



LSB Industries, Inc. Provides Update on the Status of Its Cherokee, Alabama and Pryor, Oklahoma Facilities

December 30, 2015

OKLAHOMA CITY--(BUSINESS WIRE)--Dec. 30, 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") resumed production on December 24, 2015. On December 17, 2015 the Company announced that the plant had been taken out of service for unplanned maintenance on December 11, 2015 due to a small leak that was detected in a vessel containing hydrogen. 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.

LSB also announced that its Pryor, Oklahoma chemical facility ("Pryor Facility" or "Pryor") remains under repair. As announced on December 17, 2015, Pryor's urea plant was taken out of service on November 14, 2015 in order to repair a CO2 pre-compressor, which was completed and the plant restarted on December 21, 2015. However, on December 27, 2015 both Pryor's urea and urea ammonium nitrate (UAN) plants were taken down when the facility's production of nitric acid (a component of UAN) had to be halted in order to repair a leaking joint in Pryor's nitric acid plant. The completion of the nitric acid plant repairs and the resumption of urea and UAN production are expected to occur within the next ten days. In the interim, Pryor has been transporting a portion of its ammonia production to the El Dorado Facility for use in the production of low and high density ammonium nitrate (LDAN/HDAN). Management now expects that the lost sales volume of UAN (see table below), coupled with the cost of repairs and reduced absorption of fixed costs is expected to lower fourth quarter 2015 operating income by approximately \$3.5 million to \$4.0 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.

As a result of the unplanned downtime at Cherokee and Pryor, LSB's expectations for its Chemical Business fourth quarter 2015 sales volumes, as compared to the outlook the Company provided in its November 6, 2015 earnings announcement, are as follows:

Products	Revised Outlook –	Original Outlook –
	Q4'15 Sales (tons)	Q4'15 Sales (tons)
Agriculture:		
UAN	70,000 – 80,000	100,000 – 110,000
HDAN	25,000 – 30,000	25,000 – 30,000
Ammonia	25,000 – 30,000	25,000 – 30,000
Industrial, Mining and Other:		
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 and the return to operation of the Pryor Facility; 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 our 10-Q Reports and other filings with the U.S. Securities and Exchange Commission. 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.

Source: LSB Industries, Inc.

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