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For Immediate Release **News Release**

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Phosphate Holdings, Inc. Reports Fourth Quarter and Annual 2010 Financial Results

MADISON, Miss. (March 22, 2011) Phosphate Holdings, Inc. (OTC: PHOS), today reported fourth quarter 2010 income of $0.9 million, or $0.10 per share of common stock, compared to losses of $2.8 million, or $0.36 per share of common stock for the same period in 2009. Net income for the year ended December 31, 2010 was $1.1 million, or $0.13 per share of common stock, as compared to losses of $13.6 million, or $1.76 per share of common stock for the same period last year. The Company's 2009 year-to-date results were materially impacted by inventory write-downs to net realizable value of approximately $10.4 million.

Net sales for the fourth quarter of 2010 were $68.5 million, a 45 percent increase from net sales of $47.2 million for the fourth quarter of 2009. The average sales price per short ton of DAP during the fourth quarter of 2010 was $534, a 93 percent increase from the prior-year period average sales price of $276. During the fourth quarter, the Company sold 126,560 tons of DAP, with 114,142 tons moving into domestic markets. The Company had operating income of $1.3 million for the fourth quarter of 2010, compared to operating losses of $4.4 million for the prior-year period. Earnings before interest, taxes, depreciation, amortization and accretion (EBITDA) for the fourth quarter of 2010 were $5.2 million, compared to EBITDA of negative $1.9 million for the fourth quarter of 2009.

Net sales for the year ended December 31, 2010 were $261.1 million, a 40 percent increase from net sales of $186.3 million for the year ended December 31, 2009. The Company had operating income of $2.3 million for the year ended December 31, 2010, compared to an operating loss of $21.7 million for the prior-year period. EBITDA for the year ended December 31, 2010 was $15.1 million, compared to negative EBITDA of $10.9 million for the same period in 2009. EBITDA in 2009 was negatively impacted by inventory write-downs of $10.4 million.

Robert E. Jones, Chief Executive Officer, said, "In November 2010, we performed a major maintenance turnaround. This turnaround was designed to address all known issues constraining sulfuric acid, phosphoric acid and DAP production. Upon completion of the turnaround, we saw improvements in our DAP production rates, as we produced approximately 55,000 short tons in December 2010. However, with operational issues at the beginning of the quarter and substantial downtime associated with the turnaround, our DAP production was limited to approximately 127,000 short tons in the fourth quarter of 2010. This production volume limited our participation in a favorable phosphate market.

"From a market perspective, the average posted DAP price was $551 per short ton, NOLA, in the fourth quarter of 2010. Sulfur prices in the fourth quarter were posted at $160 per long ton, CFR, Tampa. Ammonia prices began the fourth quarter at $465 per metric ton, CFR, Tampa, and closed the fourth quarter at $475 per metric ton, CFR, Tampa.

"While we believe we have improved the operating performance of our plants, phosphate rock shortages have hindered first quarter 2011 production. Severe flooding conditions in Morocco created logistical issues for our phosphate rock supplier, resulting in significant delays in the delivery of phosphate rock to our facility. Accordingly, we curtailed production during the latter half of January and early February to avoid a shutdown of our DAP granulation plant. With the curtailed production due to the phosphate rock shortage, we anticipate first quarter 2011 DAP production to be approximately 140,000 to 150,000 short tons. Currently, we are experiencing timely phosphate rock deliveries and our production rates are at satisfactory levels."

In addressing the industry outlook, Jones added, "Phosphate markets are expected to be very favorable through the spring season, weather permitting. Producers' inventories remain at manageable levels and grain prices remain strong. Currently, the U.S. corn-to-stock use ratio is at a 15-year low, with planted corn acreage in the U.S. projected at 92 million acres. Internationally, DAP prices are improving as China's participation in the export market should be diminished and strong phosphate demand is anticipated from India and other parts of the world."

On March 4, 2011, the Company and the Mississippi Department of Environmental Quality (MDEQ) executed an agreed order, which settled all matters previously cited by a Notice of Violation received by the Company from the MDEQ and certain other pending environmental matters with the MDEQ. In connection with this settlement, the Company agreed to pay a civil penalty of $297,000. This penalty has been recorded in the accompanying 2010 consolidated financial statements.

As of December 31, 2010, the Company had a cash balance of approximately $2.3 million and $9.0 million in borrowings under its revolving credit agreement. We spent approximately $3.8 million on capital expenditures in the fourth quarter of 2010, and $9.7 million for the year ended December 31, 2010. Based on current phosphate market conditions, DAP production rates and available credit facilities, the Company should have adequate liquidity to meet its operating and other cash flow needs throughout 2011.

At the end of 2010, our Board of Directors appointed a special committee of independent directors to initiate a comprehensive review of strategic options. While this review is ongoing, we will not hold an earnings call to discuss our fourth quarter and year end 2010 financial results and will not otherwise discuss this strategic process. When the strategic process is completed, we intend to resume regular quarterly earnings calls. We look forward to providing a more comprehensive update at our annual meeting in late June in New York City. Details regarding the date and time of this meeting will be forthcoming.

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 release 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 SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share data)
(Unaudited)

		December 31,	
Assets		**2010**	**2009**
Current assets:			
Cash and cash equivalents	$	2,261	2,067
Trade accounts receivable		9,128	3,059
Income taxes receivable		—	574
Other receivables		2,297	5
Inventories		26,141	17,587
Prepaid expenses and other		8,329	4,854
Deferred income taxes		336	—
Total current assets		48,492	28,146
Freight deposits		5,636	—
Restricted investments held in trust, at fair value		5,657	4,350
Property, plant and equipment, net		61,402	48,751
Other		553	163
Total assets	$	121,740	81,410
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	$	1,804	1,578
Accrued expenses		29,783	11,031
Current maturities of long-term debt		—	600
Short-term financing obligations		3,492	1,989
Revolving credit agreement		9,000	—
Deferred income taxes		—	124
Total current liabilities		44,079	15,322
Long-term debt, less current maturities		—	1,800
Asset retirement obligations		16,307	5,128
Deferred income taxes		1,836	706
Total liabilities		62,222	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		23,774	22,710
Total stockholders' equity		59,518	58,454
Total liabilities and stockholders' equity	$	121,740	81,410

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

		Three months ended December 31,		Twelve months ended December 31,	
		2010	**2009**	**2010**	**2009**
Net sales:					
DAP	$	67,553	46,459	257,233	182,780
Other		986	766	3,863	3,531
Total net sales		68,539	47,225	261,096	186,311
Cost of sales		66,063	49,637	249,931	205,501
Gross profit (loss)		2,476	(2,412)	11,165	(19,190)
Selling, general and administrative expenses		2,204	1,268	6,858	5,843
Environmental remediation		297	730	4,028	1,330
Litigation expenses (recoveries), net		(1,303)	220	(2,053)	(2,821)
Insurance recoveries		—	—	—	(1,615)
Reduction in asset retirement obligations		—	(190)	—	(190)
Operating income (loss)		1,278	(4,440)	2,332	(21,737)
Other income (expense):					
Interest, net		(257)	(142)	(1,107)	(596)
Other, net		356	88	534	670
Total other income (expense)		99	(54)	(573)	74
Income (loss) before income taxes		1,377	(4,494)	1,759	(21,663)
Income tax expense (benefit)		524	(1,674)	695	(8,110)
Net income (loss)	$	853	(2,820)	1,064	(13,553)
Earnings (loss) per share – basic	$	0.10	(0.36)	0.13	(1.76)
Earnings (loss) per share – diluted	$	0.10	(0.36)	0.13	(1.76)
Weighted average common shares outstanding – basic		8,411	7,844	8,411	7,713
Weighted average common shares outstanding – diluted		8,411	7,844	8,411	7,713

PHOSPHATE HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Years ended December 31, 2010	2009
Cash flows from operating activities:		
Net income (loss)	$ 1,064	(13,553)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation of property, plant and equipment	7,571	6,779
Amortization of prepaid maintenance turnaround costs	3,967	2,912
Accretion of asset retirement obligation	659	477
Deferred loan cost amortization	229	72
Unrealized restricted investment gain	(507)	(560)
Share-based compensation	702	340
Deferred income taxes	670	(7,683)
Reduction in asset retirement obligation	—	(190)
Other	3	3
Changes in operating assets and liabilities:		
Trade and other accounts receivable	(8,361)	6,199
Income taxes receivable	574	20,840
Inventories	(8,554)	5,458
Prepaid expenses and other	(7,442)	(2,687)
Freight deposits	(5,636)	—
Accounts payable and accrued expenses	18,276	(2,149)
Net cash provided by operating activities	3,215	16,258
Cash flows from investing activities:		
Purchases of restricted investments held in trust	(800)	(800)
Purchases of property, plant and equipment	(9,702)	(4,937)
Net cash used in investing activities	(10,502)	(5,737)
Cash flows from financing activities:		
Net borrowings (payments) on revolving credit agreement	9,000	(11,494)
Proceeds from financing obligations	4,836	3,248
Payments on financing obligations	(3,333)	(3,440)
Payment of deferred loan costs	(622)	(108)
Payments on term loan	(2,400)	(600)
Capital contributions from exercise of stock options	—	1,787
Net cash provided by (used in) financing activities	7,481	(10,607)
Net increase (decrease) in cash and cash equivalents	194	(86)
Cash and cash equivalents at beginning of year	2,067	2,153
Cash and cash equivalents at end of year	$ 2,261	2,067

PHOSPHATE HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months ended December 31, 2010	2009
Cash flows from operating activities:		
Net income (loss)	$ 853	(2,820)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation of property, plant and equipment	2,063	1,747
Amortization of prepaid maintenance turnaround costs	1,185	631
Accretion of asset retirement obligation	282	120
Deferred loan cost amortization	27	18
Unrealized restricted investment gain	(357)	(88)
Share-based compensation	304	106
Deferred income taxes	524	(1,116)
Reduction in asset retirement obligation	—	(190)
Changes in operating assets and liabilities:		
Trade and other accounts receivable	(2,103)	12,861
Income taxes receivable	—	631
Inventories	1,057	3,036
Prepaid expenses and other	(3,851)	(1,170)
Freight deposits	(1,054)	—
Long-term prepaid insurance	607	—
Accounts payable and accrued expenses	3,131	(5,788)
Net cash provided by operating activities	2,668	7,978
Cash flows from investing activities:		
Purchases of restricted investments held in trust	(200)	(200)
Purchases of property, plant and equipment	(3,764)	(258)
Net cash used in investing activities	(3,964)	(458)
Cash flows from financing activities:		
Net payments on revolving credit agreement	(295)	(8,319)
Proceeds from financing obligations	1,052	924
Payments on financing obligations	(839)	(803)
Payments on term loan	—	(150)
Capital contributions from exercise of stock options	—	1,787
Net cash used in financing activities	(82)	(6,561)
Net increase (decrease) in cash and cash equivalents	(1,378)	959
Cash and cash equivalents at beginning of year	3,639	1,108
Cash and cash equivalents at end of year	$ 2,261	2,067

PHOSPHATE HOLDINGS, INC. AND SUBSIDIARIES
Reconciliation of Net Income (Loss) to EBITDA
(In thousands)
(Unaudited)

We define EBITDA as net income (loss) 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 (loss). Our non-GAAP financial measure of EBITDA should not be considered as an alternative to GAAP net income (loss). 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 December 31,		Twelve Months ended December 31,	
		2010	**2009**	**2010**	**2009**
Net income (loss)	$	853	(2,820)	1,064	(13,553)
Interest, net		257	142	1,107	596
Income tax expense (benefit)		524	(1,674)	695	(8,110)
Depreciation, amortization and accretion		3,530	2,498	12,197	10,168
EBITDA	$	5,164	(1,854)	15,063	(10,899)

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