



LSB Industries, Inc. Announces the Mechanical Completion of Its El Dorado, Arkansas Facility's Ammonia Plant; Production Expected to Begin Early Second Quarter 2016

February 16, 2016

OKLAHOMA CITY--(BUSINESS WIRE)--Feb. 16, 2016-- LSB Industries, Inc. (NYSE:LXU) ("LSB or the Company") today announced that the new 375,000 ton ammonia plant at its El Dorado, Arkansas facility ("El Dorado") is now mechanically complete. The Company defines mechanical completion as it relates to the El Dorado ammonia plant as having concluded the installation of process vessels and rotating equipment, including associated piping and valves. Additionally, utility equipment systems such as cooling water, steam generation, raw water treatment, and air systems, along with related piping, have been installed.

Currently, all that remains to fully complete construction activities at the El Dorado ammonia plant is the connection of the electronic instrumentation wiring to the field instruments, along with the painting and insulation of the piping and process vessels, and the final grading and concrete containment for proper drainage of the process area.

As of January 31, 2016, LSB's investment in its El Dorado Expansion Project ("EDC expansion project"), which along with the ammonia plant, includes the construction of a new nitric acid plant and concentrator that was completed in 2015, totaled approximately \$730 million. The Company expects the remaining expenditures necessary to complete the pre-commissioning and commissioning of the ammonia plant and to put it into production to be in the range of \$101 million to \$125 million. Pre-commissioning will involve the flushing of any materials from the piping throughout the plant, in addition to the installation of the process catalyst inside the reactor vessels. The commissioning phase will entail the activation and filling of the utility systems, reduction of process catalyst, and final testing of process control systems.

"Mechanical completion represents one of the final critical phases in our EDC expansion project," stated Daniel Greenwell, LSB's Chief Executive Officer. "We were able to achieve mechanical completion in the timeframe that we outlined in September of last year, and we continue to expect ammonia production at El Dorado to begin early in the second quarter of 2016. We also expect that the cost of the project will not exceed the budget of \$831 million - \$855 million that we have previously disclosed. We believe that the ammonia plant will significantly enhance the financial performance of the El Dorado Facility and have a positive economic impact to LSB's overall performance. We look forward to sharing these results with our shareholders in the upcoming quarters."

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, the expected completion date, construction activities, timing of commencement of ammonia production, cost estimate and financial contribution of the El Dorado expansion project; 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.



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