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For Immediate Release

News Release

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Phosphate Holdings, Inc., Reports Fourth-Quarter and Annual 2008 Financial Results

MADISON, Miss. (April 24, 2009) Phosphate Holdings, Inc. (OTC: PHOS), today reported fourth quarter 2008 losses of $58.1 million or $7.59 per fully diluted share of common stock, compared to earnings of $11.2 million, or $1.38 per fully diluted share of common stock for the same period in 2007. Net losses for the year ended December 31, 2008 were $3.5 million, or $0.46 per fully diluted share of common stock, as compared to net income of $48.9 million, or $6.04 per fully diluted share of common stock for the same period last year. The Company's 2008 results were materially impacted by inventory write-downs to net realizable value. For the fourth quarter of 2008 and for the year ended December 31, 2008, inventory write-downs were $84.8 million and $87.7 million, respectively.

Net sales for the fourth quarter of 2008 were $35.8 million, a 49 percent decrease from net sales of $70.6 million for the fourth quarter of 2007. The average sales price per short ton of DAP during the fourth quarter of 2008 was $478, a 17 percent increase over the prior-year period average sales price of $410. The Company incurred an operating loss of $90.5 million for the fourth quarter of 2008, compared to operating income of $17.2 million for the prior-year period. Earnings before interest, taxes, depreciation and amortization and other non-cash charges (EBITDA) for the fourth quarter of 2008 were negative $88.5 million, compared to positive EBITDA of $19.5 million for the fourth quarter of 2007. Of the $88.5 million negative EBITDA for the fourth quarter of 2008, $84.8 million was attributable to the write-down of inventory values.

Net sales for the year ended December 31, 2008 were $445.8 million, a 100 percent increase over net sales of $222.4 million for the year ended December 31, 2007. Operating loss for the year ended December 31, 2008 was $4.5 million, compared to operating income of $40.1 million for the year ended December 31, 2007. EBITDA for the year ended December 31, 2008, was $5.9 million, a 93 percent decrease from EBITDA of $85.7 million for the same period in 2007. EBITDA for 2008 was negatively impacted by an $87.7 million write-down of inventory values. Net income and EBITDA for the year ended December 31, 2007 include hurricane-related insurance recoveries of $37.8 million.

Robert E. Jones, Chief Executive Officer, said, "The fourth quarter of 2008, was an extremely challenging period for our Company. At the outset of the quarter, phosphate prices were near record levels and on October 14, 2008, we filed a registration statement with the Securities and Exchange Commission in anticipation of an initial public offering of our stock. Shortly thereafter, we saw global phosphate demand vanish and DAP prices plummet. Our focus immediately shifted to intensively managing our financial liquidity in a very dormant phosphate market where our inventories were rapidly losing value. We utilized borrowings under our credit facilities, income tax refunds, and proceeds from several major sales transactions to sustain our operations. For the quarter, DAP prices (FOB, U.S. Gulf) declined by 67 percent from $1,215 per metric ton at October 1, to $395 per metric ton at December 31, 2008. By quarter's end, the record earnings of $54.6 million that we achieved during our first three quarters were more than offset by our huge fourth quarter loss and our proposed public offering had been indefinitely postponed."

Phosphate demand during the fourth quarter was severely impacted by the global financial crisis, as banks were unwilling to issue letters of credit or confirm letters of credit issued by other banks. This lack of credit severely constrained the international trade of all commodities.

In domestic markets, an impasse developed between fertilizer dealers seeking to recover the high costs of their inventories purchased earlier in 2008 and farmers desiring to benefit from the fourth quarter collapse in fertilizer prices. This standoff, together with declining grain prices, economic uncertainty, and adverse fall weather in the Corn Belt caused a substantial deferral of customary fall fertilizer applications in the United States.

The sharp falloff in phosphate demand caused inventories to build throughout the global supply chain. In response, phosphates exporters suspended, or significantly curtailed, production during late 2008 and early 2009. During the fourth quarter of 2008, the Company operated at approximately 50 percent of capacity. Phosphate rock purchases were suspended from October 2008 through February 2009, and normal production levels were not resumed until late March 2009.

During the 2008 fourth quarter, the Company benefited from lower sulfur and ammonia costs. The posted price of sulfur (C&F Tampa) fell from $617.50 per long ton for the third quarter to $150.00 per long ton for the fourth quarter. The Tampa price dropped to zero at January 1, 2009. Ammonia prices declined from $931 per metric ton in November 2008, to $125 per metric ton in December 2008.

As a result of its fourth quarter loss at December 31, 2008, the Company was in violation of a financial covenant under its loan agreement with PNC. On April 17, 2009, the loan agreement was amended (i) to waive the covenant violation and reset new covenants for 2009 and thereafter, (ii) to reduce maximum borrowing from $27 million to $17 million, (iii) to increase interest rates, and (iv) to extend maturity to March 31, 2012. At March 31, 2009, there were no outstanding revolving advances under the facility and the Company had approximately $6.3 million cash in hand.

In commenting on the 2009 industry outlook, Jones added, "Fiscal 2009 is off to a slow start. Prices remain depressed and demand lackluster. Uncertainties regarding the overall economy, the availability of credit, the direction of grain prices, current weather issues and the resolution of issues concerning high-cost fertilizer inventory in the supply chain cloud the near-term phosphate demand outlook. While it is difficult to predict when phosphate fertilizer demand fundamentals will normalize, we are confident they will. The U.S. Department of Agriculture is forecasting that 85 million acres of corn will be planted, down only slightly from 2008 levels. These levels should encourage strong fertilizer movement this spring, providing weather conditions cooperate. While near-term uncertainties persist, the long-term fundamentals for global phosphate demand remain positive. Phosphate fertilizers play a critical role in producing food for a growing world population with improving diets. This bodes well for our industry."

On February 19, 2009, Greg Seketa resigned from the Company's Board of Directors.

The Company will host a conference call on Monday, April 27, 2009, at 3:30 p.m., CDT, to discuss the Company's operating results for the fourth quarter and fiscal 2008. Call-in numbers are:

Q&A, Toll Free: 877-627-6580
Q&A, Toll: 719-325-4919

The Company outlook for 2009 will be addressed at our Annual Meeting to be held at The Roosevelt Hotel in New York City on May 19, 2009. Our plans to return the Company to profitability and restore shareholder value will be presented at that time.

The Company is a Delaware corporation and the sole stockholder of Mississippi Phosphates Corporation. Mississippi Phosphates Corporation is a Delaware corporation with its executive headquarters in Madison, Miss. Mississippi Phosphates Corporation owns and operates manufacturing facilities in Pascagoula, Miss., which produce diammonium phosphate, the most common form of phosphate fertilizer used as a source of phosphate on all major row crops.

Forward-looking Statements

This letter contains "forward-looking statements" within the meaning of the federal securities law, which are intended to qualify for the safe harbor from liability provided thereunder. All statements which are not historical statements of fact are "forward-looking statements" for purposes of these provisions and are subject to numerous risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Future events, risks and uncertainties that could cause a material difference in such results include, but are not limited to,(i) changes in matters which affect the global supply and demand of phosphate fertilizer products, phosphate rock, ammonia, sulfur and sulfuric acid, (ii) a variety of conditions in the agricultural industry such as grain prices, planted acreage, projected grain stocks, U.S. government policies, weather, and changes in agricultural production methods, (iii) changes in the availability and cost of phosphate rock and our other primary raw materials, (iv) changes in capital markets, (v) possible unscheduled plant outages and other operating difficulties, (vi) price competition and capacity expansions and reductions from both domestic and international competitors, (vii) foreign government agricultural policies (in particular, the policies of the governments of India and China), (viii) the relative unpredictability of international and local economic conditions, (ix) the relative value of the U.S. dollar, (x) regulations regarding the environment and the sale and transportation of fertilizer products, and (xi) impact of future storms. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

(TABLES FOLLOW)

PHOSPHATE HOLDINGS, INC. AND SUBSIDIARY
Condensed Consolidated Balance Sheets
(In thousands, except share data)

	December 31,	
	2008 (Unaudited)	**2007**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,153	$ 43,576
Accounts receivable	9,263	11,723
Income taxes receivable	21,414	-
Inventories	47,645	18,103
Prepaid expenses and other	5,079	4,957
Deferred income taxes	-	1,059
Total current assets	85,554	79,418
Restricted investments in trust fund, at fair value	2,990	3,348
Property, plant and equipment, net	50,593	41,417
Other	130	120
Total assets	$ 139,267	$ 124,303
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 14,418	$ 20,939
Current maturities of long-term debt	600	-
Short-term financing obligations	2,181	2,185
Deposits on future sales	24,600	-
Revolving credit agreement	11,494	-
Deferred income taxes	573	-
Total current liabilities	53,866	23,124
Long-term debt, less current maturities	2,400	-
Asset retirement obligations	4,841	5,086
Deferred income taxes	7,940	10,863
Total liabilities	69,047	39,073
Stockholders' equity:		
Common stock ($0.01 par; 30,000,000 shares authorized at December 31, 2008, 11,000,000 shares authorized at December 31, 2007, 7,654,290 issued and outstanding at December 31, 2008 and 2007)	77	77
Additional paid-in capital	33,880	33,880
Retained earnings	36,263	51,273
Total stockholders' equity	70,220	85,230
Total liabilities and stockholders' equity	$ 139,267	$ 124,303

PHOSPHATE HOLDINGS, INC. AND SUBSIDIARY
Condensed Consolidated Statements of Operations
(In thousands, except per share data)

	Three Months Ended December 31, 2008	2007
	(Unaudited)	
Net sales:		
DAP	$ 30,564	$ 69,155
Other	5,244	1,433
Total net sales	35,808	70,588
Cost of sales	128,707	48,792
Gross profit (loss)	(92,899)	21,796
Selling, general and administrative expenses	(1,716)	4,581
Reduction in asset retirement obligations	(732)	-
Operating income (loss)	(90,451)	17,215
Other income (expense):		
Interest, net	(110)	179
Other, net	(867)	3
Total other income (expense)	(977)	182
Income (loss) before income taxes	(91,428)	17,397
Income tax expense (credit)	(33,318)	6,233
Net income (loss)	$ (58,110)	$ 11,164
Earnings (loss) per share - basic	$ (7.59)	$ 1.46
Earnings (loss) per share - diluted	$ (7.59)	$ 1.38
Weighted average common shares outstanding - basic	7,654	7,654
Weighted average common shares outstanding - diluted	7,654	8,098

PHOSPHATE HOLDINGS, INC. AND SUBSIDIARY
Condensed Consolidated Statements of Operations
(In thousands, except per share data)

	Years Ended December 31,	
	2008	**2007**
	(Unaudited)	
Net sales:		
DAP	$ 432,852	$ 219,569
Other	12,989	2,805
Total net sales	445,841	222,374
Cost of sales	441,170	169,952
Gross profit	4,671	52,422
Selling, general and administrative expenses	8,373	12,301
Reduction in asset retirement obligations	(732)	-
Impairment of assets	1,572	-
Operating income (loss)	(4,542)	40,121
Other income (expense):		
Interest, net	297	301
Hurricane related recoveries	-	37,830
Other, net	(913)	176
Total other income (expense)	(616)	38,307
Income (loss) before income taxes	(5,158)	78,428
Income tax expense (credit)	(1,629)	29,539
Net income (loss)	$ (3,529)	$ 48,889
Earnings (loss) per share - basic	$ (0.46)	$ 6.39
Earnings (loss) per share - diluted	$ (0.46)	$ 6.04
Weighted average common shares outstanding - basic	7,654	7,654
Weighted average common shares outstanding - diluted	7,654	8,089

Reconciliation of Net Income to EBITDA:

We define EBITDA as net income before interest; income taxes; depreciation, amortization and accretion; and asset impairment charges. EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements to assess:

- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- our operating performance and return on capital as compared to other companies in the fertilizer business, without regard to financing or capital structure; and
- the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

We use EBITDA as a primary operating performance measure and an important indicator of our ability to provide cash flows to meet future debt service, if any, capital expenditures and working capital requirements and to fund future growth.

The U.S. Generally Accepted Accounting Principles, or GAAP, measure most directly comparable to EBITDA is net income. Our non-GAAP financial measure of EBITDA should not be considered as an alternative to GAAP net income. You should not consider EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because EBITDA excludes some, but not all, items that affect income from continuing operations and is defined differently by different companies in our industry, our definition of EBITDA may not be comparable to similarly titled measure of other companies.

We compensate for the limitations of EBITDA as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating this information into our decision-making processes.

The following table shows the reconciliation of net income to EBITDA for the periods indicated:

	Three Months Ended December 31,		Years Ended December 31,	
	2008	**2007**	**2008**	**2007**
	(In thousands)			
Net income (loss)	$ (58,110)	$ 11,164	$ (3,529)	$ 48,889[(a)]
Interest, net	110	(179)	(297)	(301)
Income tax expense (credit)	(33,318)	6,233	(1,629)	29,539
Depreciation, amortization and accretion	2,865	2,269	9,776	7,549
Asset impairment charge [(b)]	-	-	1,572	-
EBITDA	$ (88,453)	$ 19,487	$ 5,893	$ 85,676

[(a)] This amount includes $37,830 of Hurricane Katrina insurance related pre-tax gains.
[(b)] During the year ended December 31, 2008, we recorded an asset impairment charge of $1,572 related to the failure of certain internal components of the waste heat boiler in our No. 2 sulfuric acid plant.

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