



LSB Industries, Inc. Announces Acquisition of Natural Gas Working Interest

October 31, 2012

OKLAHOMA CITY--(BUSINESS WIRE)--Oct. 31, 2012-- LSB Industries, Inc. ("LSB" or the "Company") (NYSE: LXU), today announced that as a part of the Chemical Business hedging strategy to protect against rising natural gas prices, a subsidiary within our Chemical Business closed an acquisition of a working interest in certain natural gas properties at a cost of \$49 million.

The acquisition included an approximate 7.7% average working interest within the Marcellus Shale, located in Wyoming County, Pennsylvania. The purchase includes interests in 14 proved producing natural gas wells, 7 proved non-producing natural gas wells, and 36 proved undeveloped future drilling locations identified on the leasehold. We expect to spend \$38 to \$40 million from the expected cash flows from the producing wells for additional capital expenditures to fully develop our share of these leaseholds through 2015.

Our Chemical Business considers this acquisition as a hedge against potential natural gas price increases in the future for a portion of our chemical plants' future natural gas feedstock requirements. The purchase price was funded by utilizing cash on hand. We are considering financing a portion of the acquisition price from a third party in the near term.

In commenting on the acquisition, Jack E. Golsen, Board Chairman and CEO stated that "Our Chemical Business has the capacity at their Alabama and Oklahoma Facilities to consume over 12 million mcf of gas annually in the production of nitrogen products, including anhydrous ammonia and urea ammonium nitrate." He further stated, "This acquisition includes potential gas reserves equal to approximately 20% of our current annual natural gas requirements over the next 8 years at an estimated present value cost of approximately \$2.30 per mcf, including development and operating costs."

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

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Act of 1995. These forward-looking statements generally are identifiable by use of the words "believe," "expects," "intends," "anticipates," "plans to," "estimates," "projects," or similar expressions, and such forward-looking statements including, but not limited to, hedge against potential price increases, financing a portion of the purchase price by future financing, reserves over the next eight years and amount of capital expenditures to develop leaseholds. Investors are cautioned that such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from the forward-looking statements as a result of various factors, including, but not limited to, general economic conditions, weather conditions, limitations on drilling by federal or state authorities, ability to fund capital expenditures, price of natural gas, supply of natural gas in the U.S. and world markets, adequate supply of drilling equipment, ability to obtain long-term financing on terms satisfactory to us, and other factors set forth under "Risk Factors" in Item 1A of Part 1 and under "A Special Note Regarding Forward-Looking Statements" contained in the Form 10-K for year ended December 31, 2011, and Form 10-Q for the period ended March 31, 2012 and June 30, 2012, for discussions of a variety of factors which could cause the future outcome to differ materially from the forward-looking statements contained in this report.

Source: LSB Industries, Inc.

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