Phosphate Holdings, Inc.

100 Webster Circle, Suite 4
Madison, MS 39110
Phone: 601-898-9004
Fax: 601-898-9915

For Immediate Release **News Release**

Contact: Donna Ritchey
601-360-9436

Phosphate Holdings, Inc., Reports First Quarter 2010 Financial Results

MADISON, Miss. (May 27, 2010) Phosphate Holdings, Inc. (OTC: PHOS), today reported first quarter 2010 net income of $2.6 million, or $0.31 per share of common stock, compared to net loss of $11.6 million, or $1.51 per share of common stock for the same period in 2009.

Net sales for the first quarter of 2010 were $60.1 million, an 11 percent increase over net sales of $54.3 million for the first quarter of 2009. The average sales price per short ton of DAP for the first quarter of 2010 was $415, which represented a 50 percent increase over the fourth quarter of 2009 average sales price per short ton of DAP, which was $276. Due to the accounting treatment afforded certain transactions during the first quarter of 2009, a comparison of first quarter 2009 and first quarter 2010 per-ton prices is not meaningful. During the first quarter of 2010, the Company sold 142,928 short tons of DAP, with 102,868 short tons moving into export markets. The Company achieved operating income of $4.2 million for the first quarter of 2010, compared to operating losses of $18.3 million for the prior-year period. Earnings before interest, taxes, depreciation and amortization and other non-cash charges (EBITDA) for the first quarter of 2010 were $7.2 million, compared to negative EBITDA of $15.9 million for the first quarter of 2009. Of the $15.9 million negative EBITDA for the first quarter of 2009, $15.3 million was attributable to the write-down of inventory values and the recognition of unrealized losses on firm raw material purchase commitments.

Robert E. Jones, Chief Executive Officer, said, "The first quarter of 2010 saw substantial improvements in phosphate demand and prices. After the unprecedented contraction in phosphate demand that occurred during 2009, U.S. farmers returned to the market and fertilizer application rates increased. Offshore phosphate demand has also firmed, based largely on very large purchase commitments by India. During the course of the quarter, DAP prices ranged from $334 per short ton (FOB, NOLA) at the beginning of the quarter, to a high of $428 per short ton (FOB, NOLA) during mid-March of 2010.

"With the improvements in DAP demand and price, we experienced raw material input cost increases and, in the case of sulfur, availability issues. Changes in oil refinery feedstock and product mix and the resurgence of phosphate demand led to shortages of sulfur at various locations around the world. With supplies tight, sulfur prices (CFR, Tampa) rose from $30 per long ton in the fourth quarter of 2009 to $90 per long ton in the first quarter of 2010. For the second quarter of 2010, sulfur prices settled at $145 per long ton. While ammonia availability has not been an issue, prices delivered to the U.S. Gulf increased from $300 per metric ton (CFR, Tampa) at

January 1, 2010, to $450 per metric ton, (CFR, Tampa) in March 2010. During the second quarter ammonia prices (CFR, Tampa) have declined to $405 per metric ton."

During the first quarter of 2010, the Company produced 145,564 short tons of DAP; approximately 78 percent of planned production levels for the quarter. This shortfall resulted primarily from various unplanned outages in our sulfuric acid operations. In addition to various equipment failures, extreme cold temperatures and heavy rainfall events also contributed to these unplanned outages. The Company also took a planned maintenance turnaround in one of our sulfuric acid plants during January 2010.

With respect to pending environmental matters, Mr. Jones commented, "We continue to fully cooperate with the Environmental Protection Agency (EPA) and the Mississippi Department of Environmental Quality (MDEQ) in connection with the EPA's Administrative Order under Section 7003(a) of the Resource Conservation and Recovery Act and the Notice of Violation issued on September 23, 2009. During the quarter ended March 31, 2010, the Company expensed approximately $0.7 million and capitalized costs of approximately $0.1 million related to these matters. The Company estimates that it could incur additional capital costs of approximately $1.8 million to address the EPA and MDEQ requirements."

As of March 31, 2010, the Company had a cash balance of approximately $6.9 million and no outstanding borrowings under its revolving credit agreement. We spent approximately $2.5 million on capital expenditures in the first quarter of 2010.

On May 6, 2010, the Company completed a new financing arrangement (the "Credit Facility") for up to $25 million. The Credit Facility provides up to $10 million in letters of credit and a $15 million revolving loan feature, secured by liens on the Company's ammonia and sulfuric acid terminal assets and its personal property. The Credit Facility replaces the Company's previous financing arrangements.

In commenting on the 2010 outlook, Mr. Jones added, "While phosphate prices have trended slightly lower in recent weeks as the U.S. spring season winds down, we are optimistic that the onset of Latin American demand in early summer will suppress any significant price erosion. Looking further ahead, extremely low supply chain inventories and improving crop economics should provide a solid backdrop for strong domestic fill activity and healthy fall demand."

The Company will host a conference call on Tuesday, June 15, 2010, at 3:30 p.m., CDT, to discuss the Company's operating results for the first quarter ended March 31, 2010. Call-in numbers are:

Q&A, Toll free: 877-377-7544
Q&A, Toll: 408-940-3815
Conference ID#: 78306520

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) the concentration of our sales with one large customer, (viii) foreign government agricultural policies (in particular, the policies of the governments of India and China), (ix) the relative unpredictability of international and local economic conditions, (x) the relative value of the U.S. dollar, (xi) regulations regarding the environment and the sale and transportation of fertilizer products, (xii) our potential inability to obtain or maintain required permits and governmental approvals or to meet financial assurance requirements, (xiii) loss of key members of management, and (xiv) 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
Consolidated Balance Sheets
(In thousands, except share data)
(Unaudited)

		March 31, 2010	December 31, 2009
Assets			
Current assets:			
Cash and cash equivalents	$	6,888	2,067
Trade accounts receivable		7,051	3,059
Income taxes receivable		574	574
Other receivables		215	5
Inventories		22,897	17,587
Prepaid expenses and other		5,383	4,854
Deferred income taxes		392	-
Total current assets		43,400	28,146
Restricted investments held in trust, at fair value		4,694	4,350
Property, plant and equipment, net		49,426	48,751
Other		1,785	163
Total assets	$	99,305	81,410
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	$	2,327	1,578
Accrued expenses		24,460	11,031
Current maturities of long-term debt		600	600
Short-term financing obligations		1,103	1,989
Deferred income taxes		-	124
Total current liabilities		28,490	15,322
Long-term debt, less current maturities		1,650	1,800
Asset retirement obligations		5,250	5,128
Deferred income taxes		2,842	706
Total liabilities		38,232	22,956
Stockholders' equity:			
Common stock ($0.01 par; 30,000,000 shares authorized; 8,411,308 shares issued and outstanding)		84	84
Additional paid-in capital		35,660	35,660
Retained earnings		25,329	22,710
Total stockholders' equity		61,073	58,454
Total liabilities and stockholders' equity	$	99,305	81,410

See accompanying notes to consolidated financial statements.

PHOSPHATE HOLDINGS, INC. AND SUBSIDIARY

Condensed Consolidated Statements of Operations

(In thousands, except share data)

(Unaudited)

		Three months ended March 31, 2010	Three months ended March 31, 2009
Net sales:			
DAP	$	59,313	52,900
Other		821	1,353
Total net sales		60,134	54,253
Cost of sales		53,351	65,985
Unrealized loss on firm purchase commitment		-	6,042
Gross profit (loss)		6,783	(17,774)
Selling, general and administrative expenses		1,902	2,042
Environmental remediation		662	-
Insurance recoveries		-	(1,500)
Operating income (loss)		4,219	(18,316)
Other income (expense):			
Interest, net		(117)	(112)
Other, net		162	(181)
Total other income (expense)		45	(293)
Income (loss) before income taxes		4,264	(18,609)
Income tax expense (benefit)		1,645	(7,048)
Net income (loss)	$	2,619	(11,561)
Earnings (loss) per share – basic	$	0.31	(1.51)
Earnings (loss) per share – diluted	$	0.31	(1.51)
Weighted average common shares outstanding – basic		8,411	7,654
Weighted average common shares outstanding – diluted		8,411	7,654

See accompanying notes to consolidated financial statements.

PHOSPHATE HOLDINGS, INC. AND SUBSIDIARY
Condensed Consolidated Statements of Cash Flows
(In thousands, except share data)
(Unaudited)

		Three months ended March 31, 2010	Three months ended March 31, 2009
Cash flows from operating activities:			
Net income (loss)	$	2,619	(11,561)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation of property, plant and equipment		1,797	1,652
Amortization of prepaid maintenance turnaround costs		908	861
Accretion of asset retirement obligation		122	117
Deferred loan cost amortization		18	13
Share-based compensation		432	55
Unrealized restricted investment (gain) loss		(144)	181
Deferred income taxes		1,620	(7,118)
Increase in shipping deposits		(1,399)	-
Other		(241)	1
Changes in operating assets and liabilities:			
Trade and other accounts receivable		(4,202)	7,111
Income taxes receivable		-	14,500
Inventories		(5,310)	4,329
Prepaid expenses and other		(1,437)	1,235
Accounts payable and accrued expenses		13,746	7,666
Net cash provided by operating activities		8,529	19,042
Cash flows from investing activities:			
Purchases of restricted investments held in trust		(200)	(200)
Purchases of property, plant and equipment		(2,472)	(2,033)
Net cash used in investing activities		(2,672)	(2,233)
Cash flows from financing activities:			
Net payments on revolving credit agreement		-	(11,494)
Payments on short-term financing obligations		(886)	(1,000)
Payments on term debt		(150)	(150)
Net cash used in financing activities		(1,036)	(12,644)
Net increase in cash and cash equivalents		4,821	4,165
Cash and cash equivalents at beginning of period		2,067	2,153
Cash and cash equivalents at end of period	$	6,888	6,318
Supplemental disclosure of non-cash transaction:			
Delivery of inventory to settle deposits on future sales obligation	$	-	24,600

See accompanying notes to consolidated financial statements.

Reconciliation of Net Income to EBITDA:

We define EBITDA as net income before interest; income taxes; depreciation, amortization and accretion. 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 measures 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 (loss) to EBITDA for the periods indicated:

	Three Months Ended March 31,	
	2010	**2009**
Net income (loss)	$ 2,619	$ (11,561)
Interest, net	117	112
Income tax expense (benefit)	1,645	(7,048)
Depreciation, amortization and accretion	2,827	2,630
EBITDA	$ 7,208	$ (15,867)

###