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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported): October 18, 2018**

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**LSB INDUSTRIES, INC.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-7677**  
(Commission File  
Number)

**73-1015226**  
(IRS Employer  
Identification No.)

**3503 NW 63rd Street, Suite 500, Oklahoma City, Oklahoma**  
(Address of principal executive offices)

**73116**  
(Zip Code)

**Registrant's telephone number, including area code (405) 235-4546**

**Not applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## **Item 1.01 Entry into a Material Definitive Agreement.**

### ***Exchange Agreement and Issuance of Series E-1 Preferred Stock and Series F-1 Preferred Stock***

As previously announced and in connection with its notes refinancing transactions completed on April 25, 2018 (the “Refinancing Transactions”), LSB Industries, Inc. (the “Company”) entered into a letter agreement (the “Letter Agreement”) with LSB Funding LLC (“LSB Funding”), an unrelated third party and the holder of our Series E cumulative redeemable Class C preferred stock (“Series E Redeemable Preferred”), to extend the date upon which a holder of Series E Redeemable Preferred has the right to elect to have such holder’s shares of Series E Redeemable Preferred redeemed by the Company from August 2, 2019 to October 25, 2023. The Letter Agreement, which was filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on May 1, 2018, also provided for the adjustment of certain other terms relating to the Series E Redeemable Preferred, including an increase in the per annum dividend rate payable in respect of the Series E Redeemable Preferred (a) by 0.50% on the third anniversary of the Refinancing Transactions, (b) by an additional 0.50% on the fourth anniversary of the Refinancing Transactions and (c) by an additional 1.0% on the fifth anniversary of the Refinancing Transactions.

In furtherance of the Letter Agreement and as expressly contemplated by Section 3 and Section 5(a) therein, the Company and LSB Funding entered into a Securities Exchange Agreement on October 18, 2018 (the “Exchange Agreement”) providing for the exchange of (i) existing Series E Redeemable Preferred held by LSB Funding for shares of newly created Series E-1 cumulative redeemable Class C preferred stock of the Company (“Series E-1 Redeemable Preferred”) and (ii) existing Series F redeemable Class C preferred stock of the Company (“Series F Redeemable Preferred”) held by LSB Funding for a share of newly created Series F-1 redeemable Class C preferred stock of the Company (“Series F-1 Redeemable Preferred”), in each case on a one share-for-one share basis (the “Preferred Exchange”).

On October 18, 2018, the Company and LSB Funding completed the Preferred Exchange. Pursuant thereto, LSB Funding (i) surrendered all of its shares of Series E Redeemable Preferred and was issued 139,768 shares of Series E-1 Redeemable Preferred and (ii) surrendered its one share of Series F Redeemable Preferred and was issued one share of Series F-1 Redeemable Preferred.

Apart from implementing the adjustments contemplated by the Letter Agreement, which will increase the per annum dividend rate payable on the preferred stock in future years as described above, the terms of the Series E-1 Redeemable Preferred and Series F-1 Redeemable Preferred are substantively identical to the terms of the now-retired Series E Redeemable Preferred and Series F Redeemable Preferred, respectively. The per annum dividend rate on the Series E-1 Redeemable Preferred at issuance is 14.0% per annum.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the full texts of (i) the Exchange Agreement, a copy of which is filed as Exhibit 10.1 hereto and incorporated by reference herein; (ii) the Certificate of Designations setting forth the rights, preferences, privileges and restrictions applicable to the Series E-1 Redeemable Preferred, as filed with the Secretary of State of the State of Delaware (the “Series E-1 Certificate of Designations”), a copy of which is filed as Exhibit 4.1 hereto and incorporated by reference herein; and (iii) the Certificate of Designations setting forth the rights, preferences, privileges and restrictions applicable to the Series F-1 Redeemable Preferred, as filed with the Secretary of State of the State of Delaware (the “Series F-1 Certificate of Designations”), a copy of which is filed as Exhibit 4.2 hereto and incorporated by reference herein.

### ***Amendment to Registration Rights Agreement***

The Company and LSB Funding previously entered into a Registration Rights Agreement, dated as of December 4, 2015 (as previously amended, the “Registration Rights Agreement”), a copy of which was filed as Exhibit 10.4 to the Company’s Current Report on Form 8-K filed with the SEC on December 8, 2015. The Exchange Agreement amends the Registration Rights Agreement in part (the “Registration Rights Amendment”) by replacing the references therein to the Series E Redeemable Preferred with references to the Series E-1 Redeemable Preferred.

The foregoing description of the Registration Rights Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Registration Rights Amendment, a copy of which is contained in the Exchange Agreement filed as Exhibit 10.1 hereto and incorporated by reference herein.

### ***Amendment to Board Representation and Standstill Agreement***

The Company, LSB Funding and the other parties thereto previously entered into a Board Representation and Standstill Agreement, dated as of December 4, 2015 (the “Board Representation and Standstill Agreement”), a copy of which was filed as Exhibit 10.3 to the Company’s Current Report on Form 8-K filed with the SEC on December 8, 2015. The Board Representation and Standstill Agreement was subsequently modified by an amendment dated as of October 26, 2017, which amendment was filed with the SEC as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the SEC on October 30, 2017.

On October 18, 2018, the Company, LSB Funding and the other parties to the Board Representation and Standstill Agreement entered into a further amendment to the Board Representation and Standstill Agreement (the “Board Representation and Standstill Amendment”). The Board Representation and Standstill Amendment amends the Board Representation and Standstill Agreement in part by replacing the references therein to the Series E Redeemable Preferred and Series F Redeemable Preferred with references to the Series E-1 Redeemable Preferred and Series F-1 Redeemable Preferred, respectively.

The foregoing description of the Board Representation and Standstill Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Board Representation and Standstill Amendment, a copy of which is filed as Exhibit 10.2 hereto and incorporated by reference herein.

### **Item 3.03 Material Modification to Rights of Security Holders.**

The information set forth under Item 1.01 and Item 5.03 is incorporated into this Item 3.03 by reference.

### **Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

#### *Series E-1 and F-1 Certificates of Designations*

In connection with the Preferred Exchange, the Company’s board of directors approved the Series E-1 Certificate of Designations and the Series F-1 Certificate of Designations. The Series E-1 Certificate of Designations and the Series F-1 Certificate of Designations were both filed with the Secretary of State of the State of Delaware on October 18, 2018.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit Number</b>	<b>Description</b>
4.1	Certificate of Designations of Series E-1 Cumulative Redeemable Class C Preferred Stock of LSB Industries, Inc., dated as of October 18, 2018.
4.2	Certificate of Designations of Series F-1 Redeemable Class C Preferred Stock of LSB Industries, Inc., dated as of October 18, 2018.
10.1	Securities Exchange Agreement, dated as of October 18, 2018, by and between LSB Industries, Inc. and LSB Funding LLC.
10.2	Amendment to Board Representation and Standstill Agreement, dated as of October 18, 2018, by and among LSB Industries, Inc., LSB Funding LLC, Security Benefit Corporation, Todd Boehly and the Golsen Holders (as defined therein).

## Exhibit Index

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 19, 2018

LSB INDUSTRIES, INC.

By: /s/ Mark T. Behrman

Name: Mark T. Behrman

Title: Executive Vice President and Chief Financial  
Officer

**CERTIFICATE OF DESIGNATIONS**  
**OF**  
**SERIES E-1 CUMULATIVE REDEEMABLE CLASS C PREFERRED STOCK**  
**OF**  
**LSB INDUSTRIES, INC.**

**LSB INDUSTRIES, INC.**, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Sections 103 and 151 thereof, DOES HEREBY CERTIFY:

The board of directors of the Corporation (the "Board of Directors"), in accordance with the provisions of the Restated Certificate of Incorporation of the Corporation (as amended from time to time, the "Restated Certificate of Incorporation") and the Amended and Restated Bylaws of the Corporation and applicable law, at a meeting duly called and held on October 16, 2018, adopted the following resolution relating to the creation and issuance of a new series of Class C Preferred Stock:

**RESOLVED**, that pursuant to the authority vested in the Board of Directors and in accordance with the provisions of the Restated Certificate of Incorporation and applicable law, a series of Class C Preferred Stock, having no par value per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof (in addition to those set forth in the Certificate of Incorporation that are applicable to Preferred Stock of all series and to Class C Preferred Stock of all series), of the shares of such series, are as follows:

**Section 1. Designation; Rank.**

(a) The distinctive serial designation of such series of Class C Preferred Stock is "Series E-1 Cumulative Redeemable Class C Preferred Stock" ("Series E-1").

(b) With respect to the payment of dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, all shares of Series E-1 shall rank (i) senior to all Junior Stock, (ii) on a parity with the other shares of Series E-1 and any other class or series of stock of the Corporation (other than Series E-1) hereafter created (subject to Section 9(b)) that specifically ranks *pari passu* to Series E-1 and (iii) junior to any other class or series of stock of the Corporation hereafter created (subject to Section 9(b)) that specifically ranks senior to Series E-1.

**Section 2. Number of Shares.** The authorized number of shares of Series E-1 shall be 139,768. Shares of Series E-1 that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another class or series of capital stock of the Corporation, shall be cancelled and retired and revert to authorized but unissued shares of Class C Preferred Stock (*provided* that any such cancelled shares of Series E-1 may be reissued only as shares of any series other than Series E-1).

**Section 3. Definitions.** As used herein with respect to Series E-1:

(a) “Applicable Dividend Factor” means (i) from the date hereof to April 24, 2021, a factor of 0.14; (ii) from April 25, 2021 to April 24, 2022, a factor of 0.145; (iii) from April 25, 2022 to April 24, 2023, a factor of 0.15; and (iv) from April 25, 2023 until all shares of Series E-1 are retired or otherwise cancelled, a factor of 0.16.

(b) “Business Day” means a day, other than Saturday, Sunday or any other day on which banking institutions in New York, New York generally are authorized or obligated by law, regulation or executive order to close.

(c) “Bylaws” means the Amended and Restated Bylaws of the Corporation, as they may be amended from time to time.

(d) “Certificate of Designations” means this Certificate of Designations relating to Series E-1, as it may be amended from time to time.

(e) “Certificate of Incorporation” means the Restated Certificate of Incorporation of the Corporation, as it may be amended from time to time, and shall include this Certificate of Designations and any other certificate of designations of preferred stock of the Corporation.

(f) “Change of Control” has the meaning given such term in the Indenture.

(g) “Change of Control Offer” has the meaning set forth in Section 7(a).

(h) “Change of Control Payment Date” has the meaning set forth in Section 7(b)(ii).

(i) “Change of Control Price” means, with respect to a share of Series E-1, the Liquidation Preference of such share as of the date of acceptance for payment.

(j) “Common Stock” means (i) the common stock, \$0.10 par value per share, of the Corporation and (ii) any share capital into which such Common Stock shall have been changed or any share capital resulting from a reclassification of such Common Stock.

(k) “Common Stock Price” means, with respect to a share of Common Stock as of the applicable redemption date (in the case of Section 6) or the applicable acceptance date (in the case of Section 7), (i) the average of the closing sale prices per share of Common Stock (or, if no closing sale price is reported, the average of the closing bid and ask prices or, if more than one in either case, the average of the average closing bid and the average closing ask prices) for the 20 consecutive trading days immediately preceding, but not including, the third trading day immediately preceding the date of the redemption or acceptance, as applicable, as reported on the principal U.S. securities exchange on which the Common Stock is then traded, or (ii) if the Common Stock is not then listed for trading on a U.S. securities exchange, the average of the



last quoted bid prices per share of Common Stock in the over-the-counter market as reported by OTC Market Group Inc. or similar organization for the 20 consecutive trading days immediately preceding, but not including, the third trading day immediately preceding the date of the redemption or acceptance, as applicable.

(l) “Dividend Payment Date” means each May 1 and November 1, commencing on November 1, 2018.

(m) “Dividend Period” has the meaning set forth in Section 4.

(n) “Dividend Record Date” has the meaning set forth in Section 4.

(o) “Indenture” means the Indenture relating to the Corporation’s 9.625% Senior Secured Notes due 2023 dated as of April 25, 2018, as amended from time to time.

(p) “Initial Purchaser” means the Purchaser as defined in the Securities Purchase Agreement.

(q) “Junior Stock” means the Common Stock, the Series B 12% Cumulative Convertible Preferred Stock, the Series D 6% Cumulative Convertible Class C Preferred Stock, the Series 4 Junior Participating Class C Preferred Stock and any other class or series of stock of the Corporation (other than Series E-1) that ranks junior to Series E-1 either or both as to the payment of dividends and/or as to the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

(r) “Liquidation Preference” means, with respect to any share of Series E-1, on any date of determination the sum of (i) its Liquidation Value plus (ii) all accrued but unpaid dividends thereon to such date whether or not declared, compounding as of each Dividend Payment Date, plus (iii) solely for purposes of Section 6 and Section 7, its Participation Rights Value. For purposes of clause (ii) of this definition, the amount of dividends “accrued” on any share Series E-1 at any date of determination shall be deemed to be the amount of unpaid dividends accumulated thereon from and including the Original Issue Date of such share of Series E-1, including additional dividends accruing as a result of compounding as of each Dividend Payment Date, all as further described in Section 4.

(s) “Liquidation Value” means, with respect to any share of Series E-1, the quotient obtained by dividing \$206,335,049 by 139,768 (subject to adjustment for any stock split, stock dividend, stock combination or similar transaction with respect to the Series E-1).

(t) “Optional Redemption Date” means October 25, 2023.

(u) “Original Issue Date” means the date of issuance of any share of Series E-1.

(v) “Participation Common Stock” means, as of any time of determination, the product of (i) 456,225 shares of Common Stock (subject to adjustment for any stock split, stock dividend, stock combination or similar transaction with respect to the Common Stock) and (ii) a fraction, the numerator of which is the number of shares of Series E-1 outstanding at such time and the denominator of which is 139,768 (subject to adjustment for any stock split, stock dividend, stock combination or similar transaction with respect to the Series E-1).

(w) “Participation Rights Value” means, with respect to any share of Series E-1 as of any date of determination, as applicable, the product of (i) a fraction, the numerator of which is the Liquidation Value of such share of Series E-1 and the denominator of which is the aggregate Liquidation Value of all outstanding shares of Series E-1, (ii) the number of shares of Common Stock constituting Participation Common Stock and (iii) the Common Stock Price as of such date.

(x) “Permitted Transferee” has the meaning set forth in the Securities Purchase Agreement.

(y) “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

(z) “Securities Purchase Agreement” means that certain Securities Purchase Agreement dated as of December 4, 2015 between the Company and the purchaser named therein, as it may be amended from time to time.

#### **Section 4. Dividends.**

(a) **Rate.** Holders of Series E-1 shall be entitled to receive on each share of Series E-1, out of funds legally available for the payment of dividends under Delaware law, cumulative cash dividends at a per annum rate equal to the Applicable Dividend Factor *multiplied by* the Liquidation Value thereof and all accrued and unpaid dividends thereon that have been compounded in accordance with the following sentence. Such dividends shall begin to accrue and be cumulative from the Original Issue Date of such share and shall be payable semi-annually in arrears (as provided in this Section 4) and shall, until paid, compound additional dividends semi-annually in arrears on each Dividend Payment Date on such Liquidation Value and all accrued but unpaid dividends thereon whether or not declared by the Board. Dividends shall be payable only when, as and if declared by the Board of Directors. If any Dividend Payment Date would otherwise occur on a day that is not a Business Day, such Dividend Payment Date shall instead be (and any dividend payable on Series E-1 on such Dividend Payment Date shall instead be payable on) the immediately succeeding Business Day with the same force and effect as if made on such Dividend Payment Date. The amount of dividends payable on the Series E-1 shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and with respect to any date of determination that is not a Dividend Payment Date, actual days elapsed over a 30-day month.

Dividends that are payable on Series E-1 on any Dividend Payment Date shall be payable to holders of record of Series E-1 as they appear on the stock register of the Corporation on the applicable record date, which shall be fixed by the Board of Directors and not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a “Dividend Record Date”). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Each dividend period (a “**Dividend Period**”) shall commence on the calendar day immediately following a Dividend Payment Date (other than the initial Dividend Period with respect to any share of Series E-1, which shall commence on and include the Original Issue Date of such share) and shall end on and include the next Dividend Payment Date. Dividends payable in respect of a Dividend Period shall be payable in arrears on the Dividend Payment Date ending such Dividend Period.

(b) **No Dividends on Junior Stock.** So long as the Initial Purchaser and its Permitted Transferees collectively hold at least 10% of the Series E-1 issued to the Initial Purchaser on the date hereof, unless and until dividends have been declared and paid on the Series E-1 for the then-current Dividend Period and past Dividend Periods in cash, no dividends (other than dividends in shares of Junior Stock) may be declared or paid or set aside for payment, and no other distribution may be declared or made, upon Junior Stock; provided, however, that notwithstanding the foregoing dividends or other distributions payable in cash upon Junior Stock may be declared or paid or set aside for payment in any then-current Dividend Period in which the semi-annual dividend amount payable on the Series E-1 has been paid in cash for the same then-current Dividend Period (whether or not any accrued or unpaid dividends have been declared or paid on the Series E-1 for any other Dividend Period). So long as any Series E-1 is outstanding, no Junior Stock may be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation, except (A) by conversion into or exchange for Junior Stock (including any shares of Common Stock surrendered to or withheld by the Corporation upon the exercise of warrants issuable for Common Stock), (B) for the repurchase of any shares of Common Stock held by employees or consultants of the Corporation upon termination of their employment or services pursuant to agreements approved by the Corporation’s Board of Directors providing for such repurchase or (C) for any shares of Common Stock withheld by the Corporation to pay taxes upon the granting or vesting of awards to any of its employees or service providers under any equity compensation plan of the Corporation approved by the Corporation’s Board of Directors or surrendered to or withheld by the Corporation to pay the exercise price of any such awards.

(c) **Participating Dividends.** Subject to Section 4(a) and 4(b), in addition to the dividends accruing on the Series E-1 pursuant to Section 4(a), if the Corporation declares or pays a dividend or distribution on the Common Stock, whether such dividend or distribution is payable in cash, securities or other property, the Corporation shall simultaneously declare and pay a dividend on the Series E-1 on a pro rata basis with the Common Stock in an aggregate amount equal to such dividend or distribution payable with respect to the Participation Common Stock.

## **Section 5. Liquidation Rights.**

(a) **Voluntary or Involuntary Liquidation.** In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Series E-1 shall be entitled to receive for each share of Series E-1, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, and after satisfaction of all liabilities and obligations to creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other Junior Stock, payment in full in an amount equal to the Liquidation Preference of each share of Series E-1.

(b) **Partial Payment.** If in any distribution described in Section 5(a), the assets of the Corporation or proceeds thereof are not sufficient to pay the Liquidation Preferences in full to all holders of Series E-1 as to such distribution, the amounts paid to the holders of Series E-1 shall be paid *pro rata* in accordance with the respective aggregate Liquidation Preferences of the holders of Series E-1.

(c) **Participation with Common Stock; Residual Distributions.** If the Liquidation Preference has been paid in full to all holders of Series E-1, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences; provided, however, that in addition to and after the Liquidation Preference has been paid in full to all holders of Series E-1, the holders of Series E-1 shall be entitled to participate with the holders of Common Stock then outstanding, pro rata as a single class as if such holders of Series E-1 held the Participation Common Stock, which amounts shall be paid to the holders of Series E-1 pro rata in accordance with the respective aggregate Liquidation Preferences of the shares of Series E-1 held by each such holder of Series E-1.

(d) **Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Series E-1 receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation, but shall be governed by Section 7.

## **Section 6. Redemption.**

(a) **Optional Redemption by Holders.** Subject to the provisions of this Section 6, at any time on or after the Optional Redemption Date, each holder of Series E-1 shall have the right to elect to have, out of funds legally available therefor, such holder's shares of Series E-1 redeemed, in whole at any time or in part from time to time, by the Corporation at a redemption price per share equal to the Liquidation Preference of such share as of the redemption date. Any such redemption shall occur not more than 90 days following receipt by the Corporation of a written election notice from the electing holder.

(b) **Optional Redemption by the Corporation.** The Corporation, at its option, may redeem, in whole at any time or in part from time to time, the shares of Series E-1 at the time outstanding, upon notice given as provided in Section 6(c) below, at a redemption price per share equal to the Liquidation Preference of such share as of the redemption date.

(c) **Notice of Redemption.** Notice of every redemption of shares of Series E-1 shall be given to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in

this Section 6(c) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series E-1 designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series E-1. Each notice of redemption given to a holder shall state: (1) the redemption date; (2) the number of shares of Series E-1 to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; and (3) the redemption price. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 6, the Corporation shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 6 by virtue thereof.

(d) **Partial Redemption.** In case of any redemption pursuant to Section 6(b) of part of the shares of Series E-1 at the time outstanding, the shares to be redeemed shall be selected *pro rata* among holders of the Series E-1.

(e) **Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside for payment by the Corporation, then on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

(f) **Settlement in Common Stock.** Notwithstanding any other provisions of this Section 6 (but subject to Section 6(f)(ii)), (i) subject to the Corporation having the prior written consent of the electing holder of Series E-1 (in the case of a redemption pursuant to Section 6(a)) or the holders of a majority of the outstanding Series E-1 (in the case of a redemption pursuant to Section 6(b)) and all other required approvals, including under any principal U.S. securities exchange or over-the-counter market on which the Common Stock is then listed for trading, any redemption of shares of Series E-1 pursuant to this Section 6 may be made, in lieu of some or all of the cash redemption payment, by the issuance of shares of Common Stock having an aggregate Common Stock Price equal to the amount of the aggregate Liquidation Preference of such shares of Series E-1 being redeemed in shares of Common Stock in lieu of cash at the redemption date; provided, that if the Corporation pays less than the total redemption price in shares of Common Stock, subject to receipt of the consent and approvals referenced above, such payment in shares of Common Stock shall be made *pro rata* to the holders of shares of Series E-1 based upon the aggregate Liquidation Preference of the shares of Series E-1 held by each holder and the remainder shall be paid in cash; and (ii) the electing holder of Series E-1 (in the case of a redemption pursuant to Section 6(a)) or the holders of a majority of the outstanding Series E-1 (in the case of a redemption pursuant to Section 6(b)) shall be entitled in their sole discretion to require the Company to redeem the Participation Rights Value of each share of Series E-1 subject to redemption pursuant to Section 6(a) or Section 6(b),

as applicable, by the issuance of a number of shares of Common Stock (or a warrant immediately exercisable at no cost into a number of shares of Common Stock) with respect to such share of Series E-1 equal to the product of clauses (i) and (ii) of the definition of Participation Rights Value determined as of the date of redemption. Any such consent or election by the holder or holders of Series E-1, as applicable, shall not be effective unless given to the Company in writing not later than 10 days following receipt by such holder or holders of a notice of redemption from the Company in accordance with this Section 6. Any failure to deliver such consent or election within such 10-day period shall be deemed to be a waiver of such holder's or holders' right to consent or elect, in which case the Company shall be entitled to redeem such Series E-1 (including the Participation Rights Value) in cash or shares of Common Stock at the sole election of the Company.

**Section 7. Offer to Purchase Upon a Change of Control.**

(a) In connection with the occurrence of a Change of Control, the Corporation shall make an offer to purchase all of the shares of Series E-1 outstanding (a "Change of Control Offer") on the terms set forth in this Section 7. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 7, the Corporation shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 7 by virtue thereof.

(b) No sooner than 15 days and within that time period, as soon as reasonably practicable, prior to the consummation, or anticipated consummation, of a Change of Control, the Corporation shall commence the Change of Control Offer by delivering to each holder of shares of Series E-1 a notice, which shall govern the terms of the Change of Control Offer, and shall state:

(i) that the Change of Control Offer is being made pursuant to this Section 7 and that all shares of Series E-1 tendered will be accepted for payment subject to the consummation of the Change of Control;

(ii) the Change of Control Price and the date until which the Corporation may accept for payment shares of Series E-1 (the "Change of Control Payment Date"), which shall be (subject to consummation of the Change of Control) no later than forty-five (45) days after the date the Change of Control occurs;

(iii) that any shares of Series E-1 not tendered for payment pursuant to the Change of Control Offer shall continue to accrue dividends and be redeemable in accordance with the terms hereof;

(iv) that, unless the Corporation defaults in the payment of the Change of Control Price, all shares of Series E-1 accepted for payment pursuant to the Change of Control Offer shall cease to accrue dividends on the Change of Control Payment Date;

(v) that any holder of Series E-1 represented by stock certificates, in connection with the acceptance of a Change of Control Offer, shall be required to surrender such certificates representing shares of Series E-1 to the Corporation or its designated agent at the address specified in the notice prior to the close of business on the Change of Control Payment Date;

(vi) that any holder of a share of Series E-1 shall be entitled to withdraw such election if the Corporation or its designated agent receives, not later than the close of business on the Change of Control Payment Date, electronic transmission or letter setting forth the name of the holder of such shares of Series E-1, the number of shares of Series E-1 such holder delivered for purchase, and a statement that such holder is withdrawing its election to have such shares of Series E-1 purchased;

(vii) the instructions that holders must follow in order to tender their shares of Series E-1; and

(viii) the circumstances and relevant facts regarding such Change of Control.

(c) On the Change of Control Payment Date, the Corporation shall, to the extent of funds legally available therefor and otherwise lawful, accept for payment the shares of Series E-1 tendered and not withdrawn pursuant to the Change of Control Offer. The Corporation shall promptly mail to each holder of shares of Series E-1 so accepted payment (or pay in person any holder presenting itself at the Corporation) in an amount equal to the purchase price for such shares calculated in accordance with the terms hereof, and the unpurchased shares of Series E-1 surrendered, if any.

(d) Notwithstanding any other provisions of this Section 7 (but subject to Section 7(d)(ii)), (i) subject to the Corporation having obtained the prior written consent of the holders of a majority of the outstanding Series E-1 and all other required approvals, including under any principal U.S. securities exchange or over-the-counter market on which the Common Stock is then listed for trading, any redemption of shares of Series E-1 pursuant to this Section 7 may be made, in lieu of some or all of the cash redemption payment, by the issuance of shares of Common Stock having an aggregate Common Stock Price equal to the aggregate Change of Control Price of such shares of Series E-1 being redeemed in shares of Common Stock in lieu of cash at the acceptance date; provided, that if the Corporation pays less than the total Change of Control Price in shares of Common Stock, subject to receipt of the consent and approvals referenced above, such payment in shares of Common Stock shall be made *pro rata* to the holders of shares of Series E-1 based upon the aggregate Change of Control Price of the shares of Series E-1 held by each holder and the remainder shall be paid in cash;, and (ii) the holders of a majority of the outstanding Series E-1 shall be entitled in their sole discretion to require the Company to redeem the Participation Rights Value of each share of Series E-1 subject to redemption pursuant to this Section 7 by the issuance of a number of shares of Common Stock (or a warrant immediately exercisable at no cost into a number of shares of Common Stock) with respect to such share of Series E-1 equal to the product of clauses (i) and (ii) of the definition of Participation Rights Value determined as of the date of acceptance. Any such consent or election by holders of Series E-1 shall not be effective unless given to the Company in writing not later than 10 days following delivery of the Change of Control Offer. Any failure to deliver such consent or election within such 10-day period shall be deemed to be a waiver of such holders' right to consent or elect, in which case the Company shall be entitled to redeem such Series E-1 (including the Participation Rights Value) in cash or shares of Common Stock at the sole election of the Company.

(e) The Corporation shall make a public announcement of the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(f) The Corporation shall not enter into any agreement providing for a Change of Control unless the agreement permits the Corporation or any successor entity to comply with the provisions hereof.

**Section 8. Conversion.** Holders of Series E-1 shares shall have no right to exchange or convert Series E-1 into any other securities.

**Section 9. Voting Rights.**

(a) **General.** Except as otherwise set forth in this Section 9 and where required pursuant to the Certificate of Incorporation or pursuant to applicable law, Series E-1 shall not have any relative, participating, optional or other voting rights or powers, and consent of the holders of the Series E-1 shall not be required for the taking of any action by the Corporation.

(b) **Voting Rights as to Particular Matters.** Subject to the other provisions of this Section 9, so long as any shares of Series E-1 are outstanding, in addition to any other vote or consent of stockholders required by law or by the Certificate of Incorporation, the vote or consent of the holders of a majority of the shares of Series E-1 at the time outstanding and entitled to vote thereon, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) The issuance of any shares of Series E-1 or any amendment or alteration of the Certificate of Incorporation to authorize or create, or increase or decrease the authorized amount of, any shares of Series E-1;

(ii) Any amendment or alteration of the Certificate of Incorporation to authorize or create, or increase the authorized amount of, or otherwise effectuate the issuance of, any shares of any class or series of capital stock of the Corporation ranking *pari passu* with or senior to the Series E-1 with respect to either or both the payment of dividends or the distribution of assets on any liquidation, dissolution or winding up of the Corporation or a Change of Control; and

(iii) Any amendment, alteration or repeal of any provision of the Certificate of Incorporation so as to adversely affect the powers, preferences or special rights of the Series E-1.



(c) **No Vote Required.**

(i) For purposes of this Certificate of Designations but without limiting the other provisions of this Section 9, none of the following (in and of itself) shall be deemed to adversely affect the powers, preferences or special rights of the Series E-1: (A) any amendment, alteration or repeal of any provision of the Certificate of Incorporation so as to authorize or create, or increase the authorized amount of, any Junior Stock and (B) any filing with the Delaware Secretary of State by the Corporation, including in connection with a merger, consolidation or otherwise, in which (x) the Corporation is the surviving entity and the shares of Series E-1 remain outstanding with the terms thereof unchanged in any respect adverse to the holders thereof, (y) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series E-1 for other preferred equity or shares having powers, preferences and special rights identical to that of the Series E-1 (except for changes that do not adversely affect the Series E-1), or (z) upon effectiveness of such merger, consolidation or other transaction giving rise to the filing, the holders of Series E-1 will be entitled to receive in exchange for their Series E-1 without further action by such holder cash consideration equal to the redemption price described under Section 6 above and funds sufficient to pay such redemption price for all shares of Series E-1 will be set aside for payment.

(ii) The voting provisions in Section 9(b) will not apply with respect to the Series E-1 if, at or before the time when the act with respect to which the vote would otherwise be required is effected, shares of Series E-1 are subject to either (i) a notice of redemption in full pursuant to the provisions described under Section 6 and funds sufficient to pay the redemption price in full specified therein for all of such shares of Series E-1 called for redemption have been set aside for payment or (ii) a Change of Control Offer which has been properly exercised and not withdrawn.

(d) **Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series E-1 (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Certificate of Incorporation, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which the Series E-1 is listed or traded at the time. A holder of Series E-1 shall be entitled to one vote per each whole share of Series E-1 on any matter on which the holders of shares of Series E-1 are entitled to vote.

**Section 10. Record Holders.** To the fullest extent permitted by applicable law, the Corporation may deem and treat the record holder of any share of Series E-1 as the true and lawful owner thereof for all purposes, and the Corporation shall not be affected by any notice to the contrary.

**Section 11. Notices.** All notices or communications in respect of Series E-1 shall be sufficiently given if given in writing and delivered in person or by fax, overnight or certified mail, or if given in such other manner as may be permitted in this Certificate of Designations, in the Certificate of Incorporation or Bylaws or by applicable law.

**Section 12. No Preemptive Rights.** No share of Series E-1 shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

**Section 13. Replacement Certificates.** If the Series E-1 is certificated, the Corporation shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation.

**Section 14. Other Rights.** The shares of Series E-1 shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as provided by applicable law.

**Section 15. Fractional Shares.** If any redemption of Series E-1 would result in the issuance of a fractional share of Common Stock (aggregating all shares of Series E-1 being redeemed by a holder), such fractional share shall be payable in cash based upon the Common Stock Price at such time, and the number of shares of Common Stock issuable upon redemption of the Series E-1 shall be the next lower whole number of shares. If the Corporation elects not to, or is unable to, make such a cash payment, the holder shall be entitled to receive, in lieu of the final fraction of a share, one whole share of Common Stock. No fractional shares of Series E-1 shall be issued in connection with any transfer of Series E-1 or otherwise.

*[Signature Page Follows]*

IN WITNESS WHEREOF, LSB INDUSTRIES, INC. has caused this certificate to be signed this 18th day of October, 2018.

**LSB INDUSTRIES, INC.**

By: /s/ Daniel D. Greenwell

Name: Daniel D. Greenwell

Title: President and Chief Executive Officer

SIGNATURE PAGE TO CERTIFICATE OF DESIGNATIONS OF SERIES E-1 PREFERRED

**CERTIFICATE OF DESIGNATIONS**  
**OF**  
**SERIES F-1 REDEEMABLE CLASS C PREFERRED STOCK**  
**OF**  
**LSB INDUSTRIES, INC.**

**LSB INDUSTRIES, INC.**, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Sections 103 and 151 thereof, DOES HEREBY CERTIFY:

The board of directors of the Corporation (the "Board of Directors"), in accordance with the provisions of the Restated Certificate of Incorporation of the Corporation (as amended from time to time, the "Restated Certificate of Incorporation") and the Amended and Restated Bylaws of the Corporation and applicable law, at a meeting duly called and held on October 16, 2018, adopted the following resolution relating to the creation and issuance of a new series of Class C Preferred Stock:

**RESOLVED**, that pursuant to the authority vested in the Board of Directors and in accordance with the provisions of the Restated Certificate of Incorporation and applicable law, a series of Class C Preferred Stock, having no par value per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof (in addition to those set forth in the Certificate of Incorporation that are applicable to Preferred Stock of all series and to Class C Preferred Stock of all series), of the shares of such series, are as follows:

**Section 1. Designation; Rank.**

(a) The distinctive serial designation of the series of Class C Preferred Stock is "Series F-1 Redeemable Class C Preferred Stock" ("Series F-1").

(b) With respect to the distribution of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the share of Series F-1 shall rank senior to the Common Stock and shall rank junior to the Corporation's Series B 12% Cumulative Convertible Preferred Stock, Series D 6% Cumulative Convertible Class C Preferred Stock, Series 4 Junior Participating Class C Preferred Stock, Series E-1 Cumulative Redeemable Class C Preferred Stock and any other class or series of stock of the Corporation hereafter created (subject to Section 8(b)) that specifically ranks senior to the Series F-1.

**Section 2. Number of Shares.** The authorized number of shares of Series F-1 shall be one (1). If the share of Series F-1 is redeemed, purchased or otherwise acquired by the Corporation, or converted into another class or series of capital stock of the Corporation, such share shall be cancelled and retired and revert to authorized but unissued shares of Class C Preferred Stock (*provided* that such cancelled share may be reissued only as a share of any series other than Series F-1).

**Section 3. Definitions.** As used herein with respect to Series F-1:

- (a) “Bylaws” means the Amended and Restated Bylaws of the Corporation, as they may be amended from time to time.
- (b) “Business Day” means a day, other than Saturday, Sunday or any other day on which banking institutions in New York, New York generally are authorized or obligated by law, regulation or executive order to close.
- (c) “Certificate of Designations” means this Certificate of Designations relating to Series F-1, as it may be amended from time to time.
- (d) “Certificate of Incorporation” means the Restated Certificate of Incorporation of the Corporation, as it may be amended from time to time, and shall include this Certificate of Designations and any other certificate of designations representing preferred stock of the Corporation.
- (e) “Common Stock” means (i) the common stock, \$0.10 par value per share, of the Corporation and (ii) any share capital into which such Common Stock shall have been changed or any share capital resulting from a reclassification of such Common Stock.
- (f) “Liquidation Value” means \$100.
- (g) “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.
- (h) “Redemption Price” means \$0.01.
- (i) “Securities Purchase Agreement” means that certain Securities Purchase Agreement dated as of December 4, 2015 between the Corporation and the purchaser named therein, as it may be amended from time to time.
- (j) “Series E-1” means the Corporation’s Series E-1 Cumulative Redeemable Class C Preferred Stock, no par value per share.
- (k) “Series E-1 Certificate of Designations” means the Certificate of Designations of the Series E-1, as it may be amended from time to time in accordance with the terms, conditions and limitations thereof and of the Securities Purchase Agreement.

**Section 4. Dividends.** No dividends shall be payable in respect of the Series F-1.

## Section 5. Liquidation Rights.

(a) **Voluntary or Involuntary Liquidation.** In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holder of Series F-1 shall be entitled to receive for the share of Series F-1, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, and after satisfaction of all liabilities and obligations to creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other class of stock ranking junior to the Series F-1, payment in full in an amount equal to the Liquidation Value, and no more.

(b) **Residual Distributions.** If the Liquidation Value has been paid in full to the holder of Series F-1, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(c) **Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the merger or consolidation of the Corporation with any other corporation or other entity, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation.

## Section 6. Redemption.

(a) **Automatic Redemption by the Corporation.** The Series F-1 share shall be automatically redeemed by the Corporation, in whole and not in part, for the Redemption Price in accordance with this Section 6 immediately following the date upon which the Voting Rights (as defined in Section 8(a) below) have been reduced to zero.

(b) **Notice of Redemption.** Notice of redemption of the Series F-1 share specifying the redemption date shall be given to the holder of record of the share to be redeemed at its last address appearing on the books of the Corporation. Such mailing shall be no more than 30 days following the date specified in Section 6(a). Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to such holder shall not affect the validity of the proceedings for the redemption.

(c) **Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside for payment by the Corporation, then on and after the redemption date the share so called for redemption shall no longer be deemed outstanding and all rights with respect to such share shall forthwith on such redemption date cease and terminate, except only the right of the holder thereof to receive the amount payable on such redemption, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the holder of the share so called for redemption shall look only to the Corporation for payment of the redemption price of such share.

**(d) Involuntary Redemption.** Other than as set forth in Section 6(a) above, the Series F-1 shall not be subject to redemption by the Corporation without the prior written consent of the holders of the Series F-1.

**(e) Tender of Certificates.** Upon any redemption of Series F-1 in accordance with this Section 6, the holder of the share of Series F-1 shall tender to the Corporation any certificates representing Series F-1.

**Section 7. Conversion.** The holder of the share of Series F-1 shall have no right to exchange or convert such share into any other securities.

**Section 8. Voting Rights.**

**(a) General.** The share of Series F-1 shall be entitled to vote upon all matters upon which holders of any class or classes of Common Stock have the right to vote, and shall be entitled to a number of votes (the "**Voting Rights**") equal to 456,225 shares of Common Stock (subject to adjustment for any stock split, stock dividend, stock combination or similar transaction); *provided, however*, the number of votes which may be cast by the Series F-1 share shall be reduced automatically as follows upon the occurrence of the specified event: (a) upon the redemption or exchange of each share of Series E-1 for Common Stock, the Voting Rights shall be reduced by a number of shares of Common Stock equal to the product of clauses (i) and (ii) of the definition of Participation Rights Value in the Series E-1 Certificate of Designations, and (b) redemption or exchange in full of all shares of Series E-1 for Common Stock, cash or otherwise, the Voting Rights shall be reduced to zero.

**(b) Voting Rights as to Particular Matters.** Subject to the other provisions of this Section 8, so long as the share of Series F-1 is outstanding, in addition to any other vote or consent of stockholders required by law or by the Certificate of Incorporation, the vote or consent of the holder of such share and entitled to vote thereon, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Issuance of any shares of Series F-1 or any amendment or alteration of the Certificate of Incorporation to authorize or create, or increase or decrease the authorized amount of, any shares of Series F-1; and

(ii) Any amendment, alteration or repeal of any provision of the Certificate of Incorporation so as to adversely affect the powers, preferences or special rights of the Series F-1.

**(c) No Vote Required.**

(i) For purposes of this Certificate of Designations, but without limiting the other provisions of this Section 8, none of the following (in and of itself) shall be deemed to adversely affect the powers, preferences or special rights

of the Series F-1: (A) any amendment, alteration or repeal of any provision of the Certificate of Incorporation so as to authorize or create, or increase the authorized amount of, any capital stock of the Corporation and (B) any filing with the Delaware Secretary of State by the Corporation, including in connection with a merger, consolidation or otherwise, in which (x) the Corporation is the surviving entity and the share of Series F-1 remains outstanding with the terms thereof materially unchanged in any respect adverse to the holder thereof, or (y) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series F-1 for other preferred equity or shares having powers, preferences and special rights identical to that of the Series F-1.

(ii) The voting provisions in Section 8(b) will not apply with respect to the Series F-1 if, at or before the time when the act with respect to which the vote would otherwise be required is effected, the share of Series F-1 has been effectively redeemed in full pursuant to the provisions described under Section 6 and funds sufficient to pay the redemption price specified therein in full for such share has been set aside for payment.

**(d) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holder of Series F-1 (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Certificate of Incorporation, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which the Series F-1 is listed or traded at the time.

**Section 9. Record Holders.** To the fullest extent permitted by applicable law, the Corporation may deem and treat the record holder of any share of Series F-1 as the true and lawful owner thereof for all purposes, and the Corporation shall not be affected by any notice to the contrary.

**Section 10. Notices.** All notices or communications in respect of Series F-1 shall be sufficiently given if given in writing and delivered in person or by fax, overnight or certified mail, or if given in such other manner as may be permitted in this Certificate of Designations, in the Certificate of Incorporation or Bylaws or by applicable law.

**Section 11. No Preemptive Rights.** No share of Series F-1 shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

**Section 12. Replacement Certificates.** If the Series F-1 is certificated, the Corporation shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation.



**Section 13. Other Rights.** The shares of Series F-1 shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as provided by applicable law.

*[Signature Page Follows]*

IN WITNESS WHEREOF, LSB INDUSTRIES, INC. has caused this certificate to be signed this 18th day of October, 2018.

**LSB INDUSTRIES, INC.**

By: /s/ Daniel D. Greenwell

Name: Daniel D. Greenwell

Title: President and Chief Executive Officer

SIGNATURE PAGE TO CERTIFICATE OF DESIGNATIONS OF SERIES F-1 PREFERRED STOCK

## LSB INDUSTRIES, INC.

## SECURITIES EXCHANGE AGREEMENT

This Securities Exchange Agreement (this "**Agreement**") is made as of October 18, 2018, by and between LSB Industries, Inc., a Delaware corporation (the "**Company**"), and LSB Funding LLC, a Delaware limited liability company (the "**Holder**"). Capitalized terms not otherwise defined herein have the meanings given such terms in Section 1.3 below.

WHEREAS, the Company, the Holder and, solely for purposes of Section 7.12 thereunder, Security Benefit Corporation, a Kansas corporation, entered into that certain Securities Purchase Agreement, dated as of December 4, 2015 (as amended or modified from time to time, the "**Purchase Agreement**"), pursuant to which, in relevant part, the Holder purchased 210,000 shares of the Company's Series E Cumulative Redeemable Class C Preferred Stock (the "**Series E Preferred**") and one (1) share of the Company's Series F Redeemable Class C Preferred Stock (the "**Series F Preferred**") and together with the Series E Preferred, the "**Existing Preferred**").

WHEREAS, on September 19, 2016, the Company redeemed 70,232 shares of Series E Preferred, with the result that 139,768 shares of Series E Preferred remain outstanding as of the date hereof.

WHEREAS, the Holder and the Company previously entered into an Amended and Restated Letter Agreement, effective as of April 25, 2018 (the "**Letter Agreement**").

WHEREAS, as contemplated by Section 3(a)(ii) of the Letter Agreement, the Holder and the Company desire to exchange the Holder's (i) Series E Preferred for newly issued shares of Series E-1 Cumulative Redeemable Class C Preferred Stock (the "**Series E-1 Preferred**") and (ii) Series F Preferred for newly issued shares of Series F-1 Redeemable Class C Preferred Stock (the "**Series F-1 Preferred**") and together with the Series E-1 Preferred, the "**New Preferred**"), in each case on a one-for-one basis.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**1. EXCHANGE OF EXISTING PREFERRED FOR NEW PREFERRED.**

**1.1 Exchange of Existing Preferred.** On the terms and subject to the conditions of this Agreement, the Holder hereby agrees that, effective at and contingent upon the Closing, (a) each one (1) share of Series E Preferred held by the Holder as of immediately prior to the Closing shall be automatically exchanged for one (1) share of Series E-1 Preferred, such that immediately following the Closing, the Holder shall hold 139,768 shares of Series E-1 Preferred and (b) the one (1) share of Series F Preferred held by the Holder as of immediately prior to the Closing shall be automatically exchanged for one (1) share of Series F-1 Preferred, such that immediately following the Closing, the Holder shall hold one (1) share of Series F-1 Preferred (such transactions, the "**Exchange**"). All Existing Preferred surrendered for exchange shall no longer be deemed to be outstanding and all rights with respect to such Existing Preferred

shall immediately cease and terminate at the Closing, except only the right of the Holder to receive shares of Series E-1 Preferred or Series F-1 Preferred, as applicable, in exchange therefor (notwithstanding the failure of the Holder to surrender the certificates representing shares of Series E Preferred or Series F Preferred, as applicable, at or prior to the Closing).

**1.2 Closing; Delivery.**

1.2.1 The Exchange shall take place remotely via the exchange of documents and signatures on the date of this Agreement or at such other time and place as the Company and the Holder mutually agree upon, orally or in writing (the time and place at which the Exchange actually occurs being referred to as the “Closing”).

1.2.2 At the Closing, the Holder shall deliver its certificates representing the 139,768 shares of Series E Preferred and one (1) share of Series F Preferred (or, as applicable, Lost Security Documentation in respect thereof) and, in exchange therefor, promptly following Closing (but in no event more than three (3) business days following Closing), the Company shall issue to the Holder certificates representing the 139,768 shares of Series E-1 Preferred and one (1) share of Series F-1 Preferred, respectively, to which the Holder is entitled.

**1.3 Defined Terms Used in this Agreement.** In addition to the terms defined elsewhere in this Agreement, the following terms used in this Agreement shall be construed to have the meanings set forth or referenced below.

“**Lost Security Documentation**” means documentation reasonably satisfactory to the Company with regard to a lost or stolen certificate evidencing ownership of Existing Preferred including, if required by the Company, an affidavit of lost security in favor of the Company with respect to such lost or stolen security.

“**Registration Rights Agreement**” means that certain Registration Rights Agreement, by and between the Company and the Holder, dated as of December 4, 2015, as amended from time to time.

“**Securities Act**” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated by the Securities and Exchange Commission thereunder.

**2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.** The Company represents and warrants to the Holder as of the Closing as follows:

**2.1 Organization and Good Standing.** The Company is a validly existing corporation in good standing under the laws of the State of Delaware.

**2.2 Authorization.** The Company has full power and authority to enter into this Agreement, and this Agreement constitutes the Company’s valid and legally binding obligation, enforceable against the Company in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors’ rights generally or (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies, regardless of whether considered in a proceeding at law or in equity.

**2.3 Valid Issuance of Shares; Priority.** The New Preferred has been duly authorized and when issued, exchanged and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid, and nonassessable, free and clear of any preemptive or other similar rights or any other liens or encumbrances imposed by the Company. The Series E Preferred shall, at issuance, rank senior to all other outstanding or authorized capital stock of the Company with respect to either or both the payment of dividends and the distribution of assets on any liquidation, dissolution or winding up of the Company or a change of control thereof.

**2.4 No Conflicts.** The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby (including the issuance of the New Preferred) do not and will not (a) result in a violation of the Restated Certificate of Incorporation or Bylaws of the Company, (b) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its subsidiaries is a party, or (c) assuming the accuracy of the Holder's representations and warranties set forth in Section 3 hereof, result in a violation of any law, rule, regulation, order, judgment or decree (including, without limitation, U.S. federal and state securities laws and regulations) applicable to the Company, or by which any property or asset of the Company is bound or affected, except, in the case of the foregoing clauses (b) and (c), for such conflicts, defaults, violations, terminations, amendments, accelerations, and cancellations as would not, individually or in the aggregate, have a material adverse effect on the Company's business, operations, financial condition or properties.

**2.5 Approvals.** Except for (a) the filing of the Series E-1 Preferred Certificate of Designations and the Series F-1 Certificate of Designations with the Secretary of State of the State of Delaware and (b) as may be required under the Exchange Act, state securities Laws or "Blue Sky" Laws or the rules of the New York Stock Exchange, no permit, consent, approval, exemption, authorization, order, registration, filing or qualification of or with any governmental authority or any other person (each, a "**Required Approval**") is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of this Agreement or the Company's issuance of the New Preferred, except for such Required Approvals that have already been made or obtained or will be made or obtained contemporaneously with the Closing.

**3. REPRESENTATIONS AND WARRANTIES OF THE HOLDER.** The Holder represents and warrants to the Company as of the Closing as follows:

**3.1 Ownership.** The Holder is the sole legal and beneficial owner of the Existing Preferred, free and clear of any and all any liens, security interests, restrictions, options or encumbrances. The Holder has sole right, title and interest in the Existing Preferred and there have been no assignments or other transfers by the Holder of any interest whatsoever in the Existing Preferred.

**3.2 Authorization.** The Holder has full power and authority to enter into this Agreement, and this Agreement constitutes the Holder's valid and legally binding obligation, enforceable against the Holder in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally or (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies, regardless of whether considered in a proceeding at law or in equity.

**3.3 No Conflicts.** There are no agreements, understandings, laws, statutes, rules or regulations or other restrictions of any kind to which the Holder is party or subject that would prevent or restrict in any material respect the execution, delivery or performance of this Agreement by Holder. To the Holder's knowledge, no consent or approval of any person, court or governmental authority is necessary by the Holder to transfer the Existing Preferred and consummate the Exchange.

**3.4 Disclosure of Information.** The Holder has received all the information it considers necessary or appropriate for deciding whether to acquire the New Preferred. The Holder further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the transactions contemplated in this Agreement and the business, properties, prospects and financial condition of the Company.

**3.5 Accredited Investor.** The Holder is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

**3.6 Restricted Securities.** The Holder understands that the New Preferred has not been and will not be registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder's representations as expressed herein. The Holder understands that the New Preferred are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Holder must hold the New Preferred indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Holder acknowledges that the Company has no obligation to register or qualify the New Preferred, or any securities into which the New Preferred may be converted, exchanged or exercised, for resale, other than the Participation Common Stock (as defined in the Certificate of Designation for the Series E-1 Preferred). The Holder further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements, including, but not limited to, the time and manner of sale, the holding period for the New Preferred, and on requirements relating to the Company which are outside of the Holder's control, and which the Company is under no obligation and may not be able to satisfy.

**3.7 No Public Market.** The Holder understands that no public market now exists for the New Preferred, and that the Company has made no assurances that a public market will ever exist for the New Preferred.

**3.8 Legends.** The Holder understands that the New Preferred, and any securities issued in respect of or exchange for the New Preferred, may bear any one or more of the following legends: (a) any legend set forth in, or required by any other agreement between the Holder and the Company affecting the New Preferred; (b) any legend required by the securities laws of any state to the extent such laws are applicable to the New Preferred represented by the certificate so legended; and (c) the following legend:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR BLUE SKY LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE COMPANY MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY TO THE EFFECT THAT ANY PROPOSED TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES OR BLUE SKY LAWS. TRANSFER OF THE SECURITIES IS ALSO SUBJECT TO THE TRANSFER RESTRICTIONS PROVIDED FOR IN THE SECURITIES EXCHANGE AGREEMENT, DATED AS OF OCTOBER 18, 2018, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS AVAILABLE FROM THE SECRETARY OF THE COMPANY.”

**3.9 Tax and Legal Matters.** The Holder hereby acknowledges that the Company has not provided the Holder with any tax advice with respect to the Exchange, the issuance of the New Preferred to the Holder pursuant to the Exchange (or the tax consequences thereto) or the other transactions described herein, and no such advice has been implied. The Holder has sought such tax and legal advice as it has deemed necessary in connection with the execution of this Agreement.

#### **4. GENERAL PROVISIONS.**

**4.1 Binding Effect; Successors and Assigns.** The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

**4.2 Governing Law.** This Agreement shall be governed by the internal laws of the State of Delaware.

**4.3 Counterparts; Facsimile.** This Agreement may be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, [www.docusign.com](http://www.docusign.com)) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

**4.4 Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

**4.5 Notices.** All notices, demands and other communications provided for hereunder shall be in writing and shall be given by registered or certified mail, return receipt requested, facsimile, air courier guaranteeing overnight delivery or personal delivery to the following addresses:

(a) If to the Holder:

LSB Funding LLC  
350 Park Avenue, 14<sup>th</sup> Floor  
New York, NY 10022  
Attn: Legal Department  
Facsimile: 646-828-2851  
Email: [CHLegal@eldridge.com](mailto:CHLegal@eldridge.com)

with a copy to:

Mark Genender  
c/o Security Benefit Corporation  
100 N. Crescent Drive, Suite 300  
Beverly Hills, CA 90210  
Facsimile: 646-828-2851  
Email: [Mark.Genender@eldridge.com](mailto:Mark.Genender@eldridge.com)

with a copy to (which shall not constitute notice):

Winston & Strawn LLP  
35 W. Wacker Drive  
Chicago, Illinois 60601  
Attn: Gregory J. Bynan  
Facsimile: 312-558-5700  
Email: [gbynan@winston.com](mailto:gbynan@winston.com)

(b) If to the Company:

LSB Industries, Inc.  
3503 NW 63<sup>rd</sup> Street, Suite 500  
Oklahoma City, Oklahoma, 73116  
Attention: Mark Behrman  
Facsimile: (405) 235-5067 (with such fax to be confirmed by telephone to (405) 235-4546)



with a copy to:

LSB Industries, Inc.  
3503 NW 63rd Street, Suite 500  
Oklahoma City, Oklahoma, 73116  
Attention: Michael Foster

with a copy to (which shall not constitute notice):

Willkie Farr & Gallagher LLP  
787 Seventh Avenue  
New York, New York 10019  
Attention: Leonard Klingbaum  
Facsimile: (212) 728-8111

**4.6 Fees and Expenses.** The Company hereby covenants and agrees to reimburse the Holder for all costs, fees and expenses (including reasonable fees of legal counsel) incurred thereby in connection with the review, negotiation, execution and delivery of this Agreement.

**4.7 Amendments and Waivers.** Any term of this Agreement may be amended, terminated or waived only with the written consent of each of (i) the Company, (ii) the then holder of a majority of the outstanding shares of Series E-1 Preferred and (iii) the then holder of a majority of the outstanding shares of Series F-1 Preferred. Any amendment or waiver effected in accordance with this Section 4.7 shall be binding upon the Holder and each transferee of the New Preferred and the Company. Any amendment, supplement or waiver of any term of this Agreement shall be effective only in the specific instance and for the specific purpose for which such amendment, supplement or waiver is made or given.

**4.8 Severability.** The invalidity or unenforceability of any provision of this Agreement shall in no way affect the validity or enforceability of any other provision hereof.

**4.9 Specific Performance.** Each party acknowledges that its obligations hereunder are unique and recognizes and affirms that money damages may be inadequate and that the other party hereto may have no adequate remedy at law. Accordingly, each party agrees that the other party shall have the right, in addition to any other rights and remedies in law or in equity, to enforce such party's rights and the other party's obligations hereunder not only by an action or actions for damages but also by an action or actions for specific performance, injunctive and/or other equitable relief (without posting bond or security).

**4.10 No Assignment.** No party hereto may assign any of its rights or obligations hereunder without the prior written consent of the other party; provided, however, that the Company may assign its rights and obligations hereunder to any person or entity acquiring all or substantially all of the Company's assets (provided, further, that no such assignment shall relieve the Company of any liability hereunder).

**4.11 Effectiveness of Covenants.** Each of the parties hereto acknowledges and agrees that all of the covenants or similar agreements under the Purchase Agreement that remain binding upon either or both of the parties hereto as of immediately prior to the Exchange (collectively, the “**Continuing Covenants**”), including without limitation Section 7.05 of the Purchase Agreement, are not intended to be extinguished hereby, nor is this Agreement intended to result in the diminishment of either party’s rights or obligations pursuant to the Continuing Covenants. Instead, each of the Continuing Covenants shall survive the consummation of the Exchange and continue in full force and effect *mutatis mutandis* (i.e., with only such minimal changes as are necessary to reflect that the Existing Preferred will have been exchanged for the New Preferred pursuant to the Exchange).

**4.12 Waiver.** By executing this Agreement, the parties hereto agree to and hereby waive, on a one-time basis with respect to the Exchange, (i) the prohibition on the exchange of the Series E Preferred as set forth in Section 8 of the Certificate of Designations of the Series E Preferred, (ii) the prohibition on the exchange of the Series F Preferred as set forth in Section 7 of the Certificate of Designations of the Series F Preferred and (iii) the restrictions on assignment and transferability as set forth in Section 7.05 of the Purchase Agreement to the extent applicable.

**4.13 Registration Rights Agreement.** The parties hereto agree to and hereby amend the Registration Rights Agreement as follows:

(a) In Section 1.01 of the Registration Rights Agreement, the reference to “Series E Certificate of Designations” in the definition of “Participation Common Stock” is hereby deleted and replaced with the phrase “Series E-1 Certificate of Designations”.

(b) The defined term “Series E Certificate of Designations” in Section 1.01 of the Registration Rights Agreement is hereby deleted.

(c) A new defined term “Series E-1 Certificate of Designations” is hereby inserted into Section 1.01 of the Registration Rights Agreement in appropriate alphabetical order:

“**Series E-1 Certificate of Designations**” means the certificate of designations relating to the Company’s Series E-1 Cumulative Redeemable Class C Preferred Stock, as filed with the Secretary of State of the State of Delaware on October 18, 2018.

**4.14 Further Assurances.** From time to time after the date hereof, each of the parties hereto shall use its commercially reasonable efforts to take, or cause to be taken, all actions necessary or appropriate to give effect to the transactions contemplated by this Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this Securities Exchange Agreement as of the date first set forth above.

LSB INDUSTRIES, INC.

By: /s/ Daniel D. Greenwell

Name: Daniel D. Greenwell

Title: CEO and President

*[Signature Page to Securities Exchange Agreement]*

IN WITNESS WHEREOF, the parties hereto have duly executed this Securities Exchange Agreement as of the date first set forth above.

LSB FUNDING LLC

By: /s/ Anthony D. Minella

Name: Anthony D. Minella

Title: Manager

*[Signature Page to Securities Exchange Agreement]*

## AMENDMENT

TO

## BOARD REPRESENTATION AND STANDSTILL AGREEMENT

Dated as of October 18, 2018

This Amendment (this "Amendment") to the Board Representation and Standstill Agreement, dated as of December 4, 2015 (as previously amended on October 26, 2017, the "Agreement"), by and among LSB Industries, Inc., a Delaware corporation (the "Company"), LSB Funding LLC, a Delaware limited liability company (the "Purchaser"), Security Benefit Corporation, a Kansas corporation ("Security Benefit"), Todd Boehly, an individual ("Boehly"), Jack E. Golsen, an individual ("J. Golsen"), Steven J. Golsen, an individual ("S. Golsen"), Barry H. Golsen, an individual ("B. Golsen"), Linda Golsen Rappaport, an individual ("L. Rappaport"), Golsen Family LLC, an Oklahoma limited liability company ("Family LLC"), SBL LLC, an Oklahoma limited liability company ("SBL LLC"), and Golsen Petroleum Corp., an Oklahoma corporation (together with J. Golsen, S. Golsen, B. Golsen, L. Rappaport, Family LLC and SBL LLC, each a "Golsen Holder" and, collectively, the "Golsen Holders"), is made and entered into as of October 18, 2018, by and among the Company, the Purchaser, Security Benefit, Boehly and each of the Golsen Holders. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

WHEREAS, the Agreement contains certain references to the Company's Series E Cumulative Redeemable Class C Preferred Stock (the "Series E Preferred") and the Company's Series F Redeemable Class C Preferred Stock (the "Series F Preferred");

WHEREAS, the Company and the Purchaser have agreed that the Company will issue to the Purchaser newly created shares of the Company's Series E-1 Cumulative Redeemable Class C Preferred Stock ("Series E-1 Preferred") and the Company's Series F-1 Redeemable Class C Preferred Stock ("Series F-1 Preferred") in exchange for the Purchaser surrendering for exchange all of its shares of Series E Preferred and the Series F Preferred, the closing of such transactions to occur on October 18, 2018 (the "Exchange Closing");

WHEREAS, Section 4(f)(ii) of the Agreement provides, in relevant part, that the Agreement may be amended only in a writing signed by each of the Parties; and

WHEREAS, in furtherance of the foregoing transactions, each of the Parties desires to enter into this Amendment in order to make certain technical updates to the Agreement, with the result that references in the Agreement to the Series E Preferred and Series F Preferred will now refer to the new Series E-1 Preferred and Series F-1 Preferred, respectively.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Amendment. Each of the Parties hereby agrees that the Agreement is amended in part as hereinafter set forth.

1.1. Section 1(c), Section 3(a)(ii) and Section 3(a)(v) of the Agreement are each hereby amended in part by deleting the references therein to “Purchased Series E Preferred Stock” and replacing each such reference with “Acquired Series E-1 Preferred Stock”.

1.2. Section 3(a)(ii) and Section 3(a)(v) of the Agreement are each hereby amended in part by deleting the references therein to “Series E Preferred Stock” and “Series E Certificate of Designations” and replacing such references with “Series E-1 Preferred Stock” and “Series E-1 Certificate of Designations”, respectively.

1.3. Section 3(a)(ii) of the Agreement is hereby amended in part by deleting the reference therein to “Series F Preferred Stock” and replacing such reference with “Series F-1 Preferred Stock”.

1.4. Section 4 of the Agreement is hereby amended in part by inserting the following subsection immediately below the current Section 4(k) as a new Section 4(l):

*Certain Definitions.* As used in this Agreement, the following terms shall have the following respective meanings:

“Acquired Series E-1 Preferred Stock” means the 139,768 shares of Series E-1 Preferred Stock issued to the Purchaser effective as of October 18, 2018 in exchange for all of the outstanding shares of Series E Preferred Stock held by the Purchaser.

“Series E-1 Certificate of Designations” means the certificate of designations setting forth the rights, preferences, privileges and restrictions of the Series E-1 Preferred Stock, as filed with the Secretary of State of the State of Delaware on October 18, 2018.

“Series E-1 Preferred Stock” means the Company’s Series E-1 Cumulative Redeemable Class C Preferred Stock, no par value per share.

“Series F-1 Preferred Stock” means the Company’s Series F-1 Redeemable Class C Preferred Stock, no par value per share.

2. No Other Amendments. Except for the changes expressly made by this Amendment, the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

3. Governing Law. This Amendment, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this Amendment, will be construed in accordance with and governed by the laws of the State of Delaware without regard to principles of conflicts of laws.

4. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same agreement.

5. Effectiveness. Subject to the execution and delivery of a counterpart signature page to this Amendment by each of the Parties hereto, this Amendment shall be deemed effective as of the time that is immediately after the Exchange Closing.

[signature pages follow]

IN WITNESS WHEREOF, the Parties hereto execute this Amendment to the Board Representation and Standstill Agreement, effective as of the date first above written.

**COMPANY:**

LSB INDUSTRIES, INC.

By: /s/ Daniel D. Greenwell \_\_\_\_\_

Name: Daniel D. Greenwell

Title: CEO and President

[Signature Page to Amendment to Board Representation and Standstill Agreement]



IN WITNESS WHEREOF, the Parties hereto execute this Amendment to the Board Representation and Standstill Agreement, effective as of the date first above written.

**PURCHASER PARTIES:**

LSB FUNDING LLC

By: /s/ Anthony D. Minella

Name: Anthony D. Minella

Title: Manager

SECURITY BENEFIT CORPORATION

By: /s/ Joseph W. Wittrock

Name: Joseph W. Wittrock

Title: VP, Investments

/s/ Todd Boehly

Todd Boehly

[Signature Page to Amendment to Board Representation and Standstill Agreement]

IN WITNESS WHEREOF, the Parties hereto execute this Amendment to the Board Representation and Standstill Agreement, effective as of the date first above written.

**GOLSEN HOLDERS:**

/s/ Jack E. Golsen

Jack E. Golsen

/s/ Barry H. Golsen

Barry H. Golsen

/s/ Steven J. Golsen

Steven J. Golsen

/s/ Linda Golsen Rappaport

Linda Golsen Rappaport

**GOLSEN FAMILY LLC**

By: /s/ Jack E. Golsen

Name: Jack E. Golsen

Title: Manager

**SBL LLC**

By: /s/ Jack E. Golsen

Name: Jack E. Golsen

Title: Manager

**GOLSEN PETROLEUM CORP.**

By: /s/ Jack E. Golsen

Name: Jack E. Golsen

Title: President

[Signature Page to Amendment to Board Representation and Standstill Agreement]