



## LSB Industries, Inc. Announces Successful Completion of Consent Solicitation

September 7, 2016

OKLAHOMA CITY--(BUSINESS WIRE)--Sep. 7, 2016-- LSB Industries, Inc. (NYSE: LXU) ("LSB" or the "Company") today announced the successful completion of its previously announced consent solicitation (the "Consent Solicitation") to effect certain amendments (the "Amendments") to the Indenture, dated as of August 7, 2013, among the Company, the guarantors party thereto (the "Guarantors") and UMB Bank, n.a., as trustee (in such capacity, the "Trustee") and collateral agent (in such capacity, the "Notes Collateral Agent"), pursuant to which the Company's 7.75% Senior Secured Notes due 2019 (CUSIP No. 502160AL8; ISIN No. US502160AL89) (the "Notes") were issued.

The Amendments, once becoming operative as described below, will allow the Company to (i) redeem all \$50,000,000 in aggregate principal amount of the Company's outstanding 12.0% Senior Secured Notes due 2019, at a redemption price of 106% of the principal amount thereof (the "12.0% Notes Redemption"), with the net proceeds of the Company's previously announced sale of its climate control business (the "Sale"), (ii) redeem \$50,000,000 in aggregate principal amount of the Notes, at a redemption price of 103.875% of the principal amount thereof, with the net proceeds of the Sale (the "Notes Redemption" and, together with the 12.0% Notes Redemption, the "Redemptions"), (iii) following the delivery by the Company of an irrevocable notice of redemption to effect the Notes Redemption, redeem shares of the Company's outstanding Series E cumulative redeemable Class C preferred stock (the "Preferred Stock"), at the liquidation preference value thereof, with the net proceeds of the Sale in an aggregate amount not to exceed \$45,000,000 (in addition to any such redemption that may be made using the full \$35,000,000 of restricted payment capacity that the Company has under the existing "general restricted payments" basket in the Indenture, for an aggregate total of \$80,000,000), and (iv) waive the Company's obligation to make and consummate an asset sale repurchase offer of the Notes with respect to the Sale, and to make certain technical changes to certain financial definitions and collateral release mechanics in connection therewith. In addition, the Company has agreed to (a) consummate the Redemptions as promptly as practicable following the time at which the Amendments become operative and (b) prohibitions on its ability to incur future pari passu indebtedness in excess of \$25,000,000 in aggregate principal amount at any time outstanding using the "general debt" basket and the "general liens" basket under the Indenture.

The Consent Solicitation was made on the terms and subject to the conditions set forth in the Company's Notice of Consent Solicitation, dated as of August 23, 2016, and in the related Consent Form. The Consent Solicitation expired at 5:00 p.m., New York City time, on September 2, 2016 (the "Expiration Time"). As of the Expiration Time, the Company had received the consents of a majority of the aggregate principal amount of the Notes and, as a result, the Company, the Guarantors, the Trustee and the Notes Collateral Agent have entered into the First Supplemental Indenture, dated as of September 7, 2016 (the "Supplemental Indenture"), to effect the Amendments. However, the Amendments will not become operative until payment of the consent fee described in the following paragraph.

The Company will make a cash payment equal to \$13.25 per \$1,000 principal amount of Notes for which a consent had been validly delivered prior to the Expiration Time and not revoked prior to the execution of the Supplemental Indenture. The Company expects that payment of the consent fee will be made to the tabulation agent on September 7, 2016.

Pursuant to the Supplemental Indenture, the interest rate applicable to all Notes outstanding after the consummation of the Notes Redemption, with retroactive effect to August 1, 2016, will automatically be increased to 8.50% per annum.

Credit Suisse Securities (USA) LLC acted as exclusive solicitation agent with respect to the Consent Solicitation. IPREO LLC acted as tabulation agent and as information agent with respect to the Consent Solicitation.

### About LSB Industries, Inc.

LSB Industries, Inc., headquartered in Oklahoma City, Oklahoma, manufactures and sells chemical products for the agricultural, mining, and industrial markets. The Company owns and operates facilities in Cherokee, Alabama, El Dorado, Arkansas and Pryor, Oklahoma, and operates a facility for Covestro AG in Baytown, Texas. LSB's products are sold through distributors and directly to end customers throughout the United States. Additional information about the Company can be found on its website at [www.lsbindustries.com](http://www.lsbindustries.com).

### Forward Looking Statement

*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, LSB's plans and expectations with respect to the pay down of debt; improved financial flexibility and capital structure. Investors are cautioned that such forward-looking statements are not guarantees of future performance and involve risk and uncertainties. Though we believe that expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectation will prove to be correct. Actual results may differ materially from the forward-looking statements as a result of various factors. All forward-looking statements included in this press release are expressly qualified in their entirety by such cautionary statements. We expressly disclaim any obligation to update, amend or clarify any forward-looking statement to reflect events, new information or circumstances occurring after the date of this press release except as required by applicable law.*

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Source: LSB Industries, Inc.

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