



## LSB Industries, Inc. Provides Operational Update on Its Cherokee, Alabama and Pryor, Oklahoma Facilities

December 17, 2015

OKLAHOMA CITY--(BUSINESS WIRE)--Dec. 17, 2015-- LSB Industries, Inc. (NYSE:LXU) ("LSB or the Company") today announced that the ammonia plant at its Cherokee, Alabama chemical facility ("Cherokee Facility" or "Cherokee") was taken out of service for unplanned maintenance on December 11, 2015 due to a small leak that was detected in a vessel containing hydrogen. Repairs are currently underway and the Cherokee Facility is expected to resume production on or around December 24, 2015. LSB management estimates that this unplanned outage will reduce operating income by approximately \$2.5 million to \$3.0 million. Approximately half of the financial impact is expected to be reflected in LSB's fourth quarter 2015 results because of repair costs, lost sales and reduced absorption of fixed costs, with the balance being realized in the first quarter of 2016 due to lost sales as the Cherokee Facility rebuilds its product inventory.

Additionally, LSB announced that the urea plant at its Pryor, Oklahoma chemical facility ("Pryor Facility" or "Pryor") was taken out of service on November 14, 2015 in order to repair a CO2 pre-compressor. As a result, Pryor has been unable to produce urea ammonium nitrate (UAN) during this time, but has been able to transport a portion of its ammonia production to the Company's El Dorado, Arkansas facility for use in the production of low and high density ammonium nitrate (LDAN/HDAN). LSB management anticipates that Pryor will resume urea and UAN production on or around December 21, 2015. The lost sales volume of UAN (see below table), coupled with the cost of repairs and reduced absorption of fixed costs is expected to lower fourth quarter 2015 operating income by approximately \$3.0 million to \$3.5 million. Approximately \$1.0 million of this lost operating income is expected to be recovered in the first quarter of 2016 from the sale of surplus ammonia produced in the fourth quarter of 2015 that could not be used to produce urea and then upgraded to UAN.

Due to the issues at the Cherokee and Pryor Facilities, LSB has revised its previously disclosed outlook for fourth quarter 2015 Chemical Business sales volume as follows:

Products	Revised Outlook - Sales (tons)	Previous Outlook - Sales (tons)
<b>Agriculture:</b>		
UAN	80,000 – 90,000	100,000 – 110,000
HDAN	25,000 – 30,000	25,000 – 30,000
Ammonia	25,000 – 30,000	25,000 – 30,000
<b>Industrial, Mining and Other:</b>		
Nitric acid	130,000 – 140,000	130,000 – 140,000
LDAN/HDAN	15,000 – 20,000	15,000 – 20,000
Ammonium nitrate solution	20,000 – 25,000	20,000 – 25,000
Ammonia	5,000 – 10,000	5,000 – 10,000

### About LSB Industries, Inc.

LSB is a manufacturing company. LSB's principal business activities consist of the manufacture and sale of chemical products for the agricultural, mining, and industrial markets, and the manufacture and sale of commercial and residential climate control products, such as water source and geothermal heat pumps, hydronic fan coils, modular chillers, large custom air handlers and make-up air units.

*This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by use of the words "will", "believes", "expects", "estimates", "intends", "anticipates", "plans to", "should", "estimates", "projects", or similar expressions, including, without limitation, timing of the repairs to the Pryor and Cherokee Facilities; the anticipated effect of the repairs to the Pryor and Cherokee Facilities on fourth quarter 2015 and first quarter 2016 operating income; the impact of the unplanned downtime at the Pryor and Cherokee Facilities on Chemical Business sales volume in the fourth quarter of 2015, and the sale of surplus ammonia produced in the fourth quarter of 2015 in the first quarter of 2016, and the various factors described in the "Special Note Regarding Forward-Looking Statements," and the "Risk Factors" contained in our 10-K for the year ended December 31, 2014, and Form 10-Q for quarter ended September 30, 2015. These forward looking statements speak only as of the date of this press release, and LSB expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in LSB's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.*

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