

THE DISPOSITION OF NSI

On June 24, 1994, the Cooperative and the principal parties (the mill owner and the primary lender) to the leveraged lease transaction pursuant to which the NSI facilities are financed concluded a restructuring of NSI, which involved a transfer by the Cooperative on June 30, 1994 of 70% of the outstanding stock of NSI. The Cooperative retained a 30% nonvoting interest in NSI. Under the terms of the restructuring, (i) the Cooperative paid \$19.0 million to NSI in various forms, including a capital contribution, payments in liquidation of the Cooperative's obligations under a newsprint purchase contract and certain tax-compensating payments pursuant to a tax-sharing agreement, (ii) loans of approximately \$13.7 million made by the Cooperative to NSI were converted to capital, and (iii) the Cooperative purchased from NSI its National Bank for Cooperatives ("CoBank") stock for \$4.0 million. The CoBank stock is scheduled for redemption at the face amount by CoBank during the next five years. The Company has also agreed to continue to provide management services to NSI for a fee during a transition period of up to nine months. The Cooperative was released from its obligations under all contracts to which it was a party related to the NSI project and the leveraged lease financing of the NSI project.

EFFECT OF DISPOSITION

Although NSI's debts were non-recourse to the Cooperative and the Cooperative was not responsible for NSI's continuing losses, since it was a wholly owned subsidiary, NSI's financial results were consolidated with those of the Cooperative. As a result of the divestiture, NSI's financial results will no longer be consolidated with those of the Company. With respect to periods prior to the disposition, NSI's results will be reflected as discontinued operations. Subsequent to the disposition, the Company will account for its continuing

interest in NSI using the cost method of accounting for investments. In connection therewith, the Company will write up to zero its investment in NSI as it will have no continuing obligation to fund any of NSI's future losses.

USE OF PROCEEDS

The net proceeds from the sale of 3,200,000 shares of Common Stock offered by the Company (after deducting estimated underwriting discounts and estimated offering expenses) are expected to be approximately \$42.7 million (\$45.3 million if the Underwriters' over-allotment option is exercised in full), assuming a public offering price of \$14.50 per share. The Company will not receive any proceeds from the sale of the shares by the Selling Shareholders.

The net proceeds will be used to repay amounts outstanding under the Company's revolving line of credit with NationsBank Corporation due June 30, 1997, its term loan agreement with CoBank due June 30, 1997 and its 9.5% Subordinated Notes due July 1, 1999 (the "Subordinated Notes"). The revolving line of credit bears interest at an adjustable rate, equal to 7.25% per annum on June 30, 1994, the term loan bears interest at an adjustable rate, equal to 9.75% per annum on June 30, 1994. The Company expects to use the remaining proceeds from the Offering, expected to be approximately \$5.0 million, and its credit availability under the revolving line of credit for working capital and general corporate purposes, including expansion and efficiency enhancements of the Company's operations. Pending such uses, the net proceeds of the Offering will be invested in investment-grade, short-term, interest-bearing obligations.

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DILUTION

The pro forma net tangible book value of the Company at June 30, 1994, was approximately \$6.90 per share of Common Stock, assuming the Reorganization had occurred as of such date. After giving effect to the sale of 3,200,000 shares of Common Stock offered by the Company hereby at an assumed public offering price of \$14.50 per share, and the application by the Company of the estimated net proceeds therefrom, the pro forma net tangible book value of the Company as of June 30, 1994, would have been \$7.81 per share. This represents an immediate increase in pro forma net tangible book value of \$0.91 per share to existing shareholders and an immediate dilution of \$6.69 per share to new investors purchasing shares of Common Stock in the Offering. The following table illustrates this per share dilution:

<S>	<C>	<C>
Assumed public offering price per share.....		\$14.50
Pro forma net tangible book value per share before the Offering.....	\$6.90	
Increase in net tangible book value per share attributable to price paid by investors in the Offering.....	0.91	

Pro forma net tangible book value per share after the Offering.		7.81

Dilution in net tangible book value per share to investors in the Offering.....		\$ 6.69
		=====

</TABLE>

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CAPITALIZATION

The following table sets forth as of June 30, 1994, (i) the capitalization of the Company, adjusted to reflect the Reorganization, and (ii) the capitalization of the Company adjusted to reflect the Reorganization and the sale by the Company of 3,200,000 shares of Common Stock in the Offering, assuming a public offering price of \$14.50 per share and the application of the net proceeds therefrom. See "The Reorganization," "Use of Proceeds," and "Pro Forma Balance Sheet," including the notes thereto. This table should be read in conjunction with the consolidated financial statements of the Company, including the notes thereto, appearing elsewhere in this Prospectus.

<TABLE>
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	ADJUSTED FOR THE REORGANIZATION	ADJUSTED FOR THE REORGANIZATION AND THE OFFERING

	(IN THOUSANDS)	
<S>	<C>	<C>
Long-term debt due within one year.....	\$ 2,948	\$ 1,548
Notes payable.....	7,030	7,030
	-----	-----
	\$ 9,978	\$ 8,578
	=====	=====
Long-term debt (excluding amounts due within one year).....	\$ 57,217	\$ 15,965
Shareholders' equity:		
Preferred stock, \$.01 par value, 500,000 shares authorized; none outstanding.....	--	--
Common stock, \$.01 par value, 100,000,000 shares authorized; 19,454,354 Adjusted for the Reorganization; 22,654,354 (estimated) shares issued and outstanding following the Offering.....	194	226
Additional paid-in capital.....	130,061	172,681
Retained earnings.....	5,065	5,065
	-----	-----
Total shareholders' equity.....	135,320	177,972
	-----	-----
Total capitalization.....	\$192,537	\$193,937
	=====	=====

</TABLE>

DIVIDEND POLICY

The Company currently anticipates that it will pay regular quarterly dividends following the Offering, commencing with a payment that is expected to be made in February 1995, with respect to the quarter ending December 31, 1994. It is currently expected that the initial quarterly dividend will be \$0.08 per share. However, the amount and timing of the payment of any dividends will be based on a number of factors, including the future earnings and capital requirements of the Company, the financial condition of the Company, the dividend policies of similar publicly traded companies and other factors the Board of Directors considers relevant. There can be no assurance that dividends will be paid in any minimum amounts or at any particular times. In the future, it is possible that agreements with lenders may restrict or prohibit the Company's ability to pay dividends and/or limit the amount of dividends that may be paid.

SELECTED FINANCIAL DATA

The following tables present certain selected consolidated financial data with respect to the Company for each of the fiscal years in the five-year period ended June 30, 1994. The selected consolidated financial data in the table are derived from the consolidated financial statements of the Company, which, in the case of fiscal 1994, 1993, 1992 and 1991, have been audited by Arthur Andersen & Co., independent public accountants, as indicated in their report included elsewhere herein. These tables should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Pro Forma Balance Sheet," including the notes thereto, "Use of Proceeds," and the consolidated financial statements of the Company, including the notes thereto, all appearing elsewhere in this Prospectus.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED JUNE 30,				
	1994	1993	1992	1991	1990
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:					
Net sales.....	\$309,360	\$289,125	\$239,657	\$214,990	\$180,316
Operating expenses:					
Cost of products sold.....	217,809	213,715	152,324	112,622	110,832
Provision for closure of gypsum disposal area (1).	6,055	--	--	--	--
Selling.....	29,339	28,940	27,731	28,036	25,038
General and administrative.....	18,252	17,290	18,798	19,359	13,498
	-----	-----	-----	-----	-----
	271,455	259,945	198,853	160,017	149,368
	-----	-----	-----	-----	-----
Operating income.....	37,905	29,180	40,804	54,973	30,948
Other (expense) income:					
Interest, net.....	(3,991)	(3,569)	(3,930)	(4,307)	(4,246)
Restructuring (2).....	(1,402)	--	--	--	--
Other.....	421	767	(531)	777	2,062
	-----	-----	-----	-----	-----
Margins from continuing operations before income taxes and cumulative effect of change in accounting principle.....	32,933	26,378	36,343	51,443	28,764
Income tax expense (credit).	6,021	3,697	4,994	3,406	(294)
	-----	-----	-----	-----	-----
Margins from continuing operations before cumulative effect of change in accounting principle....	26,912	22,681	31,349	48,037	29,058
Loss from discontinued operations, net of income taxes.....	(23,987)	(17,891)	(18,346)	(8,653)	(21,833)
Gain on disposal of discontinued operations (including applicable					

income tax credits of \$4,030).....	39,747	--	--	--	--
Cumulative effect to July 1, 1993, of change in accounting for income taxes.....	(6,149)	--	--	--	--
	-----	-----	-----	-----	-----
Net margins.....	\$ 36,523	\$ 4,790	\$ 13,003	\$ 39,384	\$ 7,225
	=====	=====	=====	=====	=====
Income from continuing operations assuming conversion from a cooperative to a regular business corporation as of July 1, 1989 (3).....	\$ 21,415	\$ 17,533	\$ 22,821	\$ 33,999	\$ 20,826
	=====	=====	=====	=====	=====
Earnings per share (4).....	\$ 1.10	\$ 0.92	\$ 1.23	\$ 1.90	\$ 1.18
	=====	=====	=====	=====	=====

</TABLE>

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<TABLE>
<CAPTION>

	FISCAL YEAR ENDED JUNE 30, 1994

<S>	<C>
PRO FORMA INCOME DATA:	
Operating income.....	\$37,905
Interest expense, net (5).....	(460)
Other income.....	421

Income from continuing operations before income taxes.....	37,866
Income tax expense (6).....	13,056

Income from continuing operations.....	\$24,810
	=====
Earnings per share (7).....	\$ 1.10
	=====

</TABLE>

<TABLE>
<CAPTION>

	JUNE 30, 1994		JUNE 30,			
	-----		-----			
	ACTUAL	PRO FORMA (8)	1993	1992	1991	1990
	-----		-----			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:						
Working capital.....	\$ 34,931	\$ 28,695	\$ 22,802	\$ 35,225	\$ 54,926	\$ 57,845
Total assets.....	298,430	298,430	296,053	303,158	287,835	248,235
Long-term debt, excluding long-term debt due within one year.....	57,217	15,965	52,357	59,333	67,489	64,332
Shareholders' equity....	142,956	177,972	119,574	128,195	138,762	138,255

</TABLE>

- (1) During fiscal 1994, the Company recorded a non-cash charge of approximately \$6.1 million relating to the estimated cost of the closure of the gypsum disposal facility located at its Pascagoula facility. This charge relates to the portion of the disposal facility utilized to date and it is estimated that future charges aggregating approximately \$3.0 million will be accrued over the six-year estimated remaining life of the disposal facility.
- (2) Reflects expenses of the Reorganization.
- (3) For the periods presented, the Company operated as a cooperative and realized deductions for income taxes for amounts paid in cash as patronage refunds to its shareholder-members. If the conversion from a cooperative to a regular business corporation had occurred as of July 1, 1989, income taxes would have been increased by the following approximate amounts: \$5.5 million, \$5.1 million, \$8.5 million, \$14.0 million and \$8.2 million for fiscal 1994, 1993, 1992, 1991 and 1990, respectively.
- (4) Earnings per share reflects the Reorganization as if it had occurred July 1, 1989. Weighted average shares outstanding would have been 19,454,354, 19,035,276, 18,521,287, 17,885,416 and 17,723,107 for fiscal 1994, 1993, 1992, 1991 and 1990, respectively.
- (5) Interest expense, net, reflects a reduction in interest expense of \$3.5 million related to the reduction in long-term debt from the net proceeds from the Offering.
- (6) Reflects taxation as a C corporation as a result of the Reorganization, as well as the reduction in interest expense from the application of the net proceeds from the Offering.
- (7) Earnings per share is calculated based on the weighted average shares outstanding assuming the Reorganization had occurred prior to the periods presented (see Note 4 above), plus the estimated number of shares to be sold by the Company in the Offering.
- (8) Reflects the Reorganization and the sale by the Company of 3,200,000 shares of Common Stock in the Offering, assuming a public offering price of \$14.50 per share and the application of the net proceeds thereof. See "The Reorganization," "Use of Proceeds" and "Pro Forma Balance Sheet," including the notes thereto.

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PRO FORMA BALANCE SHEET

JUNE 30, 1994

<TABLE>
<CAPTION>

	ACTUAL	REORGANIZATION ADJUSTMENTS	SUBTOTAL	OFFERING ADJUSTMENTS	PRO FORMA
	-----	-----	-----	-----	-----
	(IN THOUSANDS)				
ASSETS					
<S>	<C>	<C>	<C>	<C>	<C>
Current assets:					

Cash and cash equivalents.....	\$ 23,219	\$	\$ 23,219	\$ 42,652 (7) (42,652) (8)	\$ 23,219
Accounts receivable....	28,659		28,659		28,659
Inventories.....	33,990		33,990		33,990
Prepaid expenses and other current assets..	3,981		3,981		3,981
Deferred income tax benefit.....	9,682		9,682		9,682
	-----	-----	-----	-----	-----
Total current assets.	99,531		99,531		99,531
Investments and other assets:					
National Bank for Cooperatives.....	7,441		7,441		7,441
Other.....	9,813		9,813		9,813
	-----	-----	-----	-----	-----
Total investments and other assets.....	17,254		17,254		17,254
Properties held for sale.....	66,928		66,928		66,928
Property, plant and equipment, at cost, less accumulated depreciation, depletion and amortization.....	114,717		114,717		114,717
	-----	-----	-----	-----	-----
Total assets.....	\$298,430	\$ --	\$298,430	\$ --	\$298,430
	=====	=====	=====	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Long-term debt due within one year.....	\$ 2,948	\$	\$ 2,948	\$ (1,400) (8)	\$ 1,548
Notes payable.....	7,030		7,030		7,030
Accounts payable.....	28,569		28,569		28,569
Accrued liabilities....	11,297	1,460 (1) 3,424 (2) 2,752 (3)	18,933		18,933
Dividends payable.....	14,756		14,756		14,756
	-----	-----	-----	-----	-----
Total current liabilities.....	64,600	7,636	72,236	(1,400)	70,836
Long-term debt.....	57,217		57,217	(41,252) (8)	15,965
Other long-term liabilities and deferred credits.....	24,704		24,704		24,704
Deferred income tax payable.....	8,953		8,953		8,953
	-----	-----	-----	-----	-----
Total liabilities....	155,474	7,636	163,110	(42,652)	120,458
Shareholders' equity:					
Preferred stock, \$.01 par value, 500,000 shares authorized; none outstanding.....					
Cooperative capital stock.....	28,392	(26,375) (4) (1,460) (1)			

Common stock, \$.01 par value, 100,000,000 shares authorized; 22,654,000 (estimated) shares issued and outstanding.....		155 (4)	194	32 (7)	226
		28 (5)			
		13 (6)			
		(2) (2)			
	-----	-----	-----	-----	-----
Total stock.....	28,392	(28,198)	194	32	226
Additional paid-in capital.....	66,848	26,220 (4)	130,061	42,620 (7)	172,681
		(2,195) (3)			
		42,623 (5)			
		(3,422) (2)			
		(13) (6)			
Capital equity credits.....	62,352	(62,352) (5)	--		
Retained earnings (deficit).....	(14,636)	19,701 (5)	5,065		5,065
	-----	-----	-----	-----	-----
Total shareholders' equity.....	142,956	(7,636)	135,320	42,652	177,972
	-----	-----	-----	-----	-----
Total liabilities and shareholders' equity... \$	298,430	\$ --	\$298,430	\$ --	\$298,430
	=====	=====	=====	=====	=====

</TABLE>

PRO FORMA BALANCE SHEET SUMMARY OF GENERAL ASSUMPTIONS AND ACCOUNTING POLICIES

The pro forma balance sheet has been prepared on the assumption that as of June 30, 1994, the Reorganization had occurred and the Offering contemplated hereby had been completed. Adjustments have been made to reflect the merger of the Cooperative into the Company and the exchange of Capital Equity Credits and Allocated Surplus Accounts and to reflect the other assumptions described in the ensuing notes.

The significant accounting policies followed by the Cooperative have been used in the preparation of the Company's Pro Forma Balance Sheet. These policies, together with additional information, are included in the Notes to Consolidated Financial Statements (see the Index to Financial Statements on F-1) and should be read in conjunction with the accompanying pro forma balance sheet.

NOTES

- (1) Reflects the conversion of the Cooperative's outstanding shares of Mixed Series IV and Mixed Series V Capital Stock into cash pursuant to the Reorganization.
- (2) Reflects the redemption of Common Stock at \$15.00 per share from shareholders who own fractional shares and who own fewer than 100 shares after the Reorganization.

- (3) Reflects the conversion of the Cooperative's outstanding shares of Potash Series VI Capital Stock into cash pursuant to the Reorganization.
- (4) Reflects the conversion of the Cooperative's outstanding shares of Nitrogen Series I, Nitrogen Series II and Nitrogen Series III Stock into Common Stock, pursuant to the Reorganization.
- (5) Reflects the assumption that all holders of Capital Equity Credits elect to convert those Capital Equity Credits into Common Stock at a rate of one share for each \$15.00 in present value of the Capital Equity Credits.
- (6) Reflects the assumption that all holders of Allocated Surplus Accounts elect to convert 1992, 1993 and 1994 Allocated Surplus Accounts into Common Stock at a rate of one share for each \$15.00 in present value of the Allocated Surplus Accounts.
- (7) Reflects net proceeds from the issuance of 3,200,000 shares of Common Stock in the Offering at an assumed public offering price of \$14.50 per share.
- (8) Reflects the reduction in long-term debt and long-term debt due within one year from the application of the net proceeds from the Offering.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company's results of operations have historically been influenced by a number of factors beyond the Company's control which have, at times, had a significant effect on the Company's operating results. Fertilizer demand and prices are highly dependent upon conditions in the agricultural industry and can be affected by a variety of factors, including planted acreage, United States government agricultural policies (including subsidy and acreage set-aside programs), projected grain stocks, weather and changes in agricultural production methods. The Company's results can be affected by such factors as the relative value of the U.S. dollar, foreign agricultural policies (in particular the policies of the governments of India and China regarding subsidies of fertilizer imports) and the hard currency demands of countries such as the FSU, whose fertilizer export activities have proved disruptive to world fertilizer pricing in recent years. See "Fertilizer Industry Overview."

The Company realized a significant improvement in results of operations in fiscal 1994 with net sales increasing 7.0% to \$309.4 million from \$289.1 million in fiscal 1993 and operating income increasing 29.9% to \$37.9 million from \$29.2 million in fiscal 1993. Before taking into account the \$6.1 million non-cash charge for the closure of the gypsum disposal facility, operating income for fiscal 1994 would have increased 50.7% to \$44.0 million. The Company experienced strong demand and improved prices for its nitrogen fertilizer products in fiscal 1994. The average sales price per ton of nitrogen fertilizer increased to \$122 in fiscal 1994 from \$118 in fiscal 1993. After declining to extremely depressed levels in early fiscal 1994, DAP prices recovered materially in the second half of the year in response to production cutbacks by major U.S. producers, reduced phosphate fertilizer exports from the FSU, and the reinstatement of subsidies and increased demand in China and India. For fiscal 1994, the average sales price of DAP was \$131 per ton as compared to \$114 per ton for fiscal 1993. The DAP operations realized positive operating

income in fiscal 1994.

From fiscal 1991 through fiscal 1993, the Company experienced a 34.5% increase in net sales from \$215.0 million to \$289.1 million. However, over the same period, operating income fell from \$55.0 million to \$29.2 million. This decline in operating income between fiscal 1991 and fiscal 1993 was primarily caused by fluctuations in nitrogen fertilizer prices and lower DAP prices. Nitrogen fertilizer prices "spiked" during the fall of 1990 and the spring of 1991 due to the invasion of Kuwait and subsequent war in the Persian Gulf, which caused concerns about fertilizer shortages. This spike in nitrogen fertilizer prices caused fiscal 1991 to be a particularly strong year for the Company. In fiscal 1991, the Company's average selling price for nitrogen fertilizer was \$120 per ton compared to average selling prices of \$110 per ton and \$115 per ton in fiscal 1990 and 1992, respectively. In December 1991, the Company started production of DAP at its Pascagoula plant. Fiscal 1993 was the first full year of DAP production after the restart of the plant. Although DAP production significantly increased the Company's net sales between fiscal 1991 and fiscal 1993, the DAP operations experienced operating losses in fiscal 1992 and 1993 because the Company's entry into the DAP market coincided with a significant fall in DAP prices, primarily as a result of an increase in DAP exports by the FSU and a sharp fall in demand from the world's two largest fertilizer importers, India and China. The Company's average selling price for DAP was \$137 per ton and \$114 per ton in fiscal 1992 and 1993, respectively.

Effects of the Reorganization. Effective July 1, 1994, the Company converted from a cooperative into a regular business corporation pursuant to the Reorganization. The substantial majority of the Cooperative's sales of nitrogen fertilizers were made to its shareholders who purchased such products pursuant to preferred patronage rights based on their stock ownership and who received patronage refunds with respect to such purchases based on the difference between the sales price and the cost of manufacturing, distributing and selling the product. Although the Company will no longer grant preferred patronage rights or pay patronage refunds, it is expected that the Company will retain the majority of its current customer base and that nitrogen fertilizer sales volumes and profitability will not be adversely affected by the Reorganization.

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The Company generally absorbs much of the cost of distributing its nitrogen and potash fertilizer products to its customers. The Company's cost of distributing its products is affected by the location of its customers. Therefore, profitability is optimized by achieving the highest net back for its products. As a cooperative, the Company sold substantially all of its nitrogen fertilizer products to its shareholders pursuant to preferred patronage rights. After the Reorganization, the Company will be able to increase its focus on more geographically proximate markets where higher net backs should be realized.

After the Reorganization, the Company will not be eligible for new financing from CoBank, which was a traditional source of financing for the Cooperative. To replace this historic financing, the Company has significantly increased its credit facility with NationsBank, which prior to the Reorganization had been a lender to the Cooperative. See "Liquidity and Capital Resources." In addition, as a cooperative, the Company had few options for raising capital. The Reorganization should provide the Company with greater access to capital markets than was previously available.

After the 1994 fiscal year, the Company will no longer distribute its

earnings on business done with shareholders as patronage refunds. As a cooperative, these distributions were deductible for income tax purposes. The Company will now be taxed as a regular business corporation and income tax expense should increase.

Change in Accounting Principle. Effective July 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes." The cumulative effect of this change in accounting principle decreased current period margins by \$6.1 million.

RESULTS OF OPERATIONS

Following are summaries of the Company's sales results by product categories:

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED JUNE 30,		
	1994	1993	1992
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Net sales:			
Nitrogen.....	\$199,918	\$189,127	\$176,835
DAP.....	83,367	78,906	36,034
Potash.....	24,084	20,149	25,482
Other.....	1,991	943	1,306
	-----	-----	-----
Net sales.....	\$309,360	\$289,125	\$239,657
	=====	=====	=====

<CAPTION>

	FISCAL YEAR ENDED JUNE 30,		
	1994	1993	1992
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Tons sold:			
Nitrogen.....	1,643	1,602	1,544
DAP.....	638	692	262
Potash.....	330	283	339

<CAPTION>

	FISCAL YEAR ENDED JUNE 30,		
	1994	1993	1992
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Average price per ton:			
Nitrogen.....	\$122	\$118	\$115
DAP.....	\$131	\$114	\$137
Potash.....	\$ 73	\$ 71	\$ 75

</TABLE>

Fiscal 1994 Compared to Fiscal 1993

Net Sales. Net sales increased 7.0% from \$289.1 million for fiscal 1993, to \$309.4 million for fiscal 1994, primarily as a result of higher sales prices

for nitrogen and DAP fertilizers and increased sales volumes of potash. Nitrogen fertilizer sales increased 5.7% as a result of a 2.6% increase in tons sold and a 3.1% increase in prices. Sales of DAP increased 5.7% as a result of a 14.6% increase in prices offset by a 7.8% decrease in tons sold. Potash sales increased 19.5% as a result of a 16.5% increase in tons sold and a 2.6% increase in prices.

Cost of Products Sold. Cost of products sold increased from \$213.7 million for fiscal 1993, to \$217.8 million for fiscal 1994. As a percentage of net sales, cost of products sold decreased from 73.9% to 70.4%. This decrease reflects an increase in the cost per ton of nitrogen fertilizers, offset by decreases in the cost per ton of both DAP and potash. Nitrogen fertilizer costs increased partially as a result of increased maintenance and labor costs related to a scheduled biennial maintenance turnaround at the Company's Yazoo City nitrogen production facility during September 1993. Also contributing to the increase in costs were higher natural gas costs and increased depreciation expense related to a new nitric acid plant at Yazoo City which began operating in January 1993. DAP costs per ton declined as a result of lower raw material costs. Potash production costs per ton decreased as a result of increased production volume for fiscal 1994.

During fiscal 1994, the Company recorded a non-cash charge of \$6.1 million relating to the estimated cost of the closure of the gypsum disposal facility located at its Pascagoula facility. This charge relates to the portion of the disposal facility utilized to date and it is estimated that future charges of approximately \$3.0 million will be accrued over the estimated six year remaining life of the facility. See "Business--Compliance with Environmental Regulations."

Selling Expenses. Selling expenses increased from \$28.9 million for fiscal 1993, to \$29.3 million for fiscal 1994, reflecting higher sales volumes. As a percentage of net sales, however, selling expenses decreased from 10.0% to 9.5% primarily as a result of lower delivery costs per ton.

General and Administrative Expenses. General and administrative expenses increased from \$17.3 million for fiscal 1993, to \$18.3 million for fiscal 1994, primarily as a result of increases in legal fees and information processing costs. General and administrative expenses decreased from 6.0% of net sales to 5.9% of net sales.

Operating Income. As a result of the above factors, operating income increased from \$29.2 million for fiscal 1993, to \$37.9 million for fiscal 1994. Before the effect of the non-cash charge for gypsum disposal costs, operating income for fiscal 1994 was \$44.0 million, a 50.7% increase over fiscal 1993.

Interest, Net. Net interest increased from \$3.6 million for fiscal 1993, to \$4.0 million for fiscal 1994, reflecting a \$1.0 million decrease in capitalized interest related to the construction of a new nitric acid plant at the Yazoo City facility in fiscal 1993. Also increasing net interest expense in the current period was lower interest income due to lower levels of cash. Partially offsetting this increase were lower levels of borrowings and lower interest rates paid.

Restructuring. Fiscal 1994 results include \$1.4 million of Reorganization expenses.

Income Tax Expense. Income tax expense increased from \$3.7 million for fiscal 1993, to \$6.0 million for fiscal 1994. The increase in income tax expense in the current year was due to increased non-member income.

Margins from Continuing Operations Before Cumulative Effect of Change in Accounting Principle. As a result of the foregoing, margins from continuing operations before the cumulative effect of a change in accounting principle increased from \$22.7 million for fiscal 1993, to \$26.9 million for fiscal 1994. Before the effect of the non-cash charge for gypsum disposal costs and the restructuring expense, margins from continuing operations before cumulative effect of a change in accounting principle for the period were \$34.2 million.

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Effect of Reorganization. If the Company had not operated as a cooperative, income taxes would have been \$11.5 million for fiscal 1994, and \$8.8 million for fiscal 1993. Income from continuing operations before cumulative effect of a change in accounting principle assuming conversion from a cooperative to a regular business corporation would have been \$21.4 million for fiscal 1994, and \$17.5 million for fiscal 1993. Before the effect of the non-cash charge for gypsum disposal costs and the restructuring expense, income from continuing operations before the cumulative effect of the change in accounting principle would have been \$28.7 million for the period.

Fiscal 1993 Compared to Fiscal 1992

Net Sales. Net sales increased 20.6% from \$239.7 million for fiscal 1992 to \$289.1 million for fiscal 1993, as a result of increased sales of nitrogen fertilizer and the operation of the Pascagoula DAP facility for all of fiscal 1993. The Pascagoula facility began production of DAP in December 1991. Nitrogen fertilizer sales increased 7.0% as a result of a 3.8% increase in tons sold and a 3.1% increase in prices. Sales of DAP increased 119.0% as a result of a 163.7% increase in tons sold partially offset by a 17.0% decrease in prices. Potash sales decreased 20.9% as a result of a 16.5% decrease in tons sold and a 5.3% decrease in prices.

Cost of Products Sold. Cost of products sold increased from \$152.3 million for fiscal 1992 to \$213.7 million for fiscal 1993. Cost of products sold increased from 63.6% to 73.9% of net sales. This increase reflects an increase in the cost per ton of nitrogen fertilizers, a decrease in the cost per ton of DAP and an increase in the cost per ton of potash. Nitrogen fertilizer costs increased due to increased depreciation resulting from a newly constructed nitric acid plant, and higher natural gas costs. DAP production costs per ton declined due to higher production volumes and lower raw material costs. Potash costs per ton increased due to higher labor costs and lower production volumes in fiscal 1993.

Selling Expenses. Selling expenses increased from \$27.7 million for fiscal 1992 to \$28.9 million for fiscal 1993 due to increased delivery expenses resulting from higher volumes of nitrogen fertilizer sold. As a percentage of net sales, however, selling expenses decreased from 11.6% to 10.0% as a result of a higher percentage of DAP sales in fiscal 1993 for which the Company did not absorb delivery expense.

General and Administrative Expenses. General and administrative expenses decreased from \$18.8 million for fiscal 1992 to \$17.3 million for fiscal 1993. The decrease was due to the inclusion of overhead costs for the Company's DAP plant for a portion of fiscal 1992 before the facility had reached full operation. For fiscal 1993, these costs were included in cost of products sold. As a percentage of net sales, general and administrative expenses decreased from 7.8% to 6.0%.

Operating Income. As a result of the above factors, operating income

decreased from \$40.8 million for fiscal 1992 to \$29.2 million for fiscal 1993.

Interest, Net. Net interest decreased from \$3.9 million for fiscal 1992 to \$3.6 million for fiscal 1993, reflecting a \$363,000 increase in capitalized interest related to the construction of a new nitric acid plant. Net interest expense also decreased in the current period as a result of lower interest rates partially offset by higher levels of borrowings and lower interest income.

Income Tax Expense. Income tax expense decreased from \$5.0 million for fiscal 1992 to \$3.7 million for fiscal 1993.

Margins from Continuing Operations Before Cumulative Effect of Change in Accounting Principle. As a result of the foregoing, margins from continuing operations before cumulative effect of change in accounting principle decreased from \$31.3 million for fiscal 1992 to \$22.7 million for fiscal 1993.

Effect of Reorganization. If the Company had not operated as a cooperative, income taxes would have been \$8.8 million for fiscal 1993 and \$13.5 million for fiscal 1992. Income from continuing operations before cumulative effect of change in accounting principle assuming conversion from a cooperative to a regular business corporation would have been \$17.5 million for fiscal 1993 and \$22.8 million for fiscal 1992.

LIQUIDITY AND CAPITAL RESOURCES

The Company has traditionally financed its operations with retained patronage earnings through the issuance of Capital Equity Credits and Allocated Surplus Accounts, and borrowings from CoBank and commercial banks.

At June 30, 1994, the Company had cash and cash equivalents of \$23.2 million, compared to \$22.0 million at June 30, 1993, an increase of \$1.2 million. At June 30, 1993, cash and cash equivalents had decreased \$24.6 million from June 30, 1992, primarily as a result of the repayment of borrowings.

Operating Activities. For fiscal 1994 and fiscal 1993, net cash provided by operating activities was \$39.8 million and \$41.1 million, respectively. This decrease was primarily due to an increase in accounts receivable and a decrease in accounts payable, partially offset by higher non-cash charges for depreciation, deferred taxes and the accrual for closure of the gypsum disposal area. For fiscal 1992, net cash provided by operating activities was \$47.2 million. Net cash provided by operating activities declined in 1993 because of lower margins from continuing operations, partially offset by increased depreciation.

Investing Activities. Net cash used by investing activities was \$25.4 million, \$29.6 million and \$27.3 million, respectively, for fiscal 1994, 1993 and 1992, primarily reflecting capital expenditures in those periods. In addition to capital expenditures, cash flow from investing activities in the above periods also included an aggregate of \$11.8 million for payments required under a newsprint purchase contract with NSI. As a result of the disposition of NSI, the Company is no longer obligated to make these payments. Also included in cash flow from investing activities were \$10.8 million in payments to settle certain obligations in connection with the disposition of NSI. See "Disposition of NSI."

Capital expenditures were \$11.4 million during fiscal 1994. These expenditures were for improvements and modifications to the Company's

facilities, including expenditures for an emission control system for its ammonium nitrate prill towers at its Yazoo City nitrogen production facility and the purchase of a new computer system.

Financing Activities. Net cash used by financing activities was \$13.2 million, \$36.2 million and \$28.1 million, respectively, for fiscal 1994, 1993 and 1992. The amounts used by financing activities included cash patronage payments of \$13.4 million, \$22.5 million and \$27.1 million, respectively, in fiscal 1994, 1993 and 1992. In December 1992, the Company prepaid \$8.9 million of 9.5% secured notes which had maturities scheduled through fiscal 1997. During fiscal 1994, the Company prepaid \$12.2 million of long-term debt with CoBank which had maturities through fiscal 1998. In addition, the Company paid \$11.2 million and \$10.9 million, respectively, on long-term debt that matured during fiscal 1994 and 1993.

The Company and its subsidiaries have commitments from various banks for short-term borrowings up to \$55.0 million, which includes \$35.0 million from CoBank. The lines of credit available through CoBank expire in October 1994, and will not be renewed. Short-term borrowings outstanding at June 30, 1994, 1993 and 1992, were \$7.0 million, \$4.6 million and \$13.5 million, respectively.

In addition to its short-term lines, the Company also has a loan agreement with NationsBank which was increased from \$20.0 million to \$50.0 million on June 17, 1994. This agreement is a long-term revolving credit facility that bears interest at the prime rate (7.25% at July 1, 1994) or for fixed periods at interest rates related to the London Interbank Offered Rates ("LIBOR") or U.S. Treasury notes. At June 30, 1994, the balance outstanding on this loan was \$25.0 million. The amounts borrowed under the Company's credit lines vary based on the Company's seasonal requirements. The maximum combined amount outstanding under the short-term lines and the revolving credit facility at any month-end for fiscal 1994 was \$25.0 million.

The Company believes that existing cash, cash generated from operations, the proceeds of the Offering and available lines of credit will be sufficient to satisfy its financing needs for the foreseeable future.

QUARTERLY RESULTS

The usage of fertilizer is highly seasonal, and the Company's quarterly results reflect the fact that in the Company's markets significantly more fertilizer is purchased in the spring. Significant portions of the Company's net sales and operating income are generated in the last four months of the Company's fiscal year (March through June). Since interim period operating results reflect the seasonal nature of the Company's business, they are not indicative of results expected for the full fiscal year. In addition, quarterly results can vary significantly from one year to the next primarily as a result of weather-related shifts in planting schedules and purchase patterns. Portions of the Company's primary market area have experienced abnormally high rainfall levels during June and July 1994. If these rainfall levels were to continue for the remainder of the summer of 1994, the Company's results of operations for the quarter ending September 30, 1994 could be adversely affected. The Company incurs substantial expenditures for fixed costs throughout the year and substantial expenditures for inventory in advance of the spring planting season. The following table presents selected unaudited quarterly results of operations for fiscal 1994 and fiscal 1993.

<TABLE>

<CAPTION>

FISCAL 1994 QUARTER ENDED

	SEPTEMBER 30	DECEMBER 31	MARCH 31 (1)	JUNE 30 (1)
(IN THOUSANDS, EXCEPT PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>
Net sales.....	\$45,220	\$61,105	\$104,158	\$ 98,877
Operating income.....	\$ 2,071	\$ 4,044	\$ 11,707	\$ 20,083
Margins from continuing operations before cumulative effect of change in accounting principle.....	\$ 799	\$ 1,660	\$ 9,467	\$ 14,986
Income from continuing operations assuming conversion to a regular business corporation for the periods presented (2).....	\$ 639	\$ 1,878	\$ 7,235	\$ 11,663
Earnings per share (3).....	\$ 0.03	\$ 0.10	\$ 0.37	\$ 0.60

<CAPTION>

FISCAL 1993 QUARTER ENDED

	SEPTEMBER 30	DECEMBER 31	MARCH 31	JUNE 30
(IN THOUSANDS, EXCEPT PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>
Net sales.....	\$55,157	\$54,653	\$ 79,261	\$100,054
Operating income.....	\$ 3,828	\$ 3,359	\$ 10,708	\$ 11,285
Margins from continuing operations.....	\$ 2,757	\$ 2,694	\$ 10,041	\$ 7,189
Income from continuing operations assuming conversion to a regular business corporation for the periods presented (2).....	\$ 1,958	\$ 1,975	\$ 6,526	\$ 7,074
Earnings per share (3).....	\$ 0.10	\$ 0.10	\$ 0.34	\$ 0.37

</TABLE>

(1) Includes a non-cash charge of \$5.9 million in the quarter ended March 31, 1994 and \$133,000 in the quarter ended June 30, 1994 relating to the estimated cost of the closure of the gypsum disposal facility at the Company's Pascagoula facility. The quarter ended June 30, 1994 also includes a restructuring charge of \$1.4 million.

(2) For periods presented, the Company operated as a cooperative and realized deductions for income taxes for amounts paid in cash as patronage refunds to its shareholder-members. This reflects the Company's quarterly results as if it had operated as a regular business corporation.

(3) Earnings per share reflect the Reorganization. Weighted average shares

outstanding for each of the quarters is assumed to be equal to the weighted average shares outstanding for the applicable year, 19,454,354 and 19,035,276 for fiscal 1994 and 1993, respectively.

DISCONTINUED OPERATIONS

On June 30, 1994, the Company disposed of a majority of its interest in NSI. This action was taken due to substantial losses incurred to date by NSI and the expectation of continuing losses. The transaction involved a transfer by the Company of 70% of its economic interest in NSI to various individuals designated by the lessor of the newsprint facility leveraged lease. The Company will not retain any voting interest in NSI. The disposition of NSI will also allow the Company to focus its attention on its core fertilizer business.

Under the terms of the transaction, the Company paid \$19.0 million to NSI in various forms including capital contributions, payments in liquidation of the Company's obligations under a newsprint purchase contract and certain tax-compensating payments pursuant to a tax-sharing agreement. Prior loans in the amount of approximately \$13.7 million made by the Company to NSI pursuant to a newsprint purchase contract between the Company and NSI were converted to capital. Pursuant to the transaction, the Company also purchased from NSI its CoBank stock for \$4.0 million. This stock is scheduled for redemption at the face amount by CoBank during the next five years.

Subsequent to this transaction, the Company is accounting for its continuing interest in NSI using the cost method of accounting for investments. In connection therewith, the Company wrote up to zero its negative investment in NSI of \$39.7 million as it will have no continuing obligation to fund any of NSI's future losses.

FERTILIZER INDUSTRY OVERVIEW

GENERAL

Fertilizer products are primarily used by the agricultural industry to enhance the natural fertility of soil. Nitrogen, phosphorous (contained in phosphate fertilizer) and potassium (contained in potash fertilizer) constitute the three major nutrients required for plant growth. These elements are all naturally present in soil but need to be replaced through the use of fertilizers as crops exhaust them. There are no viable substitutes for nitrogen, phosphate or potash in the development and maintenance of high-yield crops.

The primary determinants of fertilizer demand in the U.S. are total planted acres, fertilizer application rates and crop mix, which in turn are influenced by government agricultural policies (including subsidy and acreage set-aside programs), projected grain stocks, crop failure, weather and changes in agricultural production methods. Worldwide supply/demand relationships are impacted by currency exchange rates, prevailing import and currency exchange barriers, changes in hard currency demand and economic, political and regulatory policies of foreign governments, decisions relating to production of fertilizer by foreign state-owned and/or state-subsidized entities, and the laws and policies of the U.S. affecting foreign trade and investment. The supply/demand balance for fertilizer can have a dramatic effect on the market

price of fertilizers.

NITROGEN FERTILIZER

Nitrogen is one of three primary nutrients essential for plant growth. Nitrogen fertilizer needs to be reapplied each year in areas of extensive agricultural usage because of absorption by crops and its tendency to evaporate from the soil. There are no substitutes for nitrogen fertilizer in the cultivation of high-yield crops. Ammonia is the simplest form of nitrogen fertilizer and is the primary raw material for the production of upgraded nitrogen fertilizers. Ammonia is a gas under normal conditions and requires special handling and application equipment and procedures. Ammonia is reacted with other compounds to produce solid and liquid fertilizers, primarily urea, ammonium nitrate and nitrogen solutions, which are easier to transport, store and apply than ammonia. The type of nitrogen fertilizer applied is dependent on the crop, soil type, weather conditions, available application equipment, regional farming practices and fertilizer prices.

From 1980 through 1992 total nitrogen consumption in the U.S. varied from 10.5 million tons to 11.9 million tons. The Company has forecast total nitrogen consumption in the U.S. to range between 11.4 million tons and 11.6 million tons per year for the years 1994 to 1998. Over the same period, the acreage dedicated to the principal crops that are dependent on nitrogen fertilizer (corn, sorghum, wheat, rice and cotton) is expected to range between 234 million and 240 million acres. In contrast to the relative stability of nitrogen fertilizer usage, total U.S. nitrogen production capacity has declined by approximately 17% since 1980 due to plant shutdowns and conversions to other products. Substantial construction lead time, capital demands and environmental regulations have deterred the construction of new nitrogen fertilizer production facilities. The Company does not believe that any new nitrogen fertilizer facilities are presently planned for North America.

Imports supplied approximately 19% of U.S. demand for nitrogen fertilizers in 1993. The Company believes a favorable world nitrogen fertilizer supply/demand balance has developed in recent years. With world consumption expected to grow in line with world population growth at a rate of approximately 1.6% per year for the next several years, an oversupply is not expected to occur in the near term. In western Europe, ammonia capacity and production have been on the decline since 1970, and imports of nitrogen fertilizers have risen. Exports from the FSU have declined recently as a result of political instability, reduced production capacity, higher natural gas and transportation costs and increased local consumption. Despite a continuing need for hard currency, FSU exporting activities are expected to remain at depressed levels for several years because of internal demand for fertilizers and because of production and delivery costs that are not competitive with U.S. and certain other producers.

Except in limited periods, nitrogen fertilizer prices have been relatively stable in the past ten years. During the fall of 1990, nitrogen fertilizer prices temporarily surged as a result of the Gulf War. During

early 1994, shortages of ammonia developed and ammonia prices increased by approximately 60%. Once spring seasonal demand pressures subsided, the market price of ammonia declined but remains substantially above 1993 levels.

PHOSPHATE FERTILIZER

Phosphate plays a direct role in many of the physiological processes of

plants, such as the utilization of sugar and starch, photosynthesis, and the transfer of energy. It increases the strength of cereal straw, stimulates root development, promotes flower formation, and hastens the maturity of crops grown in soils low in phosphorus. Phosphate fertilizers are manufactured from phosphate rock obtained from surface mining operations. DAP is the most widely used form of phosphate fertilizer.

From 1975 through 1989, worldwide phosphate fertilizer consumption increased from approximately 28 million tons to approximately 42 million tons per year. This increase was primarily a result of significant increases in demand from the developing world, particularly China and India. Between 1989 and 1993, worldwide phosphate demand fell sharply. In addition, starting in 1990, the FSU, which historically had been a significant importer of phosphate fertilizer, became a major exporter resulting in a material disruptive impact on world phosphate trade. More recently, purchases by India and China, the world's largest phosphate fertilizer importing nations, have dropped dramatically in response to the termination of state fertilizer subsidies in both countries. As a result of these factors, phosphate fertilizer consumption in 1993 declined to less than 31 million tons, the lowest level since 1977. While consumption was falling, DAP production remained relatively consistent. As a result, an acute supply imbalance developed and DAP prices fell to their lowest levels since 1977.

During the spring of 1994, industry conditions improved markedly. The supply/demand relationship has responded to (i) production cutbacks by major U.S. producers, (ii) reduced phosphate fertilizer exports from the FSU, and (iii) the reinstatement of subsidies and increased demand in China and India. DAP prices in the world market have risen significantly since the first half of 1993.

For the longer term, worldwide phosphate fertilizer consumption has been projected by industry sources to approach 40 million tons per year by the year 2000. These projections are based on an assumed partial recovery of internal demand in the FSU, as well as growth in demand of approximately 5% per year in Africa, Asia and Latin America. Demand in the U.S. and western Europe is expected to be flat or to decline slightly.

POTASH FERTILIZER

Potash, as a source of potassium, is a vital plant nutrient. Plants cannot achieve maximum growth and yield without potash, nor can the functions that potash performs be carried out by other nutrients. Potash is essential for protein synthesis, overcoming effects of diseases, tolerance of water stress and winter hardiness. Nearly every aspect of plant growth, development, yield and quality is dependent upon an adequate potash supply. Potash ore, the source of potash fertilizer, is extracted from both below surface and surface mines. Potash is also precipitated from potassium rich brines.

In recent years, potash fertilizer markets worldwide have generally been characterized by excess capacity and falling usage. From a base of 57 million tons in 1988, worldwide consumption fell to approximately 39 million tons in 1993. In 1992 and 1993, demand was dampened by reduced usage in the developing world, particularly in India, China and Brazil. Concurrently, exports from the FSU increased, driven by hard currency demands and falling internal consumption.

Potash fertilizer usage, both domestically and abroad, increased in the 1994 crop season and, as a result, prices have increased. Industry reports have forecasted significant growth in potash fertilizer consumption in developing countries over the next ten years as economic reforms in China, India and Latin

BUSINESS

GENERAL

The Company is a major producer and supplier of nitrogen fertilizers in the southern United States and believes it is one of the nation's lowest-cost nitrogen fertilizer producers. The Company also manufactures phosphate and potash fertilizers, making it a full product line fertilizer supplier. The Company sells its nitrogen and potash fertilizer products to farmers, fertilizer dealers and distributors for ultimate use primarily in the southern farming regions of the United States and areas served by the Mississippi River system. Phosphate fertilizers are sold primarily in international markets.

The Company's operations are managed from its corporate headquarters in Yazoo City, Mississippi. The Company produces nitrogen fertilizers at its production facility in Yazoo City, Mississippi, and through a 50%-owned production facility at Donaldsonville, Louisiana. The Louisiana facility ("Triad") is operated as a joint venture by the Company and First Mississippi Corporation. The Company produces DAP fertilizer at its Pascagoula, Mississippi, facility. Potash fertilizer is mined and processed at the Company's facility near Carlsbad, New Mexico.

EFFECTS OF THE REORGANIZATION

The Company is the successor by merger to the Cooperative, which was formed in 1948 as the first fertilizer cooperative in the United States. Effective July 1, 1994, the Cooperative was merged into the Company and cooperative operations ceased. The primary business of the Cooperative was to provide nitrogen fertilizer to its shareholders. The Cooperative built an excellent reputation with its customers, suppliers and competitors as a high-quality, dependable source of fertilizers. Field surveys conducted by Company personnel have indicated that sales volumes should not be adversely affected by the change from the cooperative structure. Further, the Company anticipates that the strong relationships that the Cooperative developed with its customer-shareholders will have a positive carryover effect and enable the Company to retain a substantial portion of its existing customer base, while also being able to sell its products to new customers and in new markets.

While the Cooperative had few options for raising capital, the Company believes the Reorganization will provide it with access to broader-based capital markets. This access will assist it in expanding operations, financing required capital expenditures and becoming even more competitive in its markets. The ability to issue securities not subject to the restrictions of the cooperative structure should also provide the Company with greater flexibility in connection with the financing of potential acquisitions, partnerships and alliances in the fertilizer industry.

BUSINESS STRATEGY

The Company's business and operating strategy is to supply quality fertilizer products at competitive prices while increasing the Company's long-term profitability. This strategy focuses on the following elements:

Low Cost/High Efficiency Operations. The Company stresses low cost and high efficiency in every aspect of its operations. The Company's products are global commodities that are available from multiple sources; therefore, the Company

competes primarily on the basis of price. Accordingly, the Company is committed to maintaining its position as one of the lowest-cost U.S. nitrogen fertilizer producers. The Company maintains an experienced technical staff that aggressively seeks cost-reduction opportunities in its production processes.

Customer Service and Product Quality. Unlike many of its competitors, the Company maintains a large and experienced field sales force strategically located throughout its market area. This sales force provides extensive, cost-effective, value-added services and programs to the Company's customers. These efforts help to differentiate the Company's products, enhance competitiveness and establish the Company as a preferred supplier of fertilizer products. Improvements to product quality are also continually addressed to assure that products offered by the Company remain well-accepted in the marketplace.

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Distribution System. The Company has strategically located production and distribution facilities throughout the United States' mid-South. All of the Company's warehouses and terminals are accessible by either rail or water. The flexibility to ship its products by these low-cost modes of transportation enhances the Company's competitive position.

Increase in Net Backs. The Company seeks to achieve the greatest return for each sale based on the net back to the Company. The Company's marketing efforts are focused on geographically proximate markets where lower transportation and distribution costs increase net backs and improve margins.

Implementation of Advantages of the Reorganization. The Company believes that its new corporate status will increase opportunities for the growth of its operations. In addition to enhancing its ability to improve net backs, the greater flexibility of operations and access to capital markets resulting from the Reorganization will assist the Company in expanding its operations, financing capital expenditures and seeking opportunities for acquisitions, joint ventures and other strategic alliances in the fertilizer business.

NITROGEN FERTILIZER

Products

The Company produces nitrogen fertilizers at its Yazoo City, Mississippi, production facility and at the Triad facility. In fiscal 1994, the Company sold over 1.6 million tons of nitrogen fertilizers to farmers, fertilizer dealers and distributors located primarily in the southern United States. Sales of nitrogen fertilizer products by the Company in fiscal 1994 were \$199.9 million, which represented approximately 65% of net sales.

The Company's principal nitrogen products include ammonia, fertilizer-grade ammonium nitrate, which is sold under the Company's trade name Amtrate(R), UAN solutions, which are sold under the Company's trade name N-Sol, and urea.

Although, to some extent, the various nitrogen fertilizers are interchangeable, each has its own distinct characteristics which produce agronomic preferences among end users. Farmers decide which type of nitrogen fertilizer to apply based on the crop planted, soil and weather conditions, regional farming practices and relative nitrogen fertilizer prices.

Ammonia. The basic nitrogen product is anhydrous ammonia, which is the simplest form of nitrogen fertilizer. Anhydrous ammonia, which is 82% nitrogen, is the most concentrated form of nitrogen fertilizer available. It is

synthesized as a gas under high temperature and pressure. The raw materials used to produce anhydrous ammonia are natural gas, atmospheric nitrogen and steam.

In fiscal 1994, the Company produced approximately 719,000 tons of anhydrous ammonia at its Yazoo City and Triad facilities and purchased approximately 45,000 tons. The Company sold approximately 45,500 tons of anhydrous ammonia as direct-application fertilizer and used the balance as a raw material to manufacture its other nitrogen fertilizer products.

In the Company's markets, ammonia is used primarily as a preemergent fertilizer for most row crops. Although anhydrous ammonia is the least expensive form of nitrogen, its use as a primary fertilizer has gradually declined because of the difficulties of applying and the high cost of application equipment.

Ammonium Nitrate. The Company is the largest manufacturer and marketer of ammonium nitrate fertilizer in the United States and believes it is one of the lowest-cost U.S. producers. Ammonium nitrate, which is 34% nitrogen, is produced by reacting anhydrous ammonia and nitric acid. Ammonium nitrate is less subject to volatilization (evaporation) losses than other nitrogen fertilizer forms. Due to its stable nature, ammonium nitrate is the product of choice for such uses as pastures and no-till row crops where fertilizer is spread upon the surface and is subject to volatilization losses. Although the consumption of ammonium

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nitrate in the U.S. has been stable in recent years, the use of conservation tillage, which reduces soil erosion, is increasing in the U.S. and should have a positive impact on ammonium nitrate demand.

In fiscal 1994, the Company sold approximately 768,000 tons of solid ammonium nitrate fertilizer, which it produces at its Yazoo City facility. The Company's ammonium nitrate is sold under the registered trade name Amtrate(R). Due to its superior shipping and storage characteristics, Amtrate(R) has established excellent brand name recognition and a reputation as a high-quality product.

N-Sol. In fiscal 1994, the Company sold approximately 563,000 tons of N-Sol, which it produces at its Yazoo City facility. N-Sol is a 32% nitrogen product that is made by mixing urea liquor and ammonium nitrate liquor. N-Sol is used in direct application to cotton, corn, grains and pastures as well as for use in liquid fertilizer blends. Over the past 20 years, there has been a substantial shift in product preference from directly applied ammonia to UAN solutions because of the difficulties of applying and the high cost of application equipment for ammonia.

Urea. In fiscal 1994, the Company sold approximately 200,500 tons of prilled urea and approximately 66,000 tons of urea melt which it produces primarily at its Triad facility. Under a long-term contract with Melamine Chemicals, Inc. ("Melamine"), the Company is obligated to sell up to 75,000 tons per year of urea melt at prevailing market prices to Melamine's facility located adjacent to the Triad facility. Urea is synthesized by the reaction of ammonia and carbon dioxide and then solidified in prill form. At 46% nitrogen by weight, urea is the most concentrated form of dry nitrogen. Because urea undergoes a complex series of changes within the soil before the nitrogen it contains is ultimately converted into a form which can be used by plants, it is considered a long-lasting form of nitrogen. As a fertilizer product, urea is acceptable as both a direct-application material and as an ingredient in fertilizer blends. Urea consumption has increased modestly in recent years. In the Company's trade

area, prilled urea is the nitrogen product of choice for topdressing rice. Most of the Company's prilled urea is aerially broadcast on rice crops in Arkansas, Louisiana, Mississippi and Texas.

Production and Properties

Yazoo City, Mississippi. The Yazoo City facility is a closely integrated, multi-plant nitrogen fertilizer production complex located on approximately 1,180 acres. The complex includes an anhydrous ammonia plant, four nitric acid plants, an ammonium nitrate plant and a UAN solutions plant. In 1993, the Company spent \$32 million to expand its nitrogen production capacity at its Yazoo City facility, which increased nitric acid production capacity by approximately 300 tons per day and ammonium nitrate capacity by approximately 375 tons per day.

The Yazoo City ammonia plant has been continuously retrofitted to incorporate energy-saving technology and improve efficiencies. The Yazoo City facility includes a 20.5 megawatt cogeneration facility, which produces significant savings by sequentially using steam for electricity generation and process heat. The Yazoo City plant has direct access to water, rail and truck transportation and is strategically located for the purchase of competitively priced natural gas. See "--Raw Materials--Natural Gas."

Donaldsonville, Louisiana. The Triad facility is a closely integrated, multi-plant nitrogen fertilizer complex located on approximately 46 acres fronting the Mississippi River. At the Triad plant, the Company produces anhydrous ammonia and urea. The Company is entitled to one-half of the production from the Donaldsonville facility as the co-owner of Triad with First Mississippi Corporation. The Triad ammonia plant has been retrofitted on several occasions to increase production and enhance operating efficiency.

Triad has ready access to rail and truck transportation. The plant is also equipped with a deep-water port facility on the Mississippi River, allowing access to economical barge and ship transport for its urea and ammonia products. The Triad facility is well positioned for the purchase of natural gas. See "--Raw Materials--Natural Gas."

Marketing and Distribution

Prior to the Reorganization, over 90% of the Cooperative's sales of nitrogen fertilizers were made to its shareholders who purchased products pursuant to a quantity entitlement based on their stock ownership and who received patronage refunds on such purchases. Competitive factors in the sale of nitrogen fertilizers include price, proximity to markets and customer service. The Company believes that it can successfully compete based on these criteria and anticipates that its nitrogen customer base will be substantially similar to that of the Cooperative. See "The Reorganization--Reasons for the Reorganization."

The Company sells its nitrogen fertilizer products to farmers, dealers and distributors located primarily in the southern farming regions of the United States where its facilities are located. In the three-tiered fertilizer distribution chain, distributors operate as wholesalers supplying dealers who, in turn, sell directly to farmers. Larger customers (distributors and large multi-location dealers) arrange for distribution, storage and financing of nitrogen fertilizer. The majority of the Company's sales are made to distributors and large dealers.

The ten states which make up the Company's primary trade area are Mississippi, Alabama, Arkansas, Texas, Louisiana, Missouri, Georgia, Florida, Tennessee and Kentucky. Based on published fertilizer consumption figures, the Company believes that its sales of nitrogen fertilizers in Mississippi, Alabama, Arkansas and Louisiana substantially exceed those of any other producer.

The Company maintains a large and experienced field sales force strategically located throughout the southern United States. This sales force maintains close communications with the customer base and plays an important role in the marketing and distribution of the Company's products. Through regular, personal contact with its customers, the Company is able to ascertain local demand for fertilizer products and arrange to have those products available from the most cost-effective source. The Company's field sales force is also able to identify specific customer service needs which the Company can provide. Customer service helps differentiate the Company's products and enhance its position as a preferred supplier.

The Company transports its nitrogen products by water, rail and truck. The Company's distribution network is complemented by 23 owned or leased warehouses and terminals strategically placed in high-consumption areas.

PHOSPHATE FERTILIZER

Products

The Company produces DAP at its Pascagoula, Mississippi, facility. In fiscal 1994, the Company sold approximately 638,000 tons of DAP, primarily into international markets. Sales of DAP by the Company in fiscal 1994 were \$83.4 million, which represented approximately 27% of net sales.

DAP is the most common form of phosphate fertilizer. DAP is produced by reacting phosphate rock with sulfuric acid to produce phosphoric acid, which is then combined with ammonia. DAP contains 18% nitrogen and 46% phosphate (P/2/0/5/) by weight. DAP is an important fertilizer product for both direct application and for use in blended fertilizers applied to all major types of row crops.

Production and Properties

The Company returned the Pascagoula facility to full operation and began producing DAP in December 1991 after entering into its phosphate rock supply contract with OCP. In April 1988, the Company sold its Pascagoula, Mississippi, fertilizer manufacturing facility where it produced mixed fertilizer products. The purchaser operated the facility for approximately two years, after which it filed a voluntary Chapter 7 bankruptcy petition and the U.S. bankruptcy trustee took control of the facility for liquidation. On December 7, 1990, the trustee conveyed the Pascagoula facility to the Company in lieu of foreclosure of the Company's security interest in the facility.

The Company's phosphate production complex is located on approximately 1,500 acres. The Pascagoula facility is a closely integrated, multi-plant phosphatic fertilizer complex where the primary facilities are a phosphoric acid plant, two sulfuric acid plants and a DAP granulation plant. The plant has storage facilities for finished product (45,000 tons), as well as for the primary raw materials, phosphate rock (80,000 tons), sulfur (10,000 tons) and ammonia (25,000 tons). All of the phosphate rock used by the Company is purchased

pursuant to a single supply contract. See "--RawMaterials--Phosphate Rock."

The plant site fronts a deep-water channel that provides direct access to the Gulf of Mexico. The complex contains docks and off-loading facilities for receiving shipload quantities of phosphate rock, sulfur and ammonia, and for outloading DAP. The plant's location on deep water provides the Company with an outbound freight cost advantage over central Florida DAP producers with respect to international shipments and domestic shipments along the Mississippi River system.

Marketing and Distribution

The Company sells substantially all of its DAP to Atlantic, the exclusive distributor of its DAP products. Atlantic maintains a network of sales agents in the major phosphate fertilizer consuming nations around the world. Sales to Atlantic are made on an FOB Pascagoula basis at a price which reflects the price Atlantic charges its customers, adjusted to reflect Atlantic's commission. Sales to Atlantic for the export market are backed by standby letters of credit.

In fiscal 1994, approximately two-thirds of the Company's DAP was sold into international markets. The three largest export markets in fiscal 1994 were India, China and Mexico. Most domestic sales are made in barge-lot quantities to major fertilizer distributors and dealers located on the Mississippi River system. The vast majority of the Company's product is transported by ship and barge, although truck and rail access is also available.

POTASH FERTILIZER

Products

The Company produces potash at its mine and related facilities near Carlsbad, New Mexico. In fiscal 1994, the Company sold approximately 330,000 tons of granular potash primarily to customers located west of the Mississippi River. In May 1994, the Company completed an expansion of its Carlsbad facility for \$1.6 million, bringing its capacity for granular product to approximately 420,000 tons per year. Sales of potash fertilizer by the Company in fiscal 1994 were \$24.1 million, which represented approximately 8% of net sales.

The Company's potash is mined from subterranean salt deposits containing a mixture of potassium chloride and sodium chloride. The Carlsbad, New Mexico, potash deposits are located from 800 to 1,200 feet below the surface. Potash is produced in a refining process whereby the potassium chloride is separated from the sodium chloride.

The Company produces red granular potash. The three principal grades of potash fertilizer are granular, coarse and standard, with granular being the largest particle size. Granular potash is used as a direct-application fertilizer and, among the various grades, is particularly well suited for use in fertilizer blends. Potash is an important fertilizer product for both direct application and for use in blended fertilizer applied to all major types of row crops.

Production and Properties

The Company's potash mine and refinery are located approximately 25 miles east of Carlsbad, New Mexico. The Company recently completed a \$5 million project to modernize its mining equipment, enabling it to extract a higher grade of ore that will improve overall facility efficiencies. The mine supplies ore to an above ground refinery which separates the potassium chloride from the

is then transported to the Company's nearby compaction plant for conversion to granular form. The Company recently increased compaction capacity from approximately 300,000 tons to approximately 420,000 tons per year. Located contiguous to the compaction facility are storage and shipping facilities from which the finished product is transported by rail and truck into domestic and export markets.

The Company's potash reserves are controlled under long-term federal and state potassium leases on approximately 60,000 acres. In addition, the Company holds mineral title to approximately 4,400 acres and fee title to approximately 10,000 acres. Revised estimates of potash ore reserves underlying the Carlsbad properties were compiled in 1981 and 1983. According to these estimates, the Company's reserves were estimated to contain 346.2 million tons of in situ ore with an average grade of 15.25% K₂O or 297.9 million tons of recoverable ore with an average grade of 14.88% K₂O. Since these estimates were made, ore extracted would indicate remaining reserves of 334.4 million tons of in situ ore with an average grade of 15.25% K₂O or 297.9 million tons of recoverable ore with an average grade of 14.88% K₂O. This reserve base is estimated to be equivalent to 57.2 million tons of muriate of potash. At current production rates, the Company's reserves have a remaining life of approximately 140 years.

Marketing and Distribution

The substantial majority of the Company's potash sales are in domestic markets in the southern states west of the Mississippi River where it and other Carlsbad potash producers enjoy freight cost advantages over Canadian and overseas potash producers. Consistent with the Company's strategy to maximize net backs and increase profit margins, domestic sales are targeted for locations along the freight route of the Santa Fe Railroad. Domestic potash marketing is performed by the Company's sales staff. The Company's export sales are made through Potash Corporation of Saskatchewan Sales Limited. The primary export markets for the Company's potash are Mexico and Brazil. Potash for export is transported by rail to terminal facilities in Houston.

RAW MATERIALS

Natural Gas

Natural gas is the primary raw material used by the Company in the manufacture of nitrogen fertilizer products. Natural gas is used both as a chemical feedstock and as a fuel to produce anhydrous ammonia which is then upgraded into other nitrogen fertilizer products. During fiscal 1994, the cost of natural gas represented approximately 74% of the Company's cost of producing ammonia. Because there are no commercially feasible alternatives for natural gas in the production of ammonia, the economic viability of the Company's nitrogen business depends upon the availability of competitively priced natural gas.

In today's natural gas market, the Company's total natural gas cost generally consists of two components--the market price of the natural gas in the producing area at the point of delivery into a pipeline and the fee charged by the pipeline for transporting the natural gas to the Company's plants. The cost of the transportation component can vary substantially depending on whether or not the pipeline has to compete for the business. Therefore, it is extremely important to the Company's competitiveness that it have access to multiple natural gas transportation services. In addition to the impact on transmission

costs, access alternatives enable the Company to benefit from natural gas price differences that may exist from time to time in the various natural gas-producing areas. In recent years, the Company has improved the natural gas purchasing logistics of its nitrogen facilities.

The natural gas requirements of the Yazoo City facility (approximately 54,000 Mcf per day) are supplied in part by Shell Western E&P Inc. ("SWEPI"), a subsidiary of Shell Oil Company ("Shell"). In 1972, the Company and Shell entered into a gas purchase and sale agreement whereby Shell agreed to supply natural gas to the Yazoo City plant from its natural gas reserves located in Rankin County, Mississippi. To facilitate this agreement, Shell constructed a 60-mile pipeline (the "Thomasville Line") from its reserves directly to

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the Yazoo City facility. The original Shell contract was superseded by a new contract with SWEPI on January 1, 1986. The 1986 contract provided for the delivery of 30,000 Mcf per day under arrangements providing for fixed prices on certain quantities and market-related prices on other specified quantities. The arrangements with SWEPI provided the Company with natural gas supplies priced below the prevailing market. The primary term of the SWEPI contract expired on March 31, 1994. SWEPI continues to furnish gas for a 180-day "renegotiation period" to allow for the opportunity for structuring a new contract. The Company anticipates that it will reach an agreement with SWEPI to continue purchasing the output of the Rankin County reserves, which is presently approximately 20,000 Mcf per day. The Company expects that the gas will be subject to market-sensitive pricing. Although the expiration of the SWEPI contract has resulted in higher natural gas costs, the Company believes that it remains one of the lowest-cost nitrogen producers in the U.S.

The balance of the requirements of the Yazoo City facility are presently being furnished by an intrastate pipeline that is connected to the plant by the Thomasville Line and by various producers and marketers who sell gas to the Company at various points along the pipeline systems that are directly connected to the Yazoo City plant. The Yazoo City plant is also directly connected to the interstate pipeline system of Southern Natural Gas Company ("Southern"). The Company and Southern have entered into a long-term, interruptible transportation agreement. Although the Southern contract provides for interruptible service, the Company believes that curtailment of supply is unlikely because of the plant's location on the system. In addition to being connected to Southern, the plant is located within a mile of the Texas Eastern Transmission Corporation pipeline system. The Company has also secured long-term transportation capacity in the Thomasville Line, which provides the plant with access to an additional interstate pipeline and a large intrastate gathering and transmission system in southern Mississippi. As a result of this multiple source access, the Company benefits from competition for the transportation and its supply of natural gas.

The natural gas requirements of the Triad facility are approximately 51,000 Mcf per day. The Triad facility is located in one of the primary gas-producing regions of the United States. The facility is presently connected to five intrastate pipeline systems and benefits from intense competition among those suppliers. Currently, the plant's requirements are being supplied by three of the intrastate lines under various pricing arrangements. Generally, these contracts impose firm delivery obligations at market-sensitive prices. In addition, the Company purchases gas for Triad on the spot market pursuant to 30- to 90-day fixed-price contracts. As a result of Triad's favorable access to natural gas supplies, the Company believes that the loss of any particular supplier would not have a material impact on plant operations. There have been

no significant supply interruptions at the Triad facility.

Natural gas is currently available in ample quantities, but the excess deliverability ("gas bubble") which existed in the late 1980's and early 1990's has dissipated. Producer deliveries are now approaching full capacity. As a result of the narrowing gap between supply and demand, natural gas prices have become increasingly volatile and subject to seasonal volatility. The Company uses natural gas futures contracts to hedge against the risk of short-term market fluctuations in the cost of natural gas.

Phosphate Rock

Phosphate rock is one of the primary raw materials for the manufacture of DAP. The Pascagoula facility's requirements for phosphate rock are approximately 1.1 million tons per year. As of September 15, 1991, the Company entered into a ten-year contract with OCP to supply all of the phosphate rock requirements of the Pascagoula facility. This contract was recently amended and its term extended to June 30, 2003. OCP, the national phosphate company of Morocco, is the world's largest producer and exporter of phosphate rock and upgraded phosphates as a company. The contract price for phosphate rock is based on phosphate rock costs incurred by certain domestic competitors of the Company and on the long-term financial performance of the Company's phosphate operations. Under this formula, the Company realizes favorable phosphate rock prices and is afforded significant protection during periods when market conditions are

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depressed and its DAP operations are not profitable. As a result, the Company was able to sustain its operations since reopening the Pascagoula facility in December 1991, despite historically low prices for phosphate products. Conversely, in favorable markets, when the Company's DAP operations are profitable, the contract price of phosphate rock will escalate based on the profitability of its DAP operations. Pursuant to this contract, the Company and OCP are required to negotiate further adjustments as needed to maintain the viability and economic competitiveness of the Pascagoula plant. The strategic alliance with OCP has functioned effectively since inception, and the Company considers its relations with OCP to be good.

Sulfur

Sulfur is used in the manufacture of sulfuric acid at the Pascagoula plant. Sulfur is in adequate supply and is available on the open market in quantities sufficient to satisfy the Company's current requirements of 300,000 tons per year.

Ammonia

Until recently, ammonia has been in adequate supply at depressed prices. In early 1994, intermittent shortages of ammonia, which caused a surge in ammonia prices, developed as a result of increased consumption in agricultural and industrial markets, several unplanned plant outages and reduced imports from the FSU. However, in the past few months, ammonia prices have returned to more moderate levels.

COMPETITION

Since fertilizers are global commodities which are available from multiple sources, the primary competitive factor is price. Other competitive factors

include product quality, customer service and availability of product. In each product category, the Company competes with a broad range of domestic producers, including farmer cooperatives, subsidiaries of larger companies, integrated energy companies and independent fertilizer companies. Many of the Company's domestic competitors have larger financial resources and sales than the Company. The Company also competes with foreign producers. Foreign competitors are often owned or subsidized by their governments and, as a result, may have cost advantages over domestic companies. Additionally, foreign competitors are frequently motivated by non-market factors such as the need for hard currency.

The Company produces and sells nitrogen fertilizer products primarily in the southern United States. Because competition is based largely on price, maintaining low production costs is critical to competitiveness. The Company believes it is one of the lowest-cost producers of nitrogen fertilizers in the United States. Natural gas comprises the majority of the raw materials cost of nitrogen fertilizers. Competitive natural gas purchasing is essential to maintaining of the Company's low-cost position. Equally important is efficient use of this gas because of the energy-intensive nature of the nitrogen fertilizer business. Therefore, cost-competitive production facilities that allow flexible upgrading of ammonia to other finished products are critical to a low-cost competitive position. In the highly fragmented nitrogen fertilizer market, product quality and customer service can also be sources of product differentiation.

Through Atlantic, the Company sells approximately two-thirds of its DAP in international markets. The United States phosphate industry has become more concentrated as a result of recent consolidations and joint ventures, and the Company is significantly smaller than most of its competitors in terms of resources and sales. Most of the Company's principal competitors have captive sources of some or all of the raw materials and this may provide them with cost advantages. The Company's long-term phosphate rock contract with its flexible pricing mechanism is a key element to the Company's ability to compete.

Most potash consumed in the United States is provided by large Canadian producers, who have economies of scale and lower variable costs than their U.S. counterparts. Over 80% of United States potash production capacity is located in the Carlsbad, New Mexico, area. While the Carlsbad producers have higher

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mining costs than the Canadian producers, this disadvantage is offset by logistical and freight advantages in certain markets in the United States southwest and the lower United States corn belt. The Company competes in these markets primarily with three other Carlsbad potash producers. The Company believes that its reserve position gives it a competitive edge and that it will be a long-term participant in the United States potash industry.

OTHER PROPERTIES

The Company owns an administration building in Yazoo City which contains approximately 65,000 square feet of office space.

The Company has a total systemwide storage capacity of approximately 393,000 tons. In addition to the fertilizer storage facilities in Yazoo City and Pascagoula, Mississippi, Carlsbad, New Mexico, and Donaldsonville, Louisiana, the Company also owns or leases 23 fertilizer storage and distribution facilities at other locations in Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Missouri, Tennessee and Texas.

In 1980, the Company completed the purchase of phosphate rock property in Hardee County, Florida. This property, containing approximately 12,000 acres, is estimated by the Company to contain approximately 62 million recoverable tons of phosphate rock of commercial quality. During 1990, the Company entered into an agreement granting a third party the exclusive option, for a period of four years, to purchase this undeveloped phosphate rock property. The Company received an aggregate of \$14 million in option payments during this period. As of July 12, 1994, the Company and the option holder entered into new agreements with respect to this property whereby (i) the Company conveyed approximately 2,500 acres of this property to the third party; (ii) for aggregate additional option payments of \$7 million to be paid during the option period, the Company granted to the third party the exclusive option, for a period of three and one-half years, to purchase the remaining 9,500 acres; (iii) the Company was granted a put option pursuant to which the Company has the right to sell the 9,500 acres to the third party if the third party does not exercise its prior option to purchase the property; and (iv) the Company was granted an exclusive option to repurchase the previously conveyed 2,500 acres in the event the third party does not exercise its option to purchase the 9,500 acres and the Company does not exercise its put option on the 9,500 acres.

RESEARCH AND DEVELOPMENT

The Company has a research and development staff of 13 full-time professional employees whose activities relate primarily to the improvement of existing products. The expenditures on research activities sponsored by the Company during fiscal 1994, 1993 and 1992 were approximately \$1.4 million, \$1.4 million and \$1.7 million, respectively.

EMPLOYEES

As of June 30, 1994, the Company employed approximately 960 persons at all locations. The Company considers its employee relations to be satisfactory.

COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

The Company's operations are subject to federal, state and local laws and regulations pertaining to the environment, among which are: the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Comprehensive Emergency Response Compensation and Liability Act, the Toxic Substances Control Act and the Mississippi State Pollution Prevention Act. The Company's facilities require operating permits that are subject to review by governmental agencies. The Company believes that its policies and procedures now in effect are generally in compliance with applicable laws and with the permits relating to the facilities.

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In the past, significant capital and operating costs related to environmental laws have been incurred. The majority of the Company's environmental capital expenditures have been in response to the requirements of the Clean Air Act and the Clean Water Act. Since 1967, the Company has spent approximately \$50.0 million on its fertilizer production facilities in order to meet applicable federal and state pollution standards. The Company is involved in certain litigation involving a Louisiana waste disposal site. See "--Legal Proceedings--Combustion, Inc. Litigation."

Capital expenditures related to environmental obligations for the past three fiscal years were approximately as follows: 1994--\$619,000; 1993--\$7.0 million; and 1992--\$10.0 million. Included in the foregoing expenditures for fiscal 1993

and 1992 is a portion of the cost of a new nitric acid plant and related facilities in Yazoo City, which was completed in early 1993. This facility increased capacity and also replaced existing production from other plants that were closed. Enhanced environmental protection under the Clean Air Act was a primary factor in the Company's decision to construct the plant.

Environmental capital expenditures are expected to be approximately \$6.0 million for fiscal 1995. A portion of this amount will be used for a recently approved expenditure of approximately \$7.0 million relating to the replacement of a scrubber system at Yazoo City that will reduce particulate emissions from fertilizer prill towers, and a portion of this amount will be used for a recently approved \$1.3 million expenditure relating to the relocation of the discharge point of the Yazoo City facility's combined storm and process water to the Yazoo River.

During fiscal 1994, the Company charged to its earnings approximately \$6.1 million relating to the estimated cost of the future closure of the gypsum disposal facility located at Pascagoula. This charge relates to the portion of the disposal facility utilized to date, and it is estimated that future charges of approximately \$3.0 million will be accrued over the estimated six-year remaining life of the disposal facility.

In the normal course of its business, the Company is exposed to risks relating to possible releases of hazardous substances into the environment. Such releases could cause substantial damage or injuries. Environmental expenditures have been and will continue to be significant. It is impossible to predict or quantify the impact of future environmental laws and regulations.

LEGAL PROCEEDINGS

Combustion, Inc. Litigation. On July 15, 1986, the first of 17 lawsuits was filed by numerous plaintiffs in the Twenty-first Judicial District Court, Parish of Livingston, State of Louisiana, against Triad, the Company and approximately 90 other named defendants. Additionally, approximately 200 parties have been added as third-party defendants. The plaintiffs' claims are based on alleged personal injuries and property damages as a result of exposure to hazardous waste from the Combustion, Inc. waste disposal site in Livingston Parish, Louisiana.

These cases were removed to the U.S. District Court for the Middle District of Louisiana, then remanded to State Court, and have now been removed once again to Federal Court. The plaintiffs have filed a motion to have the cases remanded to State Court.

The plaintiffs moved for certification of a class for the purpose of consolidating the pending litigation as one class action suit, and in January 1991, a state class was certified by the District Court judge. The Louisiana First Circuit Court of Appeal affirmed the certification of the class, but reversed the definition of the class and remanded the issue to the trial court for further determination.

Triad and the Company are vigorously defending their position in these proceedings and consider their defense meritorious.

CERCLA Sites. Triad has received and responded to letters issued by the United States Environmental Protection Agency ("EPA") under Section 104 of the Comprehensive Environmental Response

Compensation and Liability Act ("CERCLA") relative to the possible disposition of Triad waste at the Combustion, Inc. site and the Cleve Reber disposal site in Ascension Parish, Louisiana. Under CERCLA, generators of waste may be held responsible for investigation and site cleanup costs.

Potash Litigation. In actions filed in April 1993, the Company was named as a defendant, along with other United States and Canadian potash producers, in several complaints that alleged a conspiracy among the defendants to fix the price of potash in violation of the United States antitrust laws. Following the disqualification of certain of the plaintiff's counsel, amended complaints were filed, none of which name the Company as a defendant. With respect to two of the plaintiffs, the Company has entered into an agreement whereby any applicable statute of limitation is tolled from the date of the agreement through September 30, 1994.

Potash Investigation. On November 24, 1993, the Antitrust Division of the Department of Justice served the Company with a grand jury subpoena in connection with its investigation of allegations of price fixing by United States and Canadian potash producers. The subpoena requests that the Company produce certain documents relating to its potash business in the United States and Canada. The Company is in the process of assembling these documents for production.

Other Legal Proceedings. In addition to the foregoing, the Company, in the ordinary course of business, is the subject of, or a party to, other various pending or threatened legal proceedings. The Company believes that any ultimate liability arising from these actions would not have a material effect on its financial position or results of operations.

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MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The executive officers and directors of the Company are as follows:

<TABLE>

<CAPTION>

NAME	AGE	POSITION
-----	-----	-----
<S>	<C>	<C>
Charles O. Dunn (1)	46	President, Chief Executive Officer and Director
William F. Hawkins	63	Senior Vice President--Finance and Administration
David W. Arnold	57	Senior Vice President--Technical Group
C. E. McCraw	46	Senior Vice President--Operations
Robert E. Jones	46	Vice President and General Counsel
John J. Duffy	60	Vice President--Sales and Marketing
Rosalyn B. Glascoe	49	Corporate Secretary
Coley L. Bailey (1)	43	Chairman of the Board
John Sharp Howie (1) (2)	54	Vice Chairman of the Board
John W. Anderson (1) (3)	59	Director
Frank R. Burnside, Jr. (2)	45	Director
Woods E. Eastland (2)	49	Director
Robert P. Dixon (1) (2)	50	Director
W. R. Dyess (3) (4)	55	Director
G. David Jobe (3)	51	Director
George Penick (4)	46	Director

David M. Ratcliffe (3)	46	Director
Wayne Thames (4)	58	Director
Tom C. Parry	66	Director Emeritus

</TABLE>

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- (1) Member of Executive Committee
- (2) Member of Compensation Committee
- (3) Member of Audit Committee
- (4) Member of Directors Affairs Committee

Charles O. Dunn has been employed by the Company since 1978, was elected President and Chief Executive Officer of the Company in April 1993 and has served as a director of the Company since 1993. Prior to becoming President, Mr. Dunn served in various positions within the Company, including Attorney and Executive Vice President.

William F. Hawkins has been employed by the Company since 1966. He was appointed Senior Vice President--Finance and Administration in 1987. Prior to 1987, Mr. Hawkins served in various positions with the Company, including Senior Vice President--Finance and Vice President--Finance.

David W. Arnold has been employed by the Company since 1966. He was appointed as Senior Vice President--Technical Group in July 1991. Mr. Arnold served as Senior Vice President--Engineering from 1981 to 1987 and as Senior Vice President--Research & Engineering from 1987 to 1991.

C. E. McCraw has been employed by the Company since 1974. He was appointed Senior Vice President--Fertilizers Group in 1991. Prior to 1991, Mr. McCraw served as Vice President--Operations, Vice President--Nitrogen Development and in various other positions with the Company.

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Robert E. Jones has been employed by the Company since 1974. He was appointed Vice President and General Counsel in 1989. Prior to 1989, Mr. Jones served in various positions with the Company, including Associate General Counsel and General Counsel.

John J. Duffy has been employed by the Company since 1988. He was appointed Vice President--Sales and Marketing in 1994. Prior to 1994, Mr. Duffy served as Director of Sales and Marketing.

Rosalyn B. Glascoe has been employed by the Company since 1981. She was appointed Corporate Secretary in 1986. Prior to 1986, Ms. Glascoe served as Stock Department Manager and Assistant Secretary.

Coley L. Bailey has been a director of the Company since 1978 and has served as Chairman of the Board since 1988. For more than the past five years, he has been engaged in farming activities in Yalobousha County, Mississippi.

John Sharp Howie has been a director of the Company since 1966 and has served as Vice Chairman of the Board since 1988. For more than the past five years, he has been engaged in farming activities in Yazoo County, Mississippi.

John W. Anderson has been a director of the Company since 1989. In May 1989, he was named Chief Executive Officer of Alabama Farmers Cooperative, Inc. Prior to 1989, Mr. Anderson was Manager of the Anderson's Peanuts Division of Alabama Farmers Cooperative. He had been affiliated with Anderson's Peanut Division since 1984.

Frank R. Burnside, Jr. has been a director of the Company since 1985. For more than the past five years, he has been a farm supply dealer and Vice President and Manager of Newellton Elevator Company, Inc., Newellton, Louisiana.

Robert P. Dixon has been a director of the Company since 1986. For more than the past five years, he has been the President and Chief Executive Officer of SF Services, Inc., a North Little Rock, Arkansas, agricultural cooperative.

W. R. Dyess has been a director of the Company since 1991. Since 1972, he has served as President of Dyess Farm Center, Inc., in Bardwell, Texas, and ABC Ag Center, Inc., in Corsicana, Texas.

Woods E. Eastland has been a director of the Company since July 1994. Since 1986, he has been President and Chief Executive Officer of Staplcofn & Stapldiscount, a cotton marketing and financing cooperative located in Greenwood, Mississippi.

G. David Jobe has been a director of the Company since 1989. Since 1981 he has been affiliated with, and currently serves as Senior Vice President of Corporate Operations of, MFA Incorporated, a regional agricultural cooperative.

George Penick has been a director of the Company since July 1994. He is President of the Foundation for the Mid South, a private philanthropic foundation, and has served in that position since 1990. From 1986 until 1990, he was the first executive director of the Jessie Ball duPont Fund.

David M. Ratcliffe has been a director of the Company since July 1994. Since 1991, he has served as President and Chief Executive Officer of Mississippi Power Company, an electric utility. From 1989 until 1991, he was Executive Vice President of Southern Company Services.

Wayne Thames has been a director of the Company since 1973. For more than the past five years, he has been a cattleman in Evergreen, Alabama.

Tom C. Parry was President of the Company and a member of the Board of Directors from 1972 until 1993. Mr. Parry was appointed in 1994 by the Board of Directors as Director Emeritus.

TERM OF OFFICE

The Board of Directors is classified into three classes, the first class serving until the annual meeting of shareholders to be held in 1995 ("Class I Directors"), the second class serving until the annual meeting of shareholders to be held in 1996 ("Class II Directors") and the third class serving until the annual meeting of shareholders to be held in 1997 ("Class III Directors"). Messrs. Burnside, Anderson, Dixon and Penick serve as Class I Directors, Messrs. Thames, Dyess, Jobe and Ratcliffe serve as Class II Directors and Messrs. Dunn, Bailey, Howie and Eastland serve as Class III Directors. All officers serve at the pleasure of the Board of Directors.

LIMITATION OF LIABILITY AND INDEMNIFICATION MATTERS

The Company's Articles of Incorporation contain provisions eliminating the personal liability of its directors for monetary damages resulting from breaches of their fiduciary duty to the extent permitted by the Mississippi Business Corporation Act. Each director will continue to be subject to

liability for the amount of financial benefit received by a director to which he or she is not entitled, for any intentional infliction of harm on the Company or its shareholders, for improper distributions to shareholders and for intentional violations of criminal law. This provision does not affect a director's responsibilities under any other laws, such as the federal securities laws or state or federal environmental laws.

BOARD COMMITTEES

The Board of Directors has established four standing committees: the Audit Committee, the Compensation Committee, the Directors Affairs Committee and the Executive Committee. The Audit Committee recommends the appointment of independent auditors and oversees the accounting and audit functions of the Company. The Compensation Committee determines executive officers' salaries and bonuses. No member of the Compensation Committee or the Audit Committee is or has been an employee of the Company. The Directors Affairs Committee operates as a nominating committee for the slate of directors and officers, recommends directors' compensation to the full Board and periodically reviews the performance of the Board. The Executive Committee has the authority to take all actions which the Board of Directors as a whole would be able to take.

DIRECTOR COMPENSATION

All directors, other than Coley L. Bailey, John Sharp Howie and Charles O. Dunn, are paid an annual retainer of \$12,000 and \$1,000 per meeting, plus expenses. Coley L. Bailey, as Chairman of the Board, receives a salary of \$40,000 a year, plus expenses. John Sharp Howie, as Vice Chairman of the Board, receives an annual retainer of \$18,000 and \$1,000 per meeting, plus expenses. Charles O. Dunn, as President and Chief Executive Officer, receives no additional remuneration for serving as a director.

EXECUTIVE COMPENSATION

The following table sets forth information with respect to all compensation paid or earned for services rendered to the Company in fiscal 1994, 1993 and 1992 by the Company's Chief Executive Officer and the Company's four highest paid executive officers other than the Chief Executive Officer (together, the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

<TABLE>

<CAPTION>

(A) NAME AND PRINCIPAL POSITION	(B) YEAR	(C) ANNUAL COMPENSATION			(E) OTHER ANNUAL COMPENSATION (\$)(1)
		(C) SALARY (\$)	(D) BONUS (\$)	(D) BONUS (\$)	
<S>	<C>	<C>	<C>	<C>	<C>
Charles O. Dunn	1994	280,008	89,603		4,562
President and Chief Executive Officer	1993	243,319	64,612		4,427
	1992	216,600	65,846		4,303
William F. Hawkins	1994	223,260	47,331		4,562
Senior Vice President-- Finance and Administration	1993	212,628	45,077		4,427
	1992	198,720	55,344		4,303
C. E. McCraw	1994	209,760	47,406		4,562

Senior Vice President--	1993	195,132	41,758	4,427
Operations	1992	175,008	46,377	4,303
Robert E. Jones	1994	174,840	111,683	4,562
Vice President and	1993	162,648	32,123	4,427
General Counsel	1992	152,016	34,584	4,303
David W. Arnold	1994	168,312	30,666	4,562
Senior Vice President--	1993	159,540	30,711	4,427
Technical Group	1992	149,100	33,920	4,303

</TABLE>

- (1) The amounts disclosed in column (e) of the Summary Compensation Table represent employee salary deferrals under the Company's 401(k) plan which would otherwise be payable during the relevant fiscal year.

BASE SALARIES

Base salaries of the President and other executive officers are based on internal equity and external competitiveness. The Company has retained W.M.S. Management Consultants, a compensation consulting firm, to assist in the establishment of salary ranges for each executive officer. Individual salaries are set within the established range based on subjective individual performance evaluations. It is the objective of the Compensation Committee of the Company to develop salary programs that attract and maintain qualified key employees.

ANNUAL BONUSES

Annual bonuses for executive officers are intended to reward key employees who have a material impact on the Company's operating results. Bonuses are not paid unless the Company's financial performance, as measured by specified ratios, ranks in the top 50% of an industry survey. The Chief Executive Officer's bonus is based on corporate performance. Other executive officers' bonuses are based in part on corporate performance, as measured by specific financial measurements, and in part on management's evaluation of each executive officer's performance. These criteria are reviewed and approved by the Compensation Committee. Under this plan, the Chief Executive Officer's bonus can range as high as 33% of base salary.

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Other executive officers can achieve bonuses up to a maximum percentage established by the Compensation Committee. For 1994, maximum bonus potential for the Company's four most highly compensated executive officers, other than the Chief Executive Officer, ranged between 15% and 21%. In addition, executive officers participate in a bonus plan in which all Company employees participate. This plan is effective only in years in which 7.5% of Company profits exceed 3% of base payroll. The exact individual pay out percentage is determined by the ratio that 7.5% of profits has to total base payroll, to a minimum of 3% but not to exceed 10%. In 1994 the plan will pay the full 10% bonus to all employees.

STOCK INCENTIVE PLAN

The Company recently adopted the Mississippi Chemical Corporation 1994 Stock Incentive Plan (the "Stock Plan"). On August 2, 1994, the Compensation Committee granted options to acquire an aggregate of 201,941 shares of Common Stock to eleven executive officers and key employees. All options were granted at an exercise price per share to be equal to the price per share of the Common Stock offered hereby and vest within a period of eight years in accordance with a formula based on the price performance of the Common Stock. A total of

1,800,000 shares of Common Stock are reserved for issuance under the Stock Plan pursuant to options, stock appreciation rights and stock awards. Benefits under the Stock Plan may be granted to officers and key employees of the Company selected by the Compensation Committee based on the special importance of their services to the Company. Under the terms of the Stock Plan, participants may receive incentive stock options or non-qualified stock options in such amounts, with such vesting provisions and with such exercise prices (not less, however, than the fair market value of the Common Stock on the date of grant) as may be established by the Compensation Committee. The terms of options will not exceed ten years. To the extent permitted by the Compensation Committee, the exercise price of an option may be paid in shares of Common Stock valued at their then fair market value. Stock appreciation rights may be granted independently or in conjunction with options. A stock appreciation right entitles the recipient to receive, in cash or Common Stock, the excess of the fair market value of a share of Common Stock on the exercise date over the fair market value on the date of grant. Stock awards consist of Common Stock transferred to participants without payment therefor as additional compensation. Stock awards may be subject to forfeiture or vesting based upon the achievement of Company performance goals established by the Compensation Committee. At this time, the Company does not plan to grant stock appreciation rights or stock awards.

PENSION PLAN

The Company provides a "Defined Benefit" retirement plan for all regular employees meeting established age and employment service requirements. Benefits are determined based on average pay and years of credited service. Annual Company contributions on behalf of individual specified participants cannot be calculated by plan actuaries. Only an employee's "base pay" is covered by the plan. Plan compensation does not include bonuses, overtime or shift differentials. The following table shows estimated annual benefits payable at age 65 to newly hired persons in specified compensation and years of service categories. Listed benefits are not subject to deductions for social security or other offset amounts.

PENSION PLAN TABLE

<TABLE>

<CAPTION>

YEARS OF SERVICE

REMUNERATION	YEARS OF SERVICE				
	15	20	25	30	35
<S>	<C>	<C>	<C>	<C>	<C>
\$ 25,000.....	\$ 4,688	\$ 6,250	\$ 7,813	\$ 9,375	\$ 10,938
50,000.....	10,005	12,500	15,625	18,750	21,875
100,000.....	25,005	32,440	39,763	47,175	54,880
150,000.....	40,005	52,440	64,763	77,175	89,880
200,000.....	55,005	72,440	89,763	104,077	104,077
250,000 and above.....	65,757	86,776	104,077	104,077	104,077

</TABLE>

Years of service for the Named Executive Officers are: Charles O. Dunn--16; William F. Hawkins--28; C. E. McCraw--20; Robert E. Jones--20; and David W. Arnold--28.

SUPPLEMENTAL BENEFIT PLAN

In fiscal 1984, the Company established a nonqualified "Defined Benefit"

Supplemental Benefit Plan for any employee who is a participant in the Pension Plan and whose benefits from that Plan will, at his retirement, be limited by the operation of Section 415 of the Internal Revenue Code and/or, effective for fiscal 1991, Section 407(a)(17) of the Code. The purpose of the supplemental plan is to make up the difference between the defined pension benefit permitted under Section 415 of the Code and what would otherwise be payable but for the Section 415 limit.

Benefits from this Plan will be payable to any participant designated by the Plan Administrator on a monthly basis beginning at the time and under the terms that would have applied if such benefits had been payable from the Pension Plan.

The following table shows estimated annual benefits payable under the Plan to persons in specified compensation and years of service categories. (The actual benefit paid under the supplemental plan is the supplemental benefit minus the allowable pension plan benefit.)

SUPPLEMENTAL BENEFIT PLAN TABLE

<TABLE>

<CAPTION>

REMUNERATION	YEARS OF SERVICE				
	15	20	25	30	35
<S>	<C>	<C>	<C>	<C>	<C>
\$150,000 or less.....	\$ --	\$ --	\$ --	\$ --	\$ --
200,000.....	--	--	--	3,098	20,803
250,000.....	4,248	5,664	10,686	33,098	55,803
300,000.....	19,248	25,664	35,686	63,098	90,803
350,000.....	34,248	45,664	60,686	93,098	125,803
400,000.....	49,248	65,664	85,686	123,098	160,803
450,000.....	64,248	85,664	110,686	153,098	195,803

</TABLE>

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

CERTAIN RELATIONSHIPS WITH CUSTOMERS

The primary business of the Cooperative was to provide fertilizer products to its shareholders pursuant to preferred patronage rights to purchase fertilizer products in proportion to the type and amount of Common Stock they owned. Certain directors of the Company were either direct customers of the Cooperative or were affiliated in some capacity with direct customers of the Cooperative. All sales of product to directors and their affiliates have been and are made in the ordinary course of business at prices and terms which are determined based on prevailing competitive conditions and which are no less favorable to the Company than the prices and terms of transactions with other customers and shareholders.

During fiscal 1994 and 1993, sales to SF Services, Inc. ("SFS"), were approximately \$34 million and \$33 million representing approximately 10.8% and 11.4% of the Company's net sales and approximately 8.7% and 8.6% of SFS's consolidated gross revenues, respectively. Robert P. Dixon, a director of the Company, is an executive officer of SFS. During fiscal 1994 and 1993, sales to Alabama Farmers Cooperative, Inc. ("AFC"), were approximately \$13.7 million and \$14.0 million, respectively. These sales represent 6.5% and 6.6%, respectively, of the gross revenues of AFC. John W. Anderson, a director of the Company, is an executive officer of AFC. Sales to SFS and AFC were on terms and conditions

comparable to transactions with other shareholders.

The Cooperative paid its shareholders patronage refunds. In fiscal 1993, the Cooperative paid its largest shareholder, SFS, patronage refunds in the aggregate amount of \$1.9 million and paid AFC \$1.7 million. As

a result of the Reorganization, the Company will not pay patronage refunds after fiscal 1994. It is currently expected that patronage refunds with respect to fiscal 1994 will be calculated and paid in October 1994.

OTHER TRANSACTIONS

SFS has agreed to buy the Company's storage facility located in North Little Rock, Arkansas, for approximately \$600,000. Robert P. Dixon, a director of the Company, is an executive officer of SFS.

On August 30, 1993, the Company sold a storage facility located in Decatur, Alabama, to AFC for \$115,000. John W. Anderson, a director of the Company, is the President and Chief Executive Officer of AFC.

In the opinion of the Company, the transactions described are on terms as favorable to the Company as if transacted with unaffiliated third parties.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth certain information as of July 1, 1994, regarding the beneficial ownership of the Common Stock by (i) the Selling Shareholders, (ii) each shareholder known by the Company to be the beneficial owner of more than five percent of the outstanding shares of the Company's Common Stock, (iii) each director of the Company, (iv) each Named Executive Officer of the Company and (v) all directors and executive officers of the Company as a group. Except as otherwise indicated, the Company believes that the beneficial owners of the Common Stock listed below, based on information provided by the named persons, have sole investment and sole voting power with respect to such shares, subject to community property laws where applicable. The address of SF Services, Inc., is 824 North Palm Street, P.O. Box 5489, North Little Rock, Arkansas 72119. Except as set forth in the preceding sentence, the address of each of the shareholders named below is the Company's principal executive office.

<TABLE>

<CAPTION>

NAME OF BENEFICIAL OWNER	OWNERSHIP PRIOR TO OFFERING		NUMBER OF SHARES BEING OFFERED	OWNERSHIP AFTER THE OFFERING (1)	
	SHARES OF COMMON STOCK	PERCENT	SHARES OF COMMON STOCK	SHARES OF COMMON STOCK	PERCENT
<S>	<C>	<C>	<C>	<C>	<C>
SF Services, Inc.....	2,956,175	15.2%	598,000	2,358,175	10.4%
Alabama Farmers Cooperative Inc.....	1,098,660	5.6	55,000	1,043,660	4.6
Mapco Inc.....	192,701	1.0	68,000	124,701	*
Missouri Farmers					

Association, Inc.....	726,108	3.7	376,309	349,799	1.5
Voluntary Purchasing Groups, Inc.....	334,011	1.7	169,988	164,023	*
Gold Kist, Inc.....	235,203	1.2	235,203	0	--
Jimmy Sanders Seed Company.....	154,933	*	77,500	77,433	*
Delta Purchasing Federation (AAL).....	301,264	1.5	20,000	281,264	1.2
Charles O. Dunn.....	--	--	--	--	--
William F. Hawkins.....	--	--	--	--	--
David W. Arnold.....	--	--	--	--	--
C. E. McCraw.....	--	--	--	--	--
Robert E. Jones.....	--	--	--	--	--
John J. Duffy.....	--	--	--	--	--
Coley L. Bailey.....	4,663	*	--	4,663	*
John Sharp Howie (2)....	3,857	*	--	3,857	*
John W. Anderson.....	448	*	--	448	*
Frank R. Burnside, Jr. (3).....	21,015	*	--	21,105	*
Robert P. Dixon (4)....	380	*	--	380	*
W. R. Dyess (5).....	43,932	*	--	43,932	*
Woods E. Eastland (6)...	3,440	*	--	3,440	*
G. David Jobe.....	--	--	--	--	--
George Penick.....	--	--	--	--	--
David M. Ratcliffe.....	--	--	--	--	--
Wayne Thames.....	4,825	*	--	4,825	*
All directors and executive officers as a group (17 persons).....	82,750	*	--	82,750	*

</TABLE>

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*Less than 1%.

(1) Assumes no exercise of the over-allotment option. If the over-allotment option is exercised in full, additional shares will be sold by the Company and the following Selling Shareholders will sell the following additional shares: Alabama Farmers Cooperative Inc.--8,250 shares; Missouri Farmers Association, Inc.--349,799 shares; and Voluntary Purchasing Groups, Inc.--164,023 shares.

(2) Mr. Howie owns 1,971 shares individually and is the beneficial owner of 1,886 shares owned by Pauline W. Howie and John Sharp Howie d/b/a Cedar Grove Plantation.

(3) Mr. Burnside owns 3,187 shares individually and is the beneficial owner of 17,828 shares owned by Newellton Elevator Company, Inc.

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(4) Mr. Dixon owns 26 shares individually and is the beneficial owner of 354 shares owned by Robert P. Dixon d/b/a Benchmark Farms.

(5) Mr. Dyess owns 474 shares individually and is the beneficial owner of 29,238 shares owned by Dyess Farm Center, Inc., and 14,220 shares owned by ABC Ag Center, Inc.

(6) Mr. Eastland is the beneficial owner of 3,440 shares owned by the Elizabeth

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 100,500,000 shares, of which 100,000,000 shares are Common Stock, par value \$.01 per share, and 500,000 shares are Preferred Stock, par value \$.01 per share. At July 1, 1994, there were 18,773,212 shares of Common Stock outstanding and held of record by 14,217 shareholders and no shares of Preferred Stock outstanding. Up to an additional 681,142 shares of Common Stock may be issued upon the conversion of Special Accounts, including Special Accounts arising from 1994 patronage and up to a further 128,880 shares may be issued if certain small shareholders of the Cooperative elect not to receive cash in the Reorganization.

COMMON STOCK

The issued and outstanding shares of Common Stock are, and the shares being offered hereby will, upon payment therefor, be validly issued, fully paid and nonassessable. Subject to the rights of holders of Preferred Stock, the holders of outstanding shares of Common Stock are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as the Board of Directors may from time to time determine. See "Dividend Policy." The shares of Common Stock are neither redeemable nor convertible, and the holders thereof have no preemptive or subscription rights to purchase any securities of the Company. Upon liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to receive, pro rata, the assets of the Company that are legally available for distribution, after payment of all debts and other liabilities, including Special Accounts which, pursuant to the Articles of Incorporation of the Company, may be established by the Company's Board of Directors only to represent capital allocations to shareholders of the Company of a portion of earnings on business done with such shareholders made by the Cooperative, and subject to the prior rights of any holders of Preferred Stock then outstanding. Each outstanding share of Common Stock is entitled to one vote on all matters submitted to a vote of shareholders. There is no cumulative voting in the election of Directors.

Each of the items described in "--Preferred Stock," "--Certain Statutory Provisions" and "--Certain Charter Provisions" hereafter, could result in the Company being less attractive to a potential acquiror and could result in shareholders receiving less for their shares of Common Stock than otherwise might be available in the event of a takeover attempt.

PREFERRED STOCK

The Company's Articles of Incorporation authorize the Board of Directors to issue the Preferred Stock in classes or series and to establish the designations, preferences, qualifications, limitations or restrictions of any class or series with respect to the rate and nature of dividends, the price and terms and conditions on which shares may be redeemed, the terms and conditions for conversion or exchange into any other class or series of the stock, voting rights and other terms. The Company may issue, without the approval of the holders of Common Stock, Preferred Stock that has voting, dividend or liquidation rights superior to the Common Stock and that may adversely affect the rights of holders of Common Stock. The issuance of Preferred Stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, adversely affect the voting power of the holders of Common Stock and could have the effect of delaying, deferring or preventing a change in control of the Company.

RIGHTS TO PURCHASE PREFERRED STOCK

The Company declared a dividend of one preferred share purchase right (a "Right") payable on August 15, 1994 to shareholders of record as of August 5, 1994 for each share of Common Stock. Each Right entitles its holder to purchase one one-hundredth of a share of the Company's Preferred Stock, Series A, \$0.01 par value per share (the "Series Preferred Stock"), at an exercise price of \$50.00 per share (the "Purchase Price"). The Rights will expire on August 15, 2004, unless earlier redeemed or exchanged by the Company.

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The Rights are exercisable upon the earlier to occur of (i) 10 days following the date of public disclosure that a person or group, together with persons affiliated or associated with it (an "Acquiring Person"), has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding Common Stock and (ii) 10 days following commencement of or disclosure of an intention to commence a tender offer or exchange offer if, upon consummation of the offer, such person or group, together with persons affiliated or associated with it, could acquire beneficial ownership of 25% or more of the outstanding Common Stock (the earlier of such dates being called "Separation Date").

If the Company is acquired in a merger or other business combination in which the Common Stock does not remain outstanding or is changed or 50% or more of the Company's consolidated assets or earning power is sold, leased, pledged or otherwise transferred or disposed of, the Rights will "flip over" and entitle each holder of a Right to purchase at the then-current Purchase Price, common stock of the acquiring company with a market value of two times the Purchase Price.

If (i) a person acquires 20% of the Common Stock, (ii) the Company is the surviving corporation in a merger with an Acquiring Person and the Common Stock remains outstanding and unchanged, or (iii) an Acquiring Person engages in one of certain "self-dealing" transactions, the Rights will "flip in" and entitle each holder to purchase at the then-current Purchase Price, Common Stock with a market value of two times the Purchase Price. Any of these events is a "Triggering Event." Any Rights owned by an Acquiring Person become null and void upon the occurrence of the earlier of the Board of Directors' decision to "exchange" the Rights and a Triggering Event. Under certain circumstances, the disinterested directors can approve a transaction with a specific shareholder that would otherwise be a Triggering Event, and freeze the Rights in connection with that specific transaction.

At any time any person becomes an Acquiring Person and prior to such time as such person, together with its affiliates, becomes the beneficial holder of at least 50% of the Company's outstanding Common Stock, the Company may, provided that all necessary regulatory approvals have been obtained, exchange the Rights (other than Rights owned by such Acquiring Person which become null and void), in whole or in part, at a ratio of one share of Common Stock per Right, subject to adjustment.

Prior to ten days after it has become public that an Acquiring Person has become such (with the possibility for the Board of Directors to extend that period for an additional ten days), the Company may redeem the Rights at a price of \$0.01 per Right. The Company may, without the approval of any holder of the Rights, but only if at that time the Board of Directors consists of a majority of disinterested directors, supplement or amend any provision of the

Rights Agreement, except the redemption window, the Purchase Price or the redemption price.

Series Preferred Stock issued upon exercise of the Rights will not be redeemable. Each share of Series Preferred Stock will be entitled to a minimum preferential quarterly dividend of \$25.00 per share, but will be entitled to an aggregate dividend of 100 times the dividend declared per share of Common Stock, if it is greater. In the event of liquidation, the holders of the Series Preferred Stock will be entitled to a minimum preferential liquidation payment of \$100.00 per share, but will be entitled to an aggregate payment of 100 times the payment made per share of Common Stock, if it is greater. In the event of any merger or other business combination in which Common Stock is exchanged, each share of Series Preferred Stock will be entitled to receive 100 times the amount received per share of Common Stock.

The Rights have certain anti-takeover effects. The Rights may deter takeover attempts because they may cause substantial dilution to a person or group that attempts to acquire the Company on terms not approved by the Company's Board of Directors, except pursuant to an offer conditioned upon a substantial number of Rights being acquired. The Rights should not interfere with any merger or business combination approved by the Board of Directors because the Rights are redeemable.

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While the Company has no knowledge that any person or group intends to acquire the Company, the Company believes that the advantages arising from the issuance of Rights, particularly during the period following the Offering, outweigh any discouragement of certain business combinations.

This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement.

CERTAIN STATUTORY PROVISIONS

Mississippi Control Share Act

The Company has chosen to be subject to the Mississippi Control Share Act, which provides, in the case of a public company which has more than 500 of its shareholders resident in Mississippi or more than 10 percent of its shares owned by Mississippi residents, that once a potential acquiror notifies a company of the intention to purchase 20%, 33 1/3% or more than 50% of the company's shares and requests a special meeting, a shareholders' meeting must be held within 50 days, at the acquiror's expense, to vote on whether the control shares (those held by the acquiring entity) may exercise voting rights. If a request is not made, shareholders will vote on whether to restore voting rights at the next shareholder's meeting. Without the approval of a majority of the outstanding shares, excluding shares owned by the acquiror and company officers and employee-directors, the control shares do not receive voting rights until three years have passed.

Mississippi Shareholder Protection Act

The Company has chosen to be subject to the Mississippi Shareholder Protection Act. By the terms of the act, a corporation may not enter into any business combination with a 20%-shareholder unless: (a) 80% of the outstanding shares and two-thirds of the shares not owned by the 20%-shareholder approve the combination; (b) 80% of the continuing directors approve the combination; or (c) the aggregate amount of the offer meets certain fair price criteria.

CERTAIN CHARTER PROVISIONS

The Articles of Incorporation provide for the Board of Directors to be divided into three classes, with staggered three-year terms. As a result, only one class of directors will be elected at each annual meeting of shareholders of the Company, with the other classes continuing for the remainder of their respective terms.

The Articles of Incorporation also provide that directors may be removed from office only for cause and only at a shareholders' meeting called for the purpose of removing such directors with notice stating such purpose. Vacancies on the Board of Directors, including those resulting from an increase in the number of directors, may be filled by the remaining directors or by the shareholders and the term of any director filling a vacancy shall be for the balance of the term of the retiring director's class.

Certain provisions contained in the Articles of Incorporation, including those relating to the size and classification of the Board of Directors, the indemnification of directors, the removal of directors, the election to be subject to the Mississippi Shareholders Protection Act and the Mississippi Control Share Act, the power of the Board of Directors to increase the percentage of voting shares necessary to call a special meeting of shareholders and the required vote necessary to approve the transactions may only be amended by the affirmative vote of the holders of at least two-thirds of the total outstanding voting power of the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Stock is Harris Trust and Savings Bank.

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SHARES ELIGIBLE FOR FUTURE SALE

All of the outstanding shares of Common Stock, including the 3,200,000 shares to be sold by the Company in this Offering, and all of the shares which may be issued upon the conversion of Special Accounts, will be freely tradable without restriction or further registration under the Securities Act, unless acquired by "affiliates" (as defined in Rule 144 of the Securities Act) in which case their shares will be subject to the resale limitations of Rule 144.

The Company, its officers, directors, the Selling Shareholders and certain other shareholders, holding an aggregate 6,228,346 shares of Common Stock after the Offering (27.5% of the shares of Common Stock then outstanding) have agreed not to offer, sell or otherwise dispose of any shares of Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock for a period of 180 days after the date of this Prospectus without the prior consent of Wertheim Schroder & Co. Incorporated.

Prior to the Offering, there has been no established trading market for the Common Stock. The Company can make no prediction as to the effect, if any, that sales of shares of its Common Stock, or the availability of shares for future sale, will have on the market price of the Common Stock prevailing from time to time. Sales of substantial amounts of Common Stock in the public market, or the perception that such sales could occur, could depress the prevailing market price for the Common Stock.

UNDERWRITING

The Underwriters named below have severally agreed, subject to certain conditions, to purchase from the Company and the Selling Shareholders the aggregate number of shares of Common Stock set forth below opposite their respective names:

<TABLE>
<CAPTION>

UNDERWRITER -----	NUMBER OF SHARES -----
<S>	<C>
Wertheim Schroder & Co. Incorporated.....	
The Robinson-Humphrey Company, Inc.....	

Total.....	4,800,000
	=====

</TABLE>

The Underwriting Agreement provides that the several Underwriters are obligated to purchase all the 4,800,000 shares of Common Stock offered hereby, if any are purchased. Wertheim Schroder & Co. Incorporated and The Robinson-Humphrey Company, Inc., as representatives (the "Representatives") of the several Underwriters, have advised the Company and the Selling Shareholders that the Underwriters propose to offer the shares to the public initially at the public offering price set forth on the cover page of this Prospectus; that the Underwriters propose initially to allow a concession not in excess of \$ per share to certain dealers, including the Underwriters; that the Underwriters and such dealers may initially allow a discount not in excess of \$ per share to other dealers; and that the public offering price and the concession and discount to dealers may be changed by the Representatives after the initial public offering.

The Company and certain Selling Shareholders have granted to the Underwriters an option, expiring at the close of business on the 30th day after the date of the Underwriting Agreement, to purchase up to an additional 720,000 shares of Common Stock, at the public offering price less underwriting discounts and commissions, all as set forth on the cover page of this Prospectus. Of the shares subject to the over-allotment option, 197,928 shares will be Company shares and 522,072 shares will be shares owned by certain Selling Shareholders. The Underwriters may exercise the option only to cover over-allotments, if any, in the sale of shares of Common Stock in the Offering. To the extent that the Underwriters exercise this option, each Underwriter will be committed, subject to certain conditions, to purchase a number of the additional shares proportionate to such Underwriter's initial commitment.

The Company, the Selling Shareholders and the Underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

The Company, its officers and directors, the Selling Shareholders and certain other shareholders have agreed not to sell or otherwise dispose of any shares of Common Stock for a period of 180 days after the date of this Prospectus without the prior written consent of Wertheim Schroder & Co. Incorporated. Following the Offering, an aggregate of 6,228,346 shares, 27.5% of the total shares outstanding, will be subject to these restrictions.

Prior to the Offering, there has been no established public market for the Common Stock. Consequently, the initial public offering price of the Common Stock has been determined by negotiations among the Company, the Selling Shareholders and the Representatives. Among the factors considered in such negotiations were the Company's results of operations and financial condition, the prospects for the Company and for the industry in which the Company operates, the Company's capital structure and prevailing conditions in the securities market. The estimated offering price set forth on the cover of this Prospectus is subject to change as a result of market conditions and other factors.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby will be passed upon for the Company by McDermott, Will & Emery, Chicago, Illinois. Certain legal matters will be passed upon for the Underwriters by Fulbright & Jaworski L.L.P., New York, New York.

EXPERTS

The consolidated financial statements, including the related notes and schedules thereto as of June 30, 1994 and 1993 and for each of the three years in the period ended June 30, 1994, included in this Prospectus and elsewhere in the registration statement of which this Prospectus is a part have been audited by Arthur Andersen & Co., independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

INDEX TO FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

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<S>	<C>
Report of Independent Public Accountants.....	F-2
Consolidated Balance Sheets as of June 30, 1994 and 1993.....	F-3
Consolidated Statements of Operations for the Years Ended June 30, 1994, 1993 and 1992.....	F-4
Consolidated Statements of Shareholder-Members' Equity as of June 30, 1992, 1993 and 1994.....	F-5
Consolidated Statements of Cash Flows for the Years Ended June 30, 1994, 1993 and 1992.....	F-6
Notes to Consolidated Financial Statements.....	F-7

</TABLE>

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and

the Shareholders of
Mississippi Chemical Corporation:

We have audited the accompanying consolidated balance sheets of Mississippi Chemical Corporation (a Mississippi corporation) and subsidiaries as of June 30, 1994 and 1993, and the related consolidated statements of operations, shareholder-members' equity and cash flows for each of the three years ended June 30, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mississippi Chemical Corporation and subsidiaries as of June 30, 1994 and 1993, and the results of their operations and their cash flows for each of the three years ended June 30, 1994, in conformity with generally accepted accounting principles.

As further explained in Note 1 to the consolidated financial statements, the Company has given cumulative effect to the change in accounting for income taxes under Statement of Financial Accounting Standards No. 109.

/s/ Arthur Andersen & Co.

Memphis, Tennessee,

July 29, 1994.

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MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	JUNE 30	
	1994	1993
	(DOLLARS IN THOUSANDS)	
ASSETS	<C>	<C>
Current assets:		
Cash and cash equivalents.....	\$ 23,219	\$ 22,014
Accounts receivable.....	28,659	26,394
Inventories.....	33,990	34,744
Prepaid expenses and other current assets.....	3,981	3,686
Deferred income tax benefit.....	9,682	--

Total current assets.....	99,531	86,838
Investments and other assets:		
National Bank for Cooperatives.....	7,441	4,813
Other.....	9,813	16,960
	-----	-----
Total investments and other assets.....	17,254	21,773
Properties held for sale.....	66,928	66,928
Property, plant and equipment, at cost, less accumulated depreciation, depletion and amortization.....	114,717	120,514
	-----	-----
	\$298,430	\$296,053
	=====	=====

<CAPTION>

LIABILITIES AND SHAREHOLDER-MEMBERS' EQUITY

<S>	<C>	<C>
Current liabilities:		
Long-term debt due within one year.....	\$ 2,948	\$ 11,237
Notes payable.....	7,030	4,625
Accounts payable.....	28,569	24,225
Accrued liabilities.....	11,297	10,129
Patronage refunds payable.....	14,756	13,820
	-----	-----
Total current liabilities.....	64,600	64,036
Long-term debt.....	57,217	52,357
Other long-term liabilities and deferred credits.....	24,704	18,623
Deferred income tax payable.....	8,953	--
Net liabilities of discontinued operations.....	--	41,463
Commitments and contingencies (see Note 12).....	--	--
Shareholder-members' equity.....	142,956	119,574
	-----	-----
	\$298,430	\$296,053
	=====	=====

</TABLE>

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

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MISSISSIPPI CHEMICAL CORPORATION

AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>

<CAPTION>

	YEAR ENDED JUNE 30		
	1994	1993	1992
	-----	-----	-----
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Net sales.....	\$309,360	\$289,125	\$239,657
Operating expenses:			
Cost of products sold.....	217,809	213,715	152,324
Provision for closure of gypsum disposal area..	6,055	--	--
Selling.....	29,339	28,940	27,731
General and administrative.....	18,252	17,290	18,798

	271,455	259,945	198,853
Operating income.....	37,905	29,180	40,804
Other (expense) income:			
Interest, net.....	(3,991)	(3,569)	(3,930)
Restructuring.....	(1,402)	--	--
Other.....	421	767	(531)
Margins from continuing operations before income taxes and cumulative effect of change in accounting principle.....	32,933	26,378	36,343
Income tax expense.....	6,021	3,697	4,994
Margins from continuing operations before cumulative effect of change in accounting principle.....	26,912	22,681	31,349
Discontinued operations:			
Loss from discontinued operations (less applicable income tax credits of \$5,314, \$4,555 and \$5,898 for fiscal 1994, 1993 and 1992).....	(23,987)	(17,891)	(18,346)
Gain on disposal of discontinued operations (including applicable income tax credits of \$4,030).....	39,747	--	--
Cumulative effect to July 1, 1993, of change in accounting for income taxes.....	(6,149)	--	--
Net margins.....	\$ 36,523	\$ 4,790	\$ 13,003

</TABLE>

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

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MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDER-MEMBERS' EQUITY

<TABLE>

<CAPTION>

	COMMON STOCK			ADDITIONAL CAPITAL		RETAINED DEFICIT	TOTAL
	NITROGEN SERIES	MIXED SERIES	POTASH SERIES	PAID-IN CAPITAL	EQUITY CREDITS		
	(DOLLARS IN THOUSANDS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances,							
June 30, 1991.....	\$26,015	\$1,460	\$568	\$65,731	\$62,469	\$(17,481)	\$138,762
Net margins.....	--	--	--	--	--	13,003	13,003
Cash patronage refunds.....	--	--	--	--	--	(22,895)	(22,895)
Stock issued.....	161	--	--	511	--	--	672
Stock retired.....	--	--	(369)	(861)	--	--	(1,230)
Other.....	--	--	--	--	(117)	--	(117)
Balances,							

June 30, 1992.....	26,176	1,460	199	65,381	62,352	(27,373)	128,195
Net margins.....	--	--	--	--	--	4,790	4,790
Cash patronage refunds.	--	--	--	--	--	(13,820)	(13,820)
Stock issued.....	100	--	--	315	--	--	415
Stock retired.....	--	--	(2)	(4)	--	--	(6)
	-----	-----	-----	-----	-----	-----	-----
Balances,							
June 30, 1993.....	26,276	1,460	197	65,692	62,352	(36,403)	119,574
Net margins.....	--	--	--	--	--	36,523	36,523
Cash patronage refunds.	--	--	--	--	--	(14,756)	(14,756)
Stock issued.....	99	--	360	1,156	--	--	1,615
	-----	-----	-----	-----	-----	-----	-----
Balances,							
June 30, 1994.....	\$26,375	\$1,460	\$557	\$66,848	\$62,352	\$(14,636)	\$142,956
	=====	=====	=====	=====	=====	=====	=====

</TABLE>

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

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MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>

<CAPTION>

	YEAR ENDED JUNE 30		
	1994	1993	1992
	-----	-----	-----
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net margins.....	\$ 36,523	\$ 4,790	\$13,003
Loss from discontinued operations.....	23,987	17,891	18,346
Gain on disposal of discontinued operations.....	(39,747)	--	--
	-----	-----	-----
Net margins from continuing operations.....	20,763	22,681	31,349
Reconciliation of net margins from continuing operations to net cash provided by operating activities:			
Depreciation, depletion and amortization.....	16,967	14,444	12,094
(Gain) loss on sale of property, plant and equipment.....	43	(277)	(440)
Deferred raw material cost.....	23	1,977	--
Accrual for closure of gypsum disposal area...	6,055	--	--
Deferred income tax payable.....	3,302	--	--
Net change in operating assets and liabilities.....	(5,820)	2,702	6,205
Other.....	(1,521)	(378)	(2,035)
	-----	-----	-----
Net cash provided by operating activities.....	39,812	41,149	47,173
Cash flows from investing activities:			
Payments for newsprint contract obligations.....	(4,338)	(4,350)	(3,138)
Purchase of property, plant and equipment.....	(11,232)	(26,448)	(24,045)
Proceeds from sale of property, plant and equipment.....	341	543	838

Disposition of Newsprint South, Inc.....	(10,848)	--	--
Other.....	698	646	(943)
	-----	-----	-----
Net cash used by investing activities.....	(25,379)	(29,609)	(27,288)
Cash flows from financing activities:			
Debt payments.....	(162,183)	(111,606)	(20,541)
Debt proceeds.....	161,160	97,933	28,580
Payment of patronage refunds.....	(13,405)	(22,480)	(27,120)
Redemption of capital equity credits.....	--	--	(7,785)
Proceeds from issuance of common stock.....	1,200	--	--
Purchase of common stock.....	--	--	(1,230)
	-----	-----	-----
Net cash used by financing activities.....	(13,228)	(36,153)	(28,096)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	1,205	(24,613)	(8,211)
Cash and cash equivalents--beginning of period....	22,014	46,627	54,838
	-----	-----	-----
Cash and cash equivalents--end of period.....	\$23,219	\$22,014	\$46,627
	=====	=====	=====

</TABLE>

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

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MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1994

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Financial Statements

The accompanying consolidated financial statements include the accounts of Mississippi Chemical Corporation, its subsidiaries and its proportionate share of the assets and liabilities of Triad Chemical, a 50% owned, unincorporated joint venture (collectively, the "Company"). All material intercompany transactions and balances have been eliminated.

Prior to July 1, 1994, Mississippi Chemical Corporation was organized and operated as a cooperative to manufacture and distribute chemical fertilizer primarily to its shareholder-members. The chemical fertilizer products are primarily used as agricultural fertilizers. Effective July 1, 1994, the Company will no longer operate as a cooperative (see Note 2).

The Company has the right to withdraw, at cost, one-half of the production of the Triad facilities and is obligated to withdraw certain minimum quantities as specified by the Production Withdrawal Agreement. The venture's assets constitute approximately 2.6% of total assets at June 30, 1994, and 2.8% at June 30, 1993.

On June 30, 1994, the Company disposed of a majority of its interest in Newsprint South, Inc. ("NSI"), the Company's newsprint manufacturing subsidiary.

Inventories

Inventories are stated at the lower of cost or market. Cost has been determined under an average cost method for finished products and raw materials and under a moving average method for replacement parts.

Investment

Investment in the National Bank for Cooperatives is stated at its net present value determined by applying a discount factor to an assumed redemption schedule. The value of this investment will be realized over a period of approximately five years since the National Bank for Cooperatives redeems its equity in the normal course of its operations.

Property Held for Sale

Assets are classified as property held for sale if the Company is actively engaged in trying to dispose of the assets. These assets are valued at the lower of cost or net realizable value.

Property, Plant and Equipment

Depreciation of property, plant and equipment is provided over the estimated useful lives of the related assets using primarily the declining-balance method.

Interest costs attributable to major construction and other projects under development are capitalized in the appropriate property account and amortized over the life of the related asset.

The Company is obligated under certain leases which for accounting purposes are considered to be equivalent to installment purchases. The costs of such properties are included in property, plant and

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MISSISSIPPI CHEMICAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

equipment. The related lease obligations, less amounts due within one year, are set forth separately in long-term debt.

Income Taxes

The provision for income taxes relates to margins from non-member business and such other earnings as may not be currently taxable to members. A provision for income taxes is made on margins from member business as they relate to nonqualified capital equity credits and reserves. No provision for income taxes has been made on margins from member business distributed as cash patronage refunds which are deductible in determining taxable income.

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes", which the Company adopted effective July 1, 1993. The cumulative effect of this change in accounting principle decreased margins by \$6,149,000 for fiscal 1994.

Hedging Activities

From time to time, the Company enters into futures contracts to protect against price fluctuations of natural gas and diammonium phosphate. At the time the futures contracts are closed and the related natural gas is purchased or diammonium phosphate is sold, the Company records the change in market value of such contracts.

Reclassifications

The Company has reclassified the presentation of certain prior year information to conform with the current year's presentation.

NOTE 2--EFFECTS OF REORGANIZATION:

On June 28, 1994, the shareholder-members of the Company voted to adopt a plan of reorganization (the "Reorganization") which became effective July 1, 1994. Pursuant to the Reorganization, the Company was merged into a newly created wholly owned subsidiary ("New Company") which is a noncooperative Mississippi business corporation. In the merger, the common stock of the Company was converted into New Company common stock and/or cash. In addition, holders of Capital Equity Credits and Allocated Surplus Accounts of the Company were offered the right to exchange those interests for New Company common stock. Pursuant to the Reorganization, New Company changed its name to Mississippi Chemical Corporation.

NOTE 3--INVENTORIES:

Inventories consisted of the following:

<TABLE>
<CAPTION>

	JUNE 30	
	1994	1993
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Finished products.....	\$ 7,518	\$ 8,596
Raw materials and supplies.....	2,851	3,281
Replacement parts.....	23,621	22,867
	\$33,990	\$34,744
	=====	=====

</TABLE>

MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-- (CONTINUED)

NOTE 4--PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consisted of the following:

<TABLE>
<CAPTION>

JUNE 30

	1994	1993
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Mineral properties.....	\$ 18,574	\$ 18,574
Land.....	8,092	8,094
Buildings.....	23,089	23,835
Machinery and equipment.....	311,698	301,633
Construction in progress.....	5,539	5,887
	366,992	358,023
Less accumulated depreciation, depletion and amortization.....	(252,275)	(237,509)
	\$ 114,717	\$ 120,514

</TABLE>

The Company leases certain machinery and equipment with a cost of approximately \$9,967,000 and accumulated depreciation of \$9,668,000 for periods ranging from 5 to 25 years. These leases have been capitalized and the amortization of these assets is included in depreciation expense. These assets were financed primarily by industrial revenue bond issues. At the expiration of the leases, the Company has the option to buy the property or renew the leases at nominal amounts.

NOTE 5--CREDIT AGREEMENTS AND LONG-TERM DEBT:

The Company has commitments from various banks which allow the Company to borrow up to \$55,000,000 on a short-term basis. Outstanding borrowings under these commitments were \$7,030,000 at June 30, 1994 and \$4,625,000 at June 30, 1993. Lines of credit totaling \$35,000,000 available through the National Bank for Cooperatives will expire in October 1994, and will not be renewed since the Company is no longer an eligible borrower.

The Company also has a \$50,000,000 revolving credit facility with NationsBank, a portion of which converts to term debt on June 30, 1996. Any outstanding balance on this facility bears interest at the prime rate or for fixed periods at interest rates related to the London Interbank Offered Rates ("LIBOR") or U.S. Treasury notes. Outstanding borrowings under this commitment were \$25,000,000 at June 30, 1994 and \$5,000,000 at June 30, 1993.

Long-term debt consisted of the following:

<TABLE>
<CAPTION>

	JUNE 30			
	1994	1993		
	(DOLLARS IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>
NationsBank Revolving Facility (7.3%).....	\$25,000	\$ 5,000		
National Bank for Cooperatives Term Loan (9.8%).....	12,500	32,800		
Capitalized lease obligations (7.0%).....	15,917	17,607		
Subordinated debentures (9.5%).....	3,148	3,148		

Other notes payable.....	3,600	5,039
	-----	-----
	60,165	63,594
Long-term debt due within one year.....	(2,948)	(11,237)
	-----	-----
	\$57,217	\$52,357
	=====	=====

</TABLE>

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MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Substantially all of the assets of the Company are pledged as collateral under various loan and lease agreements.

The various loan agreements have covenants that require, among other things, that the Company maintain specified levels of tangible assets to long-term debt, long-term debt to equity and current assets to current liabilities. The Company is in compliance with all covenants under its various loan agreements.

Maturities of long-term debt are as follows:

<TABLE>

<CAPTION>

YEAR ENDING JUNE 30	LONG-TERM OBLIGATIONS	CAPITALIZED LEASES (INCLUDING INTEREST)
-----	-----	-----
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
1995.....	\$ 1,400	\$ 2,568
1996.....	6,600	2,478
1997.....	31,300	2,161
1998.....	600	1,997
1999.....	600	1,919
Thereafter.....	3,748	10,721
	-----	-----
	44,248	21,844
Less interest.....	--	(5,927)
	-----	-----
	\$44,248	\$15,917
	=====	=====

</TABLE>

NOTE 6--SHAREHOLDER-MEMBERS' EQUITY:

Common stock authorized consisted of the following at June 30, 1994:

<TABLE>

<CAPTION>

COMMON STOCK	PAR VALUE	AUTHORIZED SHARES
-----	-----	-----
<S>	<C>	<C>
Nitrogen Series I.....	\$30	50,000
Nitrogen Series II.....	15	2,500,000
Nitrogen Series III.....	2	2,750,000
Mixed Series IV.....	15	1,500,000

Mixed Series V.....	15	1,000,000
Potash Series VI.....	15	150,000
Potash Series VII (None Issued).....	15	450,000

</TABLE>

Common stock issued and outstanding consisted of the following:

<TABLE>

<CAPTION>

	NITROGEN SERIES			MIXED SERIES		POTASH SERIES
	I	II	III	IV	V	VI
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Shares outstanding, June 30, 1991.....	12,159	1,369,812	2,551,301	94,537	2,773	37,878
Retirements.....	--	--	--	--	--	(24,601)
Issues.....	--	10,768	--	--	--	--
Transfers.....	(649)	--	9,735	--	--	--
Shares outstanding, June 30, 1992.....	11,510	1,380,580	2,561,036	94,537	2,773	13,277
Retirements.....	--	--	--	--	--	(122)
Issues.....	--	6,634	--	--	--	--
Transfers.....	(609)	--	9,135	--	--	--
Shares outstanding, June 30, 1993.....	10,901	1,387,214	2,570,171	94,537	2,773	13,155
Issues.....	--	6,642	--	--	--	24,001
Transfers.....	(751)	--	11,265	--	--	--
Shares outstanding, June 30, 1994.....	10,150	1,393,856	2,581,436	94,537	2,773	37,156

</TABLE>

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MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-- (CONTINUED)

During June 1994 and 1993, the Board of Directors voted to reserve 40% and 50%, respectively, of the earnings from business with shareholders. These reserves are reflected in "Allocated Surplus Accounts" maintained by the Company, and amounts set aside in these accounts are allocated to individual shareholders in the same proportion that the earnings from business with such shareholders bears to total earnings from business with all shareholders. The holders of Allocated Surplus Accounts, which totalled \$38,920,000 and \$29,083,000 at June 30, 1994 and 1993, respectively, were offered the right to exchange those accounts for common shares in the Reorganization (see Note 2). The allocated surplus is a component of retained deficit which is included in the consolidated statements of shareholder-members' equity.

Nonqualified capital equity credits issued in 1981 were redeemed in fiscal 1992. The redemption of capital equity credits was at the discretion of the Board of Directors and was based on the financial condition and capital requirements of the Company, the availability of funds under restrictive

covenants in the Company's financing arrangements, tax considerations and other factors. The Board of Directors did not elect to redeem capital equity credits in fiscal 1993 or fiscal 1994. The holders of Capital Equity Credits were offered the right to exchange those interests for common shares in the Reorganization (see Note 2).

NOTE 7--RETIREMENT PLANS:

The Company maintains non-contributory defined benefit pension plans which provide benefits to substantially all full-time employees. Under the plans, retirement benefits are primarily a function of both the average annual compensation and number of years of credited service. The plans are funded annually by the Company, subject to the full funding limitation.

Net periodic pension (credit) expense includes the following components:

<TABLE>

<CAPTION>

	YEAR ENDED JUNE 30		
	1994	1993	1992
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Service cost--benefits earned during the period..	\$ 1,532	\$ 1,489	\$ 1,354
Interest cost on projected benefit obligations...	4,035	3,767	3,515
Actual gain on plan assets.....	(3,059)	(5,824)	(5,119)
Net amortization and deferral of transition assets.....	(750)	(390)	(335)
Unrecognized gain (loss) on plan assets.....	(1,982)	1,176	807
Net periodic pension (credit) expense.....	\$ (224)	\$ 218	\$ 222

</TABLE>

MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The following table sets forth the plans' funded status and the amounts included in the Company's consolidated balance sheets:

<TABLE>

<CAPTION>

	JUNE 30	
	1994	1993
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Actuarial present value of benefit obligations:		
Vested benefit obligation.....	\$49,017	\$45,988
Non-vested benefit obligation.....	56	72
Accumulated benefit obligation.....	49,073	46,060
Increase in benefits due to future compensation		

increases.....	11,588	8,991
	-----	-----
Projected benefit obligation.....	60,661	55,051
Estimated fair value of plan assets.....	61,281	60,304
	-----	-----
Plan assets in excess of projected benefit obligation.....	620	5,253
Contributions after measurement date.....	303	--
Remaining unrecognized transition assets.....	(4,232)	(4,761)
Unrecognized net loss.....	9,850	4,394
	-----	-----
Prepaid pension cost at end of period.....	\$ 6,541	\$ 4,886
	=====	=====

</TABLE>

The following assumptions were used to measure net periodic pension cost for the plans for fiscal 1994, 1993 and 1992:

<TABLE>

<S>	<C>
Discount rate.....	7.5%
Expected long-term rate of return on assets.....	8.5%
Average increase in compensation levels.....	6.5%

</TABLE>

The plans' assets consist primarily of guaranteed investment contracts and marketable equity securities.

The Company also has contributory thrift plans covering substantially all employees who have completed minimum service requirements. Company contributions totalled approximately \$811,000 in 1994, \$670,000 in 1993, and \$590,000 in 1992.

The Company has no material post-retirement benefit obligations.

NOTE 8--LEASE COMMITMENTS:

The Company has commitments under operating leases for plant rolling stock items and storage warehouses.

MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The following is a schedule of the future minimum rental payments required under operating leases that have noncancellable lease terms in excess of one year as of June 30, 1994:

<TABLE>

<CAPTION>

<S>	(DOLLARS IN THOUSANDS)
<C>	<C>
Year Ending June 30:	
1995.....	\$ 771
1996.....	276
1997.....	93
1998.....	6

1999.....	6
Thereafter.....	93

	\$1,245
	=====

</TABLE>

Rental expense for all operating leases was \$1,218,000 for 1994, \$1,144,000 for 1993, and \$1,036,000 for 1992.

NOTE 9--INCOME TAXES:

The following is a summary of the components of the provision for income taxes:

<TABLE>
<CAPTION>

	YEAR ENDED JUNE 30		
	1994	1993	1992
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Current:			
Federal.....	\$8,862	\$3,408	\$4,697
State and local.....	223	289	297
	-----	-----	-----
	\$9,085	3,697	4,994
Deferred:			
Federal.....	(3,423)	--	--
State and local.....	359	--	--
	-----	-----	-----
	(3,064)	--	--
	-----	-----	-----
	\$6,021	\$3,697	\$4,994
	=====	=====	=====

</TABLE>

The tax effects of the significant temporary differences and tax credit carryforwards at June 30, 1994 follows:

<TABLE>
<CAPTION>

	CURRENT	NON-CURRENT
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Federal and state net operating loss carryforwards.....	\$1,842	\$ 400
Alternative minimum tax credit.....	2,542	1,647
Employee benefit obligations.....	1,666	--
Accrual for closure of gypsum disposal area.....	--	2,301
Settlement of future newsprint contract obligations.....	3,326	--
Other.....	306	656
	-----	-----
Deferred tax assets.....	9,682	5,004
Depreciation and amortization.....	--	(12,135)
Pension.....	--	(1,822)
	-----	-----

Deferred tax liabilities.....	--	(13,957)
	-----	-----
Net deferred tax asset (liability).....	\$9,682	\$(8,953)
	=====	=====

</TABLE>

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MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

A reconciliation, as of June 30, of the benefit for income taxes and the effective tax rate with the amount computed by applying the statutory federal income tax rate follows:

<TABLE>

<CAPTION>

	1994		1993		1992	
	% OF EARNINGS BEFORE TAXES		% OF EARNINGS BEFORE TAXES		% OF EARNINGS BEFORE TAXES	
	AMOUNT		AMOUNT		AMOUNT	
	(DOLLARS IN THOUSANDS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Income taxes computed at statutory rate.....	\$11,427	34.7%	\$8,969	34.0%	\$12,357	34.0%
Increase (decrease) in taxes resulting from:						
Deduction for cash patronage refunds.....	(5,017)	(15.2)	(4,873)	(18.5)	(7,784)	(21.4)
State taxes, net.....	(582)	(1.8)	194	0.7	211	0.6
Other, net.....	193	0.6	(435)	(1.6)	10	--
	-----	-----	-----	-----	-----	-----
	6,021	18.3	3,855	14.6	4,794	13.2
Non-deductible loss of subsidiaries.....	--	--	(158)	(0.6)	200	0.6
	-----	-----	-----	-----	-----	-----
	\$ 6,021	18.3%	\$3,697	14.0%	\$ 4,994	13.8%
	=====	=====	=====	=====	=====	=====

</TABLE>

In connection with an Internal Revenue Service audit of fiscal years 1985 through 1987, the Company, on June 11, 1990, received an Examination Report which proposed adjustments totalling approximately \$3,300,000 to the Company's tax liability for tax years 1983, 1984 and 1985. Interest on the proposed deficiencies would be approximately \$3,503,000 through June 30, 1994. It is the Service's position that Section 277 of the Internal Revenue Code prohibits non-exempt cooperatives from carrying back losses incurred on patronage business. It is the Company's position that, as a matter of law, Section 277 does not apply to the Company. On July 9, 1990, the Company filed with the District Director of the Internal Revenue Service its protest of the proposed deficiency. The Company believes it has meritorious defenses against the claimed assessments and intends to vigorously defend its position in this matter. If the Company is unsuccessful, the relevant losses may be carried forward to succeeding tax years.

NOTE 10--RAW MATERIAL CONTRACTS:

During 1987, the Company entered into a contract to purchase natural gas for the Yazoo City plant. Payments for gas deliveries under the contract were based on certain fixed and market-related components. On March 31, 1994, this contract expired; however, the supplier continues to furnish natural gas under the terms of the contract for a 180-day "renegotiation period" to allow the opportunity for structuring a new contract. The Company and the supplier are currently discussing a new arrangement for the supply of gas to the Yazoo City plant.

Mississippi Phosphates Corporation ("MPC"), a wholly owned subsidiary of the Company, has entered into a contract to purchase from a third party its full requirement of phosphate rock. The contract will expire on June 30, 2003. The purchase price for phosphate rock is based on the phosphate rock costs incurred by certain domestic phosphate producers and the operating performance of MPC.

NOTE 11--MAJOR CUSTOMERS AND EXPORT SALES:

Sales to the Company's three largest customers were approximately \$83,366,000, \$33,513,000 and \$13,696,000 for 1994; \$79,150,000, \$32,957,000 and \$13,860,000 for 1993; and \$36,034,000, \$32,080,000 and \$13,879,000 for 1992. Export sales were less than 10% of sales in 1994, 1993 and 1992.

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MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Substantially all of MPC's sales are made to a third party which has been appointed the exclusive distributor of diammonium phosphate fertilizer produced by MPC. Sales to the distributor are recorded net of the distributor's commission. The distributor sells primarily in international markets.

NOTE 12--COMMITMENTS AND CONTINGENCIES:

A significant portion of the Company's trade receivables are due from entities which operate in the chemical fertilizer and farm supply industry. A severe downturn in the agricultural economy could have an adverse impact on the collectibility of those receivables.

During 1990, the Company entered into an agreement granting a third party the exclusive option, for a period of four years, to purchase the Company's undeveloped phosphate rock property of approximately 12,000 acres. As of July 12, 1994, the Company and the option holder entered into new agreements with respect to this property whereby the Company conveyed a portion of the property to the third party and granted to the third party the exclusive option to purchase the remaining portion of the property. In addition, the Company was granted a put option whereby the Company has the right and option to sell the remaining portion of the property to the third party if the third party does not exercise its option to purchase the remaining property and was granted an exclusive option to repurchase the previously conveyed portion in the event the third party does not exercise its option and the Company does not exercise its put option. These properties are classified as property held for sale at June 30, 1994 and 1993.

On July 15, 1986, the first of 17 lawsuits was filed in the Twenty-first

Judicial District Court, Parish of Livingston, State of Louisiana, against Triad Chemical and approximately 90 other named defendants by numerous plaintiffs. The plaintiffs' claims are based on alleged personal injuries and property damages as a result of exposure to hazardous waste allegedly contributed by the defendants to the Combustion, Inc. site in Livingston Parish, Louisiana. Triad is vigorously defending its position in these proceedings and considers its defenses meritorious. No provision for claims being made is included in the accompanying financial statements because management is of the opinion that the ultimate disposition of this matter will not involve a material loss to the Company.

Additionally, the Company, in the ordinary course of its business, is the subject of, or a party to, other various pending or threatened legal actions. The Company believes that any ultimate liability arising from these actions will not have a significant impact on the future earnings of the Company.

NOTE 13--SUPPLEMENTAL CASH FLOW INFORMATION:

The Company considers its holdings of highly liquid money market debt instruments to be cash equivalents if the securities mature within 90 days from the date of acquisition. These short-term investments were \$21,500,000 at June 30, 1994, and \$18,347,000 at June 30, 1993.

Net refunds of income taxes were \$149,000 in 1994, \$180,000 in 1993 and \$480,000 in 1992. Payments of interest (net of amounts capitalized) were \$4,705,000 in 1994, \$5,266,000 in 1993 and \$5,755,000 in 1992.

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MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The increase in cash due to the changes in operating assets and liabilities consisted of the following:

<TABLE>
<CAPTION>

	JUNE 30		
	1994	1993	1992
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Accounts receivable.....	\$ (2,265)	\$ (2,052)	\$1,914
Inventories.....	754	740	(7,736)
Prepaid expenses and other current assets.....	(295)	1,949	3,386
Accounts payable.....	(6,407)	3,764	7,983
Accrued interest.....	(284)	(483)	(130)
Accrued liabilities.....	2,677	(1,216)	788
	=====	=====	=====
	\$ (5,820)	\$ 2,702	\$6,205
	=====	=====	=====

</TABLE>

Supplemental disclosures regarding non-cash financing and investing activities include the following:

<TABLE>

<CAPTION>

	YEAR ENDED JUNE 30		
	1994	1993	1992
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Capital expenditures made from restricted funds.....	\$1,000	\$ 1,000	\$7,790
Net option proceeds deposited in restricted funds.....	\$1,000	\$ 1,000	\$2,000
Capital expenditures financed by issuance of long-term debt.....	--	--	\$ 980
Stock issued for consideration other than cash.....	\$ 99	\$ 411	\$ 672
Note payable converted to long-term debt.....	--	\$10,000	--
Accrued liability transferred to long-term liability..	\$1,258	--	--
Long-term liability transferred to accounts payable...	\$2,000	--	--

</TABLE>

NOTE 14--OTHER LONG-TERM LIABILITIES AND DEFERRED CREDITS:

Other long-term liabilities and deferred credits are comprised of the following:

<TABLE>

<CAPTION>

	JUNE 30	
	1994	1993
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Option proceeds.....	\$13,967	\$12,967
Accrual for closure of gypsum disposal area.....	6,055	--
Other.....	4,682	5,656
	\$24,704	\$18,623
	=====	=====

</TABLE>

During fiscal 1994, MPC charged to earnings \$6,055,000 relating to the estimated cost of the future closure of the phosphogypsum disposal facility located at Pascagoula. In future years, MPC expects to record additional charges of approximately \$3,000,000 related to the future closure of the facility. The current charge of \$6,055,000 relates to the portion of the disposal facility utilized to date, and the estimated future charges of approximately \$3,000,000 will be accrued over the estimated six-year remaining life of the facility.

NOTE 15--DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Cash and Cash Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

Accounts Receivable and Payable

The carrying amounts approximate fair value because of the short settlement periods of these instruments.

Long-Term Debt

The fair value of the Company's long-term debt is estimated based on the current rates offered to the Company for debt of the same remaining maturities.

The estimated fair value of the Company's long-term debt instruments at June 30, 1994 is \$56,130. The carrying amount of the long-term debt is \$57,217.

NOTE 16--INTEREST EXPENSE, NET:

Interest expense, net of interest income, consisted of the following:

<TABLE>
<CAPTION>

	YEAR ENDED JUNE 30		
	1994	1993	1992
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Interest expense.....	\$6,356	\$5,994	\$6,523
Interest capitalized.....	(2)	(1,027)	(664)
Interest income.....	(2,363)	(1,398)	(1,929)
	-----	-----	-----
	\$3,991	\$3,569	\$3,930
	=====	=====	=====

</TABLE>

NOTE 17--DISCONTINUED OPERATIONS:

On June 30, 1994, the Company disposed of a majority of its interest in NSI. This action was taken due to substantial losses incurred to date by NSI and the expectation of continuing losses. The transaction involved a transfer by the Company of 70% of its economic interest in NSI to various individuals designated by the lessor of the newsprint facility leveraged lease. The Company will not retain any voting interest in NSI.

Under the terms of the transaction, the Company paid \$19,000,000 to NSI in various forms including capital contributions, payments in liquidation of the Company's obligations under a newsprint purchase contract and certain tax-compensating payments pursuant to a tax-sharing agreement. Prior loans in the amount of approximately \$13,700,000 made by the Company to NSI pursuant to a newsprint purchase contract between the Company and NSI were converted to capital. Pursuant to the transaction, the Company also purchased from NSI its CoBank common stock for \$4,000,000. This stock is scheduled for redemption at the face amount by CoBank during the next five years.

The disposition of NSI will allow the Company to focus its attention on its core fertilizer business.

Prior to the disposition, the Company had consolidated the financial results of NSI which had a capital deficit of \$39,747,000 at the time of disposition. Since the Company has no further obligations with respect

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MISSISSIPPI CHEMICAL CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-- (CONCLUDED)

to NSI, the previously recorded deficit was eliminated which resulted in a gain on disposition of \$39,747,000. Subsequent to the disposition, the remaining 30% economic interest will be accounted for at cost which is zero at June 30, 1994.

To facilitate analysis, the accompanying summarized financial information of NSI for fiscal 1994, 1993 and 1992 was as follows:

<TABLE>
<CAPTION>

	1994	1993	1992
	-----	-----	-----
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Balance sheets:			
Current assets.....	\$ 27,735	\$ 20,416	\$ 18,698
	=====	=====	=====
Total assets.....	\$ 49,950	\$ 33,938	\$ 32,753
	=====	=====	=====
Current liabilities.....	\$ 33,551	\$ 15,048	\$ 13,896
	=====	=====	=====
Total liabilities.....	\$ 95,301	\$ 75,401	\$ 56,325
	=====	=====	=====
Net deficit.....	\$ (45,351)	\$ (41,463)	\$ (23,572)
	=====	=====	=====
Statements of operations:			
Net sales.....	\$ 94,617	\$ 96,963	\$ 95,472
	=====	=====	=====
Net loss.....	\$ (23,987)	\$ (17,891)	\$ (18,346)
	=====	=====	=====

</TABLE>

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

All fees and expenses will be paid by the Company. The following expenses (other than the SEC and NASD fees) are estimated:

<TABLE>

<S>	<C>
SEC registration fee.....	\$ 29,504

NASD filing fee.....	9,056
Nasdaq Stock Market's National Market application fee.....	50,000
Printing expenses.....	70,000
Fees and expenses of counsel.....	150,000
Fees and expenses of accountants.....	130,000
Transfer agent and registrar fees.....	5,000
Blue sky fees and expenses.....	15,000
Miscellaneous.....	41,440

Total.....	\$500,000
	=====

</TABLE>

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) EXHIBITS:

<TABLE>

<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----	
<C>	<S>	<C>
1.	Underwriting Agreement.	
3.1	Articles of Incorporation of the Company.	
3.2	By-laws of the Company.	
4.7	Specimen of the Company's 9 1/2% Subordinated Note Due July 1, 1999 (incorporated herein by reference to Exhibit 4.7 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	
4.8	Term Loan Agreement Number 6420 dated August 25, 1987, between the Company's subsidiary, Newsprint South, Inc., and Jackson Bank for Cooperatives (now National Bank for Cooperatives) in an amount not to exceed \$4,700,000, as amended and restated by Amendment to Loan Agreement Number 6420(A) dated February 2, 1989 (incorporated herein by reference to Exhibit 4.8 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	
4.9	Line of Credit Agreement Number 6899 dated December 13, 1991, between the Company's subsidiary, Newsprint South, Inc., and National Bank for Cooperatives, for a revolving line of credit in an amount equal to the lesser of the Borrowing Base (as defined in Section 6 thereof) or \$10,680,000, as amended by Amendment Number 6899(A) dated June 12, 1992, and Amendment Number 6899(B) dated December 18, 1992, which increased the line of credit to \$10,992,000 (incorporated herein by reference to Exhibit 4.9 to the Company's Annual Report on Form 10-K for the fiscal year ended on June 30, 1993, File No. 2-7803).	
4.10	Term Loan Agreement Number 6939 dated October 19, 1992, between the Company's subsidiary, Mississippi Phosphates Corporation, and National Bank for Cooperatives and the Company as co-maker in an aggregate principal amount not to exceed \$10,000,000 (incorporated herein by reference to Exhibit 4.10 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	

</TABLE>

<TABLE>

<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----	<C>
<C>	<S>	
4.11	Line of Credit Agreement Number 6871 dated September 30, 1991, between the Company and National Bank for Cooperatives for a revolving line of credit in the amount of \$10,000,000, as amended by Amendment Number 6871(A) dated October 20, 1992, which increases the line of credit to \$15,000,000 (incorporated herein by reference to Exhibit 4.11 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	
4.12	Amendment Number 6392(A) dated November 2, 1987, and Amendment Number 6392(B) dated April 20, 1988, to Loan Agreement Number 6392 dated as of April 24, 1987, between the Company and the Jackson Bank for Cooperatives (now the National Bank for Cooperatives) (incorporated herein by reference to Exhibit 4.12 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	
4.13	Loan Agreement Number 6392 dated as of April 24, 1987, between the Company and Jackson Bank for Cooperatives (now the National Bank for Cooperatives) in a principal amount not to exceed \$35,000,000 (incorporated herein by reference to Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1987, File No. 2-7803).	
4.14	Revolving Credit/Term Loan Agreement dated August 6, 1992, between the Company and NationsBank of Tennessee, purchaser of the Company's Series I Secured Note, Due June 30, 1999, in the aggregate principal amount of \$20,000,000; filed as Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1992, File No. 2-7803, and incorporated herein by reference thereto.	
4.15	Note Purchase Agreement dated as of December 26, 1989, between the Company and John Hancock Variable Life Insurance Company, purchaser of the Company's 9.97% Secured Notes, Series H, Due 1999, in the aggregate principal amount of \$6,000,000; filed as an exhibit to Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 2-7803, and incorporated herein by reference thereto.	
4.16	Twelfth Supplemental Indenture dated as of August 6, 1992, between the Company and Deposit Guaranty National Bank; filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1992, File No. 2-7803, and incorporated herein by reference thereto.	
4.17	Eleventh Supplemental Indenture dated as of July 16, 1990, between the Company and Deposit Guaranty National Bank, together with Exhibit A thereto, being an Agreement for Real Estate Purchase Option dated July 16, 1990, for the sale of the Company's Hardee County, Florida, property and underlying phosphate reserves; filed as Exhibit 4.2 to Amendment No. 1 of the Company's Report on Form 8 dated	

November 7, 1990, File No. 2-7803, and incorporated herein by reference thereto.

- 4.18 Tenth Supplemental Indenture dated as of December 26, 1989, between the Company and Deposit Guaranty National Bank, together with Exhibit A thereto, being a Note Purchase Agreement dated as of December 26, 1989, between the Company and John Hancock Variable Life Insurance Company, purchaser of the Company's 9.97% Secured Notes, Series H, Due 1999, in the aggregate principal amount of \$6,000,000; filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 2-7803, and incorporated herein by reference thereto.
- 4.19 Ninth Supplemental Indenture dated as of February 23, 1988, between the Company and Deposit Guaranty National Bank; filed as Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1988, File No. 2-7803, and incorporated herein by reference thereto.

</TABLE>

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<TABLE>

<CAPTION>

EXHIBIT
NUMBER

DESCRIPTION

<C>	<S>	<C>
4.20	Eighth Supplemental Indenture dated as of May 15, 1983, between the Company and Deposit Guaranty National Bank; filed as Exhibit 4.1 to Post-Effective Amendment No. 3 to Registration Statement No. 2-71827 and incorporated herein by reference thereto.	
4.21	Seventh Supplemental Indenture dated as of October 1, 1979, between the Company and Deposit Guaranty National Bank; filed as Exhibit 2 to Post-Effective Amendment No. 3 to Registration Statement No. 2-57390 and incorporated herein by reference thereto.	
4.22	Sixth Supplemental Indenture dated as of September 1, 1979, between the Company and Deposit Guaranty National Bank, filed as Exhibit 3 to Post-Effective Amendment No. 3 to Registration Statement No. 2-57390 and incorporated herein by reference thereto.	
4.23	Fifth Supplemental Indenture dated as of June 1, 1978, between the Company and Deposit Guaranty National Bank; filed as Exhibit 7 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1979, File No. 2-7803, and incorporated herein by reference thereto.	
4.24	Fourth Supplemental Indenture dated as of May 1, 1978, between the Company and Deposit Guaranty National Bank; filed as Exhibit 9 to Post-Effective Amendment No. 2 to Registration Statement No. 2-57390 and incorporated herein by reference thereto.	
4.25	Third Supplemental Indenture dated as of June 28, 1977, between the Company and Deposit Guaranty National Bank; filed as Exhibit 6 to Post-Effective Amendment No. 1 to Registration Statement No. 2-57390 and incorporated herein by reference thereto.	
4.26	Second Supplemental Indenture dated as of September 30, 1976, among the Company, New Orleans Bank for Coopera-	

- tives, John H. Farrelly and Deposit Guaranty National Bank; filed as Exhibit 6 to Registration Statement No. 2-57390 and incorporated herein by reference thereto.
- 4.27 First Supplemental Indenture, dated as of September 7, 1976, among the Company, New Orleans Bank for Cooperatives, John H. Farrelly and Deposit Guaranty National Bank; filed as Exhibit 3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1976, File No. 2-7803, and incorporated herein by reference thereto.
- 4.28 Note Purchase Agreement effective as of September 1, 1976, between the Company and the Purchasers of the Company's 9 1/2% Secured Notes, Series B, Due 1996, in the aggregate principal amount of \$35,000,000, together with Exhibits A and B thereto; filed as Exhibit 2 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1976, File No. 2-7803, and incorporated herein by reference thereto.
- 4.29 Indenture dated as of May 1, 1989, between the Company and Sunburst Bank, as Trustee, for the issuance by the Company and 9 1/2% subordinated notes, due July 1, 1999, in the aggregate principal amount of \$11,061,000; filed as Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1989, File No. 7-2803, and incorporated herein by reference thereto.
- 4.30 Mississippi Chemical Corporation 1994 Stock Incentive Plan.
- 4.31 Form of Preferred Stock Rights Plan.
5. Opinion re Legality.
- 10.1 First Supplement to Lease Agreement dated as of June 30, 1992, to the Lease Agreement dated as of September 28, 1989, among Newsprint South, Inc., The First National Bank of Boston, and G. Patrick McEnroe, as Trustees (incorporated herein by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).

</TABLE>

II-3

<TABLE>

<CAPTION>

EXHIBIT
NUMBER

DESCRIPTION

<C>

<S>

<C>

- 10.2 Second Supplement to Lease Agreement dated as of July 15, 1992, to the Lease Agreement dated as of September 28, 1989, among Newsprint South, Inc., The First National Bank of Boston, and G. Patrick McEnroe, as Trustees (incorporated herein by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).
- 10.3 Amendment of Agreement, effective as of July 1, 1993, to the Agreement entered into as of October 1, 1991, by the Company's subsidiary, Mississippi Phosphates Corporation, for the exclusive distribution of diammonium phosphate produced by Mississippi Phosphates Corporation (incorporated herein by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June

- 30, 1993, File No. 2-7803).(1)
- 10.4 Amendment to Joint Venture Agreement entered into by the Company and First Mississippi Corporation effective as of May 28, 1993 (incorporated herein by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).
- 10.5 Amendment to Products Withdrawal Agreement entered into by the Company and First Mississippi Corporation effective as of May 28, 1993 (incorporated herein by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).
- 10.6 Agreement effective as of October 1, 1991, by the Company's subsidiary, Mississippi Phosphates Corporation for the exclusive distribution of diammonium phosphate produced by Mississippi Phosphates Corporation; filed as Exhibit 10.1 to Amendment No. 1 to the Company's Report on Form 8 dated January 7, 1993, File No. 2-7803, and incorporated herein by reference thereto.(2)
- 10.7 Agreement made and entered into as of September 15, 1991, between Office Cherifien des Phosphates and Mississippi Phosphates Corporation for the sale and purchase of phosphate rock; filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1991, File No. 2-7803, and incorporated herein by reference thereto.(3)
- 10.8 Lease Agreement dated as of September 28, 1989, among Newsprint South, Inc., The First National Bank of Boston, and G. Patrick McEnroe, as Trustees; filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 2-7803, and incorporated herein by reference thereto.
- 10.9 Agreement for Real Estate Purchase Option dated July 16, 1990, for the sale of the Company's Hardee County, Florida, property and underlying phosphate reserves; filed as an exhibit to Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 2-7803, and incorporated herein by reference thereto.(4)
- 10.10 Power Contract dated as of June 27, 1988, between the Company's subsidiary, Newsprint South, Inc., and Tennessee Valley Authority, as supplemented by letter agreement dated June 27, 1988, filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1989, File No. 2-7803, and incorporated herein by reference thereto.
- 10.11 Gas Purchase and Sale Contract between the Company and Shell Western E&P Inc., dated as of January 1, 1986; filed as Exhibit 10.6 to Amendment No. 1 of the Company's Report on Form 8 dated January 7, 1993, File No. 2-7803, and incorporated herein by reference thereto.(5)

</TABLE>

II-4

<TABLE>

<CAPTION>

EXHIBIT
NUMBER

DESCRIPTION

<C>

<S>

<C>

- 10.12 Triad Chemical Joint Venture Agreement; filed as Exhibit G1 to Post-Effective Amendment No. 6 to Registration Statement No. 2-25041 and incorporated herein by reference thereto.
- 10.13 Products Withdrawal Agreement dated June 3, 1968, between First Mississippi Corporation and MisCoa covering withdrawal of product from Triad Chemical; filed as Exhibit H to Post-Effective Amendment No. 7 to Registration Statement No. 2-25041 and incorporated herein by reference thereto.
- 18.1 Preferability letter dated July 31, 1992, issued by Arthur Andersen & Co. to the Company to fulfill the requirements of Regulation S-K in connection with the Company's change in the method of reporting patronage refunds; filed as Exhibit 18.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803, and incorporated herein by reference thereto.
- 21.1 List of subsidiaries of the Company, filed as Exhibit 21.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803, and incorporated herein by reference thereto.
- 23.1 Consent of McDermott, Will & Emery (included in Exhibit 5).
- 23.2 Consent of Arthur Andersen & Co.
- 24 Power of Attorney.

</TABLE>

- - - - -

- (1) Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.3 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.
- (2) Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.6 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.
- (3) Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.7 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.
- (4) Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.9 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.
- (5) Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.11 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.

(b) FINANCIAL STATEMENT SCHEDULES.

Report of Independent Public Accountants

<TABLE>

<C>	<S>
Schedule V	Property, Plant and Equipment
Schedule VI	Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment
Schedule IX	Short-Term Borrowings
Schedule X	Supplementary Income Statement Information

</TABLE>

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF YAZOO CITY, STATE OF MISSISSIPPI ON AUGUST 2, 1994.

Mississippi Chemical Corporation

/s/ Charles O. Dunn

By _____
Charles O. Dunn, President and
Chief Executive Officer

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED:

<TABLE>
<CAPTION>

SIGNATURE -----	TITLE -----	DATE ----
<S> /s/ Charles O. Dunn _____ Charles O. Dunn	<C> President, Chief Executive Officer and Director (Principal Executive Officer)	<C> August 2,1994
/s/ William F. Hawkins* _____ William F. Hawkins	Senior Vice President--Finance and Administration (Principal Financial Officer and Principal Accounting Officer)	August 2,1994
/s/ Coley L. Bailey* _____ Coley L. Bailey	Chairman of the Board and Director	August 2,1994
/s/ John Sharp Howie* _____ John Sharp Howie	Vice Chairman of the Board and Director	August 2,1994
/s/ John W. Anderson* _____ John W. Anderson	Director	August 2,1994
/s/ Frank R. Burnside, Jr.* _____ Frank R. Burnside, Jr.	Director	August 2,1994
/s/ W. R. Dyess* _____ W. R. Dyess	Director	August 2,1994
/s/ Woods E. Eastland* _____ Woods E. Eastland	Director	August 2,1994
/s/ G. David Jobe* _____ G. David Jobe	Director	August 2,1994

</TABLE>

II-6

<TABLE>

<CAPTION>

SIGNATURE -----	TITLE -----	DATE ----
--------------------	----------------	--------------

<hr/> <S> /s/ George Penick*	<C> Director	<C> August 2, 1994
<hr/> George Penick /s/ David M. Ratcliffe*	Director	August 2, 1994
<hr/> David M. Ratcliffe /s/ Wayne Thames*	Director	August 2, 1994
<hr/> Wayne Thames /s/ Charles O. Dunn		August 2, 1994

*By: _____

Charles O. Dunn,

Attorney-in-Fact

</TABLE>

II-7

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Mississippi Chemical Corporation:

We have audited in accordance with generally accepted auditing standards, the accompanying financial statements included in this Form S-1, and have issued our report thereon dated July 29, 1994. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedules on pages II-9 through II-12 are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen & Co.

Memphis, Tennessee,

July 29, 1994.

II-8

MISSISSIPPI CHEMICAL CORPORATION AND SUBSIDIARIES

SCHEDULE V--PROPERTY, PLANT AND EQUIPMENT

THREE YEARS ENDED JUNE 30, 1994

<TABLE>
<CAPTION>

CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS AT COST	RETIREMENTS OR SALES	OTHER CHARGES-- ADD (DEDUCT)	BALANCE AT END OF PERIOD
	(DOLLARS IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
1992: (1)					
Mineral properties.....	\$ 18,735	\$ --	\$ 161	\$ --	\$ 18,574
Land.....	7,237	566	--	--	7,803
Buildings.....	22,289	42	3	249 (2)	22,577
Machinery and equipment.....	250,093	6,661	2,583	5,462 (2)	259,633
Construction in progress.....	2,941	25,443	4	(5,711) (2)	22,669
	-----	-----	-----	-----	-----
	\$301,295	\$32,712	\$ 2,751	\$ --	\$331,256
	=====	=====	=====	=====	=====
1993: (1)					
Mineral properties.....	\$ 18,574	\$ --	\$ --	\$ --	\$ 18,574
Land.....	7,803	350	59	--	8,094
Buildings.....	22,577	18	--	1,240 (2)	23,835
Machinery and equipment.....	259,633	3,767	622	38,855 (2)	301,633
Construction in progress	22,669	23,313	--	(40,095) (2)	5,887
	-----	-----	-----	-----	-----
	\$331,256	\$27,448	\$ 681	\$ --	\$358,023
	=====	=====	=====	=====	=====
1994:					
Mineral properties.....	\$ 18,574	\$ --	\$ --	\$ --	\$ 18,574
Land.....	8,094	15	17	--	8,092
Buildings.....	23,835	7	1,016	263 (2)	23,089
Machinery and equipment.....	301,633	2,989	1,425	8,501 (2)	311,698
Construction in progress.....	5,887	8,416	--	(8,764) (2)	5,539
	-----	-----	-----	-----	-----
	\$358,023	\$11,427	\$ 2,458	\$ --	\$366,992
	=====	=====	=====	=====	=====

</TABLE>

DEPRECIATION AND AMORTIZATION

The annual provisions to depreciation have been computed based on the following estimated useful lives:

<TABLE>

<S>	<C>
Buildings.....	12-33 years
Machinery and equipment.....	3-20 years

</TABLE>

- (1) Amounts have been restated to exclude discontinued operations.
(2) Transfer construction in progress.

II-9

MISSISSIPPI CHEMICAL CORPORATION AND SUBSIDIARIES

SCHEDULE VI--ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION
OF PROPERTY, PLANT AND EQUIPMENT

THREE YEARS ENDED JUNE 30, 1994

<TABLE>
<CAPTION>

DESCRIPTION -----	BALANCE	ADDITIONS		OTHER	BALANCE
	AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	RETIREMENTS	CHARGES-- ADD (DEDUCT)	AT END OF PERIOD
	(DOLLARS IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
1992: (1)					
Mineral properties.....	\$ 1,729	\$ 118	\$ 119	\$ --	\$ 1,728
Buildings.....	15,547	775	3	--	16,319
Machinery and equipment....	196,650	11,139	2,230	--	205,559
	-----	-----	-----	-----	-----
	\$213,926	\$12,032	\$2,352	\$ --	\$223,606
	=====	=====	=====	=====	=====
1993: (1)					
Mineral properties.....	\$ 1,728	\$ 117	\$ 8	\$ --	\$ 1,837
Buildings.....	16,319	662	--	--	16,981
Machinery and equipment....	205,559	13,547	415	--	218,691
	-----	-----	-----	-----	-----
	\$223,606	\$14,326	\$ 423	\$ --	\$237,509
	=====	=====	=====	=====	=====
1994:					
Mineral properties.....	\$ 1,837	\$ 126	\$ --	\$ --	\$ 1,963
Buildings.....	16,981	669	899	--	16,751
Machinery and equipment ...	218,691	16,046	1,177	1	233,561
	-----	-----	-----	-----	-----
	\$237,509	\$16,841	\$2,076	\$ 1	\$252,275
	=====	=====	=====	=====	=====

</TABLE>

- (1) Amounts have been restated to exclude discontinued operations.

II-10

MISSISSIPPI CHEMICAL CORPORATION AND SUBSIDIARIES

SCHEDULE IX--SHORT-TERM BORROWINGS

<TABLE>
<CAPTION>

CATEGORY OF AGGREGATE	BALANCE	WEIGHTED	MAXIMUM	AVERAGE	WEIGHTED
	AT END OF	AVERAGE INTEREST	AMOUNT OUTSTANDING AT ANY	AMOUNT OUTSTANDING DURING THE	AVERAGE INTEREST RATE DURING THE

SHORT-TERM BORROWINGS	PERIOD	RATE	MONTHEND	PERIOD (2)	PERIOD (3)
(DOLLARS IN THOUSANDS)					
<S>	<C>	<C>	<C>	<C>	<C>
June 30, 1992 (1)					
Notes payable to banks					
(4).....	\$13,500	6.63%	\$15,565	\$7,012	6.61%
June 30, 1993 (1)					
Notes payable to banks					
(4).....	\$ 4,625	4.30%	\$13,500	\$8,402	5.20%
June 30, 1994					
Notes payable to banks					
(4).....	\$ 7,030	5.45%	\$10,000	\$6,002	4.45%

- (1) Amounts have been restated to exclude discontinued operations.
- (2) Average amount outstanding during the period is computed by dividing the total of daily outstanding principle balances by 365.
- (3) Weighted average interest rate during the period is computed by dividing the actual short-term interest expense by the average short-term debt outstanding during the period.
- (4) Notes payable were related to borrowings for the Company's wholly owned subsidiary, Mississippi Phosphates Corporation.

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MISSISSIPPI CHEMICAL CORPORATION AND SUBSIDIARIES

SCHEDULE X--SUPPLEMENTARY INCOME STATEMENT INFORMATION

<TABLE>
<CAPTION>

COLUMN A	COLUMN B		
-----	CHARGED TO COSTS AND EXPENSES		
	FISCAL YEAR ENDED		
	1993	1992	
ITEM	1994	(1)	(1)
----	-----	-----	-----

	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Maintenance and repairs.....	\$18,230	\$18,548	\$17,150
Depreciation, depletion and amortization of property, plant and equipment and other intangible assets.....	\$16,967	\$14,444	\$12,094
Property taxes.....	\$ 1,865	\$ 1,555	\$ 1,523
Other taxes--other than income taxes and payroll taxes	\$ 1,267	\$ 1,218	\$ 1,190

- (1) Amounts have been restated to exclude discontinued operations.

II-12

MISSISSIPPI CHEMICAL CORPORATION

EXHIBIT INDEX

TO

AMENDMENT NO. 1

TO

FORM S-1

<TABLE>
<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----	PAGE NUMBER -----
<C>	<S>	<C>
1	Underwriting Agreement.	[]
3.1	Articles of Incorporation of the Company.	[]
3.2	By-laws of the Company.	[]
4.7	Specimen of the Company's 9 1/2% Subordinated Note Due July 1, 1999, (incorporated herein by reference to Exhibit 4.7 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803)	
4.8	Term Loan Agreement Number 6420 dated August 25, 1987, between the Company's subsidiary, Newsprint South, Inc., and Jackson Bank for Cooperatives (now National Bank for Cooperatives) in an amount not to exceed \$ 4,700,000, as amended and restated by Amendment to Loan Agreement Number 6420(A) dated February 2, 1989, (incorporated herein by reference to Exhibit 4.8 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	
4.9	Line of Credit Agreement Number 6899 dated December 13, 1991, between the Company's subsidiary, Newsprint South, Inc., and National Bank for Cooperatives, for a revolving line of credit in an amount equal to the lesser of the Borrowing Base (as defined in Section 6 thereof) or \$10,680,000, as amended by Amendment Number 6899(A) dated June 12, 1992, and Amendment Number 6899(B) dated December 18, 1992, which increased the line of credit to \$10,992,000, (incorporated herein by reference to Exhibit 4.9 to the Company's Annual Report on Form 10-K for the fiscal year ended on June 30, 1993, File No. 2-7803).	
4.10	Term Loan Agreement Number 6939 dated October 19, 1992, between the Company's subsidiary, Mississippi Phosphates Corporation, and National Bank for Cooperatives and the Company as co-maker in an aggregate principal amount not to exceed \$10,000,000, (incorporated herein by reference to Exhibit 4.10 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	
4.11	Line of Credit Agreement Number 6871 dated September 30, 1991, between the Company and National Bank for Cooperatives for a revolving line of credit in the amount of \$10,000,000, as amended by Amendment Number 6871(A) dated October 20, 1992, which increases the line of credit to \$15,000,000, (incorporated herein by reference to Exhibit 4.11 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	
4.12	Amendment Number 6392(A) dated November 2, 1987, and Amendment Number 6392(B) dated April 20, 1988, to Loan Agreement Number 6392 dated as of April 24, 1987, between the Company and the Jackson Bank for Cooperatives (now the National Bank for Cooperatives), (incorporated herein by reference to Ex-	

hibit 4.12 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).

- 4.13 Loan Agreement Number 6392 dated as of April 24, 1987, between the Company and Jackson Bank for Cooperatives (now the National Bank for Cooperatives) in a principal amount not to exceed \$35,000,000; (incorporated herein by reference to Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1987, File No. 2-7803).

</TABLE>

E-1

<TABLE>

<CAPTION>

EXHIBIT
NUMBER

DESCRIPTION

PAGE
NUMBER

<C>

<S>

<C>

- 4.14 Revolving Credit/Term Loan Agreement dated August 6, 1992, between the Company and NationsBank of Tennessee, purchaser of the Company's Series I Secured Note, Due June 30, 1999, in the aggregate principal amount of \$20,000,000; filed as Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1992, File No. 2-7803, and incorporated herein by reference thereto.
- 4.15 Note Purchase Agreement dated as of December 26, 1989, between the Company and John Hancock Variable Life Insurance Company, purchaser of the Company's 9.97% Secured Notes, Series H, Due 1999, in the aggregate principal amount of \$6,000,000; filed as an exhibit to Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 2-7803, and incorporated herein by reference thereto.
- 4.16 Twelfth Supplemental Indenture dated as of August 6, 1992, between the Company and Deposit Guaranty National Bank; filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1992, File No. 2-7803, and incorporated herein by reference thereto.
- 4.17 Eleventh Supplemental Indenture dated as of July 16, 1990, between the Company and Deposit Guaranty National Bank, together with Exhibit A thereto, being an Agreement for Real Estate Purchase Option dated July 16, 1990, for the sale of the Company's Hardee County, Florida, property and underlying phosphate reserves; filed as Exhibit 4.2 to Amendment No. 1 of the Company's Report on Form 8 dated November 7, 1990, File No. 2-7803, and incorporated herein by reference thereto.
- 4.18 Tenth Supplemental Indenture dated as of December 26, 1989, between the Company and Deposit Guaranty National Bank, together with Exhibit A thereto, being a Note Purchase Agreement dated as of December 26, 1989, between the Company and John Hancock Variable Life Insurance Company, purchaser of the Company's 9.97% Secured Notes, Series H, Due 1999, in the aggregate principal amount of \$6,000,000; filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 2-7803, and incorporated herein by reference thereto.
- 4.19 Ninth Supplemental Indenture dated as of February 23, 1988, between the Company and Deposit Guaranty National Bank; filed

as Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1988, File No. 2-7803, and incorporated herein by reference thereto.

- 4.20 Eighth Supplemental Indenture dated as of May 15, 1983, between the Company and Deposit Guaranty National Bank; filed as Exhibit 4.1 to Post-Effective Amendment No. 3 to Registration Statement No. 2-71827 and incorporated herein by reference thereto.
- 4.21 Seventh Supplemental Indenture dated as of October 1, 1979, between the Company and Deposit Guaranty National Bank; filed as Exhibit 2 to Post-Effective Amendment No. 3 to Registration Statement No. 2-57390 and incorporated herein by reference thereto.
- 4.22 Sixth Supplemental Indenture dated as of September 1, 1979, between the Company and Deposit Guaranty National Bank, filed as Exhibit 3 to Post-Effective Amendment No. 3 to Registration Statement No. 2-57390 and incorporated herein by reference thereto.
- 4.23 Fifth Supplemental Indenture dated as of June 1, 1978, between the Company and Deposit Guaranty National Bank; filed as Exhibit 7 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1979, File No. 2-7803, and incorporated herein by reference thereto.

</TABLE>

E-2

<TABLE>

<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----	PAGE NUMBER -----
<C>	<S>	<C>
4.24	Fourth Supplemental Indenture dated as of May 1, 1978, between the Company and Deposit Guaranty National Bank; filed as Exhibit 9 to Post-Effective Amendment No. 2 to Registration Statement No. 2-57390 and incorporated herein by reference thereto.	
4.25	Third Supplemental Indenture dated as of June 28, 1977, between the Company and Deposit Guaranty National Bank; filed as Exhibit 6 to Post-Effective Amendment No. 1 to Registration Statement No. 2-57390 and incorporated herein by reference thereto.	
4.26	Second Supplemental Indenture dated as of September 30, 1976, among the Company, New Orleans Bank for Cooperatives, John H. Farrelly and Deposit Guaranty National Bank; filed as Exhibit 6 to Registration Statement No. 2-57390 and incorporated herein by reference thereto.	
4.27	First Supplemental Indenture, dated as of September 7, 1976, among the Company, New Orleans Bank for Cooperatives, John H. Farrelly and Deposit Guaranty National Bank; filed as Exhibit 3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1976, File No. 2-7803, and incorporated herein by reference thereto.	
4.28	Note Purchase Agreement effective as of September 1, 1976, between the Company and the Purchasers of the Company's 9 1/2% Secured Notes, Series B, Due 1996, in the aggregate principal amount of \$35,000,000, together with Exhibits A and B thereto; filed as Exhibit 2 to the Company's Annual Report	

	on Form 10-K for the fiscal year ended June 30, 1976, File No. 2-7803, and incorporated herein by reference thereto.	
4.29	Indenture dated as of May 1, 1989, between the Company and Sunburst Bank, as Trustee, for the issuance by the Company and 9 1/2% subordinated notes, due July 1, 1999, in the aggregate principal amount of \$11,061,000; filed as Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1989, File No. 7-2803, and incorporated herein by reference thereto.	
4.30	Mississippi Chemical Corporation 1994 Stock Incentive Plan.	[]
4.31	Form of Preferred Stock Rights Plan.	[]
5	Opinion re Legality.	[]
10.1	First Supplement to Lease Agreement dated as of June 30, 1992, to the Lease Agreement dated as of September 28, 1989, among Newsprint South, Inc., The First National Bank of Boston, and G. Patrick McEnroe, as Trustees, (incorporated herein by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	
10.2	Second Supplement to Lease Agreement dated as of July 15, 1992, to the Lease Agreement dated as of September 28, 1989, among Newsprint South, Inc., The First National Bank of Boston, and G. Patrick McEnroe, as Trustees, (incorporated herein by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	
10.3	Amendment of Agreement, effective as of July 1, 1993, to the Agreement entered into as of October 1, 1991, by the Company's subsidiary, Mississippi Phosphates Corporation, for the exclusive distribution of diammonium phosphate produced by Mississippi Phosphates Corporation, (incorporated herein by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).(1)	

</TABLE>

<TABLE>

<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----	PAGE NUMBER -----
<C>	<S>	<C>
10.4	Amendment to Joint Venture Agreement entered into by the Company and First Mississippi Corporation effective as of May 28, 1993, (incorporated herein by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	
10.5	Amendment to Products Withdrawal Agreement entered into by the Company and First Mississippi Corporation effective as of May 28, 1993, (incorporated herein by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, File No. 2-7803).	
10.6	Agreement effective as of October 1, 1991, by the Company's subsidiary, Mississippi Phosphates Corporation for the exclusive distribution of diammonium phosphate produced by Mississippi Phosphates Corporation; filed as Exhibit 10.1 to Amendment No. 1 to the Company's Report on Form 8 dated January 7,	

1993, File No. 2-7803, and incorporated herein by reference thereto.(2)

- 10.7 Agreement made and entered into as of September 15, 1991, between Office Cherifien des Phosphates and Mississippi Phosphates Corporation for the sale and purchase of phosphate rock; filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1991, File No. 2-7803, and incorporated herein by reference thereto.(3)
- 10.8 Lease Agreement dated as of September 28, 1989, among Newsprint South, Inc., The First National Bank of Boston, and G. Patrick McEnroe, as Trustees; filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 2-7803, and incorporated herein by reference thereto.
- 10.9 Agreement for Real Estate Purchase Option dated July 16, 1990, for the sale of the Company's Hardee County, Florida, property and underlying phosphate reserves; filed as an exhibit to Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 2-7803, and incorporated herein by reference thereto.(4)
- 10.10 Power Contract dated as of June 27, 1988, between the Company's subsidiary, Newsprint South, Inc., and Tennessee Valley Authority, as supplemented by letter agreement dated June 27, 1988, filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 2-7803, and incorporated herein by reference thereto.
- 10.11 Gas Purchase and Sale Contract between the Company and Shell Western E&P Inc., dated as of January 1, 1986; filed as Exhibit 10.6 to Amendment No. 1 of the Company's Report on Form 8 dated January 7, 1993, File No. 2-7803, and incorporated herein by reference thereto.(5)
- 10.12 Triad Chemical Joint Venture Agreement; filed as Exhibit G1 to Post-Effective Amendment No. 6 to Registration Statement No. 2-25041 and incorporated herein by reference thereto.
- 10.13 Products Withdrawal Agreement dated June 3, 1968, between First Mississippi Corporation and MisCoa covering withdrawal of product from Triad Chemical; filed as Exhibit H to Post-Effective Amendment No. 7 to Registration Statement No. 2-25041 and incorporated herein by reference thereto.
- 18.1 Preferability letter dated July 31, 1992, issued by Arthur Andersen & Co. to the Company to fulfill the requirements of Regulation S-K in connection with the Company's change in the method of reporting patronage refunds; filed as Exhibit 18.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1992, File No. 2-7803, and incorporated herein by reference thereto.

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EXHIBIT
NUMBER

DESCRIPTION

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- 21.1 List of subsidiaries of the Company, filed as Exhibit 21.1 to the Company's Annual Report on Form 10-K for the fiscal year

ended June 30, 1993, File No. 2-7803, and incorporated herein by reference thereto.

23.1	Consent of McDermott, Will & Emery (included in Exhibit 5).	[]
23.2	Consent of Arthur Andersen & Co.	[]
24	Power of Attorney*	

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- (1) Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.3 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.
 - (2) Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.6 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.
 - (3) Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.7 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.
 - (4) Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.9 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.
 - (5) Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.11 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.

*Previously Filed.

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GRAPHICS APPENDIX

1. Item 1 is a map of Southern United States, titled "Facilities Locations," with solid triangles and circles indicating the locations of the production facilities of the Company (specifically those at Carlsbad, Donaldsonville, Pascagoula and Yazoo City) and the locations of the distribution facilities of the Company, respectively.
2. Item 2 is a flowchart, titled "Products and Markets," with four columns showing the interrelationship between fertilizer types and the locations of the Company's production facilities (first column titled "Fertilizer Types and Plant Locations"), the principle raw materials used at those plants ("second column titled "Principal Raw Materials"), the products formed by combination of the raw materials and the tonnage of products sold (third column titled "Products"), and the principal markets where these products are applied (fourth column titled "Principal End Markets").

MISSISSIPPI CHEMICAL CORPORATION

4,800,000 SHARES

COMMON STOCK
(PAR VALUE \$.01 PER SHARE)

UNDERWRITING AGREEMENT

New York, New York
, 1994

Wertheim Schroder & Co. Incorporated
The Robinson-Humphrey Company, Inc.
As Representatives of the several Underwriters
named in Schedule I hereto
c/o Wertheim Schroder & Co. Incorporated
Equitable Center
787 Seventh Avenue
New York, New York 10019-6016

Dear Sirs:

Mississippi Chemical Corporation, a Mississippi corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters"), an aggregate of 3,200,000 shares of Common Stock, par value \$.01 per share (the "Common Stock"), and certain securityholders of the Company named in Schedule II hereto (the "Selling Securityholders"), propose, subject to the terms and conditions stated herein, to sell to the Underwriters an aggregate of 1,600,000 shares of Common Stock. The 4,800,000 shares of Common Stock to be sold by the Company and the Selling Securityholders are herein referred to as the "Firm Securities." In addition, the Company and certain Selling Securityholders propose to grant to the Underwriters an option to purchase up to an additional 720,000 shares of Common Stock (the "Option Securities"), on the terms and for the purposes set forth in Section 2 hereof. The Firm Securities and the Option Securities are herein collectively referred to as the "Securities."

1A. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) A registration statement on Form S-1 (File No. 33-54573), and as a part thereof a preliminary prospectus, in respect of the Securities, has been filed with the Securities and Exchange Commission (the "Commission") in the form heretofore delivered to you and, with the exception of exhibits to the registration statement, to you for each of the other Underwriters; if such registration statement has not become effective, an amendment (the "Final Amendment") to such registration statement, including a form of final

prospectus, necessary to permit such registration statement to become effective, will promptly be filed by the Company with the Commission; if such registration statement has become effective and any post-effective amendment to such registration statement has been filed with the Commission prior to the execution and delivery of this Agreement, which amendment or amendments shall be in form acceptable to you, the most recent such amendment has been declared effective by the Commission; if such registration statement has become effective, a final prospectus (the "Rule 430A Prospectus") relating to the Securities containing information permitted to be omitted at the time of effectiveness by Rule 430A of the rules and regulations of the

Commission under the Securities Act of 1933, as amended (the "Act"), will promptly be filed by the Company pursuant to Rule 424(b) of the rules and regulations of the Commission under the Act (any preliminary prospectus filed as part of such registration statement being herein called a "Preliminary Prospectus," such registration statement as amended at the time that it becomes or became effective, or, if applicable, as amended at the time the most recent post-effective amendment to such registration statement filed with the Commission prior to the execution and delivery of this Agreement became effective (the "Effective Date"), including all exhibits thereto (whether filed or incorporated by reference) and all information deemed to be a part thereof at such time pursuant to Rule 430A of the rules and regulations of the Commission under the Act, being herein called the "Registration Statement" and the final prospectus relating to the Securities in the form first filed pursuant to Rule 424(b)(1) or (4) of the rules and regulations of the Commission under the Act or, if no such filing is required, the form of final prospectus included in the Registration Statement, being herein called the "Prospectus");

(b) No order preventing or suspending the use of any Preliminary Prospectus has been issued by the Commission, and each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through you expressly for use therein;

(c) On the Effective Date and the date the Prospectus is filed with the Commission, the Registration Statement and the Prospectus, respectively, did, and when any further amendment or supplements thereto become effective or are filed with the Commission, as the case may be, the Registration Statement and the Prospectus, as amended by such amendment or supplements, will, conform in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not and will not, as the case may be, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements

therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through you expressly for use therein;

(d) The documents incorporated by reference in the Registration Statement, when they were filed with the Commission, conformed in all material respects to the requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(e) The Company has all requisite power and authority to execute, deliver and perform its obligations under this Agreement; the execution, delivery and performance by the Company of its obligations under this Agreement have been duly and validly authorized by all requisite corporate action of the Company; and this Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;

(f) Neither the Company nor any of its subsidiaries has sustained since June 30, 1994, any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which loss or interference is material to the Company and its subsidiaries, taken as a whole; and, since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been, and prior to the Time of Delivery (as defined in Section 4 hereof) there will not be, any material change in the capital stock or short-term debt or long-term debt of the Company or any of its subsidiaries, or any material

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adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Prospectus;

(g) The Company and its subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them, in each case free and clear of all liens, encumbrances and defects except such as are described in or contemplated by the Registration Statement or the Prospectus, or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and its subsidiaries, and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such

real property and buildings by the Company and its subsidiaries;

(h) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Mississippi, with power and authority (corporate and other) to own its properties and to conduct its business as described in the Registration Statement and the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases property, or conducts any business, so as to require such qualification (except where the failure to so qualify would not have a material adverse effect on the Company or the Company and its subsidiaries considered as a whole); and each of the Company's subsidiaries listed in Exhibit 21.1 to the Registration Statement has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases property, or conducts any business, so as to require such qualification (except where the failure to so qualify would not have a material adverse effect on the Company and its subsidiaries considered as a whole); and the Company has all necessary corporate power and all material government authorizations, permits and approvals required to conduct its business as described in the Registration Statement and in the Prospectus;

(i) The Company has an authorized, issued and outstanding capitalization as set forth in the Registration Statement, and all the issued shares of Common Stock have been duly and validly authorized and issued, are fully paid and non-assessable, are free of any statutory preemptive rights, contractual preemptive rights, rights of first refusal or similar rights, were issued and sold in compliance with applicable federal and state securities laws and conform in all material respects to the description in the Prospectus; except as described in the Prospectus, there are no outstanding options, warrants or other rights calling for the issuance of, and there are no commitments, plans or arrangements to issue, any shares of capital stock of the Company or any security convertible or exchangeable or exercisable for capital stock of the Company; there are no holders of securities of the Company who, by reason of the filing of the Registration Statement, have the right (and have not waived such right) to request the Company to include in the Registration Statement securities owned by them; and all of the issued and outstanding shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned by the Company free and clear of all liens, encumbrances, equities or claims; and there are no outstanding options, warrants or other rights calling for the issuance of, and there are no commitments, plans or arrangements to issue, any shares of capital stock of any subsidiary or any security convertible or exchangeable or exercisable for capital stock of any subsidiary;

(j) Triad Chemical ("Triad"), an unincorporated joint venture that is owned 50% by the Company and 50% by First Mississippi Corporation, has not sustained since June 30, 1994, any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or

from any labor dispute or court or governmental action, order or decree, which loss or interference is material to Triad; and, since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been, and prior to the Time of Delivery (as defined in Section 4 hereof) there will not be, any material change in the short-term debt or long-term debt of Triad, or any material adverse change, or any

development involving a prospective material adverse change, in or affecting the general affairs, management, financial position or results of operations of Triad, otherwise than as set forth or contemplated in the Prospectus; the Company owns a 50% equity interest in Triad free and clear of all liens, encumbrances, equities or claims; Triad has good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by it in each case free and clear of all liens, encumbrances and defects except such as are described or contemplated by the Registration Statement or the Prospectus; Triad has all necessary power and authority, and all material government authorizations, permits and approvals, required to conduct its business as described in the Registration Statement and in the Prospectus; and there are no outstanding options, warrants or other rights calling for the issuance of, and there are no commitments, plans or arrangements to issue, any other equity interest in Triad;

(k) The Securities to be issued and sold by the Company to the Underwriters hereunder have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued, fully paid and non-assessable, will conform in all material respects to the description of the Common Stock in the Registration Statement and in the Prospectus and will be included for quotation on the Nasdaq Stock Market's National Market (the "Nasdaq National Market") as of the Effective Date, and the Securities to be sold by the Selling Securityholders to the Underwriters hereunder have been duly and validly issued and are fully paid and non-assessable and will also be quoted on the Nasdaq National Market as of the Effective Date;

(l) The performance of this Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, nor will such action result in any violation of the provisions of the Certificate of Incorporation or the By-Laws, in each case as amended to the date hereof, of the Company or the provisions of the similar corporate constituent documents, in each case as amended to the date hereof, of any of its subsidiaries, or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties; and no consent, approval,

authorization, order, registration or qualification of or with any court or governmental agency or body is required for the issue and sale of the Securities or the consummation of the other transactions contemplated by this Agreement, except the registration under the Act and the Exchange Act of the Securities, and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Underwriters;

(m) There are no legal or governmental proceedings pending to which the Company, any of its subsidiaries or Triad is a party or of which any property of the Company, any of its subsidiaries or Triad is the subject, other than litigation or proceedings disclosed in the Prospectus or incident to the business conducted by the Company, its subsidiaries and Triad, none of which will individually or in the aggregate have a material adverse effect on the financial position, stockholders' equity or results of operations of the Company, its subsidiaries and Triad considered as a whole; and, to the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened or contemplated by others; and neither the Company nor any of its subsidiaries nor Triad is involved in any material labor dispute, nor, to the Company's knowledge, is any labor dispute threatened;

(n) The Company and its subsidiaries have obtained such material licenses, permits and other approvals or authorizations of and from governmental or regulatory authorities ("Permits") as are necessary under applicable law to own their respective properties and to conduct their respective businesses in the manner now being conducted and as described in the Registration Statement and in the Prospectus; and the Company and its subsidiaries have fulfilled and performed in all material respects all of their respective obligations with respect to such Permits, and no event has occurred which allows, or after notice or lapse of time or both

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would allow, revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permits;

(o) Arthur Andersen & Co., who have certified certain consolidated financial statements of the Company and its subsidiaries, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder;

(p) The consolidated financial statements of the Company and its subsidiaries included in the Registration Statement and the Prospectus (which include the Company's proportionate share of 50% of the assets and liabilities of Triad) present fairly the financial condition, the results of operations and the cash flows of the Company and its subsidiaries as of the dates and for the periods therein specified in conformity with generally accepted accounting principles consistently applied throughout the periods involved, except as otherwise

stated therein; and the other financial and statistical information and data set forth in the Registration Statement and the Prospectus is accurately presented in all material respects and, to the extent such information and data is derived from the financial statements and books and records of the Company and its subsidiaries, is prepared on a basis consistent with such financial statements and the books and records of the Company and its subsidiaries; no other financial statements are required to be included in the Registration Statement and the Prospectus; the pro forma financial statements included in the Registration Statement and the Prospectus have been properly compiled and comply in form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X of the Commission;

(q) There are no statutes or governmental regulations, or any contracts or other documents that are required to be described in or filed as exhibits to the Registration Statement which are not described therein or filed as exhibits thereto or incorporated by reference therein;

(r) The Company and its subsidiaries own or possess adequate patent rights or licenses or other rights to use patent rights, inventions, trademarks, service marks, trade names and copyrights necessary to conduct the general business now operated by them and neither the Company nor any of its subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any patent, patent rights, inventions, trademarks, service marks, trade names or copyrights which, singly or in the aggregate, could materially adversely affect the business, operations, financial condition, income or business prospects of the Company and its subsidiaries considered as a whole;

(s) Neither the Company nor any of its subsidiaries is in violation of any term or provision of its Certificate of Incorporation or By-Laws (or similar corporate constituent documents), in each case as amended to the date hereof, or any law, ordinance, administrative or governmental rule or regulation applicable to the Company or any of its subsidiaries, or of any decree of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries, the violation of which either individually or together with all such other violations would have a material adverse effect on the Company and its subsidiaries considered as a whole;

(t) No default exists, and no event has occurred which with notice or lapse of time, or both, would constitute a material default in the due performance and observance of any term, covenant or condition of any indenture, mortgage, deed of trust, bank loan or credit agreement, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which any of them is bound;

(u) The Company and its subsidiaries have timely filed all necessary tax returns and notices and have paid all federal, state, county, local and foreign taxes of any nature whatsoever for all tax years through June 30, 1994, to the extent such taxes have become due. Except as disclosed in the Registration Statement and in the Prospectus, the Company has no knowledge of any tax deficiencies which would have a material adverse effect on the Company or any

of its subsidiaries, considered as a whole, or of any further liability (whether or not disclosed on such returns) or assessments for any such taxes, and no interest or penalties accrued or accruing with respect thereto, except as may be set forth or adequately reserved for in the financial statements

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included in the Registration Statement; the amounts currently set up as provisions for taxes or otherwise by the Company and its subsidiaries on their respective books and records are sufficient for the payment of all their unpaid federal, foreign, state, county and local taxes accrued through the dates as of which they speak, and for which the Company and its subsidiaries may be liable in their own right, or as a transferee of the assets of, or as successor to, any other corporation, association, partnership, joint venture or other entity;

(v) The Company will not, during the period of 180 days after the date hereof, except pursuant to this Agreement, offer, sell or otherwise dispose of any capital stock of the Company, directly or indirectly, without the prior written consent of Wertheim Schroder & Co. Incorporated;

(w) The Company and its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(x) Neither the Company nor any of its subsidiaries is in violation of any foreign, federal, state or local law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants, nor any federal or state law relating to discrimination in the hiring, promotion or paying of employees nor any applicable federal or state wages and hours laws, nor any provisions of the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations promulgated thereunder, the violation of which either individually or together with all such other violations would have a material adverse effect on the Company and its subsidiaries considered as a whole;

(y) Neither the Company nor any of its subsidiaries, nor, to the Company's knowledge, any employee or agent of the Company or any of its subsidiaries has made any payment of funds of the Company or any of its subsidiaries or received or retained any funds in violation of any law, rule or regulation, which payment, receipt or retention of funds is of a character required to be disclosed in the Prospectus;

(z) The Company has not taken, directly or indirectly, any action designed to

or which has constituted or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities, in each case as defined under the Exchange Act and the rules and regulations of the Commission thereunder;

(aa) The Company's Registration Statement on Form S-4 (Reg. No. 33-53119) and the Proxy Statement/Prospectus, dated May 27, 1994, utilized in connection with the Company's Special Meeting of Shareholders held on June 28, 1994 conformed in all material respects to the requirements of the Act and the Exchange Act, and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(bb) The Company is the surviving corporation resulting from the merger of Mississippi Chemical Corporation, a Mississippi corporation operated as a cooperative in accordance with the applicable provisions of the Internal Revenue Code (the "Cooperative"), with and into the Company pursuant to a Plan of Reorganization (the "Plan of Reorganization"), dated May 23, 1994, which merger became effective July 1, 1994. Such merger was consummated in accordance with the provisions of the Plan of Reorganization, which has been duly authorized by the Company and the Cooperative and their respective shareholders and complied in all respects with applicable law;

(cc) The Company has no liability to any of its or the Cooperative's securityholders in connection with the Plan of Reorganization and the transactions contemplated thereby, except for those securityholders (the

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"Dissenters") named in Schedule III hereto, who have elected to exercise their dissenters' rights in accordance with Article 13 of the Mississippi Business Corporation Act (the "MBCA"). Schedule III is complete and correct in all respects and the Dissenters are the only securityholders of the Company or the Cooperative who have validly preserved any rights under Article 13 of the MBCA with respect to the Plan of Reorganization. The Company and certain other parties have entered into a Joint and Mutual Release and Agreement, dated July 11, 1994, a true and correct copy of which has been delivered to counsel for the Underwriters, with Mulberry Phosphates, Inc. ("Mulberry Phosphates"), pursuant to which Mulberry Phosphates has released the Company from any and all liability to it in connection with Mulberry Phosphates' ownership of capital stock of the Corporation, the Plan of Reorganization and the transactions contemplated thereby;

(dd) The Company has made all filings required to be made by it under the Exchange Act; and

(ee) The Company has executed and delivered an Omnibus Transfer, Receipt and Release dated June 24, 1994 (the "Release Agreement") among the Company,

General Electric Capital Corporation ("GECC"), National Bank for Cooperatives ("CoBank"), Newsprint South, Inc. ("Newsprint South"), and other interested parties, and all other documents and agreements referred to in the Release Agreement (collectively, the "Settlement Documents"). The Settlement Documents have released the Company from all of its obligations and liabilities to Newsprint South, GECC and CoBank, as well as its obligations and liabilities under all agreements related to the Project (as defined in the Release Agreement), provided that the Company performs all of the actions required to be performed by it pursuant to the terms of the Release Agreement. The Company has no further obligations or liabilities to Newsprint South, GECC or CoBank, or under any agreement related to the Project, except as set forth in the Settlement Documents.

1B. Each of the Selling Securityholders, severally and not jointly, represents and warrants to, and agrees with, each of the Underwriters and the Company that:

(a) Such Selling Securityholder has duly executed and delivered a power of attorney (a "Power of Attorney"), an executed copy of which has been delivered to Fulbright & Jaworski L.L.P., counsel to the several Underwriters, appointing Charles O. Dunn and Robert E. Jones, or either of them (the "Selling Securityholder Attorneys"), as attorney-in-fact with authority to execute and deliver this Agreement on behalf of such Selling Securityholder and to take certain other action with respect thereto; and all authorizations and consents necessary for the execution and delivery by such Selling Securityholder of the Power of Attorney, and for the execution and delivery of this Agreement by or on behalf of such Selling Securityholder, have been given;

(b) Certificates for the Securities to be sold by each Selling Securityholder have been placed in custody for delivery under this Agreement with the Selling Securityholder Attorneys pursuant to the custody provisions contained in the Power of Attorney. Each Selling Securityholder agrees that the Securities represented by the certificates so held in custody are subject to the interests of the several Underwriters, the Company and the other Selling Securityholders hereunder, that the arrangements made for such custody are irrevocable, and that the obligations of such Selling Securityholder hereunder shall not be terminated by any act of such Selling Securityholder or by operation of law, whether by death, incapacity, dissolution or winding up of any Selling Securityholder or the occurrence of any other event. If any such death, incapacity, dissolution, winding up or other event should occur before the delivery of the Securities to be sold by a Selling Securityholder hereunder, certificates for the Securities of such Selling Securityholder shall be delivered by the Selling Securityholder Attorneys in accordance with the terms and conditions of this Agreement as if such death, incapacity, dissolution or winding up or other event has not occurred, regardless of whether the Selling Securityholder Attorneys shall have received notice of such death, incapacity, dissolution, winding up or other event;

(c) Such Selling Securityholder has, and at the Time of Delivery (as defined in Section 4 hereof) will have, good and marketable title to the Securities to be sold by such Selling Securityholder hereunder, free

and clear of any liens, encumbrances, equities, security interests, claims and other restrictions of any nature whatsoever, and such Selling Securityholder has the full right, power and authority to sell, assign, transfer and deliver such Securities hereunder subject to the rights of the Selling Securityholder Attorneys and to make the representations, warranties, covenants and agreements made by it in this Agreement; and upon the delivery of and payment for such Securities as herein provided, the several Underwriters will acquire good and marketable title thereto, free and clear of all liens, encumbrances, equities, security interests, claims and other restrictions of any nature whatsoever;

(d) The consummation of the transactions herein contemplated and the fulfillment of the terms hereof will not result in a breach by such Selling Securityholder of any of the terms or provisions of, or constitute a default by it under, any material agreement or instrument to which it is a party or by which it is bound, or any statute, ruling, decree, judgment, order or regulation known to it of any governmental authority having jurisdiction over it or its property;

(e) Such Selling Securityholder has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result in, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities, in each case as defined under the Exchange Act and the rules and regulations of the Commission thereunder; and

(f) To the extent that any statements or omissions are made in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by such Selling Securityholder specifically for use therein, such Preliminary Prospectus did, and the Registration Statement and the Prospectus and any amendments or supplements thereto, when they become effective or are filed with the Commission, as the case may be, will, conform in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and did not and will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and

2. Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the several Underwriters an aggregate of 3,200,000 Firm Securities, each Selling Securityholder agrees to sell to the several Underwriters the number of Firm Securities set forth on Schedule II opposite the name of each such Selling Securityholder and each of the Underwriters agrees to purchase from the Company and the Selling Securityholders, at a purchase price of \$ per share, the respective aggregate number of Firm Securities determined in the manner set forth below. The obligation of each Underwriter to the Company and each of the Selling Securityholders,

respectively, shall be to purchase that portion of the number of shares of Common Stock to be sold by the Company or such Selling Securityholder pursuant to this Agreement as the number of Firm Securities set forth opposite the name of such Underwriter on Schedule I bears to the total number of Firm Securities to be purchased by the Underwriters pursuant to this Agreement, in each case adjusted by you such that no Underwriter shall be obligated to purchase Firm Securities other than in 100-share amounts. In making this Agreement, each Underwriter is contracting severally and not jointly.

In addition, subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the several Underwriters an aggregate of 197,928 Option Securities and each of the Selling Securityholders agrees to sell to the Underwriters up to the number of Option Securities set forth opposite its name on Schedule II, as required (for the sole purpose of covering over-allotments in the sale of the Firm Securities), at the purchase price per share of the Firm Securities being sold by the Company and the Selling Securityholders as stated in the preceding paragraph. The right to purchase the Option Securities may be exercised by your giving 48 hours' prior written notice to the Company and to the Selling Securityholder Attorneys of your determination to purchase all or a portion of the Option Securities. Such notice may be given at any time within a period of 30 days following the date of this Agreement. Option Securities shall be purchased severally for the account of each Underwriter in proportion to the number of Firm Securities set

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forth opposite the name of such Underwriter in Schedule I hereto. If the Underwriters elect to purchase less than the full amount of 720,000 Option Securities, the Company and each Selling Securityholder shall sell a proportional amount based on the number of Option Securities to be sold by the Company as set forth in this paragraph and each Selling Securityholder as set forth on Schedule II. No Option Securities shall be delivered to or for the accounts of the Underwriters unless the Firm Securities shall be simultaneously delivered or shall theretofore have been delivered as herein provided. The respective purchase obligations of each Underwriter shall be adjusted by you so that no Underwriter shall be obligated to purchase Option Securities other than in 100 share amounts. The Underwriters may cancel any purchase of Option Securities at any time prior to the Option Securities Delivery Date (as defined in Section 4 hereof) by giving written notice of such cancellation to the Company and to the Selling Securityholder Attorneys.

3. Upon the authorization by you of the release of the Securities, the Underwriters propose to offer the Securities for sale upon the terms and conditions set forth in the Prospectus.

4. Certificates in definitive form for the Firm Securities to be purchased by each Underwriter hereunder shall be delivered by or on behalf of the Company and the Selling Securityholders to you for the account of such Underwriter, against payment by such Underwriter or on its behalf of the purchase price therefor by certified or official bank check or checks, payable in New York

Clearing House funds, to the order of the Company, for the purchase price of the Firm Securities being sold by the Company, and to the order of the Selling Securityholder Attorneys for the Selling Securityholders, for the purchase price of the Firm Securities being sold by the Selling Securityholders, in New York, New York, at 9:30 A.M., New York City time, on _____, 1994, or at such other time, date and place as you and the Company may agree upon in writing, such time and date being herein called the "Time of Delivery."

Certificates in definitive form for the Option Securities to be purchased by each Underwriter hereunder shall be delivered by or on behalf of the Company and the Selling Securityholders named in Schedule II to you for the account of such Underwriter, against payment by such Underwriter or on its behalf of the purchase price thereof by certified or official bank check or checks, payable in New York Clearing House funds, to the order of the Company and the Selling Securityholder Attorneys, as the case may be, for the purchase price of the Option Securities, in New York, New York, at such time and on such date (not earlier than the Time of Delivery nor later than ten business days after giving of the notice delivered by you to the Company and the Selling Securityholders named in Schedule II with reference thereto) and in such denominations and registered in such names as shall be specified in the notice delivered by you to the Company and the Selling Securityholders named in Schedule II with respect to the purchase of such Option Securities. The date and time of such delivery and payment are herein sometimes referred to as the "Option Securities Delivery Date." The obligations of the Underwriters shall be subject, in their discretion, to the condition that there shall be delivered to the Underwriters on the Option Securities Delivery Date opinions and certificates, dated such Option Securities Delivery Date, referring to the Option Securities instead of the Firm Securities, but otherwise to the same effect as those required to be delivered at the Time of Delivery pursuant to Sections 7(d), 7(e), 7(f), 7(g) and 7(j).

Certificates for the Firm Securities and the Option Securities so to be delivered will be in good delivery form, and in such denominations and registered in such names as you may request not less than 48 hours prior to the Time of Delivery and the Option Securities Delivery Date, respectively. Such certificates will be made available for checking and packaging in New York, New York, at least 24 hours prior to the Time of Delivery and Option Securities Delivery Date.

5. The Company agrees with each of the Underwriters:

(a) If the Registration Statement has not become effective, to file promptly the Final Amendment with the Commission and use its best efforts to cause the Registration Statement to become effective; if the Registration Statement has become effective, to promptly file the Rule 430A Prospectus with the Commission; to make no further amendment or any supplement to the Registration Statement or the Prospectus which

shall be reasonably disapproved by you after reasonable notice thereof; to advise you, promptly after it receives notice thereof of the time when the Registration Statement, or any amendment thereto, or any amended Registration Statement has become effective or any supplement to the Prospectus or any amended Prospectus has been filed, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus or suspending any such qualification, to use promptly its best efforts to obtain withdrawal of such order;

(b) To promptly from time to time take such action as you may reasonably request to qualify the Securities for offering and sale under the securities laws of such jurisdictions as you may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(c) To furnish the Underwriters with copies of the Registration Statement (two of which will be signed and will include all exhibits), each Preliminary Prospectus, the Prospectus and all amendments or supplements thereto in such quantities and in such form or forms as you may from time to time reasonably request, and if the delivery of a prospectus is required by law in connection with sales of Securities at any time prior to the expiration of nine months after the time of issue of the Prospectus and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or if for any other reason it shall be necessary to amend or supplement the Prospectus in order to comply with the Act, to notify you and, if the Company so determines or upon your request, to prepare and furnish without charge to each Underwriter and to any dealer in securities as many copies as you may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance (which each Underwriter and dealer shall thereafter be obligated to use); and in case any Underwriter is required to deliver a prospectus in connection with sales of any of the Securities at any time nine months or more after the time of issue of the Prospectus, upon your request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its stockholders as soon as practicable,

but in any event not later than 45 days after the close of the period covered thereby, an earnings statement in form complying with the provisions of Section 11(a) of the Act and Rule 158 of the rules promulgated thereunder covering a period of 12 consecutive months beginning not later than the first day of the Company's fiscal quarter next following the Effective Date;

(e) To file promptly all documents required to be filed with the Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act subsequent to the Effective Date and during any period when the Prospectus is required to be delivered;

(f) For a period of five years from the Effective Date, to furnish to its stockholders after the end of each fiscal year an annual report (including a consolidated balance sheet and statements of income, cash flow and stockholders' equity of the Company and its subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the Effective Date), consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail;

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(g) For a period of three years from the Effective Date, to furnish to you copies of all reports or other communications (financial or other) furnished to its stockholders, and deliver to you (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as you may from time to time reasonably request in connection with your obligations as an Underwriter hereunder;

(h) To apply the net proceeds from the sale of the Securities hereunder substantially in accordance with the description set forth in the Prospectus;

(i) That it will not take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of the Common Stock to facilitate the sale or resale of the Securities;

(j) That prior to the Time of Delivery, there will not be any change in the capital stock or short-term debt or long-term debt of the Company or any of its subsidiaries, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company or any of its subsidiaries, otherwise than as set forth or contemplated in the Prospectus;

(k) That it will not, during the period of 180 days after the date hereof

(other than pursuant to this Agreement), offer, sell or otherwise dispose of any capital stock of the Company, directly or indirectly, without the prior written consent of the Representatives; and

(1) That it has caused the Securities to be included for quotation on the Nasdaq National Market as of the Effective Date.

6. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid: (i) the fees, disbursements and expenses of counsel and accountants for the Company, and all other expenses, in connection with the preparation, printing and filing of the Registration Statement and the Prospectus and (except as otherwise provided in Section 5(c) hereof) amendments and supplements thereto and the furnishing of copies thereof, including charges for mailing, air freight and delivery and counting and packaging thereof and of any Preliminary Prospectus and related offering documents to the Underwriters and dealers; (ii) the cost of printing this Agreement, the Agreement Among Underwriters, the Selling Agreement, communications with the Underwriters and selling group and the Preliminary and Supplemental Blue Sky Memoranda; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 5(b) hereof, including filing and registration fees and the fees, disbursements and expenses for counsel for the Underwriters in connection with such qualification and in connection with Blue Sky surveys; (iv) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Securities; and (v) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section 6, including the fees of the Company's Transfer Agent and Registrar, the cost of any stock issue or transfer taxes on sale of the Securities to the Underwriters, the cost of the Company's personnel and other internal costs, the cost of printing and engraving the certificates representing the Securities, and all expenses and taxes incident to the sale and delivery of the Securities to be sold by the Company and by the Selling Securityholders to the Underwriters hereunder.

It is understood, however, that, except as provided in this Section, Section 8 and Section 11 hereof, the Underwriters will pay all their own costs and expenses, including the fees of their counsel, stock transfer taxes on resale of any of the Securities by them, and any advertising expenses connected with any offers they may make.

7. The obligations of the Underwriters hereunder shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company and the Selling Securityholders

herein are, at and as of the Time of Delivery, true and correct, the condition that the Company and the Selling Securityholders shall have performed all their obligations hereunder theretofore to be performed, and the following additional

conditions:

(a) The Registration Statement shall have become effective, and you shall have received notice thereof not later than 10:00 P.M., New York City time, on the date of execution of this Agreement, or at such other time as you and the Company may agree; if required, the Prospectus shall have been filed in accordance with Rule 424(b)(1) or (4) of the rules and regulations of the Commission under the Act not later than 24 hours following the execution of this Agreement; no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction;

(b) All corporate proceedings and related legal and other matters in connection with the organization of the Company and the registration, authorization, issue, sale and delivery of the Securities shall have been reasonably satisfactory to Fulbright & Jaworski L.L.P., counsel to the Underwriters, and Fulbright & Jaworski L.L.P. shall have been furnished with such papers and information as they may reasonably have requested to enable them to pass upon the matters referred to in this subsection;

(c) You shall not have advised the Company or any Selling Securityholder that the Registration Statement or Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact or omits to state a fact which in your judgment is in either case material and in the case of an omission is required to be stated therein or is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(d) McDermott, Will & Emery, counsel to the Company, shall have furnished to you their written opinion, dated the Time of Delivery, in form and substance satisfactory to you, to the effect that:

(i) The Company has been duly and validly incorporated and is validly existing as a corporation in good standing under the laws of the State of Mississippi, and is qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which its ownership or leasing of properties or the conduct of its business requires such qualification (except where the failure to so qualify would not have a material adverse effect on the Company and its subsidiaries as a whole); and the Company has all necessary corporate power and all material governmental authorizations, permits and approvals required to own, lease and operate its properties and conduct its business as described in the Prospectus;

(ii) Each of the Company's subsidiaries has been duly and validly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, and is qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which its ownership or leasing of properties or the conduct of its business requires such qualification (except where the failure to so qualify would not have a material adverse effect on the Company and its

subsidiaries as a whole); and each such subsidiary has all necessary corporate power to own its properties and to conduct its business as described in the Prospectus, except as otherwise described in the Prospectus;

(iii) All the outstanding shares of capital stock of each of the Company's subsidiaries are validly issued and outstanding and are owned by the Company of record and, to the knowledge of such counsel, free and clear of all liens, charges or encumbrances of any nature whatsoever; and, to the knowledge of such counsel, neither the Company nor any of its subsidiaries has granted any outstanding options, warrants or commitments with respect to any shares of its capital stock, whether issued or unissued, except as otherwise described in the Prospectus;

(iv) The authorized, issued and outstanding capital stock of the Company is as set forth under the caption "Capitalization" in the Prospectus; all outstanding shares of Common Stock have been duly authorized and validly issued and are fully paid and non-assessable, are free of any statutory preemptive rights, and were issued and sold in compliance with all applicable federal and state securities laws; except

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as described in the Prospectus, to the knowledge of such counsel, there are no outstanding options, warrants, or other rights calling for the issuance of, and there are no commitments, plans or arrangements to issue, any shares of capital stock of the Company or any security convertible into or exchangeable or exercisable for capital stock of the Company;

(v) The Securities being sold by the Company have been duly and validly authorized and, when duly countersigned by the Company's Transfer Agent and Registrar and issued, delivered and paid for in accordance with the provisions of this Agreement, will be validly issued, fully paid and nonassessable and free of any statutory preemptive and, to the best knowledge of such counsel, contractual preemptive rights, rights of first refusal or similar rights; the Securities conform to the description of the Common Stock in the Prospectus; and the Securities have been included for quotation on the Nasdaq National Market as of the Effective Date;

(vi) This Agreement has been duly authorized, executed and delivered by the Company and is a legal, valid and binding agreement of the Company enforceable in accordance with its terms, except as enforceability of the same may be limited by general equitable principles, bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and except as enforceability of those provisions relating to indemnity may be limited by the federal securities laws and principles of public policy;

(vii) The Company has full corporate power and authority to execute, deliver and perform this Agreement, and the execution, delivery and

performance of this Agreement, the consummation of the transactions herein contemplated and the issue and sale of the Securities and the compliance by the Company with all the provisions of this Agreement will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon, any of the property or assets of the Company or its subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement, lease or other material agreement or instrument known to such counsel to which the Company or any of its subsidiaries is a party and by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, nor will such action result in any violation of the provisions of the Certificate of Incorporation or the By-Laws (or similar corporate constituent documents) of the Company or any of its subsidiaries, in each case as amended to the date hereof, or, to such counsel's knowledge, any statute, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties;

(viii) No consent, approval, authorization, order, registration or qualification of or with any court or any regulatory authority or other governmental body is required for the issue and sale of the Securities or the consummation of the other transactions contemplated by this Agreement, (x) except such as have been obtained under the Act and (y) such as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Underwriters, as to which no opinion is expressed;

(ix) To such counsel's knowledge, neither the Company nor any of its subsidiaries is currently in breach of, or in default under, any indenture, mortgage, deed of trust, lease, bank loan or credit agreement or any other material agreement or instrument of which such counsel has knowledge to which the Company or any of its subsidiaries is a party or by which any of them or any of their property may be bound or affected (in any respect that is material in light of the financial condition of the Company and its subsidiaries, taken as a whole);

(x) There are no preemptive or other rights to subscribe for or to purchase, nor any restriction upon the voting or transfer of, any Securities pursuant to the Company's Certificate of Incorporation or By-Laws, in each case as amended to the date hereof, or any agreement or other instrument known to such counsel; and, to such counsel's knowledge, no holders of securities of the Company have rights to the registration thereof under the Registration Statement;

(xi) To the extent summarized therein, all contracts and loan agreements summarized in the Registration Statement and the Prospectus are fairly summarized therein, conform in all material

respects to the descriptions thereof contained therein, and are filed as exhibits thereto or incorporated by reference therein; and to such counsel's knowledge, there is no contract or document concerning the Company or any of its subsidiaries of a character required to be described in the Prospectus or to be filed as an exhibit or incorporated by reference to the Registration Statement, which is not so described, filed or incorporated by reference;

(xii) To such counsel's knowledge, there is no litigation or governmental or other action, suit, proceeding or investigation before any court or before or by any public, regulatory or governmental agency or body pending or threatened against, or involving the properties or business of, the Company, any of its subsidiaries or Triad, which, if resolved against the Company, any of its subsidiaries or Triad, individually or, to the extent involving related claims or issues, in the aggregate, is of a character required to be disclosed in the Prospectus which has not been properly disclosed therein;

(xiii) The Registration Statement was declared effective under the Act on August , 1994, the Prospectus was filed in accordance with Rule 424(b) of the rules and regulations of the Commission under the Act on August , 1994, and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened under the Act; and the Registration Statement, the Prospectus and each amendment or supplement thereto, as of their respective effective or issue dates, complied as to form in all material respects with the requirements of the Act and the rules and regulations thereunder; it being understood that such counsel need express no opinion as to the financial statements and schedules or other financial, pro forma and statistical data contained in the Registration Statement or the Prospectus;

(xiv) The Company has authorized, executed and delivered the Settlement Documents, and to such counsel's knowledge, the Company has no further obligations or liabilities to Newsprint South, GECC or CoBank under any agreement related to the Project, except as set forth in the Settlement Documents; and

(xv) The Company complied with all requirements of Article 13 of the MBCA relating to the Plan of Reorganization and, to such counsel's knowledge, the only securityholders of the Cooperative who have preserved dissenter's rights with respect to the Plan of Reorganization in accordance with said Article 13 are set forth in Schedule III hereto. The Company and certain other parties have entered into a Joint and Mutual Release and Agreement, dated July 11, 1994, with Mulberry Phosphates, which agreement has been duly authorized, executed and delivered by the Company.

McDermott, Will & Emery shall also state that nothing has come to their attention that causes them to believe that either the Registration Statement or the Prospectus contains any untrue statement of material fact or omits to state

a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for the financial statements and related schedules and other financial, pro forma and statistical information included therein, as to which no statement need be made).

In rendering their opinions set forth in Section 7(d) above, McDermott, Will & Emery (i) may rely (a) upon certificates of state officials, (b) as to factual matters, on certificates of the officers of the Company, and (c) upon opinions of counsel (provided, however, that you shall have received a copy of each of such opinions which shall be dated the Time of Delivery, addressed to you or otherwise authorizing you to rely thereon, and that McDermott, Will & Emery, in their opinion to you delivered pursuant to this subsection, shall state that such counsel are satisfactory to them and that McDermott, Will & Emery has no reason to believe that you and they are not entitled to so rely), and (ii) may assume that Triad is not a "subsidiary" for purposes of their opinion.

(e) McDermott, Will & Emery, counsel to the Selling Securityholders, or other counsel satisfactory to the Underwriters, shall have furnished to you their written opinion with respect to each Selling Securityholder, dated the Time of Delivery, in form and substance satisfactory to you, to the effect that:

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(i) Such Selling Securityholder has full corporate power to enter into this Agreement and the Power of Attorney and to sell, transfer and deliver the Securities being sold by such Selling Securityholder hereunder; each of this Agreement and the Power of Attorney has been duly authorized, executed and delivered by or on behalf of each such Selling Securityholder; and is a legal, valid and binding agreement of each such Selling Securityholder, enforceable in accordance with its terms, except as enforcement of the same may be limited by general equitable principles, bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and except as enforceability of those provisions relating to indemnity and contribution may be limited by the federal securities laws and principles of public policy, and the performance of this Agreement and the Power of Attorney and the consummation of the transactions herein and therein contemplated will not result in a breach or violation of any of the terms or provisions of, or constitute a default under, any statute, indenture, mortgage, deed of trust, loan agreement, lease, license agreement or other agreement or instrument known to such counsel to which any such Selling Securityholder is bound; or any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over any such Selling Securityholder or the property of any such Selling Securityholder;

(ii) No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the consummation of the transactions contemplated by this

Agreement or the Power of Attorney in connection with the Securities being sold by such Selling Securityholders, except (x) such as have been obtained under the Act and (y) such as may be required under the rules of the NASD and state securities or Blue Sky laws in connection with the purchase and distribution of such Securities by the Underwriters as to which no opinion is expressed; and

(iii) Upon delivery of and payment for the Securities being sold by such Selling Securityholders, the several Underwriters will receive valid and unencumbered title to such Securities, assuming they purchased such Securities without actual knowledge of any lien, encumbrance, equity claim or other adverse claim (as such term is defined in the New York Uniform Commercial Code).

In rendering such opinions, McDermott, Will & Emery may rely (a) as to factual matters, on certificates of the Selling Securityholders and of officers of the Company, (b) upon certificates of state officials, (c) upon opinions of counsel (provided, however, that you shall have received a copy of each of such opinions which shall be dated the Time of Delivery, addressed to you or otherwise authorizing you to rely thereon, and that McDermott, Will & Emery, in their opinion to you delivered pursuant to this subsection, shall state that such counsel are satisfactory to them and that McDermott, Will & Emery has no reason to believe that you and they are not entitled to so rely), and (d) upon representations of such Selling Securityholders as to matters of fact in their respective Powers of Attorney;

(f) Fulbright & Jaworski L.L.P., counsel to the Underwriters, shall have furnished to you their written opinion or opinions, dated the Time of Delivery, in form and substance satisfactory to you, with respect to the incorporation of the Company, the validity of the Securities, the Registration Statement, the Prospectus and other related matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(g) At the time this Agreement is executed and also at the Time of Delivery, Arthur Andersen & Co. shall have furnished to you a letter or letters, dated the date of this Agreement and the Time of Delivery, in form and substance satisfactory to you, to the effect, that:

(i) They are independent accountants with respect to the Company and its subsidiaries within the meaning of the Act and the applicable published rules and regulations thereunder;

(ii) In their opinion, the consolidated financial statements of the Company and its subsidiaries (including the related schedules and notes) included in the Registration Statement and Prospectus and covered by their reports included therein comply as to form in all material respects with the applicable accounting requirements of the Act and the published rules and regulations thereunder;

(iii) On the basis of specified procedures as of a specified date not

more than five days prior to the date of their letter (which procedures do not constitute an examination made in accordance with

generally accepted auditing standards), consisting of a reading of the latest available unaudited interim financial statements of the Company and its subsidiaries (with an indication of the date or dates of each such latest available financial statements), a reading of the latest available minutes of any meeting of the Board of Directors and stockholders of the Company and its subsidiaries since June 30, 1994, inquiries of officials of the Company who have responsibility for financial and accounting matters subsequent to June 30, 1994, respectively, and such other procedures or inquiries as are specified in such letter, nothing came to their attention that caused them to believe that:

(A) the information relating to the Company and its subsidiaries for the fiscal years ended June 30, 1990, 1991, 1992, 1993, and 1994, and any unaudited information relating to the Company, included in the Prospectus under the caption "Selected Financial Data" does not agree with corresponding amounts in the audited consolidated balance sheets and the audited consolidated statements of income and the audited statements of cash flows as of and for the periods then ended;

(B) Any unaudited consolidated balance sheets, any unaudited consolidated statements of operations, any unaudited consolidated statements of shareholder-members' equity, and any unaudited consolidated statements of cash flow, included in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the published rules and regulations thereunder, or were not prepared on a basis substantially consistent with that of the audited financial statements for the year ended June 30, 1994, included in the Prospectus;

(C) as of a specified date not more than five days prior to the date of their letter, there was any change in the long-term debt or short-term debt of the Company and its subsidiaries on a consolidated basis, or any decreases in shareholders' equity, inventory, working capital or total assets of the Company, as compared with the amounts shown in the consolidated balance sheets as of June 30, 1994, included in the Prospectus, except in each case for changes which the Prospectus discloses have occurred or may occur or which are described in their letter;

(D) for the period from June 30, 1994, to a specified date not more than five days prior to the date of such letter, there was any decrease, as compared with the corresponding period of the preceding fiscal year, in the following consolidated amounts: net sales, operating income, income from continuing operations before income taxes, net income, and earnings per share of the Company and its

subsidiaries, except in all instances for decreases which the Registration Statement discloses have occurred or may occur; or if there was any decrease, setting forth the amount of such decrease; or if the Company and its subsidiaries have no financial statements for any period subsequent to June 30, 1994, and other sufficient information is not available to management in order to enable management to comment on net sales, operating income, margins from continuing operations before income taxes and cumulative effect of change in accounting principle, margins from continuing operations before cumulative change in accounting principle, net margins, pro forma income from continuing operations and pro forma earnings per share of the Company and its subsidiaries subsequent to June 30, 1994, stating that management believes that there was no decrease in net sales, operating income, margins from continuing operations before income taxes and cumulative effect of change in accounting principle, margins from continuing operations before cumulative change in accounting principle, net margins, pro forma income from continuing operations and pro forma earnings per share of the Company and its subsidiaries for the period subsequent to June 30, 1994, as compared with the corresponding period of the preceding fiscal year;

(iv) in addition to the examination referred to in their reports included in the Registration Statement and the Prospectus and the limited procedures referred to in clause (iii) above, they have carried out certain specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information which are derived from the general accounting records of the Company and its subsidiaries which appear in the Prospectus under the captions "Prospectus Summary," "Investment Considerations," "The Company," "Use of Proceeds," "Dividend Policy," "Historical and Pro Forma Capitalization," "Dilution," "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Management," "Certain Relationships

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and Related Transactions", "Principal and Selling Shareholders," "Description of Capital Stock," and "Shares Eligible for Future Sale," and have compared such amounts and financial information with the accounting records of the Company and its subsidiaries and have found them to be in agreement and have proved the mathematical accuracy of certain specified percentages; and

(v) On the basis of a reading of the pro forma consolidated financial statements included in the Registration Statement and the Prospectus, carrying out certain specified procedures that would not necessarily reveal matters of significance with respect to the comments set forth in this clause (v), inquiries of certain officials of the Company who have responsibility for financial and accounting matters and proving the arithmetic accuracy of the application of the pro forma adjustments to the historical amounts in the pro forma consolidated financial statements,

nothing came to their attention that caused them to believe that the pro forma consolidated financial statements do not comply in form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X or that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of such statements;

(h) (i) Neither the Company nor any of its subsidiaries shall have sustained since June 30, 1994, any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree; and (ii) since the respective dates as of which information is given in the Prospectus, there shall not have been any change in the capital stock or short-term debt or long-term debt of the Company or any of its subsidiaries nor any change or any development involving a prospective change, in or affecting the general affairs, management, financial position, shareholder-members' equity or results of operations of the Company or any of its subsidiaries, otherwise than as set forth or contemplated in the Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus;

(i) Between the date hereof and the Time of Delivery there shall have been no declaration of war by the Government of the United States; at the Time of Delivery there shall not have occurred any material adverse change in the financial or securities markets in the United States or in political, financial or economic conditions in the United States or any outbreak or material escalation of hostilities or other calamity or crisis, the effect of which is such as to make it, in the judgment of the Representatives, impracticable to market the Securities or to enforce contracts for the resale of Securities and no event shall have occurred resulting in (i) trading in securities generally on the New York Stock Exchange or the Nasdaq National Market being suspended or limited or minimum or maximum prices being generally established on the Nasdaq National Market or on such exchange, or additional material governmental restrictions, not in force on the date of this Agreement, being imposed upon trading in securities generally by the Nasdaq National Market or such exchange or by order of the Commission or any court or other governmental authority or (ii) a general banking moratorium being declared by either Federal or New York authorities;

(j) The Company and each of the Selling Securityholders shall have furnished or caused to be furnished to you at the Time of Delivery certificates signed by the Chief Executive Officer and the Chief Financial Officer, on behalf of the Company, and such Selling Securityholder or the Selling Securityholder Attorneys, on behalf of each Selling Securityholder, satisfactory to you as to such matters as you may reasonably request and as to (i) the accuracy of its respective representations and warranties herein at and as of the Time of Delivery and (ii) the performance by the Company and each Selling Securityholder of all its respective obligations hereunder to be performed at or prior to the Time of Delivery; the Company shall have furnished or caused to be furnished to you at the Time of Delivery certificates signed by the Chief

Executive Officer and the Chief Financial Officer, on behalf of the Company, as to (i) the fact that they have examined the Registration Statement and the Prospectus and, (a) as of the Effective Date, the statements contained or incorporated by reference in the Registration Statement and the Prospectus were true and correct and neither the Registration Statement nor the Prospectus omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (b) since the Effective Date, no event has

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occurred that is required by the Act or the rules and regulations of the Commission thereunder to be set forth in an amendment of, or a supplement to, the Prospectus that has not been set forth in such an amendment or supplement; and (ii) the matters set forth in subsection (a) of this Section 7;

(k) Each director, officer, and Selling Securityholder shall have delivered to you an agreement not to offer, sell or otherwise dispose of any shares of Common Stock (or securities convertible into shares of Common Stock), directly or indirectly, for a period of 180 days without the prior written consent of Wertheim Schroder & Co. Incorporated; and

(l) The Company shall have delivered to you evidence that the Securities have been included for quotation on the Nasdaq National Market as of the Effective Date.

8. (a) The Company and each Selling Securityholder, jointly and severally, will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement made by the Company in Section 1A of this Agreement, (ii) any untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in any Preliminary Prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto, or in any Blue Sky application or other document executed by the Company specifically for that purpose or based upon written information furnished by the Company filed in any state or other jurisdiction in order to qualify any or all of the Securities under the securities laws thereof or filed with the Commission or any securities association or securities exchange (each, an "Application"), or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made or incorporated by reference therein not misleading, or (iii) the employment by the Company of any device, scheme or artifice to defraud, or the engaging by the Company in any act, practice or course of business which operates or would operate as a fraud or deceit, or any conspiracy with respect thereto, in which the Company shall participate, in connection with the issuance and sale of any of the Securities, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating, preparing to defend, defending or appearing as a

third-party witness in connection with any such action or claim; provided, however, that the Company and each of such Selling Securityholders shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission relating to an Underwriter made in any Preliminary Prospectus, the Registration Statement, the Prospectus or such amendment or supplement or any Application in reliance upon and in conformity with written information furnished to the Company by such Underwriter through you expressly for use therein; provided, further, that the indemnity agreement contained in this Section 8(a) with respect to any Preliminary Prospectus shall not inure to the benefit of any Underwriter (or any persons controlling such Underwriter) on account of any losses, claims, damages, liabilities or litigation arising from the sale of Securities to any person, if such Underwriter fails to send or give a copy of the Prospectus, as the same may be then supplemented or amended, to such person, within the time required by the Act and the untrue statement or alleged untrue statement or omission or alleged omission of a material fact contained in such Preliminary Prospectus was corrected in the Prospectus, unless such failure is the result of noncompliance by the Company with Section 5(c) hereof. Notwithstanding anything to the contrary in this Section 8(a), including the joint and several nature of the obligations of the Company and the Selling Securityholders, each Underwriter and each person who controls such Underwriter agrees not to assert its rights to indemnity under this Section 8(a) against the Selling Securityholders for losses, claims, damages or liabilities (or actions in respect thereof) unless and until (i) such Underwriter or controlling person has requested indemnification and reimbursement from the Company for such losses, claims, damages or liabilities (including any legal or other expenses reasonably incurred) and (ii) the Company does not within 45 days of such request (A) agree to so indemnify such Underwriter or controlling person and (B) reimburse in full such Underwriter or controlling person for any such losses, damages or liabilities (including legal and other expenses) incurred. In the event that litigation between the parties with respect to this Section 8(a) results in a joint or joint and several judgment against the Company and the Selling

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Securityholders, each Underwriter, and each person who controls such Underwriter, agrees that it will not attempt to enforce such judgment against any Selling Securityholder unless and until any part of such judgment shall remain unsatisfied by the Company for more than 30 days.

(b) Each Selling Securityholder, severally and not jointly, will indemnify and hold harmless each Underwriter, the Company and the other Selling Securityholders against any losses, claims, damages or liabilities to which such Underwriter, the Company or such Selling Securityholders may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement made by such Selling Securityholder in Section 1B of this Agreement, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Preliminary

Prospectus, the Registration Statement, or the Prospectus, or any amendment or supplement thereto, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Preliminary Prospectus, the Registration Statement, the Prospectus or such amendment or supplement in reliance upon and in conformity with written information furnished to such Underwriter or the Company by such Selling Securityholder expressly for use therein, and will reimburse such Underwriter, the Company or such Selling Securityholders for any legal or other expenses reasonably incurred by such Underwriter, the Company or such Selling Securityholders in connection with investigating, preparing to defend, defending or appearing as a third-party witness in connection with any such action or claim; provided, however, that the indemnity agreement contained in this Section 8(b) with respect to any Preliminary Prospectus shall not inure to the benefit of any Underwriter (or any persons controlling such Underwriter) on account of any losses, claims, damages, liabilities or litigation arising from the sale of Securities to any person, if such Underwriter fails to send or give a copy of the Prospectus, as the same may be then supplemented or amended, to such person, within the time required by the Act and the untrue statement or alleged untrue statement or omission or alleged omission of a material fact contained in such Preliminary Prospectus was corrected in the Prospectus, unless such failure is the result of noncompliance by the Company with Section 5(c) hereof.

(c) In addition to any obligations of the Company and each of the Selling Securityholders under Section 8(a) and 8(b), the Company and each of the Selling Securityholders agree that they shall perform their indemnification obligations under Section 8(a) and Section 8(b) (as modified by the last paragraph of this Section 8(c)) with respect to counsel fees and expenses and other expenses reasonably incurred by making payments within 45 days to the Underwriter in the amount of the statements of the Underwriter's counsel or other statements which shall be forwarded by the Underwriter, and that it shall make such payments notwithstanding the absence of a judicial determination as to the propriety and enforceability of the obligation to reimburse the Underwriters for such expenses and the possibility that such payments might later be held to have been improper by a court until such time as a court orders return of such payments.

The indemnity agreement in Section 8(a) and Section 8(b) shall be in addition to any liability which the Company or any of the Selling Securityholders may otherwise have and shall extend upon the same terms and conditions to each person, if any, who controls any Underwriter within the meaning of the Act or the Exchange Act.

In no event shall any Selling Securityholder be required pursuant to the indemnity agreement under Section 8(a) and 8(b) to pay a total amount in excess of the net amount received by such Selling Securityholder hereunder for the sale of Securities to the Underwriters.

(d) Each Underwriter will indemnify and hold harmless the Company and the

Selling Securityholders against any losses, claims, damages or liabilities to which the Company or such Selling Securityholder may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto, or any Application, or arise out of or are based upon the omission or

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alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, the Registration Statement, the Prospectus or such amendment or supplement or any Application in reliance upon and in conformity with written information furnished to the Company or such Selling Securityholder by such Underwriter relating to such Underwriter through you expressly for use therein, and will reimburse the Company or such Selling Securityholder for any legal or other expenses reasonably incurred by the Company or such Selling Securityholder in connection with investigating or defending any such action or claim.

The indemnity agreement in this Section 8(d) shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company or of any Selling Securityholder and to each person, if any, who controls the Company or any Selling Securityholder within the meaning of the Act or the Exchange Act.

(e) Promptly after receipt by an indemnified party under Section 8(a), 8(b) or 8(d) of notice of the commencement of any action (including any governmental investigation), such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party under Section 8(a), 8(b) or 8(d) except to the extent it was unaware of such action and has been prejudiced in any material respect by such failure or from any liability which it may have to any indemnified party otherwise than under such Section 8(a), 8(b) or 8(d). In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal or other expenses subsequently incurred by such indemnified party in connection with the

defense thereof other than reasonable costs of investigation. If, however, (i) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party or (ii) an indemnified party shall have reasonably concluded that representation of such indemnified party and the indemnifying party by the same counsel would be inappropriate under applicable standards of professional conduct due to actual or potential differing interests between them and the indemnified party so notifies the indemnifying party, then the indemnified party shall be entitled to employ counsel different from counsel for the indemnifying party at the expense of the indemnifying party and the indemnifying party shall not have the right to assume the defense of such indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to local counsel) for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same set of allegations or circumstances. The counsel with respect to which fees and expenses shall be so reimbursed shall be designated in writing by Wertheim Schroder & Co. Incorporated in the case of parties indemnified pursuant to Section 8(a) and Section 8(b) and by the Company in the case of parties indemnified pursuant to Section 8(d).

No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(f) In order to provide for just and equitable contribution under the Act in any case in which (i) any Underwriter (or any person who controls any Underwriter within the meaning of the Act or the Exchange Act) makes claim for indemnification pursuant to Section 8(a) or Section 8(b) hereof, but is judicially

determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that Section 8(a) or Section 8(b) provides for indemnification in such case or (ii) contribution under the Act may be required on the part of any Underwriter or any such controlling person in circumstances for which indemnification is provided under Section 8(d), then, and in each such case, the Company, the Selling Securityholders and such Underwriter shall contribute to the aggregate losses, claims, damages or liabilities to which they may be subject as an indemnifying party hereunder (after contribution from others) in such proportion so that such Underwriter is responsible for the portion represented by the percentage that the underwriting discount appearing on the cover page of the Prospectus bears to the public offering price appearing thereon, the Selling Securityholders are responsible for the portion

represented by the percentage that the total net proceeds of the offering received by the Selling Securityholders bears to the total public offering price appearing on the cover page of the Prospectus and the Company is responsible for the remaining portion; provided, however, that, in any such case, (x) no Underwriter shall be required to contribute any amount in excess of the underwriting discount applicable to the Securities purchased by such Underwriter, (y) no Selling Securityholder shall in any case be required to contribute an amount in excess of the proceeds of the offering received by such Selling Securityholder, and (z) no person guilty of a fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to a contribution from any person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an Underwriter as result of this Section 8(f) shall be deemed to include any legal or other expenses reasonably incurred by such Underwriter in connection with investigating, preparing to defend or defending any such claim.

(g) Promptly after receipt by any party to this Agreement of notice of the commencement of any action, suit or proceeding, such party will, if a claim for contribution in respect thereof is to be made against another party (the "contributing party"), notify the contributing party of the commencement thereof; but the omission so to notify the contributing party will not relieve it from any liability which it may have to any other party for contribution under the Act except to the extent it was unaware of such action and has been prejudiced in any material respect by such failure or from any liability which it may have to any other party other than for contribution under the Act. In case any such action, suit or proceeding is brought against any party, and such party notifies a contributing party of the commencement thereof, the contributing party will be entitled to participate therein with the notifying party and any other contributing party similarly notified.

9. (a) If any Underwriter shall default in its obligation to purchase the Firm Securities which it has agreed to purchase hereunder, you may in your discretion arrange for you or another party or other parties to purchase such Firm Securities on the terms contained herein. If the aggregate number of Firm Securities as to which Underwriters default is more than one-eleventh of the aggregate number of all the Firm Securities and within 36 hours after such default by any Underwriter you do not arrange for the purchase of such Firm Securities, then the Company shall be entitled to a further period of 36 hours within which to procure another party or other parties satisfactory to you to purchase such Firm Securities on such terms. In the event that, within the respective prescribed periods, you notify the Company that you have so arranged for the purchase of such Firm Securities, or the Company notifies you that it has so arranged for the purchase of such Firm Securities, you or the Company shall have the right to postpone the Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus or in any other documents or arrangements, and the Company agrees to file promptly any amendments to the Registration Statement or the Prospectus which it or you determine may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with

respect to such Firm Securities.

(b) If, after giving effect to any arrangements for the purchase of the Firm Securities of such defaulting Underwriter or Underwriters by you or the Company or both as provided in subsection (a) above, the aggregate number of such Firm Securities which remain unpurchased does not exceed one-eleventh of the aggregate number of all the Firm Securities, then the Company shall have the right to require each non-

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defaulting Underwriter to purchase the number of the Firm Securities which such Underwriter agreed to purchase hereunder and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Firm Securities which such Underwriter agreed to purchase hereunder) of the Firm Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Firm Securities of a defaulting Underwriter or Underwriters by you or the Company as provided in subsection (a) above, the aggregate number of such Firm Securities which remain unpurchased exceeds one-eleventh of the aggregate number of all the Firm Securities, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Firm Securities of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate without liability on the part of any non-defaulting Underwriter, the Company or any Selling Securityholders, except for the expenses to be borne by the Company and the Underwriters as provided in Section 6 hereof and the indemnity agreement in Section 8 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

10. The respective indemnities, agreements, representations, warranties and other statements of the Company, each of the Selling Securityholders and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or an officer or director or controlling person of the Company or any of the Selling Securityholders, and shall survive delivery of and payment for the Securities.

11. This Agreement shall become effective (a) if the Registration Statement has not heretofore become effective, at the earlier of 12:00 Noon, New York City time, on the first full business day after the Registration Statement becomes effective, or at such time after the Registration Statement becomes effective as you may authorize the sale of the Securities to the public by Underwriters or other securities dealers, or (b) if the Registration Statement has heretofore become effective, at the earlier of 24 hours after the filing of the Prospectus with the Commission or at such time as you may authorize the

sale of the Securities to the public by Underwriters or securities dealers, unless, prior to any such time you shall have received notice from the Company that it elects that this Agreement shall not become effective, or you, or through you such of the Underwriters as have agreed to purchase in the aggregate fifty percent or more of the Firm Securities hereunder, shall have given notice to the Company that you or such Underwriters elect that this Agreement shall not become effective; provided, however, that the provisions of this Section 11 and Section 6 and Section 8 hereof shall at all times be effective.

If this Agreement shall be terminated pursuant to Section 9 hereof, or if this Agreement, by election of you or the Underwriters, shall not become effective pursuant to the provisions of this Section, the Company and the Selling Securityholders shall not then be under any liability to any Underwriter except as provided in Section 6 and Section 8 hereof, but if this Agreement becomes effective and is not so terminated but the Securities are not delivered by or on behalf of the Company or any of the Selling Securityholders as provided herein because the Company or any of the Selling Securityholders has been unable for any reason beyond its control and not due to any default by it to comply with the terms and conditions hereof, the Company will reimburse the Underwriters through you, for all out-of-pocket expenses approved in writing by you, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Securities, but the Company and the Selling Securityholders shall then be under no further liability to any Underwriter except as provided in Section 6 and Section 8 hereof.

12. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter, if the same shall have been made or given by you, and in all dealings with the Selling Securityholders hereunder, you and the Company shall be entitled to act and rely upon any statement, request, notice or agreement furnished in writing by or on behalf of such Selling Securityholder or by the Selling Securityholder Attorneys.

All statements, requests, notices and agreements hereunder shall be in writing or by written telecommunication, and shall be sufficient in all respects if delivered or sent by registered mail, if to the Underwriters, to the Representatives, in care of Wertheim Schroder & Co. Incorporated at 787 Seventh Avenue, New York, New York 10019, Attention: Syndicate Department; provided, however, that any notice to any Underwriter pursuant to Section 8(d) hereof shall be delivered or sent by registered mail to such Underwriter at its address set forth in its Underwriters' Questionnaire delivered to the Company; and if to the Company or the Selling Securityholders, to Mississippi Chemical Corporation, Post Office Box 388, Yazoo City, MS 39194-0388, Attention: Charles O. Dunn, President and Chief Executive Officer.

13. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and each of the Selling Securityholders and, to the extent provided in Section 8 and Section 10 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from any Underwriters shall be deemed a successor or assign by reason merely of such purchase.

14. Time shall be of the essence of this Agreement.

15. This Agreement shall be construed in accordance with the laws of the State of New York.

16. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us a counterpart hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters, the Company and each of the Selling Securityholders. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement Among Underwriters, manually or facsimile executed counterparts of which, to the extent practicable and upon request, shall be submitted to the Company for examination, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

Mississippi Chemical Corporation

By: _____

Selling Securityholders

By: _____

As Attorney-in-Fact for each of
the
Selling Securityholders listed in
Schedule II

Accepted as of the date hereof:

Wertheim Schroder & Co. Incorporated
The Robinson-Humphrey Company Inc.
as Representatives of the several Underwriters

By: Wertheim Schroder & Co. Incorporated

By: _____
Managing Director

SCHEDULE I

<TABLE>
<CAPTION>

UNDERWRITER -----	NUMBER OF SHARES -----
<S>	<C>
Wertheim Schroder & Co. Incorporated.....	
The Robinson-Humphrey Company, Inc.....	
Total.....	4,800,000 =====

</TABLE>

SCHEDULE II

<TABLE>
<CAPTION>

SELLING SECURITYHOLDER -----	NUMBER OF FIRM SECURITIES TO BE SOLD -----	MAXIMUM NUMBER OF OPTION SECURITIES TO BE SOLD -----
<S>	<C>	<C>
SF Services, Inc.....	598,000	--
Alabama Farmers Cooperative Inc.....	55,000	8,250
Mapco Inc.....	68,000	--
Missouri Farmers Association, Inc.....	376,309	349,799
Voluntary Purchasing Groups, Inc.....	169,988	164,023
Gold Kist, Inc.....	235,203	--
Jimmy Sanders Seed Company..	77,500	--
Delta Purchasing Federation (AAL).....	20,000	--
Total.....	1,600,000 =====	522,072 =====

</TABLE>

SCHEDULE III

<TABLE>

<CAPTION>

DISSENTING SECURITYHOLDER -----	NUMBER (AND SERIES) OF DISSENTING SHARES -----	REORGANIZATION VALUE* OF DISSENTING SHARES -----
<S>	<C>	<C>
Bright Future Seeds, Inc...	207 (Series II)	\$ 24,840
John A. Dean.....	24 (Series II)	2,880
Bobby Hemphill Farms, Inc..	52 (Series II)	6,240
	250 (Series III)	6,000
J. R. Bradley.....	802 (Series III)	19,248
John W. Ryan.....	5 (Series II)	600
	25 (Series IV)	375
Farmers Cooperative Elevator.....	19 (Series II)	2,280
	220 and 411/1,500 (Series IV)	3,304.11
	-----	-----
Total.....	--	\$65,767.11
	=====	=====

</TABLE>

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* Value is based on the following assumptions:

Value of 1 Series II share: \$120

Value of 1 Series III share: \$24

Value of 1 Series IV share: \$15

ARTICLES OF INCORPORATION
OF
MISSISSIPPI CHEMICAL CORPORATION

The undersigned natural persons, having capacity to contract and each being of the age of twenty-one years or more and acting as incorporators of a corporation pursuant to Section 79-4-2.02 of the Mississippi Business Corporation Act, adopt the following Articles of Incorporation for such corporation:

1. Name. The name of the Company is MISSISSIPPI CHEMICAL CORPORATION (the "Company").

2. Registered Agent. The name and address of the initial registered agent of the Company is Rosalyn B. Glascoe, Highway 49 East, P. O. Box 388, Yazoo City, Mississippi 39194-0388.

3. Registered Office. The initial registered office of the Company is: Highway 49 East, P. O. Box 388, Yazoo City, Mississippi 39194-0388.

4. Board of Directors.

(a) Initial Board. The number of directors constituting the initial Board of Directors is twelve (12), and the names and addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and shall qualify are:

John W. Anderson
P.O. Box 2227
Decatur, Alabama 35609

Woods E. Eastland
P.O. Box 547
Greenwood, Mississippi 38930

Coley L. Bailey
691 Air Industrial Park Road
Grenada, Mississippi 38901

John Sharp Howie
23 Woodlawn Drive
Yazoo City, Mississippi 39194

Frank R. Burnside, Jr.

G. David Jobe

P.O. Box 535
Newellton, Louisiana 71357

615 Locust Street
Columbia, Missouri 65201

Robert P. Dixon

George Penick

P.O. Box 5489
North Little Rock, Arkansas 72119

138 Highland Hills Lane
Flora, Mississippi 39071

Charles O. Dunn
P.O. Box 388
Yazoo City, Mississippi 39194

David M. Ratcliffe
P.O. Box 4079
Gulfport, Mississippi 39502-4079

W. R. Dyess
103 North 7th Street
Corsicana, Texas 75110

Wayne Thames
Route 2, Box 194-A
Evergreen, Alabama 36401

(b) Number of Directors. The number of members of the Board of Directors of the Company following the initial Board shall be not less than nine (9) or more than fifteen (15), the exact number to be fixed and determined from time to time by resolution of a majority of the Board of Directors.

(c) Classification of Board. At the first annual meeting of shareholders, the directors shall be divided into three classes, as nearly equal in number as may be, the term of office of those of the first class to expire at the first annual meeting of shareholders after their election, the term of office of those in the second class to expire at the second annual meeting of shareholders after their election, and the term of office of those of the third class to expire at the third annual meeting of shareholders after their election. At each annual election held after the initial classification and election, directors chosen to succeed those whose terms expire shall be elected for a term of office to expire at the third annual meeting of shareholders after their election.

(d) Vacancies. Any vacancy arising from the earlier retirement of a director may be filled by vote of the remaining

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directors or the shareholders and the term of the new director shall be for the balance of the term of the retiring director's class.

(e) Increase in the size of the Board. A vote of at least two-thirds of the outstanding voting power of the Company is required to increase the maximum number of the members of the Board of Directors if the Board of Directors does not recommend an increase in the maximum number of members of the Board.

(f) Removal of Directors. Shareholders may remove one or more director(s) only for "cause," defined for purposes of this Article 4 as final conviction of a felony, unsound mind, adjudication of bankruptcy or conduct determined by a majority of the other directors to constitute conduct prejudicial to the interests of the Company. A director may be removed for cause only at a meeting called for the purpose of removing the director and the notice of the meeting must state that the purpose, or one of the purposes, of the meeting is the removal of the director.

(g) Cumulative Voting. Shareholders shall have no right to cumulate their votes in the election of directors.

5. Authorized Shares. The maximum number of shares which the Company shall have the authority to issue is:

(a) Common Stock. One hundred million (100,000,000) shares of Common Stock, \$.01 par value per share, with each share entitled to one (1) vote per share. The shares of Common Stock shall be entitled to receive the remaining net assets of the Company upon dissolution after all distributions to holders of Capital Equity Credits and Allocated Surplus Accounts established

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by the Company on its books and after all distributions to holders of Preferred Stock having a liquidation preference over the Common Stock; and

(b) Preferred Stock. Five hundred thousand (500,000) shares of Preferred Stock which shares shall be entitled to such preferences in the distribution of dividends and assets, and shall be divided into such series, as the Board of Directors of the Company shall determine, with full authority in the Board of Directors to determine, prior to issuance, from time to time, the relative preferences, limitations and relative rights of the shares of any series of Preferred Stock, with respect to par value, if any, dividends, redemption, payments on liquidation, sinking fund provisions, conversion privileges and voting rights.

6. Preemptive Rights Denied. No holder of any of the shares of any class of the Company shall be entitled to preemptive rights to subscribe for, purchase or otherwise acquire the Company's securities.

7. Period of Existence. The period of existence of the Company is perpetual.

8. Purpose. The purpose of the Company is to engage in any lawful business permitted by Mississippi law.

9. Liability and Indemnification.

(a) The liability of the directors and officers of the Company for money damages for any action taken, or any failure to take any action, as a director or officer, is eliminated to the fullest extent permitted by the provisions of the Mississippi Business Corporation Act, as the same may be amended and

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supplemented (the "Act"); except that liability shall not be eliminated for:
(i) the amount of a financial benefit received by a director or officer to which

he or she is not entitled; (ii) an intentional infliction of harm on the Company or its shareholders; (iii) a violation of Section 79-4-8.33 of the Act; or (iv) an intentional violation of criminal law.

(b) The Company shall, to the fullest extent permitted by the provisions of the Act, indemnify any director, officer, employee and agent against any and all of the expenses, liabilities, or other matters referred to in or covered by any provisions of the Act, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified directors, officers, employees and/or agents may be entitled under any Bylaw, vote of shareholders or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and the indemnification provided for herein shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

10. Shareholder Protection Act; Control Share Act. The provisions of the Mississippi Shareholder Protection Act, Sections 79-25-1 through 79-25-9, Mississippi Code 1972 Annotated, shall apply to this Company as if the Company were a "Corporation" as defined in that statute. The Company elects to be subject to the provisions of the Mississippi Control Share

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Act, Sections 79-27-1 through 79-27-11, Mississippi Code 1972 Annotated, and that statute shall apply to this Company as if the Company were an "issuing corporation" as defined in that statute.

11. Amendments. Any amendments to Articles 4, 9, 10, 11, 12 or 13 of these Articles of Incorporation shall require the affirmative vote of at least two-thirds of the outstanding voting power of the Company (in addition to, and not in lieu of, any other vote required under the Act). All other Articles of these Articles of Incorporation may be amended by the majority vote of the outstanding voting power of the Company (in addition to, and not in lieu of, any other vote required under the Act).

12. Special Meetings. The Board of Directors is authorized to adopt, and amend from time to time, a Bylaw that increases, over the percentage otherwise required by the Act, the percentage of the outstanding voting power that is necessary to call a special meeting of shareholders, and the percentage set forth in that Bylaw shall be deemed to be set forth herein.

13. Approval of Major Transactions. Any merger, consolidation, share exchange, combination of shares, sale of substantially all of the Company's assets other than in the regular course of business or adoption of a plan of dissolution of the Company (a "Major Transaction") shall require the affirmative vote of at least two-thirds of the outstanding Common Stock as well as the affirmative vote of at least two-thirds of the outstanding voting power entitled to be cast on the transaction by each voting group entitled to vote separately

thereon unless the Major Transaction has been approved and

recommended to the shareholders by two-thirds of the directors then in office, in which case the Major Transaction shall require the affirmative vote of a majority of the outstanding voting power entitled to be cast on the Major Transaction by each voting group entitled to vote separately thereon.

14. Capital Equity Credits and Allocated Surplus Accounts. If approved by the Board of Directors, the Company may establish "Capital Equity Credits" and "Allocated Surplus Accounts" ("Special Accounts"). Special Accounts may be established only to represent capital allocations to shareholders of a portion of earnings on business done with such shareholders made by a predecessor corporation which is merged into the Company. Any Special Accounts, if established, shall have a preference upon liquidation over the Company's Common and Preferred Stock.

Executed on May 23, 1994.

/s/ Charles O. Dunn

(Incorporator)
Charles O. Dunn
Highway 49 East
P.O. Box 388
Yazoo City, Mississippi 39194-0388

/s/ Robert E. Jones

(Incorporator)
Robert E. Jones
Highway 49 East
P.O. Box 388
Yazoo City, Mississippi 39194-0388

BYLAWS

OF

MISSISSIPPI CHEMICAL CORPORATION

(a Mississippi corporation)

ARTICLE I.

Identification

Section 1.01. Name. The name of this corporation is MISSISSIPPI CHEMICAL CORPORATION. The corporation may conduct operations under such other names as the Board of Directors may designate.

Section 1.02. Seal. The corporation shall be authorized, but not required, to use a corporate seal, which if used shall be circular in form and contain the name of the corporation and the words "Corporate Seal, Mississippi." The corporate seal shall be affixed by the Secretary upon such instruments or documents as may be deemed necessary. The presence or absence of such seal on any instrument shall not, however, affect its character or validity or legal effect in any respect.

Section 1.03. Offices. The address of the principal office of the corporation shall be Highway 49 East, P. O. Box 388, Yazoo City, Mississippi 39194-0388. The corporation may also have offices at such other places as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II.

Capital Stock

Section 2.01. Consideration for Shares. Except as otherwise permitted by

law, capital stock of the corporation may be issued for such consideration as shall be fixed from time to time by the Board of Directors.

Section 2.02. Payment for Shares. The consideration for the issuance of shares may be paid, in whole or in part, in money, in other property, tangible or intangible, or in other benefit to the corporation, including promissory notes, labor or services already performed, contracts for services to be performed or other

securities of the corporation. Before the corporation issues shares, the Board of Directors shall determine that the consideration is adequate, which determination is conclusive insofar as the adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid and nonassessable. When the corporation receives the consideration for which the Board authorized the issuance of shares, the shares issued therefor are fully paid and nonassessable. The corporation may place in escrow shares issued for a contract for future services or benefits or a promissory note, or make other arrangements to restrict transfer of the shares, and may credit distributions in respect of the shares against their purchase price until the services are performed, the note is paid or the benefits received. Such escrow arrangements may provide that if the services are not performed, the note is not paid or the benefits are not received, then the shares escrowed or restricted and the distributions credited may be cancelled in whole or in part.

Section 2.03. Certificates Representing Shares. The certificates of stock of the corporation shall be numbered consecutively and entered in the books of the corporation as they are issued. The Board of Directors may authorize the issuance of some or all of the shares without certificates. Such authorization shall not affect shares already represented by certificates. Each certificate issued shall be signed, either manually or by facsimile, by two officers of the corporation and may bear the corporate seal or its facsimile. If the corporation is authorized to issue different classes of shares or different series within a class, then each certificate shall have noted thereon a summary of the designations, relative rights, preferences, rights and limitations applicable to each class and the variations in rights, preferences and limitations determined for each series. Certificates evidencing shares of the corporation shall set forth thereon the statements prescribed by Section 79-4-6.25 of the Mississippi Business Corporation Act and by any other applicable provision of law. If a person who signed, either manually or in facsimile, a share certificate no longer holds office when the certificate is issued, the certificate is nevertheless valid.

Section 2.04. Share Transfers. Upon compliance with any provisions restricting the transferability of shares that may be set forth in the Articles of Incorporation, these Bylaws, or any written agreement in respect thereof, transfers of shares of the corporation shall be made only on the books of the corporation by the registered holder thereof, or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation, or with a transfer agent or a registrar and on surrender of the certificate or certificates for such shares properly endorsed

and the payment of all taxes thereon, if any. Except as may be otherwise provided by law or these Bylaws, the person in whose name shares stand on the books of the corporation shall be deemed the owner thereof for all purposes as regards the corporation; provided that whenever any transfer of

shares shall be made for collateral security, and not absolutely, such fact, if known to the Secretary of the corporation, shall be so expressed in the entry of transfer.

ARTICLE III.

Meetings of Shareholders

Section 3.01. Place of Meetings. Meetings of the shareholders of the corporation shall be held at the principal office of the corporation or at such other place in or out of the state of Mississippi as shall be determined by the Board of Directors.

Section 3.02. Annual Meetings. The annual meeting of the shareholders shall be held at such time and place as the Board of Directors shall designate, at which annual meeting the shareholders shall elect a number of members of the Board of Directors equal to the number of directors whose terms expire at such meeting, and transact such other business as may properly come before the meeting. Failure to hold the annual meeting at the designated time shall not affect the validity of any corporate action.

Section 3.03. Special Meetings. Special meetings of the shareholders shall be held on such call as may be specified in the Articles of Incorporation, on call of the Board of Directors or on call of the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting if such holders sign, date and deliver to the Secretary one or more written demand(s) for the meeting. Any written demand for a meeting shall state the purpose(s) of the proposed meeting and only business within such purpose(s) described in the notice may be conducted at such meeting.

Section 3.04. Notice of Meetings - Waiver. Written notice stating the place, date and time of the meeting, and in case of a special meeting, the purpose(s) for which the meeting is called, shall be delivered not less than ten (10) days or more than sixty (60) days before the date of the meeting, either personally or by mail, to each shareholder entitled to vote at such meeting. Only the shareholders whose names appear on the stock transfer books at the close of business the day before the first notice is delivered to shareholders shall be entitled to notice of and to vote at such meeting, notwithstanding the transfer of shares thereafter.

The corporation shall give notice to shareholders not entitled to vote in any instance where such notice is required by the provisions of the Mississippi Business Corporation Act. A shareholder may waive notice before or after the date and time stated in the notice. The waiver must be in writing, must be

signed by the shareholder entitled to notice and must be delivered to the corporation for inclusion in the minutes or filing with the corporate records. A shareholder's attendance at a meeting waives objection to lack of notice or defective notice of the meeting unless at the beginning of the meeting (or promptly upon arrival) the shareholder objects to holding the meeting or transacting business at the meeting. A shareholder's attendance at a meeting also waives objection to consideration of a particular matter which is not within the purpose(s) described in the notice unless the shareholder objects when the matter is presented.

Section 3.05. Record Date. The Board of Directors may fix a record date for one (1) or more voting groups in order to determine the shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote, or to take any other action; provided, that a record date fixed under this sentence may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders. The stock transfer books of the corporation need not be closed. The record date may precede the date on which the record date is established. A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

Section 3.06. Shares Held by Nominees. The corporation may establish a procedure by which the beneficial owner of shares that are registered in the name of a nominee is recognized by the corporation as the shareholder. The extent of this recognition may be determined in the procedure.

Section 3.07. Shareholders' List. After fixing a record date for a meeting, the corporation shall prepare an alphabetical list of the names of all its shareholders who are entitled to notice of shareholders' meeting. The list shall be arranged by voting group, and within each voting group by class or series of shares, and show the address of and number of shares held by each shareholder. The shareholders' list must be available for inspection by any shareholder, beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder, his or her agent or attorney is entitled on written demand to inspect and, subject to the requirements of Section 79-4-16.02(c) of the Mississippi Business Corporation Act, to copy the list during regular business hours and at his or her expense, during the period it is available for inspection. The corporation shall make

the shareholders' list available at the meeting, and any shareholder, his or her agent or attorney, is entitled to inspect the list at any time during the meeting or any adjournment.

Section 3.08. Quorum. Unless otherwise required by law or the Articles of Incorporation, a majority of the votes entitled to be cast on the matter by a voting group, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders for action on that matter. Holders of shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and any adjournment thereof unless a new record date is or must be set for the adjourned meeting of shareholders for action on that matter. The shareholders present at a duly organized meeting may continue to do business until adjournment, notwithstanding the withdrawal of a number of shareholders so that less than a quorum remains. A meeting may be adjourned despite the absence of a quorum.

Section 3.09. Meaning of Certain Terms. As used herein in respect to the right to notice of a meeting of shareholders or a waiver thereof or to participate or vote thereat or to consent or dissent in writing in lieu of a meeting, as the case may be, the term "share" or "shares" or "shareholder" or "shareholders" refers to an outstanding share or shares and to a holder or holders of record of outstanding shares when the corporation is authorized to issue only one (1) class of shares, and said reference is also intended to include any outstanding share or shares and any holder or holders of record of outstanding shares of any class upon which or upon whom the Articles of Incorporation confer such rights where there are two (2) or more classes or series of shares or upon which or upon whom the Mississippi Business Corporation Act confers such rights notwithstanding that the Articles of Incorporation may provide for more than one (1) class or series of shares, one (1) or more of which are limited or denied such rights thereunder.

Section 3.10. Proxies and Voting. Except as otherwise provided by law or the Articles of Incorporation, each outstanding share, regardless of class, is entitled to one (1) vote on each matter voted on at a shareholders' meeting. A shareholder may vote either in person or by proxy. A shareholder may appoint a proxy by signing an appointment form, either personally or by his attorney-in-fact, and delivering it to the Secretary or other officer of the corporation who is authorized to tabulate votes. An appointment of a proxy is revocable unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest. Such an appointment becomes revocable when the interest is extinguished. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Unless the Articles of Incorporation provide otherwise, directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting in which a quorum is present.

Section 3.11 Conduct of Meeting. Meetings of the shareholders shall be presided over by one of the following officers in the order of seniority and if present and acting - the Chairman of the Board, if any, the Vice Chairman of the Board, if any, the President, a Vice President, if any, or, if none of the foregoing is in office and present and acting, by a chairman to be chosen by the shareholders. The Secretary of the corporation, or in his or her absence, an Assistant Secretary, shall act as secretary of every meeting, but, if neither the Secretary nor an Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting.

Section 3.12. Action Without a Meeting. Action required or permitted by the Mississippi Business Corporation Act to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by all the shareholders entitled to vote on the action. The action must be evidenced by one (1) or more written consents describing the action taken, signed by all the shareholders entitled to vote on the action, and delivered to the corporation for inclusion in the minutes or filing with the corporate records. The corporation must give any required notice to nonvoting shareholders, if any.

ARTICLE IV.

Board of Directors

Section 4.01. Number and Qualifications. A director need not be a shareholder, a citizen of the United States, or a resident of the state of Mississippi. The business and affairs of the corporation shall be managed under the direction of, and all corporate powers shall be exercised by or under the authority of, its Board of Directors. The Board of Directors of the corporation shall, effective as of the date of adoption of these Bylaws, consist of twelve (12) members and thereafter shall consist of such number of members not less than nine (9) or more than fifteen (15) as determined from time to time by resolution of a majority of the Board of Directors.

As long as the size of the Board of Directors shall be fixed at twelve (12) members, the Board shall be divided in three (3) classes of four (4) directors each, with the Board of Directors designating nominees for each class and the shareholders of the Company electing the initial directors serving in such classes to initial terms expiring in the three (3) successive years following such initial election (Class I-1995, Class II-1996 and Class III-1997). In the event a different number of directors is established but is nine (9) or more, the Board of Directors shall be divided into three (3) classes consisting of equal numbers of directors to the extent possible. The Board of Directors may fill any vacancies on the Board of Directors, pursuant to Section 4.04 hereof, designating new directors to one (1) of the three (3)

classes of directors. At each annual meeting of the shareholders following such initial election, the number of directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting after their election or until their earlier retirement from the Board. Any vacancy arising from the earlier retirement of a director shall be filled by vote of the Board, and the term of any such director shall be for the balance of the term of the retiring director.

Section 4.02. Election. At each annual meeting at which directors are elected, directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election. Each director shall hold office for the term for which he or she is elected and until his or her successor shall be elected and qualified.

Section 4.03. Removal of Directors. The directors or the shareholders may remove one (1) or more director(s) only for cause, as defined in the Articles of Incorporation. A director may be removed only if the number of votes cast to remove the director exceeds the number of votes cast not to remove the director. A director may be removed by the shareholders or directors only at a meeting called for the purpose of removing the director, and the meeting notice must state that the purpose or one of the purposes of the meeting is the removal of directors.

Section 4.04. Vacancies. Unless the Articles of Incorporation provide otherwise, if a vacancy occurs in the Board of Directors, including a vacancy resulting from an increase in the number of directors:

- (a) the Board of Directors may fill the vacancy; or
- (b) if the directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

A decrease in the number of directors does not shorten an incumbent director's term. A vacancy that will occur at a specified later date may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

Section 4.05. Place of Meeting. Meetings of the Board of Directors, regular or special, may be held either in or out of the state of Mississippi.

Section 4.06. Regular Meetings. Regular meetings of the Board of Directors may be held without notice of the date, time, place or purpose of the meeting.

Section 4.07. Special Meetings. Special meetings of the Board of Directors may be held upon notice. Unless the Articles of Incorporation provide for a longer or shorter period, special meetings of the Board of Directors must be preceded by a least two (2) days' notice of the date, time and place of the meeting. The notice need not describe the purpose of the special meeting unless required by the Articles of Incorporation. Attendance in person at or participation in a special meeting waives any required notice of the meeting unless at the beginning of the meeting (or promptly upon arrival) the director objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Notice of any meeting of the Board of Directors may be waived before or after the date and time stated in the notice if in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records.

Section 4.08. Quorum and Voting. A quorum of the Board shall consist of a majority of the directors in office immediately before the meeting begins. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board. A director who is present at a meeting of the Board when corporate action is taken is deemed to have assented to the action taken unless:

- (a) he or she objects at the beginning of the meeting (or promptly upon arrival) to holding the meeting or transacting business at the meeting;
- (b) his or her dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (c) he or she delivers written notice of dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately after adjournment of the meeting.

The right of dissent or abstention is not available to a director who votes in favor of the action taken.

Section 4.09. Conduct of Meetings. The Board of Directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director who so participates in a meeting is deemed to be present in person at the meeting.

Section 4.10. Committees of the Board. Unless the Articles of Incorporation provide otherwise, the Board of Directors may create one or more committees and appoint members of the Board of Directors to serve on them. Each committee must have two (2) or more members, who shall serve at the pleasure of the Board of

Directors. The creation of a committee and appointment of members to it must be approved by a majority of all the directors in office when the action is taken. The requirements applicable to the Board of Directors with regard to meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements apply to committees and their members as well. The Board of Directors may delegate to such committee(s) all such authority of the Board that it deems desirable except the authority to:

- (a) authorize distributions;
- (b) approve or propose to the shareholders action required to be approved by shareholders;
- (c) fill vacancies on the Board of Directors or on any of its committees;
- (d) amend the Articles of Incorporation;
- (e) adopt, amend or repeal Bylaws;
- (f) approve a plan of merger not requiring shareholder approval;
- (g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; or
- (h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee to do so within limits specifically prescribed by the Board of Directors.

Section 4.11. Action Without Meeting. Action required or permitted by the Mississippi Business Corporation Act to be taken at a Board of Directors' meeting may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one (1) or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this paragraph is effective when the last director signs the consent, unless the consent specifies a different prior or subsequent effective date.

ARTICLE V.

Officers

Section 5.01. Officers. The officers of the corporation shall consist of a Chairman of the Board, Vice Chairman of the Board, President and Secretary and, as deemed appropriate by the Board of Directors, a Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Counsel, Treasurer, one (1) or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and such other officers and assistant officers and agents as may be deemed necessary by the Board of Directors. Any two (2) or more offices may be held by the same person. The Board of Directors shall delegate to one (1) of the officers the responsibility of preparing minutes of directors' and shareholders' meetings and of authenticating records of the corporation. Officers need not be directors or shareholders of the corporation.

Section 5.02. Vacancies. Vacancies occurring in any office shall be filled by the Board of Directors at any regular or special meeting.

Section 5.03. The Chairman and Vice Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors. The Vice Chairman shall act as chairman in the absence of or in the capacity of the Chairman.

Section 5.04. The President. The President shall be responsible for the active, executive management and supervision of the operations of the corporation and shall perform such duties as the Board of Directors may prescribe or his or her capacity as President by custom may provide.

Section 5.05. The Vice President. Vice Presidents shall perform such duties as the Board of Directors may prescribe. Each Vice President shall report to the President or his or her delegate who shall be responsible for the Vice President's actions.

Section 5.06. The Secretary. The Secretary shall attend all meetings of the shareholders and of the Board of Directors, and shall keep a true and complete record of the proceedings of these meetings. The Secretary shall be custodian of the records of the corporation and shall attend to the giving of all notices, attest, when requested, to the authority of the President or other officers, as revealed by the minutes or these Bylaws, to execute legal documents binding the corporation, and shall perform such other duties as these Bylaws may provide or the Board of Directors may prescribe.

Section 5.07. The Chief Financial Officer. The Chief Financial Officer shall keep correct and complete records of account, showing accurately at all times the financial condition and results of operations of the corporation. The Chief Financial Officer shall be the legal custodian of all moneys, notes, securities and other valuables that may from time to time come into the possession of the corporation. The Chief Financial Officer shall immediately deposit all funds of the corporation coming into

his or her hands in some reliable bank or other depository to be designated by the Board of Directors, and shall keep this bank account in the name of the corporation. The Chief Financial Officer shall furnish at meetings of the Board of Directors, or whenever requested, a statement of the financial condition and results of operations of the corporation, and shall perform such other duties as these Bylaws may provide or the Board of Directors may prescribe. The Chief Financial Officer may be required to furnish bond in such amount as shall be determined by the Board of Directors.

Section 5.08. Other Officers. The duties of other officers elected by the Board of Directors shall be such as are customary to their respective offices and as shall be assigned to them by the President.

Section 5.09. Resignation and Removal. An officer may resign at any time by delivering notice to the corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date provided the successor does not take office until the effective date. The Board of Directors may remove any officer at any time with or without cause and any officer or assistant officer, if appointed by another officer, may likewise be removed by such officer.

ARTICLE VI.

Registered Office And Agent

The address of the initial registered office of the corporation and the name of the initial registered agent of the corporation are set forth in the original Articles of Incorporation.

ARTICLE VII.

Fiscal Year

The fiscal year of the corporation shall be fixed, and shall be subject to change, by the Board of Directors.

ARTICLE VIII.

Amendments

These Bylaws may be altered, amended or repealed and new Bylaws adopted by the affirmative vote of the holders of a majority

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of the outstanding stock at any regular meeting of the shareholders or special meeting called for the purpose, or by the affirmative vote of a majority of the entire Board of Directors at any regular or special meeting of the Board, unless the shareholders in amending or repealing a particular Bylaw provide expressly that the Board of Directors may not amend or repeal that Bylaw; provided, however, that the Board of Directors may not amend these Bylaws to take any action which is reserved exclusively by the shareholders pursuant to the Mississippi Business Corporation Act. If any shareholder or director, as the case may be, should object to the consideration of any proposed amendment, the proposal may not be voted upon unless notice of the proposed amendment was given at least ten (10) days prior to the meeting at which such objecting shareholder or director is entitled to vote. Any amendment, modification, repeal or addition to these Bylaws adopted by the Board of Directors may be amended or repealed by the shareholders.

A Bylaw that fixes a greater quorum or voting requirement for the Board of Directors may be amended or repealed:

- (a) if originally adopted by the shareholders, only by the shareholders;
or
- (b) if originally adopted by the Board of Directors, either by the shareholders or the Board of Directors.

Action by the Board of Directors to adopt or amend a Bylaw originally adopted by the Board of Directors fixing a greater quorum or voting requirement must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect or proposed to be adopted, whichever is greater. The Board is without authority to amend this Article VIII.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the Bylaws of MISSISSIPPI CHEMICAL CORPORATION, a corporation of the state of Mississippi, as in effect on the date hereof.

Dated: May 23, 1994

/s/ Rosalyn B. Glascoe

Secretary of
MISSISSIPPI CHEMICAL CORPORATION

(SEAL)

MISSISSIPPI CHEMICAL CORPORATION

1994 STOCK INCENTIVE PLAN

1. Purpose. The purpose of the 1994 Stock Incentive Plan the ("Plan") is to enable Mississippi Chemical Corporation (the "Company") to offer officers and other key employees of the Company and its subsidiaries performance-based incentives and other equity interests in the Company, thereby attracting, retaining and rewarding such employees and strengthening the mutuality of interest between the Employees and the Company's shareholders.

2. Administration. The Plan shall be administered by a committee (the "Committee") which shall be the Compensation Committee of the Board of Directors or another committee consisting of not less than two directors of the Company appointed by the Board of Directors, none of whom shall be eligible to participate in this Plan and all of whom shall qualify as disinterested persons within the meaning of Securities and Exchange Commission Regulation Section 240.16b-3 or any successor regulation. The Committee may delegate to the Chief Executive Officer of the Company the administration of benefits granted to non-officer participants.

3. Eligibility. Benefits under the Plan shall be granted only to officers and other key employees of the Company

and its subsidiaries selected initially and from time-to-time thereafter by the Committee on the basis of the special importance of their services in the management, development and operations of the Company and its subsidiaries. For these purposes, any corporation, partnership or other entity in which the Company has a significant financial interest may qualify as a subsidiary.

4. Benefits. The benefits awarded under the Plan shall consist of (a) stock options, (b) stock appreciation rights, and (c) stock awards.

5. Shares Reserved. There is hereby reserved for issuance under the Plan an aggregate of 1,800,000 shares of common stock of the Company which may be authorized but unissued or Treasury shares. All of such shares may, but need not, be issued pursuant to the exercise of incentive stock options. The maximum number of option shares which may be awarded to any participant in any fiscal year during the term of the Plan is 200,000 shares. No more than 160,000 shares may be issued as stock awards during the term of the Plan. If there is a lapse, expiration, termination or cancellation of any option prior to the issuance of shares thereunder or if shares are issued and thereafter are reacquired by the Company pursuant to rights reserved upon issuance thereof, those shares may

again be used for new awards under this Plan.

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6. Stock Options. Stock options shall consist of options to purchase shares of common stock of the Company and shall be either incentive stock options or non-qualified stock options as determined by the Committee. The option price shall be not less than 100% of the fair market value of the shares on the date the option is granted and the price may be paid by check or, in the discretion of the Committee, by the delivery of shares of common stock of the Company then owned by the participant. Stock options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant; provided, however, that no stock option shall be exercisable prior to six months after the option grant date nor later than ten years after the grant date. The aggregate fair market value (determined as of the time the option is granted) of the shares of common stock with respect to which incentive stock options are exercisable for the first time by a participant during any calendar year (under all option plans of the Company and its subsidiaries) shall not exceed \$100,000.

7. Stock Appreciation Rights. Stock appreciation rights may be granted to the holder of any stock option granted hereunder and shall be subject to such terms and conditions consistent with the Plan as the Committee shall impose from time to time, including the following:

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(a) A stock appreciation right may be granted with respect to a stock option at the time of its grant or at any time thereafter up to six months prior to its expiration.

(b) Stock appreciation rights will permit the holder to surrender any related stock option or portion thereof which is then exercisable and elect to receive in exchange therefor cash in an amount equal to:

(i) The excess of the fair market value on the date of such election of one share of common stock over the option price, multiplied by

(ii) The number of shares covered by such option or portion thereof which is so surrendered.

(c) The Committee shall have the discretion to satisfy a participant's right to receive the amount of cash determined under paragraph (b) hereof in whole or in part by the delivery of common stock of the Company valued as of the date of the participant's election.

(d) In the event of the exercise of a stock appreciation right, the number of shares reserved for

issuance hereunder shall be reduced by the number of shares covered by the stock option or portion thereof surrendered.

8. Stock Awards. Stock awards will consist of common stock transferred to participants without other payment therefor as additional compensation for their services to the Company or one of its subsidiaries. A stock award shall be subject to such terms and conditions as the Committee determines appropriate including, without limitation, restrictions on the sale or other disposition of such shares, the right of the Company to reacquire such shares upon termination of the participant's employment within specified periods and conditions requiring that the shares be earned in whole or in part upon the achievement of performance goals established by the Committee over a designated period of time. The goals established by the Committee may include earnings per share, total return on shareholder equity, or such other goals as may be established by the Committee in its discretion.

9. Non-transferability. Stock options and other benefits granted under this Plan shall not be transferable other than by will or the laws of descent and distribution and each stock option and stock appreciation right shall be exercisable during the participant's lifetime only by the participant or the participant's guardian or legal representative.

10. Change in Control. In the event of a change in control of the Company, all outstanding stock options and stock appreciation rights shall become immediately exercisable and all stock awards shall immediately vest with all performance goals deemed fully achieved. For these purposes, change in control shall mean the occurrence of any of the following events, as a result of one transaction or a series of transactions:

(a) any "person" (as that term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding the Company, its affiliates and any qualified or non-qualified plan maintained by the Company or its affiliates) becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under such Act), directly or indirectly, of securities of the Company representing more than 20% of the combined voting power of the Company's then outstanding securities;

(b) individuals who constitute a majority of the Board of Directors of the Company immediately prior to a contested election for positions on the Board cease to constitute a majority as a result of such contested election;

(c) the Company is combined (by merger, share exchange, consolidation, or otherwise) with another corporation and as a result of such combination, less than 75% of the outstanding securities of the surviving or resulting corporation are owned in the aggregate by the former shareholders of the Company; or

(d) the Company sells, leases, or otherwise transfers all or substantially all of its properties or assets to another person or entity.

11. Other Provisions. The award of any benefit under the Plan may also be subject to other provisions (whether or not applicable to the benefit awarded to any other participant) as the Committee determines appropriate, including such provisions as may be required to comply with federal or state securities laws and stock exchange requirements and understandings or conditions as to the participant's employment.

12. Fair Market Value. The fair market value of the Company's common stock at any time shall be determined in such manner as the Committee may deem equitable or as required by applicable law or regulation.

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13. Adjustment Provisions.

(a) If the Company shall at any time change the number of issued shares of common stock without new consideration to the Company (such as by stock dividend or stock split), the total number of shares reserved for issuance under this Plan and the number of shares covered by each outstanding benefit shall be adjusted so that the aggregate consideration payable to the Company, if any, shall not be changed.

(b) Notwithstanding any other provision of this Plan, and without affecting the number of shares reserved or available hereunder, the Board of Directors 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.

(c) In the event of any merger, consolidation or reorganization of the Company with any other corporation, there shall be substituted, on an equitable basis as determined by the Committee, 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

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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.

14. Taxes. The Company shall be entitled to withhold the amount of any tax attributable to any shares deliverable under the Plan after giving the person entitled to receive the shares notice as far in advance as practicable and the Company may defer making delivery as to any benefit if any such tax is payable until indemnified to its satisfaction. The Committee may, in its discretion and subject to rules which it may adopt, permit a participant to pay all or a portion of the taxes arising in connection with any benefit under the Plan by electing to have the Company withhold shares of common stock from the shares otherwise deliverable to the participant, having a fair market value equal to the amount to be withheld.

15. Term of Program; Amendment, Modification or Cancellation of Benefits. No benefit shall be granted more than ten years after the date of the approval of this Plan by the shareholders of the Company; provided, however, that the terms and conditions applicable to any benefits granted prior to such date may at any time be amended or cancelled by mutual agreement between the Committee and the participant or any other persons as may then have an interest therein and may be unilaterally

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modified by the Committee whenever such modification is deemed necessary to protect the Company or its shareholders.

16. Amendment or Discontinuation of Plan. The Board of Directors may amend the Plan at any time, provided that no such amendment shall be effective unless approved within 12 months after the date of the adoption of such amendment by the affirmative vote of a majority of the shareholders entitled to vote if such shareholder approval is required for the Plan to continue to comply with the requirements of Securities and Exchange Commission Regulation Section 240.16b-3. The Board of Directors may suspend the Plan or discontinue the Plan at any time; provided, however, that no such action shall adversely affect any outstanding benefit.

17. Shareholder Approval. The Plan was adopted by the Board of Directors on August 2, 1994, subject to shareholder approval. The Plan and any benefits granted thereunder shall be null and void if shareholder approval is not obtained at the next annual meeting of shareholders.

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MISSISSIPPI CHEMICAL CORPORATION

and

HARRIS TRUST AND SAVINGS BANK

Rights Agent

Rights Agreement

Dated as of August 2, 1994

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RIGHTS AGREEMENT

Rights Agreement, dated as of _____, 1994 (the "Agreement"), between MISSISSIPPI CHEMICAL CORPORATION, a Mississippi corporation (the "COMPANY"), and HARRIS TRUST AND SAVINGS BANK, (the "RIGHTS AGENT").

W I T N E S S E T H:

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WHEREAS, on August 2, 1994, the Board of Directors of the Company authorized and declared a dividend distribution of one Right (as hereinafter defined) payable on August 15, 1994 for each outstanding share of common stock, par value \$0.01 per share, of the Company (the "COMMON STOCK") outstanding on August 5, 1994 (the "Record Date"), and the issuance of one Right for each share of Common Stock of the Company issued between the Record Date and the Separation Date (as hereinafter defined) and one Right for each share of Common Stock of the Company issued upon exercise of stock options granted prior to the Separation Date or under any employee plan or arrangement established prior to the Separation Date, each Right representing the right to purchase one one-hundredth of a share of Preferred Stock, Series A of the Company having the rights, powers and preferences set forth in the form of Certificate of Designation, Preferences and Rights attached hereto as Exhibit A, upon the terms and subject to the conditions hereinafter set forth (the "RIGHTS");

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "ACQUIRING PERSON" shall mean any Person (as such term is hereinafter defined) who or which, together with all Affiliates (as hereinafter defined) and Associates (as hereinafter defined) of such Person, shall be the Beneficial owner (as hereinafter defined) of 15% or more of the shares of Common Stock then outstanding and shall include all Affiliates and Associates of such Person, but shall not include the Company, any Subsidiary of the Company, any employee benefit plan of the Company or any Subsidiary of the Company or any entity holding shares of Common Stock organized, appointed or established by the

Company for or pursuant to the terms of any such plan.

(b) "AFFILIATE" shall mean, with respect to a specified Person, a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified.

(c) "APPROVED ACQUIRING PERSON" shall mean an Acquiring Person who becomes such by virtue of the acquisition of Common Stock directly from the Company, and an Approved Acquiring Person shall cease to be such if thereafter the Approved Acquiring Person (i) ceases to be the Beneficial Owner of 15% or more of the shares of Common Stock then outstanding, or (ii) takes any affirmative action to increase its proportionate share of the outstanding Common Stock in one transaction or a series of transactions by more than 5% of the aggregate number of shares of Common Stock then outstanding without the prior approval of a majority of the Continuing Directors; provided that except as provided in clause (i) hereof, an Approved Acquiring Person shall not lose its status as such as a result of any actions taken by the Company which change the number of shares of Common Stock outstanding.

(d) "ASSOCIATE" shall mean, with respect to a specified Person, (i) any corporation or organization (other than the Company or a Subsidiary of the Company) of which such Person is an officer, director or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity security as defined in Rule 3a-11 of the General Rules and Regulations under the Exchange Act, (ii) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity, and (iii) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person, or is an officer or director of any corporation controlling or controlled by such Person.

(e) "BENEFICIAL OWNERSHIP" shall be determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 (or any successor rule or statutory provision) or, if Rule 13d-3 shall be rescinded and there shall be no successor rule or statutory provision thereto, pursuant to Rule 13d-3 as in effect on the date hereof; provided, however, that a Person shall, in any event, also be deemed to be the "Beneficial Owner" of any securities:

(i) which such Person or any Affiliate or Associate thereof beneficially owns, directly or indirectly;

(ii) which such Person or any Affiliate or Associate thereof, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," (A) securities tendered pursuant to a tender or exchange offer made by or on behalf of

such Person or any Affiliate or Associate thereof until the tendered securities are accepted for purchase or exchange, or (B) securities issuable upon exercise of the Rights;

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(iii) which such Person or any Affiliate or Associate thereof, directly or indirectly, has sole or shared voting or investment power with respect thereto pursuant to any agreement, arrangement or understanding (whether or not in writing); provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," any security under this subparagraph (iii) as a result of an agreement, arrangement or understanding to vote such security if the agreement, arrangement or understanding (A) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations under the Exchange Act, and (B) is not also then reportable by such Person on Schedule 13D under the Exchange Act; or

(iv) which are beneficially owned, directly or indirectly, by any other Person or any Affiliate or Associate thereof with which such Person or any Affiliate or Associate thereof has any agreement, arrangement or understanding (whether or not in writing), for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in subparagraph (iii) of this paragraph (e)) or disposing of any voting securities of the Company.

Nothing in this Section 1(e) shall cause a Person engaged in business as an underwriter to be the "Beneficial Owner" of, or to "beneficially own," any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of 40 days after the date of such acquisition.

(f) "BUSINESS DAY" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in the State of Mississippi are authorized or obligated by law or executive order to close.

(g) "CLOSE OF BUSINESS" on any given date shall mean 5:00 P.M., Jackson, Mississippi time, on such date; provided, however, that if such date is not a Business Day it shall mean 5:00 P.M., Jackson, Mississippi time, on the next succeeding Business Day.

(h) "CLOSING PRICE" of any security on any given day shall be the last sale price, regular way, of such security or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, on the principal trading market on which such security is then traded.

(i) "COMMON STOCK" shall mean the common stock, par value \$0.01 per share, of the Company, and "common stock" when used with reference to any Person other than the Company shall mean the capital stock with the greatest voting power, or the equity securities or other equity interest having power to control

or direct the management, of such Person.

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(j) "CONTINUING DIRECTOR" shall mean any director of the Company who is not an Acquiring Person or a representative or nominee of an Acquiring Person, and (i) who was elected by the stockholders or appointed by the Board of Directors of the Company prior to the date as of which the Acquiring Person became an Acquiring Person, or (ii) who was designated (before his initial election or appointment as a director) as a Continuing Director by a majority of the Continuing Directors.

(k) "CURRENT MARKET PRICE" of any security on any given day shall be deemed to be the average of the daily Closing Prices per share or other trading unit of such security for 10 consecutive Trading Days (as hereinafter defined) immediately preceding such date; provided, however, that with respect to shares of capital stock, in the event that the current market price per share of the capital stock is determined during a period following the announcement of (i) a dividend or distribution on the capital stock payable in shares of such capital stock or securities convertible into shares of such capital stock (other than the Rights), or (ii) any subdivision, combination or reclassification of the capital stock, and prior to the expiration of the requisite 10 Trading Day period, as set forth above, after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, then and in each such case, the Current Market Price, shall be properly adjusted to take into account ex-dividend trading; and provided further that if the security is not publicly held or not so listed or traded, Current Market Price per share or other trading unit shall mean the fair value per share or other trading unit as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes.

(l) "EQUIVALENT PREFERRED STOCK" shall mean any class or series of capital stock of the Company, other than the Preferred Stock, which is entitled to participate on a proportional basis with the Preferred Stock in dividends and other distributions, including distributions upon the liquidation, dissolution or winding up of the Company. In calculating the number of shares any class or series of Equivalent Preferred Stock for purposes of Section 13 of this Agreement, the number of shares or fractions of Equivalent Preferred Stock that are entitled to the same dividend or distribution as a whole share of Preferred Stock shall be deemed to be one share.

(m) "EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended and in effect on the date of this Agreement, and all references to any rule or regulation of the General Rules and Regulations under the Exchange Act shall be, except as otherwise specifically provided herein, to such rule or regulation as was in effect on the date of this Agreement.

(n) "EXCHANGE DATE" shall mean the date at which the rights are exchanged as provided in Section 24 of this Agreement.

(o) "EXPIRATION DATE" shall mean the Close of Business on August 15, 2004 subject to extension as provided in Section 12(c) of this Agreement.

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(p) "FLIP-IN EVENT" shall mean any of the events described in Section 11(a) of this Agreement.

(q) "FLIP-OVER EVENT" shall mean any of the events described in Section 12(a) of this Agreement.

(r) "PERSON" shall mean any individual, firm, corporation, partnership or other entity and shall include any "group" as that term is used in Rule 13d-5(b) under the Exchange Act.

(s) "PURCHASE PRICE" shall mean with respect to each Right, the price set forth in Section 7(b) of this Agreement.

(t) "PREFERRED STOCK" shall mean shares of Preferred Stock, Series A par value \$0.01 per share, of the Company.

(u) "REDEMPTION DATE" shall mean the time at which the Rights are ordered to be redeemed pursuant to Section 23 of this Agreement.

(v) "SEPARATION DATE" shall mean the earlier of (i) the tenth day after the Stock Acquisition Date (as hereinafter defined) or (ii) the tenth day after the date of the commencement of, or first public announcement of the intent to commence, a tender or exchange offer by any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or any Subsidiary of the Company or any entity holding shares of Common Stock organized, appointed or established by the Company for or pursuant to the terms of any such plan), if upon consummation thereof, such Person would be the Beneficial Owner of 25% or more of the shares of Common Stock then outstanding (including any such date which is after the date of this Agreement and prior to the issuance of the Rights).

(w) "STOCK ACQUISITION DATE" shall mean the first date of public announcement by the Company, an Acquiring Person or otherwise, that an Acquiring Person, other than an Approved Acquiring Person, has become such.

(x) "SUBSIDIARY" shall mean, with reference to any Person, any corporation of which a majority of any class of equity security is Beneficially Owned, directly or indirectly, by such Person.

(y) "TRADING DAY," with respect to any security shall mean a day on which the principal national securities exchange on which the security is listed or admitted to trading is open for the transaction of business or, if the security is not listed or admitted to trading on any national securities exchange, a Business Day.

(z) "TRIGGERING EVENT" shall mean a Flip-In Event or a Flip-Over

(aa) "WHOLE BOARD" shall mean the total number of directors which the Company would have if there were no vacancies.

Any determination required by the definitions contained in this Section 1 shall be made by the Board of Directors of the Company in its good faith judgment, which determination shall be final and binding on the Rights Agent.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights (who, in accordance with Section 3 of this Agreement, shall prior to the Separation Date also be the holders of the Common Stock) in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable.

Section 3. Issue of Rights Certificates.

(a) Until the Separation Date, (i) the Rights will be evidenced by the certificates for the Common Stock registered in the names of the holders of the Common Stock (which certificates for Common Stock shall be deemed also to be certificates for Rights) and not by separate certificates, and (ii) the Rights will be transferable only in connection with the transfer of the underlying shares of Common Stock (including a transfer to the Company).

(b) As soon as practicable after the Separation Date, the Rights Agent will send by first-class, insured, postage prepaid mail, to each record holder of the Common Stock as of the Close of Business on the Separation Date, at the address of such holder shown on the records of the Company, a Rights certificate (the "RIGHTS CERTIFICATE"), evidencing one Right (as adjusted from time to time prior to the Separation Date pursuant to this Agreement) for each share of Common Stock so held. As of and after the Separation Date, the Rights will be evidenced solely by Rights Certificates.

(c) As soon as practicable after the Record Date, the Company will send a copy of a Summary of Rights, in substantially the form attached hereto as Exhibit C (the "SUMMARY OF RIGHTS"), by first-class, postage prepaid mail to each record holder of the Common Stock as of the Close of Business on the Record Date, at the address of such holder shown on the records of the Company.

(d) Certificates for the Common Stock issued after the Record Date but prior the earlier of the Separation Date or the Expiration Date (as hereinafter defined), shall be deemed also to be certificates for Rights, and shall bear the following legend:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in the Rights Agreement between Mississippi Chemical Corporation (the "Company") and Harris Trust and Savings

Bank, dated as of August 2, 1994 (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Company will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Under certain circumstances, Rights beneficially owned by Acquiring Persons (as defined in the Rights Agreement) become null and void and the holder of such Rights (including any subsequent holder) shall not have any right to exercise the Rights.

(e) After the Separation Date but prior to the Expiration Date, Rights shall be issued in connection with the issuance of Common Stock upon the exercise of stock options granted prior to the Separation Date or pursuant to other benefits under any employee plan or arrangement established prior to the Separation Date; provided, however, that if, pursuant to the terms of any option or other benefit plan, the number of shares issuable thereunder is adjusted after the Separation Date, the number of Rights issuable upon issuance of the shares shall be equal only to the number of shares which would have been issuable prior to the adjustment.

Section 4. Form of Rights Certificates.

(a) The Rights Certificates (and the form of election to purchase shares and form of assignment) shall be in substantially the form attached hereto as Exhibit B and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed or to conform to usage. Subject to the provisions of this Agreement, the Rights Certificates, whenever issued, shall be dated as of the Record Date and on their face shall entitle the holders thereof to purchase such number of shares of Preferred Stock which shall be set forth therein at the Purchase Price set forth therein, subject to adjustment as provided in this Agreement.

(b) Any Rights Certificate issued pursuant to Section 3(a) of this Agreement that represents Rights beneficially owned by an Acquiring Person or that represents any Rights owned on or after the Separation Date by any Person who subsequently becomes an Acquiring Person and any Rights Certificate issued at any time upon the transfer of any Rights to an Acquiring Person or to any nominee of such Acquiring Person and any Rights Certificate issued pursuant to Section 6 or Section 13 of this Agreement upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, may contain the following legend:

The Rights represented by this Rights Certificate were issued to a Person who was or became an Acquiring Person. This Rights Certificate and the Rights represented hereby may become void in the circumstances specified in Section 7(e) of the Rights Agreement.

Section 5. Countersignature and Registration.

(a) The Rights Certificates shall be executed on behalf of the Company by the Chairman of its Board of Directors, its President or any Vice President, either manually or by facsimile signature and shall have affixed thereto the Company's seal or a facsimile thereof which shall be attested by the Secretary or an Assistant Secretary of the Company, either manually or by facsimile signature. Each Rights Certificate shall be manually countersigned by the Rights Agent and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Rights Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Rights Certificates, nevertheless, may be countersigned by the Rights Agent, and issued and delivered by the Company with the same force and effect as though the person who signed such Rights Certificates had not ceased to be such officer of the Company; and any Rights Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Rights Certificate, shall be a proper officer of the Company to sign such Rights Certificate, although at the date of the execution of this Rights Agreement any such person was not such an officer.

(b) Following the Separation Date, the Rights Agent will keep or cause to be kept, at one of its offices, books for registration and transfer of the Rights Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Rights Certificates, the number of Rights evidenced by each of the Rights Certificates, and the certificate number and the date of each of the Rights Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Rights Certificates; Mutilated, Destroyed, Lost or Stolen Rights Certificates.

(a) Subject to the provisions of Section 14 of this Agreement, at any time after the Close of Business on the Separation Date, and at or prior to the Close of Business on the Expiration Date, any Rights Certificate or Certificates may be transferred, split up, combined or exchanged for another Rights Certificate or Certificates, entitling the registered holder to purchase a like number of shares of Preferred Stock (or other securities, cash or other property, as the case may be) as the Rights Certificate or Certificates surrendered then entitled such holder (or former holder in the case of a transfer) to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Rights Certificate or Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Rights Certificate or Certificates to be transferred, split up, combined or exchanged

principal office of the Rights Agent designated for such purpose. Thereupon, the Rights Agent shall countersign and deliver to the Person entitled thereto a Rights Certificate or Rights Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Rights Certificates.

(b) Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Rights Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Rights Certificate if mutilated, the Company will execute and deliver a new Rights Certificate of like tenor to the Rights Agent for countersignature and delivery to the registered owner in lieu of the Rights Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights.

(a) Each Right shall entitle (except as otherwise provided in this Agreement) the registered holder thereof, upon the exercise thereof as provided in this Agreement, to purchase, for the Purchase Price, at any time after the Separation Date and prior to the earliest of the Expiration Date, the Exchange Date and the Redemption Date, one one-hundredth share of Preferred Stock, subject to adjustment from time to time as provided in Section 13 of this Agreement, payable in lawful money of the United States of America in accordance with Paragraph (c) below.

(b) Subject to Section 7(e), Section 23(a) and Section 24 of this Agreement, the registered holder of any Rights Certificate may exercise the Rights evidenced thereby in whole or in part at any time after the Separation Date upon surrender of the Rights Certificate, with the form of election to purchase on the reverse side thereof including the certificate contained therein duly executed, to the Rights Agent at the principal office of the Rights Agent, together with payment of the Purchase Price for each one one-hundredth share of Preferred Stock as to which the Rights are exercised prior to the earliest of the Expiration Date, the Exchange Date and the Redemption Date.

(c) Upon receipt of a Rights Certificate representing exercisable Rights, with the form of election to purchase including the certificate contained therein duly executed, accompanied by payment of the Purchase Price for the shares (or cash or other assets as the case may be) to be purchased and an amount equal to any applicable transfer tax in cash, or by certified check or bank draft payable to the order of the Company, the Rights Agent shall thereupon promptly:

(i) (A) requisition from any transfer agent for the Preferred Stock certificates for the number of one one-hundredths of a share of Preferred Stock to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, or (B) requisition from the depositary agent depositary receipts representing such number of one one-hundredths of a share of Preferred Stock as are to be purchased (in which case certificates for the shares of Preferred Stock represented by such receipts shall be deposited by the transfer agent with the depositary agent) and the Company will direct the depositary agent to comply with such request;

(ii) requisition from the Company the amount of cash, if any, to be paid in lieu of fractional shares in accordance with Section 14 of this Agreement;

(iii) after receipt of such certificates or depositary receipts, cause the same to be delivered to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder; and

(iv) after receipt, deliver such cash, if any, to or upon the order of the registered holder of such Rights Certificate.

In the event that the Company is obligated to issue other securities (including shares of Common Stock) of the Company, pay cash and/or distribute other property pursuant to this Agreement, the Company will make all arrangements necessary so that such other securities, cash and/or other property are available for distribution by the Rights Agent, if and when appropriate.

(d) In case the registered holder of any Rights Certificate shall exercise less than all the Rights evidenced thereby, a new Rights Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent and delivered to the registered holder of such Rights Certificate or to his duly authorized assigns, subject to the provisions of Section 6 and Section 14 of this Agreement.

(e) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of the earlier of (x) the date on which the Board of Directors of the Company decides to exchange the Rights pursuant to Section 24 of this Agreement and (y) a Triggering Event, any unexercised Rights that are or were, at any time on or after the earlier to occur of (i) the Separation Date and (ii) the Stock Acquisition Date, beneficially owned by an Acquiring Person (other than an Approved Acquiring Person who is not a party to the Triggering Event) or owned by any Person who subsequently becomes an Acquiring Person (other than an Approved Acquiring Person who is not a party to the Triggering Event) shall immediately become permanently null and void without any further action, and no holder of such Rights shall have any right whatsoever with respect to such Rights under this Agreement or otherwise. The Company shall use all reasonable

of this Agreement are complied with, but shall have no liability to any holder of Rights Certificates or to any other Person as a result of its failure to make any determinations with respect to an Acquiring Person or its Affiliates, Associates or transferees hereunder.

(f) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder of any Rights Certificate upon the occurrence of any purported exercise thereof unless such registered holder shall have (i) completed and signed the certificate contained in the form of election to purchase set forth on the reverse side of the Rights Certificate surrendered for such exercise and (ii) provided such additional evidence of the identity of the Beneficial Owner (or former or proposed Beneficial Owner) or Affiliates thereof as the Company shall reasonably request.

Section 8. Cancellation and Destruction of Rights Certificates. All Rights Certificates surrendered for the purpose of exercise, transfer, split-up, combination or exchange shall, if surrendered to the Company or any of its agents, be delivered to the Rights Agent for cancellation or in cancelled form, or, if surrendered to the Rights Agent, shall be cancelled by it, and no Rights Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Rights Certificates purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all cancelled Rights Certificates to the Company, or shall, at the written request of the Company, destroy such cancelled Rights Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Reservation and Availability of Preferred Stock.

(a) The Company covenants and agrees that it will cause to be reserved and kept available at all times out of its authorized and unissued shares of Preferred Stock or its authorized and issued shares of Preferred Stock held in its treasury, free from preemptive rights or any right of first refusal, the number of shares of Preferred Stock that will be sufficient to permit the exercise in full of all Rights from time to time outstanding.

(b) So long as the shares of Preferred Stock issuable upon the exercise of the Rights may be listed on any national securities exchange, the Company shall use its best efforts to cause, from and after the time the Rights become exercisable, all shares reserved for such issuance to be listed on such exchange upon official notice of issuance upon such exercise.

(c) The Company shall use its best efforts to:

(i) file, as soon as practicable following the earlier of the Separation Date or as soon as is required by law, a registration statement under the Securities Act of 1933 (the "Act"), with respect to the Preferred Stock purchasable upon exercise of the Rights on an appropriate form;

(ii) cause such registration statement to become effective as soon as practicable after the filing; and

(iii) cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the earliest of (A) the date as of which Rights are no longer exercisable for such securities, (B) the Expiration Date and (C) the Redemption Date.

The Company will also take all action necessary to ensure compliance with the securities or "blue sky" laws of the various states in connection with the exercisability of the Rights. The Company may temporarily suspend, for a period of time not to exceed ninety (90) days after the date set forth in clause (i) of the first sentence of this Section 9(c), the exercisability of the Rights in order to prepare and file such registration statements and permit them to become effective. Upon any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect. Notwithstanding any provision of this Agreement to the contrary, the Rights shall not be exercisable in any jurisdiction unless the requisite qualification in that jurisdiction shall have been obtained and, if applicable, until a registration statement has been declared effective.

(d) The Company covenants and agrees that it will take all such action as may be necessary to ensure that all shares of Preferred Stock delivered upon exercise of Rights shall, at the time of delivery of the certificates for such shares (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable.

(e) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Rights Certificates and of any shares of Preferred Stock upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Rights Certificates to a Person other than, the issuance or delivery of the shares of Preferred Stock, in respect of a name other than that of, the registered holder of the Rights Certificates evidencing Rights surrendered for exercise or the issuance or delivery of any certificates for shares of Preferred Stock in a name other than that of, the registered holder, upon the exercise of any Rights, until such tax shall have been paid (any such tax being payable by the holder of such Rights Certificate at the time of surrender) or until it has been established to the Company's satisfaction that no such tax is due.

Section 10. Preferred Stock Record Date. Each Person in whose name any certificate for shares of Preferred Stock is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the shares of Preferred Stock represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and all applicable transfer taxes) was made; provided, however, that if the date of such surrender and payment is a date upon which the Preferred Stock transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Preferred Stock transfer books of the Company are open.

Section 11. The Flip-In. (a) In the event:

(i) any Acquiring Person, directly or indirectly, shall merge into the Company or otherwise combine with the Company and the Company shall be the continuing or surviving corporation of such merger or combination and the Common Stock of the Company shall remain outstanding and unchanged, except pursuant to a merger or other combination involving an Approved Acquiring Person which was approved by a majority of the Continuing Directors; or

(ii) any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company, or any entity organized, appointed or established pursuant to the terms of such plan) shall become the Beneficial Owner of 20% or more of the shares of Common Stock then outstanding (except pursuant to an offer for all outstanding shares of Common Stock at a price and upon such terms and conditions as a majority of the Continuing Directors determine to be in the best interests of the Company and its stockholders, other than such Acquiring Person); or

(iii) any Acquiring Person shall, in one or a series of related transactions, directly or indirectly, transfer any assets to the Company or any of its Subsidiaries in exchange (in whole or in part) for shares of Common Stock or for securities exercisable or exchangeable for, or convertible into, shares of Common Stock or otherwise obtain from the Company or any of its Subsidiaries, with or without consideration, any additional Common Stock or other securities of the Company or securities of any of its subsidiaries or securities exercisable or exchangeable for, or convertible into, shares of Common Stock or other securities of the Company or securities of any of its Subsidiaries (other than an issuance upon conversion of convertible securities of the Company or any such Subsidiary that were not acquired from the Company or any such Subsidiary) except pursuant to a transaction or series of transactions approved by a majority of the Continuing

Directors at a time when there are no Acquiring Persons other than Approved

Acquiring Persons; or

(iv) any Acquiring Person shall sell, purchase, lease, exchange, mortgage, pledge, otherwise transfer or dispose or acquire, from, to, with or of, the Company or any of its Subsidiaries, assets (including securities) on terms and conditions less favorable to the Company or such Subsidiary than the Company or such Subsidiary would be able to obtain in an arm's-length transaction with an unrelated third party, unless those transactions are approved by a majority of the Continuing Directors; or

(v) during the time when there is an Acquiring Person, there shall be any reclassification of securities (including any reverse stock split), or recapitalization of the Company, or any merger or consolidation of the Company with any of its Subsidiaries or any other transaction or series of transactions involving the Company (whether or not with or into or otherwise involving an Acquiring Person) which has the effect, directly or indirectly, of increasing by more than 1% the proportionate share of the outstanding shares of any class of equity securities of the Company or any of its Subsidiaries which is directly or indirectly owned by any Acquiring Person, except pursuant to a transaction or series of transactions approved by a majority of the Continuing Directors at a time when there are no Acquiring Persons other than Approved Acquiring Persons; or

(vi) any Acquiring Person shall, directly or indirectly, sell, purchase, lease, exchange, mortgage, pledge, otherwise transfer or acquire or dispose, in one transaction or a series of related transactions, from, to, with or of, the Company or any of its Subsidiaries, assets having an aggregate fair market value (as determined in good faith by a majority of the Continuing Directors) in excess of 10% or more of the total assets of the Company as shown on its consolidated balance sheet as of the end of the most recent fiscal quarter ending prior to the time the determination is being made to the stockholders of the Company, unless such sale or lease has been approved by a majority of the Continuing Directors; or

(vii) during the time when there is an Acquiring Person, there shall be any distribution of assets or securities of the Company or of any of its Subsidiaries, in one transaction or a series of transactions, having an aggregate fair market value (as determined in good faith by a majority of the Continuing Directors) in excess of 10% or more of the total assets of the Company as shown on its consolidated balance sheet as of the end of the most recent fiscal quarter ending prior to the time the determination is being made to the stockholders of the Company, unless the distribution is approved by a majority of the Continuing Directors; or

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(viii) any Acquiring Person, directly or indirectly, shall receive management fees or other compensation from the Company or any of its Subsidiaries other than compensation for full-time employment as a regular employee or directors' fees on the same basis as the other directors of the Company or any of its Subsidiaries, or receive the benefit of guarantees or

other financial assistance or tax credits or other tax advantages from the Company or any of its Subsidiaries, unless those transactions are approved by a majority of the Continuing Directors; or

(ix) during the time when there is an Acquiring Person, (1) there shall be any reduction in the annual rate of dividends paid on the Common Stock (except as necessary or appropriate, in the opinion of a majority of the Continuing Directors, for valid business reasons, to reflect any subdivision of the Common Stock or as required under the laws of the jurisdiction of incorporation of the Company) or (2) there shall be a failure to increase the annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, combination, reorganization or any similar transaction which has the effect of reducing the number of shares of outstanding Common Stock (except as necessary or appropriate, in the opinion of a majority of the Continuing Directors, for valid business reasons or to the extent such increase in the rate of dividends would be prohibited under the laws of the jurisdiction of incorporation of the Company);

then, and in each case, subject to the provisions of Section 24 of this Agreement, each holder of a Right, except as provided below and in Section 7(e) of this Agreement, shall thereafter have a right to receive, upon exercise of the Right at the then current Purchase Price, in accordance with the terms of this Agreement, in lieu of shares of Preferred Stock, such number of shares of Common Stock of the Company as shall equal the result obtained by (x) multiplying the then current Purchase Price by the then number of one one-hundredths of a share of Preferred Stock for which a Right is then exercisable and dividing that product by (y) 50% of the Current Market Price per share of the Common Stock on the date on which the first of the events listed above in this subparagraph (a) occurs (such number of shares being herein referred to as the "ADJUSTMENT SHARES").

(b) In the event that there shall not be sufficient treasury shares or authorized but unissued shares of Common Stock to permit the exercise in full of the Rights in accordance with the foregoing subparagraph (a), the Company shall take all such action as may be necessary to authorize additional shares of Common Stock for issuance upon exercise of the Rights; provided, however, that if the Company is unable to cause the authorization of a sufficient number of additional shares of Common Stock, then, in the event the Rights become so exercisable, the Company, with respect to each Right and to the extent necessary and permitted by applicable law and any agreements or instruments in effect on the date hereof to which the Company is a party, shall, upon the exercise of such Rights,

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(i) pay an amount in cash equal to the excess of (A) the product of (1) the number of Adjustment Shares, multiplied by (2) the Current Market Price of the Common Stock (such product being herein referred to as the "CURRENT VALUE"), over (B) the Purchase Price, in lieu of issuing shares of Common Stock and requiring payment therefor, or

(ii) issue debt or equity securities, or a combination thereof, having a value equal to the Current Value, where the value of such securities shall be determined by a nationally recognized investment banking firm selected by the Board of Directors of the Company, and require the payment of the Purchase Price, or

(iii) deliver any combination of cash, property, Common Stock and/or other securities having the requisite value, and require payment of all or any requisite portion of the Purchase Price.

To the extent that the Company determines that some action need be taken pursuant to clauses (i), (ii), or (iii) of the proviso of this Section 11(b), a majority of the Continuing Directors may suspend the exercisability of the Rights for a period of up to 45 days following the date on which the first of the events listed in Section 11(a)(i), (ii) or (iii) of this Agreement shall have occurred, in order to decide the appropriate form of distribution to be made pursuant to the above proviso and to determine the value thereof. In the event of any suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at the time the suspension is no longer in effect.

Section 12. The Flip-Over

(a) In the event that, following the Separation Date, directly or indirectly:

(w) the Company shall consolidate with, or merge with and into, any other Person; or

(x) any Person shall consolidate with the Company, or merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the shares of Common Stock shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property; or

(y) the Company shall effect a share exchange in which all or part of the Common Stock of the Company shall be changed into (including, without limitation, any conversion into or exchange for) securities of any other Person, cash or any other property; or

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(z) the Company shall sell, lease, exchange, mortgage, pledge or otherwise transfer (or one or more of its Subsidiaries shall sell, lease, exchange, mortgage, pledge or otherwise transfer), in one or more transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person or Persons

then, and in each such case, subject to the provisions of Section 24 of this Agreement, except where the Person involved in the transaction is an Approved Acquiring Person and the transaction was approved by a majority of the Continuing Directors,

(i) each holder of a Right, except as provided in Section 7(e) of this Agreement, shall thereafter have the right to receive, upon the exercise thereof at the then current Purchase Price in accordance with the terms of this Agreement, such number of shares of freely tradeable common stock of the Principal Party, free and clear of any lien, encumbrance or other adverse claim, as shall be equal to the result obtained by (1) multiplying the then current Purchase Price by the number of one one-hundredths of a share of Preferred Stock for which a Right is then exercisable (or the number of one one-hundredths of a share of Preferred Stock for which a Right was exercisable immediately prior to the occurrence of the Flip-In Event if a Flip-In Event has previously occurred) and dividing that product by (2) 50% of the Current Market Price per share of the common stock of such Principal Party on the date of consummation of the Flip-Over Event;

(ii) all common stock of any Person for which any Right may be exercised after consummation of a Business Combination as provided in this Section 12(a) shall, when issued upon exercise thereof in accordance with this Agreement, be duly and validly authorized and issued and fully paid and nonassessable;

(iii) such Principal Party shall thereafter be liable for, and shall assume, by virtue of the Flip-Over Event, all the obligations and duties of the Company pursuant to this Agreement;

(iv) the term "Company" shall thereafter be deemed to refer to such Principal Party, it being specifically intended that the provisions of Section 13 hereof shall apply to such Principal Party;

(v) such Principal Party shall take such steps (including, but not limited to, the reservation of a sufficient number of shares of its common stock) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to its shares of common stock thereafter deliverable upon the exercise of the Rights; and

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(vi) the provisions of Section 11 of this Agreement shall be of no effect following the first occurrence of any Flip-Over Event.

(b) "PRINCIPAL PARTY" shall mean:

(i) in the case of any transaction described in (w), (x) or (y) of the first sentence of this Section 12, the Person that is the issuer of any securities into which shares of Common Stock of the Company are converted

or exchanged in such merger or consolidation, and if no securities are so issued, the Person that is the other party to the merger or consolidation; and

(ii) in the case of any transaction described in (z) of the first sentence in this Section 12, the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions;

provided, however, that in any such case, (1) if the common stock of such Person is not at such time and has not been continuously over the preceding 12-month period registered under the Securities Exchange Act of 1934, as then in effect, and such Person is a direct or indirect Subsidiary of another Person the common stock of which is and has been so registered, "Principal Party" shall refer to such other Person; and (2) in case such Person is a Subsidiary, directly or indirectly, of more than one Person, the common stocks of two or more of which are and have been so registered, "Principal Party" shall refer to whichever of such Persons is the issuer of the common stock having the greatest aggregate market value.

(c) The Company shall not consummate any Flip-Over Event unless prior thereto the Company and each Principal Party and each other Person who may become a Principal Party shall have executed and delivered to the Rights Agent a supplemental agreement providing for the terms set forth in paragraphs (a) and (b) of this Section 12 and further providing that, as soon as practicable after the date of any Flip-Over Event, the Principal Party will:

(i) prepare and file at its own expense a registration statement under the Act with respect to the Rights and the securities purchasable upon exercise of the Rights on an appropriate form, will use its best efforts to cause such registration statement to become effective as soon as practicable after such filing and will use its best efforts to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the earliest of the Expiration Date, the Exchange Date and the Redemption Date; and

(ii) will deliver to holders of the Rights historical financial statements for the Principal Party and each of its Affiliates which comply

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in all respects with the requirements for registration on Form 10 under the Exchange Act.

The Principal Party shall temporarily suspend, for a period of time not to exceed 90 days following the occurrence of a Flip-Over Event, the exercisability of the Rights in order to prepare and file the registration statement referred to in clause (i) above, and the Expiration Date shall be extended by the number of days of such suspension. The provisions of this Section 12 shall similarly apply to successive Flip-Over Events. In the event that a Flip-Over Event shall occur at any time after the occurrence of a Flip-In Event, the Rights which have

not theretofore been exercised shall thereafter become exercisable in the manner described in Section 12(a).

Section 13. Adjustment of Purchase Price, Number and Kind of Shares or Number of Rights. The Purchase Price, the number and kind of shares covered by each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 13.

(a) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend or make a distribution on the Preferred Stock payable in shares of Preferred Stock into a larger number of shares, (B) subdivide the outstanding Preferred Stock into a larger number of shares, (C) combine the outstanding Preferred Stock into a smaller number of shares, or (D) issue any shares of its capital stock in a reclassification of the Preferred Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), then in each such event, except as otherwise provided in this Section 13(a), the Purchase Price in effect at the time of the record date for such dividend or distribution, or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of Preferred Stock or capital stock issuable on such date, shall be proportionately adjusted so that the holder of any Rights (except as provided in Section 7(e) of this Agreement) exercised on or after such time shall be entitled to receive upon payment of the Purchase Price in effect immediately prior to such date, the aggregate number and kind of shares of Preferred Stock or capital stock which, if such Rights had been exercised immediately prior to such date and at a time when the Preferred Stock transfer books of the Company were open, he would have owned upon such exercise and been entitled to receive by virtue of such dividend, distribution, subdivision, combination or reclassification. If an event occurs which would require an adjustment under both Section 11(a) of this Agreement and this Section 13(a), the adjustment provided for in this Section 13(a) shall be in addition to, and shall be made prior to any adjustment required pursuant to Section 11(a).

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preferred Stock entitling them to subscribe for or purchase Preferred Stock (or Equivalent Preferred Stock) or securities convertible into Preferred Stock or Equivalent Preferred Stock at a price per share of Preferred Stock or per share of Equivalent Preferred Stock (or having a conversion price per share, if a

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security convertible into Preferred Stock or Equivalent Preferred Stock) of less than the Current Market Price per share of Preferred Stock on such record date, the Purchase Price to be in effect after the record date shall be determined by multiplying the Purchase Price in effect immediately prior to the record date by a fraction,

(1) the numerator of which shall be the number of shares of Preferred Stock and Equivalent Preferred Stock (if any) outstanding on the record

date, plus the number of shares of Preferred Stock and Equivalent Preferred Stock which the aggregate exercise price of the total number of shares of Preferred Stock and/or Equivalent Preferred Stock which are obtainable upon the exercise of the rights, options or warrants (and/or the aggregate initial conversion price of the convertible securities so offered) would purchase at the current market price; and

(2) the denominator of which shall be the number of shares of Preferred Stock and Equivalent Preferred Stock (if any) outstanding on the record date, plus the number of additional shares of Preferred Stock and/or Equivalent Preferred Stock which may be obtained upon exercise of the rights, options or warrants (or into which the convertible securities so offered are initially convertible).

If the subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent. Shares of Preferred Stock or Equivalent Preferred Stock owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that rights, options or warrants are not issued following an adjustment, the Purchase Price shall again be adjusted to be the Purchase Price which would be in effect if the record date had not been fixed.

(c) In case the Company shall fix a record date for a distribution to all holders of Preferred Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the surviving corporation) of evidences of indebtedness, cash (other than a regular periodic cash dividend at an annual rate not in excess of 125% of the annual rate of the cash dividend paid on the Preferred Stock during the immediately preceding fiscal year), assets (other than a dividend payable in Preferred Stock, but including any dividend payable in stock other than Preferred Stock) or subscription rights or warrants (excluding those referred to in Section 13(b)), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction,

(1) the numerator of which shall be the Current Market Price per share of Preferred Stock on such record date, less the fair market value (as determined

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in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent) of the portion of the cash, assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one share of Preferred Stock; and

(2) the denominator of which shall be such current market price per share of Preferred Stock.

Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would be in effect if such record date had not been fixed.

(d) Anything herein to the contrary notwithstanding, no adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Purchase Price; provided, however, that any adjustments which by reason of this Section 13(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 13 shall be made to the nearest cent or to the nearest ten-thousandth of a share of Common Stock or other share of one-millionth of a share of Preferred Stock, as the case may be. Notwithstanding the first sentence of this Section 13(d), any adjustment required by this Section 13 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates the adjustment or (ii) the earliest of the Expiration Date, the Exchange Date and the Redemption Date.

(e) If as a result of an adjustment made pursuant to Section 11(a), the holder of any Rights thereafter exercised shall become entitled to receive any securities of the Company other than shares of Preferred Stock, thereafter the number of such other securities so receivable upon exercise of any Rights shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in Section 13(a) through (c), inclusive, and the provisions of Sections 7, 9, 10, 12 and 14 of this Agreement with respect to the Preferred Stock shall apply on like terms to any such other securities.

(f) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of shares of Preferred Stock purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided in this Agreement.

(g) Unless the Company shall have exercised its election as provided in Section 13(h), upon each adjustment of the Purchase Price as a result of the calculations made in Sections 13(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted

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Purchase Price, that number of one one-hundredths of a share of Preferred Stock (calculated to the nearest one-millionth) obtained by

(i) multiplying (x) the number of one one-hundredths of a share of Preferred Stock covered by a Right immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of

the Purchase Price and

(ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(h) The Company may elect on or after the date of any adjustment of the Purchase Price to adjust the number of Rights, in substitution for any adjustment in the number of shares of Preferred Stock purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of one one-hundredths of a share of Preferred Stock for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one-millionth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 13(h), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Rights Certificates on such record date Rights Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein (and may bear, at the option of the Company, the adjusted Purchase Price) and shall be registered in the names of the holders of record of Rights Certificates on the record date specified in the public announcement.

(i) Irrespective of any adjustment or change in the Purchase Price or the number of one one-hundredths of a share of Preferred Stock issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Purchase Price per share and the number of shares which were expressed in the initial Rights Certificates issued hereunder.

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(j) Before taking any action that would cause an adjustment reducing the Purchase Price below the par value of the shares of Preferred Stock issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable shares of Preferred Stock at such adjusted Purchase Price.

(k) In any case in which this Section 13 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuance to the holder of any Rights exercised after such record date the shares of Preferred Stock and other capital stock or securities, cash or property of the Company, if any, issuable upon such exercise over and above the shares of Preferred Stock and other capital stock or securities, cash or property of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares and other capital stock or securities, cash or property upon the occurrence of the event requiring such adjustment.

(l) Anything in this Section 13 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 13, as and to the extent that in its sole discretion the Company shall determine to be advisable in order that any (i) consolidation or subdivision of the Preferred Stock, (ii) issuance wholly for cash of any shares of Preferred Stock at less than the Current Market Price, (iii) issuance wholly for cash of shares of Preferred Stock or securities which by their terms are convertible into or exchangeable or exercisable for shares of Preferred Stock, (iv) stock dividends, or (v) issuance of rights, options or warrants referred to in this Section 13, hereafter made by the Company to holders of its Preferred Stock shall, if practicable, not be taxable to such stockholders.

(m) The Company covenants and agrees that it shall not (i) consolidate with, (ii) merge with or into, or (iii) directly or indirectly sell, lease or otherwise transfer or dispose of, in one or more transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries taken as a whole, to any other Person, if at the time of or immediately after such consolidation, merger, sale, lease, transfer or disposition there are any rights, warrants or other instruments or securities outstanding or agreements in effect which would substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights.

(n) The Company covenants and agrees that, after the Stock Acquisition Date, it will not, except as permitted by Section 23 or Section 27 of this Agreement, take any action the purpose or effect of which is to diminish substantially or otherwise

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eliminate the benefits intended to be afforded by the Rights, unless such action is approved by a majority of the Continuing Directors.

(o) Anything in this Agreement to the contrary notwithstanding, in the event that the Company shall at any time prior to the Separation Date (i) declare a dividend or distribution on the outstanding shares of Common Stock

payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, the number of Rights associated with each share of Common Stock then outstanding, or issued or delivered thereafter but prior to the Separation Date, shall be proportionately adjusted so that the number of Rights thereafter associated with each share of Common Stock following any such event shall equal the result obtained by multiplying the number of Rights associated with each share of Common Stock immediately prior to such event by a fraction, (1) the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to the occurrence of the event and (2) the denominator of which shall be the total number of shares of Common Stock outstanding immediately following the occurrence of such event.

(p) Whenever an adjustment is made as provided in Sections 11, 12 and 13 of this Agreement, the Company shall (a) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment, (b) promptly file with the Rights Agent and with each transfer agent for the Preferred Stock and the Common Stock a copy of such Certificate and (c) mail a brief summary thereof to each holder of a Rights Certificate in accordance with Section 26 of this Agreement. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained.

Section 14. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractional Rights or to distribute Rights Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the Current Market Price of a whole Right as of the date on which such fractional Rights would have been otherwise issuable.

(b) The Company shall not be required to issue fractions of shares of Preferred Stock (other than fractions which are integral multiples of one one-hundredth of a share of Preferred Stock) upon exercise of the Rights or to distribute certificates which evidence fractional shares of Preferred Stock (other than fractions which are integral multiples of one one-hundredth of a share of Preferred Stock). In lieu of fractional shares of Preferred Stock that are not integral multiples of one one-hundredth of a share of Preferred Stock, the Company may pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash

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equal to the same fraction of the Current Market Price of one one-hundredth of a share of Preferred Stock as of the date of such exercise.

(c) The holder of a Right by its acceptance thereof expressly waives any right to receive any fractional Rights or any fractional shares upon exercise of a Right.

Section 15. Rights of Action. All rights of action in respect of this Agreement are vested in the respective registered holders of the Rights Certificates (and, prior to the Separation Date, the registered holders of the Common Stock); and any registered holder of any Rights Certificate (or, prior to the Separation Date, of the Common Stock) without the consent of the Rights Agent or of the holder of any other Rights Certificate (or, prior to the Separation Date, of the Common Stock), may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, his rights pursuant to this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and shall be entitled to specific performance of the obligations hereunder and injunctive relief against actual or threatened violations of the obligations hereunder of any Person subject to this Agreement.

Section 16. Agreement of Rights Holders. Every holder of a Right by accepting the same consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

- (a) prior to the Separation Date, the Rights will be transferable only in connection with the transfer of Common Stock;
- (b) after the Separation Date, the Rights Certificates are transferable only on the registry books of the Rights Agent if surrendered at the principal corporate trust office of the Rights Agent, duly endorsed or accompanied by a proper instrument of transfer;
- (c) the Company and the Rights Agent may deem and treat the person in whose name a Rights Certificate (or, prior to the Separation Date, the associated Common Stock certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Rights Certificates or the associated Common Stock certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary; and
- (d) notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree

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or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority prohibiting or otherwise restraining performance of such obligation; provided, however, the Company must use its best efforts to have any such order,

decree or ruling lifted or otherwise overturned.

Section 17. Rights Holder Not Deemed a Shareholder. Except as otherwise expressly provided in this Agreement, no holder, as such, of any Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the shares of Preferred Stock or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed to confer upon the holder of any Rights Certificate, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders, or to receive dividends or subscription rights, or otherwise, until and only to the extent that the Right or Rights evidenced by such Rights Certificate shall have been exercised in accordance with the provisions of this Agreement.

Section 18. Concerning the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and disbursements and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability in the premises. The indemnification provided for hereunder shall survive the expiration of the Rights and the termination of this Agreement.

The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any Rights Certificate or certificate for Common Stock or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

Section 19. Merger or Consolidation or Change of Name of Rights Agent. Any corporation into which the Rights Agent or any successor Rights Agent may be

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merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the corporate trust business of the Rights Agent or any successor Rights Agent, shall be the

successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 of this Agreement. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Rights Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor or in the name of the successor Rights Agent; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

In case at any time the name of the Rights Agent shall be changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter (including, without limitation, the identity of any Acquiring Person) be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the Chairman of the Board, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent, for any action taken

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or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder only for its own

negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of facts or recitals contained in this Agreement or in the Rights Certificates or be required to verify the same (except as to its countersignature on such Rights Certificates), but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Rights Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate; nor shall it be responsible for any adjustment required under the provisions of Sections 11 or 13 of this Agreement or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights evidenced by Rights Certificates after actual notice of any such adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock or Preferred Stock to be issued pursuant to this Agreement or any Rights Certificate or as to whether any shares of Common Stock or Preferred Stock will, when so issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from the Chairman of the Board, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer.

(h) The Rights Agent and any stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company

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may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct provided reasonable care was exercised in the selection and continued employment thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(k) The Rights Agent shall not be required to take notice or be deemed to have notice of any fact event or determination under the Rights Agreement unless and until the Rights Agent shall be specifically notified in writing by the Company of such fact, event or determination.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company, and to each transfer agent of the Common Stock and Preferred Stock by registered or certified mail, and to the holders of the Rights Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Stock and Preferred Stock, by registered or certified mail, and to the holders of the Rights Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Rights Certificate (who shall, with such notice, submit his Rights Certificate for inspection by the Company), then the registered holder of any Rights Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of the State of Mississippi (or of any other state of the United States so long as such corporation is authorized to do business as a banking institution in the State of Mississippi), in good standing, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or

examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50,000,000. After appointment, the successor Rights Agent shall be vested with

the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock and the Preferred Stock, and mail a notice thereof in writing to the registered holders of the Rights Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Rights Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Purchase Price per share and the number or kind or class of shares or other securities or property purchasable under the Rights Certificates made in accordance with the provision of this Agreement.

Section 23. Redemption and Termination.

(a) The Board of Directors of the Company may, at its option, at any time prior to 5:00 P.M., Jackson, Mississippi time, on the earlier of (i) the tenth day following the Stock Acquisition Date, subject to extension by the Board of Directors for a period of time up to, but not exceeding, ten additional days, or (ii) the Expiration Date, redeem all but not less than all the then outstanding Rights at a redemption price of \$0.01 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "REDEMPTION PRICE"); provided, however, that at the time of the redemption the Company's Board of Directors consists of a majority of Continuing Directors. Notwithstanding anything in this Agreement to the contrary, no Rights may be exercised at any time that the Rights are subject to redemption in accordance with the terms of this Agreement.

(b) Immediately upon the action of the Board of Directors of the Company extending the redemption period pursuant to Section 23(a)(i), evidence of which shall have been filed with the Rights Agent, the Company shall issue a press release indicating the date to which the Board of Directors has extended its right to redeem the Rights.

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(c) Notwithstanding the provisions of Section 23(a) of this Agreement, following the expiration of the Company's right to redeem the Rights due to the occurrence of a Stock Acquisition Date, and prior to the occurrence of a Triggering Event, the right of redemption may be reinstated by the Board of Directors of the Company to allow the Rights to be redeemed in connection with a merger or other business combination involving the Company which has been

approved by the affirmative vote of 67% of the total number of outstanding shares of Common Stock which are not beneficially owned by any Acquiring Person; provided that at the time of the reinstatement the Board of Directors consists of a majority of Continuing Directors. Once reinstated, the redemption shall be effected in the manner provided for in Sections 23(b) and (d) of this Agreement for the purpose of effectuating the approved merger or other business combination.

(d) Immediately upon the action of the Board of Directors of the Company ordering the redemption of the Rights, evidence of which shall have been filed with the Rights Agent and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. Within 10 days after the action of the Board of Directors ordering the redemption of the Rights, the Company shall give notice of such redemption to the Rights Agent and the holders of the then outstanding Rights by mailing such notice to all such holders at their last addresses as they appear upon the registry books of the Rights Agent or prior to the Separation Date, on the registry books of the Transfer Agent for the Common Stock. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. In any case, failure to give such notice to any particular holder of Rights shall not affect the sufficiency of the notice to other holders of Rights. Neither the Company nor any of its Affiliates or Associates may redeem for value any Rights at any time, in any manner, other than that specifically set forth in this Section 23, and neither the Company nor any of its Affiliates or Associates may acquire or purchase for value any Rights at any time, in any manner, other than in connection with the purchase of shares of associated Common Stock prior to the Separation Date.

Section 24. Exchange.

(a) The Company may, at its option but subject to receipt of any required regulatory approvals, by action of the Board of Directors, at any time after any Person becomes an Acquiring Person, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 7(e)) for shares of Common Stock at an exchange ratio of one share of Common Stock per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being herein referred to as the "EXCHANGE RATIO"). Notwithstanding the foregoing, the Board of Directors shall not be empowered to effect such exchange at any time after

any Person (other than the Company, any Subsidiary of the Company any employee plan of the Company or of a Subsidiary of the Company or any Person holding Common Shares for or pursuant to the terms of any such employee plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of 50 percent or more of the Common Stock then outstanding.

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to Section 24(a) and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of shares of Common Stock equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company promptly shall mail a notice of any such exchange to all of the holders of such Rights at their last addresses as they appear upon the registry books of Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the Common Stock for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 7(e)) held by each holder of Rights.

(c) In any exchange pursuant to this Section 24, the Company, at its option, may substitute Preferred (or Equivalent Preferred Stock) for shares of Common Stock exchangeable for Rights, at the initial rate of one one-hundredth of a share of Preferred Stock (or Equivalent Preferred Stock) for each share of Common Stock, as appropriately adjusted to reflect adjustments in the voting rights of the Preferred Stock pursuant to the terms thereof, so that the fraction of a share of Preferred Stock delivered in lieu of each share of Common Stock shall have at least the same voting rights as one share of Common Stock.

(d) The Company shall not be required to issue fractions of shares of Common Stock or to distribute certificates which evidence fractional Common Stock. In lieu of such fractional shares, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional shares would otherwise be issuable an amount in cash equal to the same fraction of the Current Market Value of a whole share of Common Stock.

Section 25. Notice of Certain Events.

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(a) In case the Company shall propose (i) to pay any dividend payable in stock of any class to the holders of Preferred Stock or to make any other distribution to the holders of Preferred Stock (other than a regular quarterly cash dividend at a rate not in excess of \$20 per share), or (ii) to offer to the holders of Preferred Stock rights or warrants to subscribe for or to purchase any additional shares of Preferred Stock or shares of stock of any class or any other securities, rights or options, or (iii) to effect any reclassification of its Preferred Stock (other than a reclassification involving only the subdivision of outstanding shares of Preferred Stock), or (iv) to effect any Flip-Over Event, or (v) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to each holder of a

Rights Certificate, in accordance with Section 26, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, distribution of rights or warrants, or the date on which such reclassification, Flip-Over Event, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the shares of Preferred Stock, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 20 days prior to the record date for determining holders of the shares of Preferred Stock for purposes of such action, and in the case of any such other action, at least 20 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the shares of Preferred Stock whichever shall be the earlier.

(b) Upon the occurrence of a Flip-In Event or a Flip-Over Event, the Company or Principal Party, as the case may be, shall as soon as practicable thereafter give to each holder of a Rights Certificate, to the extent feasible and in accordance with Section 26, a notice of the occurrence of such event and the consequences thereof to holders of Rights under Sections 11(a) or 12(a) of this Agreement, as the case may be.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Rights Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Mississippi Chemical Corporation
P.O. Box 388
Yazoo City, Mississippi 39194-0388
Attention: Secretary

Subject to the provisions of Section 21, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Rights Certificate to or on the Rights Agent shall be sufficiently given or made if delivered by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

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Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60603
Attention: Secretary

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Rights Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company. The Company shall deliver a copy of any notice or demand it delivers to the holder of any Rights Certificate to the Rights Agent and the Rights Agent shall deliver a copy of any notice or demand it deliver to the

holder of any Rights Certificate to the Company.

Section 27. Supplements and Amendments. The Company and the Rights Agent may from time to time supplement or amend this Agreement without the approval of any holders of Rights Certificates in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein or to change or supplement the provisions hereunder in any manner which the Company may deem necessary or desirable and which shall not adversely affect the interests of the holders of rights Certificates other than an Acquiring Person; provided, however, that this Agreement may not be supplemented or amended in any way unless the Company's Board of Directors consists of a majority of Continuing Directors at the time of such amendment or supplement and provided further that no amendment or supplement may be made if the effect would be to extend or shorten the redemption period after the Stock Acquisition Date or change the Purchase Price or the Redemption Price.

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Rights Certificates (and, prior to the Separation Date, the Common Stock) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Rights Certificates (and, prior to the Separation Date, the Common Stock).

Section 30. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

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Section 31. Governing Law. This Agreement, each Right and each Rights Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Mississippi and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts made and to be performed entirely within such State.

Section 32. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 33. Descriptive Headings. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions

hereof.

* * * *

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

Attest: HARRIS TRUST
AND SAVINGS BANK

MISSISSIPPI CHEMICAL CORPORATION

By:
Name:
Title: Secretary

By:
Name:
Title:

Attest:

By:

Name:
Title:

By:

Name:
Title:

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Exhibit A

FORM OF
CERTIFICATE OF DESIGNATIONS
OF PREFERRED STOCK
of
MISSISSIPPI CHEMICAL CORPORATION
Pursuant to Section 79-4-6.02 of the
Mississippi Business Corporation Act

We, Coley L. Bailey, Chairman of the Board of Directors and Rosalyn B. Glascoe, Secretary, of Mississippi Chemical Corporation, a corporation organized and existing under the Mississippi Business Corporation Act, in accordance with the provisions of Section 79-4-6.02 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Certificate of Incorporation of the said Corporation, the said Board of Directors on August 2, 1994, adopted the following resolution creating a series of _____ shares of Preferred Stock designated as "Preferred Stock, Series A":

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Certificate of Incorporation a series of Preferred Stock of the Corporation be, and it hereby is, created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Preferred Stock, Series A" (the "Preferred Stock") and the number of shares constituting such series shall be _____.

Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any series of preferred stock ranking prior and superior to the shares of Preferred Stock with respect to dividends, the holders of shares of Preferred Stock, in preference to the holders of common stock, \$.01 par value per share, of the Corporation (the "Common Stock") and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the

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purpose, quarterly dividends payable in cash on the fifteenth day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$25.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Preferred Stock. In the event the Corporation shall at any time on or after August 15, 1994 declare or pay any dividend on Common Stock payable in shares

of Common Stock, or effect a subdivision of combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$25.00 per share on the Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid

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dividends shall not bear interest. Dividends paid on the shares of Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the

event the Corporation shall at any time on or after August 15, 1994 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event, and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, holders of Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

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(i) declare or pay dividends on, or make any other distributions on, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Stock, except dividends paid ratably on the Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Preferred Stock, or any shares of stock ranking on a parity with the Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of preferred stock and may be reissued as part of a new series of preferred stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Stock unless, prior thereto, the holders of

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shares of Preferred Stock shall have received \$100.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, or (2) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Stock, except distributions made ratably on the Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time on or after August 15, 1994 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Preferred Stock were entitled immediately prior to such event under the proviso

in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Preferred Stock then outstanding shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time on or after August 15, 1994 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Preferred Stock shall not be redeemable.

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Section 9. Amendment. The Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds or more of the outstanding shares of Preferred Stock, voting together as a single class.

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IN WITNESS WHEREOF, we have executed and subscribed this Certificate and do affirm the foregoing as true under the penalties of perjury as of this ____ day of _____, 1994.

Coley L. Bailey
Chairman of the Board of Directors

ATTEST:

Rosalyn B. Glascoe, Secretary

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Exhibit B

[Form of Rights Certificate]

Certificate No. R- _____ Rights

NOT EXERCISABLE AFTER AUGUST 15, 2004 OR EARLIER IF NOTICE OF REDEMPTION OR EXCHANGE IS GIVEN.

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT.

[THE RIGHTS REPRESENTED BY THIS CERTIFICATE ARE OR WERE BENEFICIALLY OWNED BY A PERSON WHO WAS OR BECAME AN ACQUIRING PERSON OR AN AFFILIATE OR ASSOCIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT). ACCORDINGLY, THIS RIGHTS CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY MAY BECAME NULL AND VOID IN THE CIRCUMSTANCES SPECIFIED IN SECTION 7(e) OF THE RIGHTS AGREEMENT.]

RIGHTS CERTIFICATE

MISSISSIPPI CHEMICAL CORPORATION

This certifies that _____ or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement dated as of August 2, 1994 (the "RIGHTS AGREEMENT") between Mississippi Chemical Corporation, a Mississippi corporation (the "COMPANY"), and Harris Trust and Savings Bank (the "RIGHTS AGENT"), unless notice of redemption shall have been previously given by the Company, to purchase from the Company at any time after the Separation Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M. (Jackson, Mississippi time) on August 15, 2004 at the principal corporate trust office of the Rights Agent, or at the office of its successor as Rights Agent, one one-hundredth of a fully paid nonassessable share of the Preferred Stock, Series A (the "PREFERRED STOCK"), par value \$0.01 per share, of the Company, at a purchase price of \$50.00 per one one-hundredth share (the "PURCHASE PRICE") upon presentation and surrender of

this Rights Certificate with the Form of Election to Purchase duly executed. The Purchase Price may be paid in cash or by certified bank check or money order payable to the order of the Company.

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The number of Rights evidenced by this Rights Certificate (and the number of shares of Preferred Stock which may be purchased upon exercise thereof) and the Purchase Price set forth above have been determined as of August 15, 1994, based on the Common Stock of the Company as constituted at such date. As provided in the Rights Agreement, the Purchase Price and the number of shares of Preferred Stock or other securities, cash or other property which may be purchased upon the exercise of the Rights evidenced by this Rights Certificate are subject to modification and adjustment upon the happening of certain events.

If the Rights evidenced by this Rights Certificate are or were formerly beneficially owned, on or after the earlier of the Separation Date and the Stock Acquisition Date, by an Acquiring Person or an Affiliate, Associate or direct or indirect transferee of an Acquiring Person, such Rights may become null and void and the holder of any such Right (including any subsequent holder) shall not have any right with respect to such Right.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Rights Certificates. Capitalized terms used in this Rights Certificate have the same meanings as such terms are defined in the Rights Agreement. Copies of the Rights Agreement are on file at the principal executive offices of the Company and the above-mentioned office of the Rights Agent.

This Rights Certificate, with or without other Rights Certificates, upon surrender at the principal corporate trust office of the Rights Agent, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of shares of Preferred Stock or other property as the Rights evidenced by the Rights Certificate or Rights Certificates surrendered entitled such holder to purchase. If this Rights Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be redeemed by the Company at its option at a redemption price of \$0.01 per Right at any time prior to the earlier of (i) the close of business on the tenth day following the time it becomes public that an Acquiring Person has become such (with the possibility of an extension for an additional ten (10) days) and (ii) the Expiration Date.

No fractional shares of Preferred Stock (other than fractions that are integral multiples of one one-hundredth of share of Preferred Stock, which may, at the election of the Company, be evidenced by depository receipts) are required to be issued upon

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the exercise of any Right or Rights evidenced hereby, but in lieu thereof the Company may elect to make a cash payment, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or to receive dividends or shall be deemed, for any purpose, the holder of Preferred Stock or of any other securities, cash or property which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or this Certificate be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company, including, without limitation, any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or to institute, as a holder of Preferred Stock or other securities issuable on the exercise of the Rights represented by this Certificate, any derivative action, or otherwise, until and only to the extent the Right or Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of _____, 19__.

MISSISSIPPI CHEMICAL CORPORATION

By: _____
Title:

ATTEST:

Secretary

Countersigned:

By

Authorized Signature

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[Form of Reverse Side of Rights Certificate]

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificates.)

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____ (Please print name and address of transferee) this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney to transfer the within Rights Certificate on the books of the within-named Company, with full power of substitution.

Dated: _____, 19__

Signature

Signature Guaranteed:

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

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CERTIFICATE

The undersigned hereby certifies by checking the appropriate boxes that:

(1) this Rights Certificate [] is [] is not being sold, assigned and transferred by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it []

did [] did not acquire the Rights evidenced by this Rights Certificate from any Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: _____, 19__ Signature _____

Signature Guaranteed:

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

NOTICE

The signature to the foregoing Assignment must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment is not completed, the Company will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an Assignment, will affix a legend to that effect on any Rights Certificate issued in exchange for this Rights Certificate.

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FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise the Rights represented by this Rights Certificate)

To: Mississippi Chemical Corporation

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Rights Certificate to purchase the shares of Preferred Stock, Series A or other securities, cash or other property issuable upon the exercise of such Rights and requests that certificates for such shares or other securities be issued in the name of, and such cash or other property be paid to:

Please insert social security or other identifying number

(Please print name and address)

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the remaining balance of such Rights shall be registered in the name of and delivered to:

Please insert social security or other identifying number

(Please print name and address)

Dated: _____, 19__

Signature _____
(Signature must conform in all respects to name of holder as specified on the face of this Rights Certificate)

Signature Guaranteed:

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

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CERTIFICATE

The undersigned hereby certifies by checking the appropriate boxes that:

(1) this Rights Certificate [] is [] is not being exercised by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it [] did [] did not acquire the Rights evidenced by this Rights Certificate from any Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: _____, 19__ Signature _____

Signature Guaranteed:

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

NOTICE

The signature on the foregoing Form of Election to Purchase and Certificate must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Election is not completed, the Company will deem the beneficial owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an Assignment, will affix a legend to that effect on any Rights Certificate issued in exchange for this Rights Certificate.

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Exhibit C

SUMMARY OF RIGHTS TO PURCHASE PREFERRED STOCK

On August 2, 1994, the Board of Directors of Mississippi Chemical Corporation, a Mississippi corporation (the "COMPANY"), declared a dividend of one preferred share purchase right (a "RIGHT") for each share of Common Stock, \$0.01 par value, of the Company (the "COMMON STOCK"). The dividend is payable on August 15, 1994 to shareholders of record at the close of business on August 5, 1994 (the "RECORD DATE") and with respect to all shares of Common Stock that become outstanding after the Record Date and prior to the earliest of the Separation Date (as defined below), the redemption of the Rights, the exchange of the Rights and the expiration of the Rights. Except as set forth below and subject to adjustment as provided in the Rights Agreement (as defined below), each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of the Company's Preferred Stock, Series A, \$0.01 par value per share (the "PREFERRED STOCK"), at an exercise price of \$50.00 per share (the "PURCHASE PRICE"). The description and terms of the Rights are set forth in a Rights Agreement dated as of August 2, 1994 (the "RIGHTS AGREEMENT"), between the Company and Harris Trust and Savings Bank, as Rights Agent (the "RIGHTS AGENT").

The Rights will be evidenced by Common Stock certificates and not separate certificates until the earlier to occur of (i) 10 days following the date of public disclosure that a person or group, together with persons affiliated or associated with it (an "ACQUIRING PERSON"), has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding Common Stock (the "STOCK ACQUISITION DATE") and (ii) 10 days following commencement or disclosure of an intention to commence a tender offer or exchange offer by a person other than the Company and certain related entities if, upon consummation of the offer, such person or group, together with persons affiliated or associated with it, could acquire beneficial ownership of 25% or more of the outstanding Common Stock (the earlier of such dates being called "SEPARATION DATE"). Until the Separation Date (or earlier redemption or expiration of the Rights), the transfer of Common Stock will also constitute transfer of the associated Rights. Following the Separation Date, separate certificates will evidence the Rights.

The Rights will first become exercisable on the Separation Date (unless sooner redeemed). The Rights will expire at the close of business on August 15, 2004 (the "EXPIRATION DATE"), unless earlier redeemed or exchanged by the Company as described below.

The Purchase Price and the number of shares of Preferred Stock or other securities, cash or other property issuable upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend or distribution on, or a subdivision, combination or reclassification of, the Preferred Stock, (ii) upon the grant to holders of the Preferred Stock of certain rights, options, warrants to subscribe for Preferred Stock or securities convertible into Preferred Stock at less than the current

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market price of the Preferred Stock, or (iii) upon the distribution to holders of the Preferred Stock of other securities, cash (excluding regular periodic cash dividends at an annual rate not in excess of 125% of the annualized rate of cash dividends paid during the preceding fiscal year), property, evidences of indebtedness, or assets.

In the event that, following the Separation Date, the Company is acquired in a merger or other business combination in which the Common Stock does not remain outstanding or is changed or 50% or more of its consolidated assets or earning power is sold, leased, exchanged, mortgaged, pledged or otherwise transferred or disposed of (in one transaction or a series of transactions) the Rights will "FLIP OVER" and entitle each holder of a Right to purchase, upon the exercise of the Right at the then-current Purchase Price, that number of shares of common stock of the acquiring company (or, in certain circumstances, one of its affiliates) which at the time of such transaction would have a market value of two times the Purchase Price.

If (i) a person acquires beneficial ownership of 20% or more of the Common Stock, (ii) the Company is the surviving corporation in a merger with an Acquiring Person and the Common Stock remains outstanding and unchanged, or

(iii) an Acquiring Person engages in a "SELF-DEALING" transaction specified in the Rights Agreement, the Rights will "FLIP IN" and entitle each holder of a Right, except as provided below, to purchase, upon exercise at the then-current Purchase Price, that number of shares of Common Stock having a market value of two times the Purchase Price.

Any "flip over" event or "flip in" event is a "TRIGGERING EVENT."

Any Rights beneficially owned at any time on or after the Separation Date by an Acquiring Person or an affiliate or associate of an Acquiring Person (whether or not such ownership is subsequently transferred) will become null and void upon the occurrence of the earlier of the Board of Directors decision to exchange the rights and a Triggering Event, and any holder of such Rights will have no right to exercise such Rights.

Under certain circumstances, the disinterested directors can approve a transaction with a specific shareholder and freeze the Rights in connection with that specific transaction.

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in such Purchase Price. Holders will have no right to receive fractional shares of Preferred Stock (other than fractions which are integral multiples of one one-hundredth of a share of Preferred Stock) upon the exercise of Rights. In lieu of such fractional shares, an adjustment in cash may be made based on the market price of the Preferred Stock on the last trading date prior to the date of exercise.

The number of outstanding Rights and the number of one one-hundredths of a share of Preferred Stock issuable upon exercise of each Right and the Purchase Price are also subject to adjustment in the event of a stock split of the Common Stock or

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distributions, subdivisions, consolidations or combinations of the Common Stock occurring, in any such case, prior to the Separation Date.

At any time prior to the earlier of (i) the closing of business on the tenth day following the time that it becomes public that an Acquiring Person has become such (with the possibility for the Board of Directors to extend this time for an additional 10 days) and (ii) the Expiration Date, the Company may redeem the Rights in whole, but not in part, at a price of \$0.01 per Right. Immediately upon the action of the Company's Board of Directors electing to redeem the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights thereafter will be to receive the applicable redemption price.

At any time any person becomes an Acquiring Person and prior to such time as such person, together with its affiliates of at least 50% of the Company's outstanding Common Stock, the Company may, provided that all necessary

regulatory approvals have been obtained, exchange the Rights (other than Rights owned by such Acquiring Person which become null and void), in whole or in part, at a ratio of one share of Common Stock per Right, subject to adjustment.

Until a Right is exercised, the holder has no rights as a shareholder of the Company, including, without limitation, the right to vote or to receive dividends or distributions.

The Company may, without the approval of any holder of the Rights, but only if at that time the Board of Directors consists of a majority of disinterested directors, supplement or amend any provision of the Rights Agreement, except the redemption window, the Purchase Price or the redemption price.

Preferred Stock purchasable upon exercise of the Rights will not be redeemable. Each share of Preferred Stock will be entitled to a minimum preferential quarterly dividend payment of \$25.00 per share but will be entitled to an aggregate dividend of 100 times the dividend declared per share of Common Stock, if it is greater. In the event of liquidation, the holders of the Preferred Stock will be entitled to a minimum preferential liquidation payment of \$100.00 per share, but will be entitled to an aggregate payment of 100 times the payment made per share of Common Stock, if it is greater. In the event of any merger or other business combination in which Common Stock is exchanged, each share of Preferred Stock will be entitled to receive 100 times the amount received per share of Common Stock. These rights are protected by customary antidilution provisions.

Because of the nature of the Preferred Stock's dividend, liquidation and voting rights, the value of the one one-hundredth of a share of Preferred Stock purchasable upon exercise of each Right is intended to approximate the value of one share of Common Stock.

The Rights have certain anti-takeover effects. The Rights may cause substantial dilution to a person or group that attempts to acquire the Company on terms not approved by the Company's Board of Directors, except pursuant to an offer conditioned upon a substantial number of Rights being acquired. The Rights should not interfere

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with any merger or other business combination approved by the Board of Directors prior to the time a person or group has acquired beneficial ownership of 15% or more of the Common Stock, because until such time, the Rights may be redeemed by the Company at \$0.01 per Right.

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission and is available free of charge from the Company. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, which is hereby incorporated herein by reference.

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[MWE Letterhead]

August 2, 1994

Mississippi Chemical Corporation
P.O. Box 388
Yazoo City, Mississippi 39194

Re: Mississippi Chemical Corporation
Registration Statement on Form S-1
File No. 33-54573

Ladies and Gentlemen:

This opinion is rendered in connection with the filing by Mississippi Chemical Corporation (the "Company") of its Registration Statement on Form S-1 (the "Registration Statement") with the Securities and Exchange Commission with respect to the registration under the Securities Act of 1933, as amended, of 5,520,000 shares of its common stock, \$.01 par value (the "Registered Stock"). Of the Registered Stock, 3,200,000 shares are being offered for sale by the Company, 1,600,000 shares are being offered for sale by certain shareholders of the Company and 720,000 shares are subject to an over-allotment option granted to the Underwriters by the Company and certain shareholders.

In arriving at the opinion expressed below, we have examined the Registration Statement and such other documents as we have deemed necessary to enable us to express the opinion hereinafter set forth. In addition, we have examined and relied upon, to the extent we deemed proper, certificates of officers of the Company as to factual matters, and on the originals or copies, certified or otherwise identified to our satisfaction, of all such corporate records of the Company and such other instruments and certificates of public officials and other persons as we have deemed appropriate. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies, the genuineness of all signatures on documents reviewed by us and the legal capacity of natural persons.

Our opinion herein is limited to United States Federal law, the internal laws of the State of Illinois and New York and

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the Mississippi Business Corporation Act. We express no opinion with respect to the applicability thereto, or the effect thereon, of any other laws.

Based upon and subject to the foregoing, we are of the opinion that the Registered Stock, upon issuance and sale in accordance with the terms and conditions set forth in the Registration Statement, will be validly issued, fully paid and non-assessable.

We hereby consent to the reference to our firm under the caption "Legal Matters" in the Registration Statement and to the use of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ McDermott, Will & Emery

FWA/LMK

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the use of our reports included herein and to all references to our Firm included in or made a part of this registration statement.

/s/ ARTHUR ANDERSEN & CO.

Memphis, Tennessee,
August 2, 1994.