**LSB INDUSTRIES, INC.**

**INSIDER TRADING POLICY**

## I. INTRODUCTION

This Insider Trading Policy (this "***Policy***") is intended to prevent violations of the federal securities laws and to protect LSB Industries, Inc.'s and its subsidiaries' (collectively, the "***Company***") reputation for integrity and ethical conduct.

"***Insider trading***" refers generally to buying or selling a security, in breach of a fiduciary duty or other relationship of trust and confidence, while in possession of material, nonpublic information about the security. Trading includes engaging in short sales, transactions in put or call options, hedging transactions, and other inherently speculative transactions. Insider trading violations may also include "tipping" such information, securities trading by the person "tipped," and securities trading by those who misappropriate such information.

The scope of insider trading violations can be wide reaching. The U.S. Securities and Exchange Commission (the "***SEC***") has brought insider trading cases against corporate officers, directors, and employees who traded the corporation's securities after learning of significant, confidential corporate developments; friends, business associates, family members, and other "tippees" of such officers, directors, and employees who traded the securities after receiving such information; employees of law, banking, brokerage, and printing firms who were given such information in order to provide services to the corporation whose securities they traded; government employees who learned of such information because of their employment by the government; and other persons who misappropriated, and took advantage of, confidential information from their employers.

An "***insider***" can include officers, directors, major stockholders and employees of an entity whose securities are publicly traded. In general, an insider must not trade for personal gain in the securities of that entity if that person possesses material, nonpublic information about the entity. In addition, an insider who is aware of material, nonpublic information must not disclose such information to family, friends, business or social acquaintances, employees or independent contractors of the entity (unless such employees or independent contractors have a position within the entity giving them a clear right and need to know), and other third parties. **An insider is responsible for assuring that his or her family members comply with insider trading laws.** An insider may make trades in the market or discuss material information only after the material information has been made public.

## II. PENALTIES; SANCTIONS

General. Violation of the prohibition on insider trading can result in a prison sentence and civil and criminal fines for the individuals who commit the violation, and civil and criminal fines for the entities that commit the violation. The Company can be subject to a civil monetary penalty even if the directors, officers or employees who committed the violation concealed their activities from the Company.

Bounties. The SEC is offering bounties to persons who provide information leading to the imposition of the civil penalty.

## III. POLICY STATEMENT

Illegal insider trading is against the policy of the Company. Such trading can cause significant harm to the reputation for integrity and ethical conduct of the Company. Individuals who fail to comply with the

requirements of this Policy are subject to disciplinary action, at the sole discretion of the Company, including dismissal for cause.

## IV. WHAT IS MATERIAL, NONPUBLIC INFORMATION?

Nonpublic, or inside, information about the Company that is not known to the investing public may include, among other things, strategic plans; significant capital investment plans; negotiations concerning acquisitions or dispositions; major new contracts (or the loss of a major contract); other favorable or unfavorable business or financial developments, projections or prospects; a change in control or a significant change in management; significantly litigation or settlements; price shares or discount policies; impending securities splits, securities dividends or changes in dividends to be paid; a call of securities for redemption; and, most frequently, financial results.

All information about the Company is considered nonpublic information until it is disseminated in a manner calculated to reach the securities marketplace through recognized channels of distribution and public investors have had a reasonable period of time to react to the information. Generally, information which has not been available to the investing public for at least two (2) full business days is considered to be nonpublic. Recognized channels of distribution include annual reports, SEC filings, press releases, marketing materials, and publication of information in prominent financial publications, such as *The Wall Street Journal*.

Nonpublic information is material if it might reasonably be expected to affect the market value of the securities and/or influence investor decisions to buy, sell or hold securities. If a person feels the information is material, it probably is. Moreover, it should be remembered that plaintiffs who challenge and judges who rule on particular transactions have the benefit of hindsight.

If a person is in doubt as to whether information is public or material, that person should wait until the information becomes public, or should refer questions to the Company's [General Counsel.]

## V. HANDLING OF INFORMATION

The Company's records must always be treated as confidential. Items such as interim and annual financial statements and similar information are proprietary (that is, information pertaining to and used exclusively by the Company), and proprietary information must not be disclosed or used for any purpose other than for Company business. All Company policies and procedures designed to preserve and protect confidential information must be strictly followed at all times.

No director, officer or employee of the Company shall at any time make any recommendation or express any opinion as to trading in the Company's securities.

Information learned about other entities in a special relationship with the Company, such as acquisition negotiations, is confidential and must not be given to outside persons without proper authorization.

All confidential information in the possession of a director, officer or employee is to be returned to the Company at the termination his or her relationship with the Company.

## VI. TRADING IN THE COMPANY AND OTHER SECURITIES

General Rule. Directors, officers and employees of the Company shall not effect any transaction in the Company's securities if they possess material, nonpublic information about the Company. This restriction generally does not apply to the exercise of stock options under the Company's stock option or deferred

compensation plans, but would apply to the sale of any shares acquired under such plans. The provisions set forth in this Paragraph VI and all other provisions of this Policy shall equally apply to the directors, officers and employees of any subsidiary of the Company.

Open Window. Generally, except as described in this policy, all Company employees, directors, officers, and consultants may buy or sell the Company's securities only during an "open window" that opens at the opening of the market on the third trading day following the public dissemination of the Company's annual or quarterly financial results and closes at the close of market on the last trading day three weeks before the end of the next fiscal quarter (or such other period as the board of directors may define from time to time). In addition, the Company shall have the right to impose special blackout periods during which such persons will be prohibited from trading any securities of the Company even though the trading window would otherwise be open. The fact that the open window has closed early or has not opened should be considered inside information. An employee, director, officer or consultant who believes that special circumstances require them to trade outside the open window should consult the General Counsel. Permission to trade outside the open window will be granted only where the circumstances are extenuating and there appears to be no significant risk that the trade may be subsequently questioned.

Exceptions to Open Window Period.

1. Option Exercises and RSU Net Settlement. Employees, directors, and consultants may (i) exercise options for cash granted under the Company's stock-option plans, and (ii) net settle restricted stock or restricted stock units ("***RSUs***") and have the Company withhold shares of common stock to satisfy tax withholding obligations when RSUs settle. But this stock-trading policy would then apply to any later sales of stock (including sales of stock in a cashless exercise) that were acquired on the exercise of options or delivery of the vested RSUs.

2. 10b5-1 Automatic Trading Programs. Under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended ("***Exchange Act***"), employees, directors, officers and consultants may establish a trading plan under which a broker is instructed to buy and sell the Company's securities based on pre-determined criteria (a "***Trading Plan***"). So long as a Trading Plan is properly established, purchases and sales of the Company's securities pursuant to that plan may be made at any time—even in a blackout period. An employee's, director's, officer's or consultant's Trading Plan must be established in compliance with the requirements of Rule 10b5-1 and the Company's 10b5-1 Trading Plan Guidelines, attached hereto as Exhibit B, when they lacked inside information about the Company and when the Company was not in a trading blackout period. Moreover, all Trading Plans must be reviewed by the Company before being established. That is because the Company wants to confirm that the Trading Plan complies with all pertinent company policies and the securities laws. The Company must be notified before a Trading Plan is established, amended, or terminated.

Pre-Clearance and Advance Notice of Transactions. In addition to the requirements above, officers, directors, and other applicable members of management who have been notified that they are subject to pre-clearance requirements face a further restriction: Even during an open trading window, they may not engage in any transaction in the Company's securities, including any purchase or sale in the open market, loan, or other transfer of beneficial ownership without first obtaining pre-clearance of the transaction from the Company's General Counsel at least two business days before the proposed transaction. The General Counsel will then determine whether the transaction may proceed and, if so, will direct the legal department to help comply with any required reporting requirements under Section 16(a) of the Exchange Act. Pre-cleared transactions not completed within five business days will require new pre-clearance. The Company may choose to shorten this period.

For persons subject to pre-clearance, advance notice of gifts or plans to exercise an outstanding stock option must be given to the General Counsel. Once any transaction takes place, the officer, director, or applicable member of management must immediately notify the General Counsel so that the Company may assist in any Section 16 reporting obligations.

Black-out Communications. In addition to the foregoing restrictions, the Company reserves the right to issue "black-out notices" to specified persons when material, nonpublic information exists. Any person who receives such a notice shall treat the notice as confidential and shall not disclose its existence to anyone else.

Trading in Securities of Other Entities. In addition, no director, officer or employee of the Company shall effect any transaction in the securities of another entity, the value of which is likely to be affected by actions of the Company that have not yet been publicly disclosed. This provision is in addition to the restrictions on trading in securities of other entities set forth in any Code of Business Conduct and Ethics of the Company.

Applicability to Family Members. The foregoing restrictions on trading are also applicable to family members' accounts, accounts subject to the control of personnel subject to this Policy or any family member, and accounts in which personnel subject to this Policy or any family member has any beneficial interest, except that the restrictions on trading do not apply to accounts where investment decisions are made by an independent investment manager in a fully discretionary account. **Personnel subject to this Policy are responsible for assuring that their family members comply with the foregoing restrictions on trading.** For purposes of this Policy, "Family Members" include one's spouse and all members of the family who reside in one's home.

Prohibition of Speculative or Short-term Trading. No employee, director, or consultant to the Company may engage in short sales, transactions in put or call options, hedging transactions, margin accounts, pledges, or other inherently speculative transactions with respect to the Company's stock. For more information, see the Company's Policy Regarding Pledging and Hedging of Company Securities.

## VII. INVESTIGATIONS; SUPERVISION

If any person subject to this Policy has reason to believe that material, nonpublic information of the Company has been disclosed to an outside party without authorization, that person should report this to the General Counsel immediately.

If any person subject to this Policy has reason to believe that an insider of the Company or someone outside of the Company has acted, or intends to act, on inside information, that person should report this to the General Counsel immediately.

If it is determined that an individual maliciously and knowingly reports false information to the Company with intent to do harm to another person or the Company, appropriate disciplinary action will be taken according to the severity of the charges, up to and including dismissal. All such disciplinary action will be taken at the sole discretion of the Company.

## VIII. LIABILITY OF THE COMPANY

The adoption, maintenance and enforcement of this Policy is not intended to result in the imposition of liability upon the Company for any insider trading violations where such liability would not exist in the absence of this Policy.

## IX. INDIVIDUAL RESPONSIBILITY OF EACH EMPLOYEE, OFFICER, DIRECTOR AND CONSULTANT TO COMPLY WITH POLICY

Each of the officers and directors of the Company and employees of and consultants and contractors to the Company and its subsidiaries has the individual responsibility to comply with this Policy against insider trading for themselves as well as their family members and members of their household, regardless of whether the Company has recommended a trading window to that Insider or any other Insiders of the Company. The guidelines set forth in this Policy are guidelines only, and appropriate judgment should be exercised in connection with any trade in the Company's securities.

An Insider may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

## X. DURATION OF POLICY'S APPLICABILITY

This policy continues to apply to your transactions in the Company's stock or the stock of other public companies engaged in business transactions with the Company even after your employment or directorship with the Company has terminated. If you are in possession of inside information when your relationship with the Company concludes, you may not trade in the Company's stock or the stock of such other company until the information has been publicly disseminated or is no longer material.

Questions. All questions regarding this Policy should be directed to the Legal Department.

Last Updated: May 2, 2019

**CONFIRMATION**

**[To be signed by members of the Board of Directors and Covered Persons]**

**I HEREBY ACKNOWLEDGE THAT I HAVE RECEIVED, HAVE READ AND UNDERSTAND THE FOREGOING POLICIES OF THE COMPANY.**

Date: _____

_____

Signature

_____

Print Name

**EXHIBIT A**

Submitted Pursuant to:

LSB INDUSTRIES, INC. INSIDER TRADING POLICY

PRE-CLEARANCE TRADING APPROVAL FORM

I, _____ (name), seek pre-clearance to engage in the transaction described below:

Acquisition or Disposition (circle one)

Name: _____

Account Number: _____

Date of Request: _____

Amount or # of Shares: _____
Broker: _____

I hereby certify that, to the best of my knowledge, the transaction described herein is not prohibited by the Insider Trading Policy.

Signature: _____ Print Name: _____

Approved or Disapproved (circle one)

Date of Approval: _____

Signature:_____Print Name:_____

General Counsel Approval:_____

If approval is granted, you are authorized to proceed with this transaction for immediate execution, but not during a blackout period if a Covered Person.

**EXHIBIT B**

**GUIDELINES FOR 10b5-1 TRADING PLANS**

Rule 10b-5, promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), imposes significant liabilities on insiders who trade the securities of companies while in possession of material non-public information. However, Rule 10b5-1 provides an affirmative defense that applies to persons who can establish that a trade was made pursuant to a binding contract, written plan or instruction to another person that came into existence before the person became aware of the material non-public information and meets very specific conditions in the rule. These so-called "10b5-1 plans" provide corporate insiders with increased trading flexibility.

To gain the protections of the affirmative defense available under Rule 10b5-1, an insider must, among other requirements, **adopt the 10b5-1 plan while not aware of material non-public information**, and enter into such plan **in good faith** and not as a plan or scheme to evade the prohibitions of Section 10(b) of the Exchange Act.

10b5-1 plan issues continue to be an area of Securities and Exchange Commission (the "SEC") focus. The SEC has expressed concern over, among other things, the appearance of suspiciously favorable dates to begin or halt the sale of company stock and the use of excessive discretion in modifying or terminating 10b5-1 plans.

As a result of the heightened scrutiny, commentators have urged companies to limit opportunities for their insiders to engage in potentially abusive practices, and more importantly, to avoid the appearance of practices that might be viewed as abusive based on later developments. Recommended practices include:

- **Trading windows**. Persons are not allowed to enter into, modify or terminate a 10b5-1 plan outside of open trading windows.

- **Length of plans**. Commentators have recommended that 10b5-1 plans have a maximum length of 12 to 24 months, and with a minimum length of 3 to 6 months.

- **"Cooling off" period**. The first trade under a 10b5-1 trading plan should not occur until thirty (30) days following the adoption, amendment, or modification of the 10b5-1 trading plan has ended. Waiting periods provide companies with added certainty that their insiders are not trading under a 10b5-1 plan while in possession of material non-public information. Accordingly, persons entering into a 10b5-1 plan should be required to wait at least 30 days from the establishment of such plan and the commencement of any transaction thereunder.

- **Modification**. The SEC generally views the modification of a 10b5-1 plan as tantamount to canceling the plan and entering into a new one. Modifications to a 10b5-1 plan should only be made during open trading windows, with a minimum 30-day waiting period before changes take effect. The length of the waiting period may need to be extended depending on the surrounding facts and circumstances, including the nature of the modification. The more frequently a person modifies his/her 10b5-1 plan, the greater the risk of perception of manipulation. Accordingly, persons shall be permitted to modify

their 10b5-1 plan only after consultation with the Legal Department and generally not more than once during the term of such plan.

- **Early Termination**. Early termination of a 10b5-1 plan may call into question the person's good faith at the time of entering into the plan. Following early termination of a 10b5-1 plan, persons should not enter into a new 10b5-1 plan until the second trading window following such termination. Persons should also not trade outside of a terminated 10b5-1 plan until at least 30 days following the date of termination of such plan, regardless of whether or not a trading window opens during such 30-day period. 10b5-1 plans should be terminated only after consultation with the Legal Department and during open trading windows.

- **Single plan**. Persons should not enter into multiple, overlapping 10b5-1 plans. Such practice may suggest the person has the intention of terminating one or more of the plans depending on how circumstances develop, which calls into question the good faith requirements for plan adoption.

- **Sales outside the plan**. Sales outside of an established 10b5-1 plan should only be done in very limited circumstances. Commentators have argued that sales outside of an established 10b5-1 plan can call into question whether the person entered into the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Section 10(b) of the Exchange Act. Insiders should consult with the Legal Department prior to conducting any sales outside of an established 10b5-1 plan.

- **Short-swing trading liability**. 10b5-1 plans will not shield a Section 16 officer from short-swing trading liability under Section 16 of the Exchange Act. Accordingly, a 10b5-1 sales plan will not be approved for any Section 16 officer who has purchased company common shares within 6 months of the proposed first transaction under a 10b5-1 plan, or for any such officer who has the intent to purchase company common shares within 6 months of the proposed last transaction under a 10b5-1 plan.

- **Relationships with Plan Broker; No Subsequent Influence.** If the 10b5-1 trading plan allows a broker discretion regarding the details of trading (e.g., timing, share amounts), the participant cannot communicate any material nonpublic information about LSB Industries, Inc. or its affiliate or subsidiary companies (collectively "LSB") to the broker, or attempt to influence how the broker exercises its discretion. In addition, any individual who executes the participant's 10b5-1 trading plan must be a different individual from the person who executes trades for the participant in other securities.

- **Plan Specifications; Discretion Regarding Trades.** The 10b5-1 trading plan must specify the amount of stock to be purchased or sold, or specify or set an objective formula for determining the amount of stock to be sold. Transaction types such as market, limit, and VWAP orders are allowed. Each 10b5-1 trading plan should specify the timing of trading or allow for the broker to exercise its discretion regarding the timing of trading.

- **No Hedging**. Individuals subject to the Insider Trading Policy are prohibited from engaging in any hedging or similar transactions designed to decrease the risks associated with holding LSB's securities. Likewise, before adopting a 10b5-1 trading plan, the participant may not have entered into a transaction or position that has yet to settle with respect to the securities subject to the 10b5-1 trading plan. The participant must also agree not to enter into any such transaction while the 10b5-1 trading plan is in effect.

- **Mandatory Suspension.** Each 10b5-1 trading plan must suspend trades if legal, regulatory, or contractual restrictions are imposed on the participant, or other events occur that would prohibit sales under such a plan. For example, trading would need to be suspended if these guidelines were amended to preclude that particular sort of trade. Likewise, trading would need to be suspended if it could create a material adverse consequence for LSB .

- **Compliance with Rule 144.** Each 10b5-1 trading plan must provide for specific procedures to comply with Rule 144 under the Securities Act of 1933, including the filing of Forms 144. If you need additional information on Rule 144 and Form 144, please contact the General Counsel.

- **Broker Obligation to Provide Notice of Trades.** Each 10b5-1 trading plan must provide that the broker will promptly notify the participant and LSB of any trades under the plan so that the participant can make timely filings under the Exchange Act (i.e., no later than the close of business on the day of the trade).

- **Participant Obligation to Make Exchange Act Filings.** Each 10b5-1 trading plan must contain an explicit acknowledgement by the participant that all filings required by the Exchange Act, as a result of or in connection with trades under the plan, are the sole obligation of the participant and not LSB .

- **Required Footnote Disclosure.** Participants must footnote trades disclosed on Forms 4 and Forms 144 to indicate that the trades were made pursuant to a 10b5-1 trading plan.

**Under the LSB Insider Trading Policy, the General Counsel is required to be notified prior to any director, officer, employee or consultant entering into or modifying a 10b5-1 plan or selling shares outside of a 10b5-1 plan**.

To date, the SEC has filed few enforcement actions against corporate insiders with respect to the use of 10b5-1 plans. As a result, there is little developed law in this area and the recommendations of commentators may or may not ultimately reflect the view of the SEC and the courts. To minimize risks, the Legal Department should be consulted in connection with the adoption, modification or termination of any 10b5-1 plan, or in connection with trades outside of an established 10b5-1 plan (including trades in close proximity to the commencement or cessation of any 10b5-1 plan).

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