

## **POLICY REGARDING PLEDGING AND HEDGING OF COMPANY SECURITIES**

This Policy Regarding Pledging and Hedging of Company Securities by directors and executive officers (as such term is defined under Section 16 of the Securities Exchange Act of 1934) have been adopted by the Board of Directors of LSB Industries, Inc. (the “Company”).

Effective March 6, 2019 (the “Effective Date”), no shares of Company common stock or preferred stock held by **directors** or **officers** of the Company may be pledged or otherwise used as security for a loan. This prohibition applies to shares owned directly (including joint ownership) and any other shares whose ownership is attributed for purposes of the “beneficial ownership table” included in the Company’s filings with the Securities and Exchange Commission. (In general, a person is attributed with beneficial ownership if he or she has, or shares, voting power and/or investment power over the shares.) The prohibition applies to, among other things, the holding of Company shares in a margin account or any other account that could cause such shares to be subject to a margin call or otherwise be available as collateral for a margin loan.

In addition, all **directors**, **officers** and **employees** are prohibited from engaging in hedging transactions involving shares of Company common stock or other Company securities, including debt securities. “Hedging” refers to any strategy to offset or reduce the risk of price fluctuations in Company securities or to protect, in whole or in part, against declines in the value of such securities. The prohibition on hedging thus applies to all transactions in derivative securities based on Company securities, including puts, calls, swaps and collar arrangements.

The prohibitions set forth in this policy are prospective and do not apply to arrangements in existence on the Effective Date. To the extent that any shares of common stock or preferred stock were pledged prior to the Effective Date, this prohibition applies to such shares immediately upon their release from such pledging arrangement. Failure to comply with this policy will be grounds for disciplinary action by the Company, which may include, without limitation, reprimand, and in the case of officers and employees, suspension or termination of employment. The policy may only be amended by the Company’s Board of Directors.